

**INTERACTION: THE AMERICAN COUNCIL FOR  
VOLUNTARY INTERNATIONAL ACTION, INC.**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTAL INFORMATION**

**YEARS ENDED DECEMBER 31, 2018 AND 2017**

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VOLUNTARY INTERNATIONAL ACTION, INC.  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors

InterAction: The American Council for Voluntary International Action, Inc.  
Washington, DC

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

We have audited the accompanying financial statements of InterAction: The American Council for Voluntary International Action, Inc. (InterAction), which comprise the statement of financial position as of December 31, 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.

### ***Auditors' 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditors' 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 InterAction as of December 31, 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.

Board of Directors

InterAction: The American Council for Voluntary International Action, Inc.

***Emphasis-of-Matter Regarding a Change in Accounting Principle***

As discussed in Note 1 to the financial statements, management has elected to change its policy for determining cash equivalents. Our opinion is not modified with respect to that matter.

***Other Matters***

***2017 Financial Statements***

The 2017 financial statements of InterAction were audited by other auditors whose report dated June 11, 2018, expressed an unmodified opinion on those statements.

***Effect of Adopting New Accounting Standard***

As discussed in Note 1 to the financial statements, management has adopted Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to that matter.

***Other Information – Schedule of Expenditures of Federal Awards***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2019, on our consideration of InterAction's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of InterAction's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering InterAction's internal control over financial reporting and compliance.

**CliftonLarsonAllen LLP**

Greenbelt, Maryland

**March 27, 2019** March 27, 2019

**INTERACTION: THE AMERICAN COUNCIL FOR VOLUNTARY INTERNATIONAL ACTION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2018 AND 2017**

<b>ASSETS</b>	2018	2017
Cash and Cash Equivalents	\$ 1,842,100	\$ 1,131,098
Investments (Notes 2 and 3)	2,240,232	2,338,116
U.S. Government Grants Receivable	211,841	165,333
Foundation Grants Receivable, Net (Note 4)	758,686	1,451,901
Other Receivables	6,519	11,880
Prepaid Expenses	175,134	187,542
Security Deposits	75,310	75,310
Property, Equipment and Leasehold Improvements, Net (Note 6)	1,183,485	1,272,940
Total Assets	\$ 6,493,307	\$ 6,634,120
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable	\$ 95,892	\$ 186,927
Accrued Employee Benefits (Note 11)	143,778	343,021
Deferred Rent	1,708,478	1,801,956
Refundable Advances	1,979,290	30,000
Total Liabilities	3,927,438	2,361,904
<b>NET ASSETS</b>		
Without Donor Restrictions	1,108,270	1,469,720
With Donor Restrictions	1,457,599	2,802,496
Total Net Assets	2,565,869	4,272,216
Total Liabilities and Net Assets	\$ 6,493,307	\$ 6,634,120

See accompanying Notes to Financial Statements.

**INTERACTION: THE AMERICAN COUNCIL FOR VOLUNTARY INTERNATIONAL ACTION, INC.**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenue</b>						
U.S. Government Grants (Notes 5 and 10)	\$ 2,152,910	\$ -	\$ 2,152,910	\$ 2,590,152	\$ -	\$ 2,590,152
Foundation and Other Restricted Grants	247,471	607,911	855,382	268,400	3,574,501	3,842,901
Membership Dues	2,674,525	-	2,674,525	2,878,426	-	2,878,426
Publications and Online Job Board	39,957	-	39,957	44,419	-	44,419
Forum, Meetings, and Workshops	390,201	-	390,201	490,482	-	490,482
Interest and Dividends (Note 2)	44,819	-	44,819	39,789	-	39,789
In-kind Contributions (Note 7)	-	-	-	25,403	-	25,403
Other Income	43,273	-	43,273	74,023	-	74,023
Net Assets Released from Donor Restrictions (Note 8)	1,952,808	(1,952,808)	-	3,134,942	(3,134,942)	-
<b>Total Support and Revenue</b>	<u>7,545,964</u>	<u>(1,344,897)</u>	<u>6,201,067</u>	<u>9,546,036</u>	<u>439,559</u>	<u>9,985,595</u>
<b>Expenses</b>						
Program Services Expense:						
Member Services	2,148,790	-	2,148,790	2,460,740	-	2,460,740
Federal and Non-Federal Awards	4,118,288	-	4,118,288	5,437,146	-	5,437,146
Legislative Activities	17,012	-	17,012	8,127	-	8,127
<b>Total Program Services</b>	<u>6,284,090</u>	<u>-</u>	<u>6,284,090</u>	<u>7,906,013</u>	<u>-</u>	<u>7,906,013</u>
Support Services:						
General and Administrative	1,475,355	-	1,475,355	1,820,661	-	1,820,661
Fundraising	8,315	-	8,315	20,073	-	20,073
<b>Total Supporting Services</b>	<u>1,483,670</u>	<u>-</u>	<u>1,483,670</u>	<u>1,840,734</u>	<u>-</u>	<u>1,840,734</u>
<b>Total Expenses</b>	<u>7,767,760</u>	<u>-</u>	<u>7,767,760</u>	<u>9,746,747</u>	<u>-</u>	<u>9,746,747</u>
<b>CHANGE IN NET ASSETS BEFORE OTHER ITEM</b>	(221,796)	(1,344,897)	(1,566,693)	(200,711)	439,559	238,848
<b>Other Item</b>						
Unrealized and Realized (Loss) Gain on Investments, Net and Investment Fees (Note 2)	(139,654)	-	(139,654)	243,173	-	243,173
<b>Change in net assets</b>	<u>(361,450)</u>	<u>(1,344,897)</u>	<u>(1,706,347)</u>	<u>42,462</u>	<u>439,559</u>	<u>482,021</u>
Net Assets - Beginning of Year	1,469,720	2,802,496	4,272,216	1,427,258	2,362,937	3,790,195
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 1,108,270</u>	<u>\$ 1,457,599</u>	<u>\$ 2,565,869</u>	<u>\$ 1,469,720</u>	<u>\$ 2,802,496</u>	<u>\$ 4,272,216</u>

See accompanying Notes to Financial Statements.

