CONSOLIDATED FINANCIAL STATEMENTS

DEVELOPMENT GATEWAY

AND AFFILIATE

FOR THE YEARS ENDED
JUNE 30, 2013 AND 2012

DEVELOPMENT GATEWAY, INC. AND AFFILIATE

CONTENTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Development Gateway, Inc. and Affiliate
Washington, D.C.

We have audited the accompanying consolidated financial statements of Development Gateway, Inc. and Affiliate, collectively "the Organizations", which comprise the consolidated statements of financial position as of June 30, 2013 and 2012, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility 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.

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 audits 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.

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organizations as of June 30, 2013 and 2012, and the consolidated changes in their net assets and their consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Gelman Rosenberg & Freedman

January 30, 2014

DEVELOPMENT GATEWAY, INC. AND AFFILIATE

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2013 AND 2012

ASSETS

	2013	2012
CURRENT ASSETS		
Cash and cash equivalents	$ 518,636	$ 587,477
Accounts receivable	972,314	914,361
Prepaid expenses and other assets	114,973	81,706
Total current assets	1,605,923	1,583,544
PROPERTY AND EQUIPMENT		
Computers and related equipment	53,436	53,436
Less: Accumulated depreciation	(45,032)	(27,153)
Net property and equipment	8,404	26,283
TOTAL ASSETS	**$ 1,614,327**	**$ 1,609,827**

LIABILITIES AND NET ASSETS

	2013	2012
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 4)	$ 226,059	$ 286,933
Deferred revenue	668,742	637,167
Deferred rent liability (Note 2)	58,812	67,389
Accrued severance liability (Note 2)	102,708	-
Total current liabilities	1,056,321	991,489
NONCURRENT LIABILITIES		
Deferred rent liability, net of current portion (Note 2)	-	56,267
Accrued severance liability, net of current portion (Note 2)	67,292	-
Total noncurrent liabilities	67,292	56,267
Total liabilities	1,123,613	1,047,756
NET ASSETS		
Unrestricted	490,714	562,071
TOTAL LIABILITIES AND NET ASSETS	**$ 1,614,327**	**$ 1,609,827**

See accompanying notes to consolidated financial statements.

DEVELOPMENT GATEWAY, INC. AND AFFILIATE

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	Unrestricted	
	2013	**2012**
SUPPORT AND REVENUE		
Grants:		
Grant Funded programs	$ 750,703	$ 3,142,833
Country Gateways	-	104,440
Zunia	100,074	31,984
Contracts:		
Aid Management Program	2,419,701	2,232,823
dgMarket	702,506	771,676
AidData	1,713,770	408,632
Custom Solutions (ICT)	709,596	542,114
Currency loss	(21,782)	(56,931)
Other income (Note 2)	85,250	46,613
Total support and revenue	6,459,818	7,224,184
EXPENSES		
Program Services:		
Grants:		
Grant Funded Programs	216,484	391,817
Country Gateways	1,509	11,128
Research and Innovation	21,614	226,458
Zunia	53,801	106,505
Contracts:		
Aid Management Program	1,929,598	2,220,613
dgMarket	587,810	605,857
AidData	1,174,180	660,761
Custom Solutions (ICT)	248,468	513,063
Total program services	4,233,464	4,736,202
Supporting Services:		
Management and General	1,996,860	1,872,664
Fundraising	300,851	579,311
Total supporting services	2,297,711	2,451,975
Total expenses	6,531,175	7,188,177
Change in net assets before other items	(71,357)	36,007
OTHER ITEMS		
Deobligated grant liability (Note 3)	-	18,000
Forgiveness of debt (Note 5)	-	892,918
Changes in net assets	(71,357)	946,925
Unrestricted net assets (deficit) at beginning of year	562,071	(384,854)
UNRESTRICTED NET ASSETS (DEFICIT) AT END OF YEAR	**$ 490,714**	**$ 562,071**

See accompanying notes to consolidated financial statements.