**INTERACTION: THE AMERICAN COUNCIL FOR VOLUNTARY INTERNATIONAL ACTION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2018**

	Program Services				General and Administrative	Fundraising	Total
	Member Services	Federal and Non-Federal Awards	Legislative Activities	Total			
Salaries	\$ 1,016,967	\$ 2,365,349	\$ 10,809	\$ 3,393,125	\$ 713,612	\$ 4,593	\$ 4,111,330
Fringe Benefits (Note 11)	312,513	501,265	3,422	817,200	145,631	1,221	964,052
Consulting and Professional Fees	106,579	260,006	-	366,585	24,068	-	390,653
Temporary Help	-	-	-	-	17,142	-	17,142
Computer Technical Support	-	-	-	-	178,846	-	178,846
Telephone	12,159	20,765	33	32,957	2,810	20	35,787
Office Supplies	6,245	11,511	39	17,795	3,729	12	21,536
Postage	319	254	-	573	582	-	1,155
Printing and Duplication	16,606	15,915	-	32,521	(2,023)	6	30,504
Subscription and Publications	24,539	27,026	-	51,565	844	948	53,357
Travel, Hotels, and Meals	50,215	217,026	-	267,241	1,252	-	268,493
Meetings and Conferences	338,410	65,362	-	403,772	19,667	-	423,439
Legal and Audit Fees	-	9,314	-	9,314	74,955	-	84,269
Bank Charges	-	-	-	-	8,324	-	8,324
Other	3,801	31,191	-	34,992	38,875	355	74,222
Insurance	-	2,104	-	2,104	65,811	-	67,915
Occupancy (Note 9)	-	39,800	-	39,800	731,118	-	770,918
Depreciation and Amortization	-	-	-	-	156,939	-	156,939
Furniture and Equipment	611	10,752	-	11,363	3,695	-	15,058
Repairs, Maintenance and Equipment Rental	3,760	26,038	-	29,798	79,281	-	109,079
Education and Training	3,978	-	-	3,978	609	-	4,587
Sub-Grants	-	(19,845)	-	(19,845)	-	-	(19,845)
<b>Total Expenses by Function</b>	<b>1,896,702</b>	<b>3,583,833</b>	<b>14,303</b>	<b>5,494,838</b>	<b>2,265,767</b>	<b>7,155</b>	<b>7,767,760</b>
Allocation of General and Administrative	252,088	534,455	2,709	789,252	(790,412)	1,160	-
	<u>2,148,790</u>	<u>4,118,288</u>	<u>17,012</u>	<u>6,284,090</u>	<u>1,475,355</u>	<u>8,315</u>	<u>7,767,760</u>
Allocation of Indirect Costs	-	765,159	-	765,159	(765,159)	-	-
<b>Total</b>	<b>\$ 2,148,790</b>	<b>\$ 4,883,447</b>	<b>\$ 17,012</b>	<b>\$ 7,049,249</b>	<b>\$ 710,196</b>	<b>\$ 8,315</b>	<b>\$ 7,767,760</b>

See accompanying Notes to Financial Statements.

**INTERACTION: THE AMERICAN COUNCIL FOR VOLUNTARY INTERNATIONAL ACTION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2017**

	Program Services				General and Administrative	Fundraising	Total
	Member Services	Federal and Non-Federal Awards	Legislative Activities	Total			
Salaries	\$ 1,138,285	\$ 2,411,754	\$ 5,392	\$ 3,555,431	\$ 943,668	\$ 11,700	\$ 4,510,799
Fringe Benefits (Note 11)	341,592	690,251	1,585	1,033,428	271,887	3,473	1,308,788
Consulting and Professional Fees	145,399	354,981	-	500,380	6,715	-	507,095
Temporary Help	-	-	-	-	40,163	-	40,163
Computer Technical Support	-	-	-	-	129,423	-	129,423
Telephone	15,824	23,060	14	38,898	4,474	32	43,404
Office Supplies	9,415	20,494	15	29,924	11,721	55	41,700
Postage	472	233	-	705	1,139	-	1,844
Printing and Duplication	13,057	14,956	-	28,013	954	-	28,967
Subscription and Publications	31,212	39,446	-	70,658	1,352	2,270	74,280
Travel, Hotels, and Meals	81,702	350,245	45	431,992	814	-	432,806
Meetings and Conferences	435,679	85,970	-	521,649	8,148	211	530,008
Legal and Audit Fees	-	488	-	488	57,471	-	57,959
Bank Charges	-	-	-	-	11,233	-	11,233
Other	3,602	55	-	3,657	35,296	-	38,953
Insurance	-	1,854	-	1,854	66,028	-	67,882
Occupancy (Note 9)	-	52,290	-	52,290	686,918	-	739,208
Depreciation and Amortization	-	-	-	-	146,825	-	146,825
Furniture and Equipment	-	35,733	-	35,733	16,231	-	51,964
Repairs, Maintenance and Equipment Rental	14,772	1,966	-	16,738	63,230	-	79,968
Education and Training	3,423	-	-	3,423	893	-	4,316
Sub-Grants	-	873,759	-	873,759	-	-	873,759
Donated Services (Note 7)	-	-	-	-	25,403	-	25,403
Total Expenses by Function	2,234,434	4,957,535	7,051	7,199,020	2,529,986	17,741	9,746,747
Allocation of General and Administrative	226,306	479,611	1,076	706,993	(709,325)	2,332	-
	2,460,740	5,437,146	8,127	7,906,013	1,820,661	20,073	9,746,747
Allocation of Indirect Costs	-	1,040,955	-	1,040,955	(1,040,955)	-	-
<b>Total</b>	<b>\$ 2,460,740</b>	<b>\$ 6,478,101</b>	<b>\$ 8,127</b>	<b>\$ 8,946,968</b>	<b>\$ 779,706</b>	<b>\$ 20,073</b>	<b>\$ 9,746,747</b>

See accompanying Notes to Financial Statements.



**INTERACTION: THE AMERICAN COUNCIL FOR VOLUNTARY INTERNATIONAL ACTION, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**

	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (1,706,347)	\$ 482,021
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities:		
Depreciation and Amortization	156,939	146,825
Unrealized and Realized Loss (Gain) on Investments	126,305	(251,080)
Deferred Rent	(93,478)	395,554
Discount on Foundation Grants Receivable	(9,610)	9,610
Changes in Assets and Liabilities:		
(Increase) Decrease in:		
U.S. Government Grants Receivable	(46,508)	401,044
Foundation Grants Receivable	702,825	(684,022)
Other Receivables	5,361	(8,055)
Prepaid Expenses	12,408	(109,846)
Security Deposits	-	(111)
Increase (Decrease) in:		
Accounts Payable	(91,035)	17,101
Accrued Employee Benefits	(199,243)	6,044
Refundable Advances	1,949,290	(34,139)
Net Cash Provided by Operating Activities	806,907	370,946
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property and Equipment	(67,484)	(43,947)
Proceeds from Sales of Investments	282,606	221,786
Purchase of Investments	(311,027)	(1,059,812)
Net Cash Used by Investing Activities	(95,905)	(881,973)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	711,002	(511,027)
Cash and Cash Equivalents - Beginning of Year	1,131,098	1,642,125
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 1,842,100	\$ 1,131,098

See accompanying Notes to Financial Statements.

**INTERACTION: THE AMERICAN COUNCIL FOR VOLUNTARY INTERNATIONAL ACTION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

**NOTE 1 NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

**Nature of organization:** InterAction: The American Council for Voluntary International Action, Inc. (InterAction) was incorporated on August 23, 1984, under the laws of the State of New York. InterAction is the largest coalition of U.S.-based international nongovernmental organizations (NGOs) focused on the world's poor and most vulnerable people. With more than 185 members operating in every developing country, InterAction works to overcome poverty, exclusion and suffering by advancing social justice and dignity for all.

A summary of the InterAction's significant accounting policies follows:

**Basis of accounting:** InterAction's financial statements have been prepared on the accrual basis of accounting, whereby unconditional support is recognized when notification of the contribution is received, and revenue is recognized when earned and expenses are recognized when incurred.

**Basis of presentation:** The accompanying financial statement presentation follows the recommendations under the Not-for-Profit Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC).

**Cash and cash equivalents:** Management has elected to change its policy for determining cash equivalents. This change has been applied to all periods presented. For purposes of the statements of cash flows, cash and cash equivalents include highly liquid investments with an original maturity of three months or less when purchased that are used to fund current obligations. Cash and certificates of deposit held for investment are recorded and classified as investments. Previously, cash and certificates of deposit held for investment were included in cash and cash equivalents for purposes of the statements of cash flows.

**Liquidity:** InterAction has no lines of credit, and has available cash and cash equivalent balances of \$2,699,536 consisting of: cash in banks of \$1,842,100 and cash and certificates of deposit included with investments in the statement of financial position of Merrill Lynch \$857,436. Of the cash available, approximately \$1,200,000 is subject to donor conditions and restrictions that make them unavailable for expenditure within one year of the statements of financial position date. InterAction maintains financial assets that are available to meet 180 days of normal operating expenses, which average approximately \$400,000. As part of its Financial Management Strategy and based on its investment policy, InterAction has a strong portfolio of securities that has grown over the past 10 years. That investment portfolio, excluding cash and certificates of deposit noted above, currently has a value of \$1,382,796.

**Investments:** Investments with readily determinable fair values are reflected at fair market value. To adjust the carrying value of these investments, the change in fair market value is charged or credited to current operations.

**INTERACTION: THE AMERICAN COUNCIL FOR VOLUNTARY INTERNATIONAL ACTION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

**NOTE 1 NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Financial risk:** InterAction maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. InterAction has not experienced any losses in such accounts and believes it is not exposed to any significant financial risk on cash.

InterAction invests in a professionally managed portfolio that contains exchange traded funds during the years ended December 31, 2018 and 2017, which are exposed to various risks such as interest rate, market and credit risk. Due to the level of risk associated with such investments, and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the financial statements.