DEVELOPMENT GATEWAY, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2013

	Program Services					
	Grant Funded Programs	Country Gateways	Research and Innovation	Zunia	Aid Management Program	dgMarket
Salaries and related benefits (Note 4)	$ 48,708	$ -	$ 21,098	$ 9,343	$ 453,341	$ 38,874
Printing and production	100	-	-	-	1,973	-
Professional fees	-	-	-	-	4,915	2,879
Occupancy (Note 2)	7,767	-	-	-	15,997	7,867
Accounting/audit	2,745	-	-	-	10,719	-
Insurance	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-
Telephone	172	-	-	-	17,444	37,936
Travel and entertainment	19,630	-	516	26	319,492	4,137
Consulting fees	135,650	1,509	-	44,432	971,426	464,823
Postage and delivery	-	-	-	-	522	-
Supplies	7	-	-	-	233	-
Subscriptions and publications	-	-	-	-	-	216
Meetings and conventions	805	-	-	-	43,630	-
Advertising and promotion	-	-	-	-	-	2,858
Bank fees	-	-	-	-	1,494	28,220
Equipment	900	-	-	-	63,412	-
Bad debt	-	-	-	-	25,000	-
TOTAL	**$ 216,484**	**$ 1,509**	**$ 21,614**	**$ 53,801**	**$ 1,929,598**	**$ 587,810**

			Supporting Services			
AidData	**Custom Solutions (ICT)**	**Total Program Services**	**Management and General**	**Fundraising**	**Total Supporting Services**	**Total Expenses**
$ 596,579	$ 95,947	$ 1,263,890	$ 861,516	$ 230,802	$ 1,092,318	$ 2,356,208
29,141	-	31,214	2,272	11	2,283	33,497
-	-	7,794	51,793	-	51,793	59,587
10,367	-	41,998	497,474	-	497,474	539,472
-	-	13,464	98,315	-	98,315	111,779
-	-	-	26,170	-	26,170	26,170
-	-	-	17,879	-	17,879	17,879
3,089	-	58,641	41,567	178	41,745	100,386
105,848	7,812	457,461	45,188	17,452	62,640	520,101
382,406	144,100	2,144,346	148,869	51,463	200,332	2,344,678
-	-	522	6,093	287	6,380	6,902
-	510	750	43,987	-	43,987	44,737
-	-	216	261	246	507	723
300	-	44,735	874	412	1,286	46,021
-	-	2,858	27,307	-	27,307	30,165
99	99	29,912	41,325	-	41,325	71,237
46,351	-	110,663	115,695	-	115,695	226,358
-	-	25,000	(29,725)	-	(29,725)	(4,725)
$ 1,174,180	**$ 248,468**	**$ 4,233,464**	**$ 1,996,860**	**$ 300,851**	**$ 2,297,711**	**$ 6,531,175**

DEVELOPMENT GATEWAY, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2012

	Program Services					
	Grant Funded Programs	Country Gateways	Research and Innovation	Zunia	Aid Management Program	dgMarket
Salaries and related benefits (Note 4)	$ 234,821	$ 3,497	$ 121,642	$ 37,917	$ 571,055	$ 82,085
Printing and production	300	-	-	-	3,892	-
Professional fees	4,685	303	-	2,508	10,624	1,550
Occupancy (Note 2)	9,275	-	-	4,800	30,714	2,375
Accounting/audit	1,007	304	-	949	760	646
Insurance	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-
Telephone	1,086	-	-	114	17,802	38,870
Travel and entertainment	14,048	-	34,890	2,024	468,978	1,347
Consulting fees	123,105	7,024	69,926	57,146	1,078,166	440,370
Postage and delivery	-	-	-	-	1,979	91
Supplies	-	-	-	-	14,016	-
Subscriptions and publications	-	-	-	-	234	649
Meetings and conventions	2,440	-	-	-	7,216	-
Advertising and promotion	77	-	-	-	736	9,241
Bank fees	-	-	-	1,047	2,923	28,501
Equipment	973	-	-	-	11,518	132
Bad debt	-	-	-	-	-	-
TOTAL	$ 391,817	$ 11,128	$ 226,458	$ 106,505	$ 2,220,613	$ 605,857