**Grants receivable:** Receivables are carried at original invoice amounts less an estimate made for doubtful receivables based on a review of all outstanding amounts on an annual basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. Management has determined that all receivables are collectible; thus, there was no provision for doubtful accounts at December 31, 2018 and 2017.

**Property, equipment and leasehold improvements:** All purchases of property, equipment and leasehold improvements in excess of \$500 are capitalized and stated at cost less accumulated depreciation and amortization. Furniture and equipment are depreciated using the straight-line method of depreciation over the useful life of the assets, generally three to five years. Leasehold improvements are amortized over the life of the lease.

**Valuation of long-lived assets:** InterAction accounts for long-lived assets in accordance with subsections of the FASB ASC Topic, Property, Plant and Equipment, which addresses Impairment or Disposal of Long-Lived Assets. The accounting standard requires that property, plant and equipment and certain identifiable intangible assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less costs to sell.

**Deferred rent:** InterAction has a lease agreement for rental space in Washington, D.C. The lease agreement provides for a period of free rent and escalated payments over the life of the lease. Rent expense is being recognized on a straight-line basis over the term of the lease. The difference between the expense and the cash payments is reported as deferred rent. The amount also includes the improvement allowances which are amortized on a straight-line basis over the life of the lease.

**INTERACTION: THE AMERICAN COUNCIL FOR VOLUNTARY INTERNATIONAL ACTION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

**NOTE 1 NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Net assets:** For financial statement purposes, net assets consist of the following:

*Net assets without donor restrictions:* Represent funds available for general operations or that have been designated by the board of directors for a particular purpose.

*Net assets with donor restrictions:* Represent net assets that are contributions and endowment investment earnings subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature that may or will be met, either by actions of InterAction and/or the passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

**Revenue recognition:** Grant revenue, under cost reimbursable federal and non-federal grants, is recognized based upon direct costs incurred plus allowable indirect costs. Revenue recognized but not yet reimbursed from the granting agency is reported as grants receivable in the accompanying statements of financial position. Conversely, payments received in advance of incurring allowable direct and indirect costs are reported as a refundable advance in the accompanying statements of financial position. Unconditional grants and contributions are recognized as revenue when received or promised and are reported as support with donor restriction if they are received with donor or grantor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statements of activities as net assets released from restrictions. Certain contributions of donated services are recorded at their fair values in the period received.

Membership dues are billed to members annually. The dues are recognized as revenue over the membership period, which is on a calendar year basis. Dues received, which are applicable to the following fiscal year, are presented as deferred membership dues in the accompanying financial statements. Revenue from all other sources are recognized when earned.

**Income taxes:** InterAction is generally exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code (IRC). In addition, InterAction qualifies for charitable contribution deductions and has been classified as an organization that is not a private foundation. Income from certain activities not directly related to InterAction's exempt purpose, less applicable deductions, is subject to taxation as unrelated business income. For the years ended December 31, 2018 and 2017, InterAction had net unrelated business income totaling \$39,957 and \$41,232, respectively.

Management evaluated InterAction's tax positions and concluded that InterAction had taken no uncertain tax positions that require adjustment to the financial statements.

**INTERACTION: THE AMERICAN COUNCIL FOR VOLUNTARY INTERNATIONAL ACTION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

**NOTE 1 NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Functional expenses:** The costs of providing the various programs and other activities have been summarized on a functional basis. General and administrative expenses include those expenses that are not directly identifiable with any other specific function, but that provide for the overall support and direction of InterAction and are allocated using a percentage of direct expenses for each function on the statements of activities.

**Allocation of indirect costs:** For the years ending December 31, 2018 and 2017, indirect costs were allocated to federal grants based upon provisional rates of 45.60%.

The indirect rate is calculated using a base of salaries, benefits, and temporary help and consultant expenses. Indirect costs have been allocated to non-federal grants to the extent the donors have provided for the recovery of such costs.

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

**Pending accounting pronouncements:** In May 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU No. 2015-14, which defers the effective date of ASU No. 2014-09 one year, making it effective for annual reporting periods beginning after December 15, 2018. InterAction is currently evaluating the impact the adoption of this guidance will have on its financial statements.

In June 2018, the FASB issued amended guidance to clarify and improve the scope and the accounting guidance for contributions received and contributions made. This amended guidance distinguishes between contributions and exchange transactions and assists in determining which guidance to apply. For contributions, the guidance in Subtopic 958-605, *Not-for-Profit Entities—Revenue Recognition*, should be followed. For exchange transactions, Topic 606, *Revenue from Contracts with Customers*, should be followed. In addition, once a transaction is deemed to be a contribution, this amended guidance assists in determining whether a contribution is conditional or unconditional, and if unconditional, whether the transaction is donor-restricted for a limited purpose or timing. The guidance should be applied on a modified prospective basis. As a resource recipient, the guidance will be effective for InterAction for the year ending December 31, 2019. As a resource provider, the guidance will be effective for InterAction for the year ending December 31, 2020. Early adoption is permitted. InterAction is currently evaluating the impact the adoption of this guidance will have on its financial statements

**INTERACTION: THE AMERICAN COUNCIL FOR VOLUNTARY INTERNATIONAL ACTION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

**NOTE 1 NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. A lessee is required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases. The ASU is expected to impact InterAction's financial statements as InterAction has certain operating lease arrangements for which it is the lessee. The standard is effective on January 1, 2020, with early adoption permitted. InterAction is currently evaluating the impact the adoption of this guidance will have on its financial statements.

**New accounting pronouncement:** On August 18, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. InterAction has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly.

**Reclassifications:** Certain reclassifications were made to the 2017 financial statements in order to conform to the 2018 presentation. These reclassifications had no effect on previously reported net assets.

**Subsequent events:** InterAction evaluated subsequent events through March 27, 2019, which is the date the financial statements were available to be issued.

**NOTE 2 INVESTMENTS**

Investments consisted of the following at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Exchange Traded Funds	\$ 1,382,796	\$ 1,486,659
Cash and Certificates of Deposit	857,436	851,457
Total Investments	<u>\$ 2,240,232</u>	<u>\$ 2,338,116</u>

The cost basis of investments was \$2,212,613 and \$2,098,066 at December 31, 2018 and 2017, respectively.

Investment income, net, for the years ended December 31, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
Realized and Unrealized (Loss) Gain on Investments, Net	\$ (126,305)	\$ 255,028
Interest and Dividends	44,819	39,789
Investment Fees	(13,349)	(11,855)
	<u>\$ (94,835)</u>	<u>\$ 282,962</u>

**INTERACTION: THE AMERICAN COUNCIL FOR VOLUNTARY INTERNATIONAL ACTION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

**NOTE 3 FAIR VALUE MEASUREMENTS**

The Fair Value Measurement topic of the FASB ASC defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and sets out a fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy are described below:

**Level 1:** Quoted market prices in active markets for identical assets or liabilities

**Level 2:** Observable market-based inputs or unobservable inputs corroborated by market data

**Level 3:** Unobservable inputs that are not corroborated by market data

In determining the appropriate levels, InterAction performs a detailed analysis of the assets and liabilities that are subject to accounting for fair value measurements. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3. There were no Level 2 or Level 3 inputs for any assets held by InterAction at December 31, 2018 and 2017. There were no liabilities subject to these provisions at December 31, 2018 and 2017.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at December 31, 2018 and 2017.

Exchange Traded Funds: Valued at the last sales price, or if there is no sale and the market is still considered active, at the last transaction price before year-end.

Certificates of Deposit: Valued using quoted market prices for similar assets in active markets.

**INTERACTION: THE AMERICAN COUNCIL FOR VOLUNTARY INTERNATIONAL ACTION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

**NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)**

The following summarizes investments using fair value measurements at December 31:

	<u>2018</u>	<u>2017</u>
Exchange Traded Funds, Level 1:		
Consumer Cyclical	\$ 101,485	\$ 96,716
Technology	211,932	272,853
Real Estate	21,669	23,618
Health	110,412	128,508
Financial	45,854	63,440
Large Blend	315,884	340,792
Natural Resources	15,184	16,267
Industrials	96,689	129,557
Foreign Large Blend	324,165	344,079
Consumer Defensive	50,894	70,829
Communication Services	88,628	-
Total Exchange Traded Funds	<u>1,382,796</u>	<u>1,486,659</u>
Certificates of Deposit, Level 2	<u>328,358</u>	<u>134,270</u>
Total Investments Using Fair Value Measurements	1,711,154	1,620,929
Cash	<u>529,078</u>	<u>717,187</u>
Total Investments	<u><u>\$ 2,240,232</u></u>	<u><u>\$ 2,338,116</u></u>

**NOTE 4 FOUNDATION GRANTS RECEIVABLE**

Foundation grants receivable, due in more than one year, have been recorded at the present value of the estimated cash flows, using a discount rate of 0% and 1% for 2018 and 2017, respectively.

Foundation grants receivable are due as follows at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Less than One Year	\$ 758,686	\$ 819,006
One to Five Years	-	642,505
Total	<u>758,686</u>	<u>1,461,511</u>
Less: Allowance to Discount Balance to Present Value	-	9,610
Foundation Grants Receivable, Net	<u><u>\$ 758,686</u></u>	<u><u>\$ 1,451,901</u></u>

**NOTE 5 FUTURE COMMITMENTS FROM THE U.S. GOVERNMENT**

InterAction receives program funding from the United States Agency for International Development (USAID) and the United States Department of State (DOS). As of December 31, 2018, InterAction has received awards from the U.S. Government totaling \$5,581,239 of which \$2,649,966 has been obligated and disbursed. As of December 31, 2018, InterAction has an unobligated balance of \$2,931,273 (these figures reflect InterAction's current/open awards). The unobligated balance under U.S. Government awards has not been included in the accompanying financial statements.