			Supporting Services			
AidData	Custom Solutions (ICT)	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
$ 301,185	$ 291,375	$ 1,643,577	$ 747,941	$ 389,208	$ 1,137,149	$ 2,780,726
875	-	5,067	1,239	1,549	2,788	7,855
3,649	-	23,319	57,976	-	57,976	81,295
950	-	48,114	480,412	-	480,412	528,526
-	-	3,666	127,545	-	127,545	131,211
-	-	-	17,939	-	17,939	17,939
-	-	-	26,945	-	26,945	26,945
1,268	-	59,140	54,264	4,030	58,294	117,434
37,107	36,747	595,141	57,736	59,942	117,678	712,819
312,049	183,585	2,271,371	152,286	122,323	274,609	2,545,980
-	-	2,070	8,050	270	8,320	10,390
-	30	14,046	12,891	-	12,891	26,937
-	-	883	6,721	471	7,192	8,075
26	-	9,682	7,138	40	7,178	16,860
-	-	10,054	23,836	149	23,985	34,039
632	302	33,405	34,469	28	34,497	67,902
3,020	1,024	16,667	19,719	1,301	21,020	37,687
-	-	-	35,557	-	35,557	35,557
$ 660,761	**$ 513,063**	**$ 4,736,202**	**$ 1,872,664**	**$ 579,311**	**$ 2,451,975**	**$ 7,188,177**

See accompanying notes to consolidated financial statements.

DEVELOPMENT GATEWAY, INC. AND AFFILIATE

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ (71,357)	$ 946,925
Adjustments to reconcile changes in net assets to net cash used by operating activities:		
Depreciation	17,879	26,945
Forgiveness of debt	-	(892,918)
Loss on sale of property and equipment	-	5,375
(Increase) decrease in:		
Accounts receivable	(57,953)	(219,951)
Prepaid expenses and other assets	(33,267)	968
Increase (decrease) in:		
Accounts payable and accrued liabilities	(60,874)	(127,033)
Refundable advances	-	(100,000)
Deferred revenue	31,575	271,509
Deferred rent liability	(64,844)	(57,357)
Accrued severance liability	170,000	-
Net cash used by operating activities	(68,841)	(145,537)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	-	(300,000)
Net cash used by financing activities	-	(300,000)
Net decrease in cash and cash equivalents	(68,841)	(445,537)
Cash and cash equivalents at beginning of year	587,477	1,033,014
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 518,636**	**$ 587,477**

See accompanying notes to consolidated financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

On November 5, 2009, the Development Gateway Foundation, Inc. changed its name to Development Gateway, Inc. The organization (referred to as DG) is a not-for-profit organization based in Washington, D.C. whose mission is to reduce poverty and enable change in developing nations through information technology.

DG provides all stakeholders of the development process (partner countries, development partners, civil society organizations, and private sector firms) with the information and knowledge they need to participate effectively in the process; this is accomplished via the following products and services:

1) the Aid Management Program (AMP) and AidData for aid effectiveness, greater transparency and better governance;

2) dgMarket, an online public procurement listing system;

3) Zunia for online knowledge sharing and collaboration by development practitioners worldwide; and

4) Country Gateways, a network of more than 30 locally managed social enterprises delivering Web-based services in support of national development objectives.

5) Research and Innovation (R&I) Activities: over the past two years, DG has focused on research and innovation under two pillars; the first is to improve the functionality and capabilities of existing tools and programs, and the second is to create innovative tools and programs to facilitate the effective and transparent use of resources for current and future clients. Under the first pillar, DG has improved AMP's capabilities and user experience; a new version of AMP (AMP 2.0) was released at the end of 2011, which included several innovations: a sleek new user interface; a new public portal; the capability of importing data using the International Aid Transparency Initiative (IATI) standard; an advanced GIS module; and new Dashboards. Progress has been made on the new Results Monitoring product/program code named “LeapFrog"; an “alpha” version of the software will be demonstrated with an explanation of the additional services DG will offer to over 20 countries at the annual workshop in Senegal (in December 2012). In addition, DG has modified dgMarket (www.dgmarket.com) to offer a more comprehensive solution (online bid management) and DG is in process of revamping ZUNIA (www.zunia.org), the knowledge exchange platform. Under the second pillar, a group consisting of the College of William & Mary, Brigham Young University, the University of Texas at Austin, Development Gateway, and Esri proposed the creation of an “AidData Consortium Center” to USAID in response to a tender (RFP) geared towards the formation of a Higher Education Solutions Network (HESN). The intent of the network is to leverage the power of US Universities and Technology to support USAID’s Research and Innovation efforts abroad; that proposal was shortlisted (formally) and accepted (informally) by USAID.