**INTERACTION: THE AMERICAN COUNCIL FOR VOLUNTARY INTERNATIONAL ACTION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

**NOTE 6 PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS**

Property, equipment and leasehold improvements and accumulated depreciation at December 31, 2018, and depreciation expense for the year ended December 31, 2018, are as follows:

<u>Asset Category</u>	<u>Estimated Useful Lives</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Depreciation Expense</u>
Leasehold Improvements	10 years	\$ 1,756,020	\$ 788,786	\$ 967,234	\$ 112,687
Furniture and Fixtures	5-7 years	206,406	68,810	137,596	28,978
Equipment and Computers	5 years	311,574	232,919	78,655	15,274
		<u>\$ 2,274,000</u>	<u>\$ 1,090,515</u>	<u>\$ 1,183,485</u>	<u>\$ 156,939</u>

Property, equipment and leasehold improvements and accumulated depreciation at December 31, 2017, and depreciation expense for the year ended December 31, 2017, are as follows:

<u>Asset Category</u>	<u>Estimated Useful Lives</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Depreciation Expense</u>
Leasehold Improvements	10 years	\$ 1,756,020	\$ 676,099	\$ 1,079,921	\$ 112,687
Furniture and Fixtures	5-7 years	198,527	39,832	158,695	27,267
Equipment and Computers	5 years	252,071	217,747	34,324	6,871
		<u>\$ 2,206,618</u>	<u>\$ 933,678</u>	<u>\$ 1,272,940</u>	<u>\$ 146,825</u>

**NOTE 7 IN-KIND CONTRIBUTIONS**

During the year ended December 31, 2017, InterAction was the beneficiary of donated services which allow InterAction to provide greater resources towards various programs. To properly reflect total program expenses, donated services have been included in revenue and expenses during the year ended December 31, 2017, and totaled \$25,403. There were no donated services during the year ended December 31, 2018.

**INTERACTION: THE AMERICAN COUNCIL FOR VOLUNTARY INTERNATIONAL ACTION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

**NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS**

Donor restricted net assets include funds which are only available for specific programs or general support designated for future years. Donor restricted net assets were released from restrictions during the years ended December 31, 2018 and 2017, due to the time restriction ending or satisfaction of purpose restrictions.

Changes in donor restricted net assets during the year ended December 31, 2018, are as follows:

	Balance December 31, 2017	Additions	Released	Balance December 31, 2018
International Fund for Agricultural Development	\$ 14,898	\$ 3,829	\$ (18,727)	\$ -
UPS	2,068	-	-	2,068
Alliance for International Youth Development	38,582	30,000	(16,192)	52,390
Global Public Policy Institute	6,868	-	-	6,868
Business Council	18,946	-	(18,946)	-
Wallace Genetic Foundation	-	80,000	(62,774)	17,226
Wallace Genetics - Wash	-	25,000	(16,509)	8,491
Rockefeller Foundation	119,356	-	(119,356)	-
FedEx – NGO Aid Map Phase V	37,234	-	(37,234)	-
Connect USA – Partner Vetting System	551	-	-	551
Water Aid America	2,538	-	-	2,538
Cost Recovery Project	1,600	-	-	1,600
Global Standards	31,106	-	(31,106)	-
Gates Foundation – AG Mapping	8,609	-	(8,609)	-
DRG Initiative	14,009	70,000	(71,591)	12,418
Swiss Fed Department	-	113,490	(8,807)	104,683
Gates Foundation – Advocacy	2,148,287	9,610	(1,026,599)	1,131,298
Together Project	22,696	113,062	(122,201)	13,557
Wallace Global	27,324	-	(27,324)	-
Wellspring Phase II	91,929	-	(91,929)	-
Wellspring Phase II	-	150,010	(64,248)	85,762
Rockefeller – disinformation	46,055	-	(46,055)	-
Foundation to Promote Open Society – The Project	164,601	-	(164,601)	-
HIAS	239	-	-	239
Risk Phase II	5,000	12,910	-	17,910
	<u>\$ 2,802,496</u>	<u>\$ 607,911</u>	<u>\$ (1,952,808)</u>	<u>\$ 1,457,599</u>

**INTERACTION: THE AMERICAN COUNCIL FOR VOLUNTARY INTERNATIONAL ACTION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

**NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)**

Changes in net assets with donor restrictions during the year ended December 31, 2017, are as follows:

	Balance December 31, 2016	Additions	Released	Balance December 31, 2017
International Fund for Agricultural Development	\$ 336,273	\$ -	\$ (321,375)	\$ 14,898
UPS	2,068	-	-	2,068
Alliance for International Youth Development	21,136	40,000	(22,554)	38,582
Global Public Policy Institute	6,868	-	-	6,868
Business Council	-	75,000	(56,054)	18,946
Wallace Genetic Foundation	75,000	-	(75,000)	-
Rockefeller Foundation	293,930	-	(174,574)	119,356
FedEx – NGO Aid Map Phase IV	32,448	-	(32,448)	-
FedEx – NGO Aid Map Phase V	-	150,000	(112,766)	37,234
Connect USA – Partner Vetting System	551	-	-	551
Water Aid America	2,538	-	-	2,538
Cost Recovery Project	1,600	-	-	1,600
Global Standards	43,736	70,262	(82,892)	31,106
Global Food Security	55,155	-	(55,155)	-
Gates Foundation – AG Mapping	1,286,391	-	(1,277,782)	8,609
DRG Initiative	15,147	80,000	(81,138)	14,009
Foundation to Promote Open Society	1,627	-	(1,627)	-
Wellspring	43,951	-	(43,951)	-
Gates Foundation – Transition	144,518	-	(144,518)	-
Gates Foundation – Advocacy	-	2,539,509	(391,222)	2,148,287
Together Project	-	125,118	(102,422)	22,696
New Venture Fund	-	49,512	(49,512)	-
Wallace Global	-	50,000	(22,676)	27,324
Wellspring Phase II	-	125,000	(33,071)	91,929
Rockefeller – disinformation	-	50,000	(3,945)	46,055
Foundation to Promote Open Society – The Project	-	200,100	(35,499)	164,601
HIAS	-	15,000	(14,761)	239
Risk Phase II	-	5,000	-	5,000
	<u>\$ 2,362,937</u>	<u>\$ 3,574,501</u>	<u>\$ (3,134,942)</u>	<u>\$ 2,802,496</u>

**INTERACTION: THE AMERICAN COUNCIL FOR VOLUNTARY INTERNATIONAL ACTION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

**NOTE 9 COMMITMENTS**

**Lease:** InterAction has entered into a lease agreement for office space which is currently set to expire on July 31, 2027. The lease provides for an annual rental increase of 2.5% and straight-line monthly expense of approximately \$71,500 over the life of the lease. The lease also requires InterAction to pay its proportionate share of the building's real estate taxes and operating expenses. The value of the fixed annual increases has been deferred for the difference between the pro rata expense recognized and the total amounts paid to date under the lease and is being recognized ratably over the term of the lease. A tenant improvement allowance totaling \$1,335,015 was allotted by the landlord for the space, which is amortized on a straight-line basis over the life of the lease. Both liabilities are included in the deferred rent total on the statements of financial position.

Future minimum lease payments required under the non-cancelable operating lease are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2019	\$ 844,584
2020	865,698
2021	887,341
2022	909,524
2023	932,262
Thereafter	<u>3,539,247</u>
<b>Total</b>	<u><u>\$ 7,978,656</u></u>

Occupancy expense for the years ended December 31, 2018 and 2017, totaled \$770,918 and \$739,208, respectively.

**Hotel contracts:** InterAction has entered into contracts during 2018 and subsequent to year-end for hotel rooms and use of facilities relating to its 2019 and 2020 conferences and meetings. In the event of cancellation, InterAction is required to pay various costs as stipulated in the contracts, the amount of which is dependent upon the date of cancellation. As of December 31, 2018, InterAction's maximum amount due for deposits associated with hotels is approximately \$9,800.

**NOTE 10 CONTINGENCY**

The funds which InterAction receives from U.S. Government grants are subject to audit under the provisions of the Uniform Guidance. The ultimate determination of amounts received under the U.S. Government grants is based upon the allowance of costs reported to and accepted by the U.S. Government as a result of the audits. Audits in accordance with the provisions of the Uniform Guidance have been completed for all required fiscal years through 2018. Until such audits have been accepted by the U.S. 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.

**INTERACTION: THE AMERICAN COUNCIL FOR VOLUNTARY INTERNATIONAL ACTION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

**NOTE 11 RETIREMENT AND SEVERANCE PLANS**

**Retirement:** InterAction has a non-contributory defined contribution pension plan in accordance with Section 401(a) of the IRC. The plan covers all employees who meet certain age and employment requirements. Currently, InterAction contributes a percentage of each eligible employee's annual compensation. All contributions vest immediately. Total retirement expense under this plan were \$197,456 and \$333,987 for the years ended December 31, 2018 and 2017, respectively, and is included in fringe benefits in the accompanying statements of functional expenses.

InterAction also administers a 403(b) tax-deferred annuity plan on behalf of its employees. There were no employer contributions made during the years ended December 31, 2018 and 2017.

**Severance:** Full-time employees who are terminated involuntarily, as defined in the agreement, receive one week's severance per full year of employment, not to exceed 12 weeks in total. As of January 1, 2019, InterAction terminated the severance benefits and as a result there was no severance liability as of December 31, 2018. The severance liability totaled \$168,867 at December 31, 2018 and 2017, and is included in accrued employee benefits on the statements of financial position. Total severance expense under these benefits were \$17,222 and \$37,243 for the years ended December 31, 2018 and 2017, respectively, and are included in fringe benefits in the statements of functional expenses.

**INTERACTION: THE AMERICAN COUNCIL FOR VOLUNTARY INTERNATIONAL ACTION, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2018**

<u>Federal Grantor / Program Title</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Pass-Through Grantor</u>	<u>Federal Expenditures</u>	<u>Pass Through to Subrecipients</u>
<b>United States Agency for International Development</b>					
Amplifying NGO Engagement and leadership for Principled Humanitarian Action	98.001	AID-OFDA-A-17-00027	N/A	\$ 1,858,005	\$ -
NGO Risk Analysis Phase 2 Local Actor Partnerships	98.001	AID-OFDA-G-17-00191	N/A	205,356	-
Total United States Agency for International Development				<u>2,063,361</u>	<u>-</u>
<b>United States Department of State</b>					
Improving Outcomes for Refugees and Persons of Concern by Investing in NGO-UNHCR Partnerships and Collaboration	19.522	S-PRMCO-17-CA-2004	N/A	44,561	-
To Strengthen Partnerships between NGOs and UNHCR	19.552	S-PRMCO-18-CA-0025	N/A	43,981	-
Total United States Department of State				<u>88,542</u>	<u>-</u>
Total Expenditures of Federal Awards				<u>\$ 2,151,903</u>	<u>\$ -</u>

**INTERACTION: THE AMERICAN COUNCIL FOR VOLUNTARY INTERNATIONAL ACTION, INC.  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2018**

**NOTE 1 BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of InterAction. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of InterAction, it is not intended to and does not present the financial position, changes in net assets or cash flows of InterAction.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The fringe benefit rate calculation and indirect rate calculation in Notes 2 and 3 have been prepared in accordance with accounting principles generally accepted in the United States and the Uniform Guidance. InterAction did not elect to use the 10% de minimis cost rate.

**NOTE 2. SCHEDULE OF FRINGE BENEFITS**

The fringe benefit rate applicable to InterAction for the year ended December 31, 2018, is calculated as follows:

Fringe benefits:

Fringe benefit pool:

Health, Life and disability	\$	494,226
Payroll taxes		299,676
Retirement, vacation and severance expense		149,892
State unemployment taxes		9,036
Worker's compensation insurance		<u>11,222</u>
Total fringe benefits	<u>\$</u>	<u>964,052</u>

Salary expense	<u>\$</u>	<u>4,111,330</u>
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Rate calculation:

<u>Total Fringe benefits</u>	=	<u>\$ 964,052</u>	x	100	<u>23.45%</u>
<u>Total Salary expense</u>		<u>\$ 4,111,330</u>			

**INTERACTION: THE AMERICAN COUNCIL FOR VOLUNTARY INTERNATIONAL ACTION, INC.**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED DECEMBER 31, 2018**

**NOTE 3. SCHEDULE OF INDIRECT COSTS**

The indirect cost rate applicable to InterAction for the year ended December 31, 2018, is calculated as follows:

Salaries and Wages	\$ 713,612
Fringe Benefits	145,631
Consulting and Professional Fees	24,068
Temporary Help	17,142
Computer Technical Support	178,846
Telephone	2,810
Office Supplies	3,729
Postage	582
Printing and Duplication	(2,023)
Subscription and Publications	844
Travel, Hotels, and Meals	1,252
Meetings and Conferences	19,667
Legal and Audit Fees	74,955
Bank Charges	8,324
Other	38,875
Insurance	65,811
Occupancy	731,118
Depreciation and Amortization	156,939
Furniture and Equipment	3,695
Repairs, Maintenance and Equipment Rental	79,281
Education and Training	609
Sub-Grants	-
Subtotal	<u>2,265,767</u>
Less unallowable	<u>19,337</u>
Total indirect costs	<u><u>\$ 2,246,430</u></u>

	Member Services	Federal and Non-Federal Awards	Legislative Activities	Fundraising	Total
Direct costs:					
Salaries	\$ 1,016,967	\$ 2,365,349	\$ 10,809	\$ 4,593	\$ 3,397,718
Fringe benefits	312,513	501,265	3,422	1,221	818,421
Consulting and professional fees	106,579	260,006	-	-	366,585
Total direct costs	<u>\$ 1,436,059</u>	<u>\$ 3,126,620</u>	<u>\$ 14,231</u>	<u>\$ 5,814</u>	<u>\$ 4,582,724</u>

Rate calculation:

<u>Total indirect costs</u>	=	<u>\$ 2,246,430</u>	x	100	<u>49.02%</u>
Total direct costs		\$ 4,582,724			



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors

InterAction: The American Council for Voluntary International Action, Inc.  
Washington, DC

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of InterAction, which comprise the statement of financial position as of December 31, 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, and have issued our report thereon dated March 27, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered InterAction's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of InterAction's internal control. Accordingly, we do not express an opinion on the effectiveness of InterAction's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Board of Directors

InterAction: The American Council for Voluntary International Action, Inc.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether InterAction's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

### **CliftonLarsonAllen LLP**

Greenbelt, Maryland

March 27, 2019

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors

InterAction: The American Council for Voluntary International Action, Inc.

Washington, DC

**Report on Compliance for Each Major Federal Program**

We have audited InterAction's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of InterAction's major federal programs for the year ended December 31, 2018. InterAction's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of InterAction's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about InterAction's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of InterAction's compliance.

***Opinion on Each Major Federal Program***

In our opinion, InterAction complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

## **Report on Internal Control Over Compliance**

Management of InterAction is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered InterAction's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of InterAction's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

## **CliftonLarsonAllen LLP**

Greenbelt, Maryland  
March 27, 2019

**INTERACTION: THE AMERICAN COUNCIL FOR VOLUNTARY INTERNATIONAL ACTION, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2018**

Section I – Summary of Auditors’ Results

**Financial Statements**

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
  - Material weakness(es) identified? \_\_\_\_\_ yes          x     no
  - Significant deficiency(ies) identified? \_\_\_\_\_ yes          x     none reported
3. Noncompliance material to financial statements noted? \_\_\_\_\_ yes          x     no

**Federal Awards**

1. Internal control over major federal programs:
  - Material weakness(es) identified? \_\_\_\_\_ yes          x     no
  - Significant deficiency(ies) identified? \_\_\_\_\_ yes          x     none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ yes          x     no

**Identification of Major Federal Programs**

<u>Federal Grantor / Program Title</u>	<u>CFDA Number</u>	<u>Grant Number</u>
<b>United States Agency for International Development</b>		
Amplifying NGO Engagement and leadership for Principled Humanitarian Action	98.001	AID-OFDA-A-17-00027
NGO Risk Analysis Phase 2 Local Actor Partnerships	98.001	AID-OFDA-G-17-00191

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee? \_\_\_\_\_     x     yes      \_\_\_\_\_ no

**INTERACTION: THE AMERICAN COUNCIL FOR VOLUNTARY INTERNATIONAL ACTION, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2018**

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Section II – Financial Statement Findings

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Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

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Section III – Findings and Questioned Costs – Major Federal Programs

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Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

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Section IV – Prior Year Findings

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There were no findings in the prior year that were required to be reported.

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