DG provides grants for innovative information and communication technologies projects and programs, principally within the context of the Country Gateways Program. DG also works with a network of associated research and training centers in several developing countries, where ideas can be exchanged and programs tested.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Organization (continued) -

Development Gateway International (DGI) was established in Belgium in 2007 to further extend the intentions of DG and pursue collaborative opportunities with organizations and aid agencies in Europe. Based in Brussels, this office works primarily with European donors. DGI's objective is to work with European stakeholders to provide web-based platforms to make aid and development efforts more effective around the world. DGI plans to build relations with European stakeholders and participate in the international dialogue on development effectiveness. DGI recognizes that open source software, open standards and common systems offer scope for more affordable and sustainable solutions for developing countries. DGI will focus on areas where small investments in proven technologies and open source software can yield large returns.

Basis of presentation -

The accompanying consolidated financial statements are presented on the accrual basis of accounting, and in accordance with FASB ASC 958-810, *Not-for-Profit Entities, Consolidation.*

Consolidated financial statements -

The accompanying consolidated financial statements reflect the activity of DG and DGI, collectively "the Organizations". The financial statements of the two organizations have been consolidated, as DG exercises significant influence with respect to DGI and both are under common control. All significant intercompany transactions have been eliminated in consolidation.

Cash and cash equivalents -

The Organizations consider all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to a limit of $250,000. At times during the year, the Organizations maintain cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

The Organizations maintain bank accounts in foreign countries which are largely uninsured. Total cash and cash equivalents held overseas was $262,760 and $66,894 as of June 30, 2013 and 2012, respectively.

Functional currency -

The Organizations incur transactions in U.S. Dollars, European Euros and Senegalese Francs. All amounts reported in the Statement of Financial Position have been translated to U.S. Dollars using published exchange rates in effect at June 30, 2013 and 2012. All amounts reported in the Consolidated Statements of Activities and Changes in Net Assets have been translated to U.S. Dollars using an average exchange rate calculated during the month incurred.

Accounts receivable -

Accounts receivable approximate fair value. Accounts receivable are considered fully collectable within one year. Management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Property and equipment -

Property and equipment in excess of $3,000 are capitalized and stated at cost. Furniture, computers, and equipment are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to seven years. Leasehold improvements are amortized over the remaining life of the lease. The cost of maintenance and repairs is recorded as expenses are incurred.

Income taxes -

DG is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying consolidated financial statements. DG is not a private foundation. DGI is a non-taxable organization governed under the laws of Belgium.

Uncertain tax positions -

For the years ended June 30, 2013 and 2012, the Organizations have documented their consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

The Federal Form 990, *Return of Organization Exempt from Income Tax*, is subject to examination by the Internal Revenue Service, generally for three years after it is filed.

Net asset classification -

The net assets are reported in two self-balancing groups as follows:

- **Unrestricted net assets** include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of the Organizations and include both internally designated and undesignated resources.

- **Temporarily restricted net assets** include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of the Organizations and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Consolidated Statements of Activities and Changes in Net Assets as net assets released from restrictions. There was no temporarily restricted net asset activity during the year or as of June 30, 2013 and 2012.

Revenue recognition -

The Organizations receive funding under grants and contracts from the U.S. and foreign governments, international organizations and other grantors for direct and indirect program costs. This funding is subject to contractual restrictions, which must be met through incurring qualifying expenses for particular programs. Accordingly, such grants are considered exchange transactions and are recorded as unrestricted income to the extent that related expenses are incurred in compliance with the criteria stipulated in the grant agreements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Revenue recognition (continued) -

Contracts are recorded as unrestricted revenue as reimbursable costs are incurred or on a percentage of completion method (if a fixed price agreement). Contract funding received in advance of incurring the related expenses is recorded as deferred revenue in the accompanying Consolidated Statements of Financial Position.

Use of estimates -

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Consolidated Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Reclassification -

Certain amounts in the prior year's consolidated financial statements have been reclassified to conform to the current year's presentation. These reclassifications had no effect on the previously reported changes in net assets.

2. COMMITMENTS

During fiscal year 2010, the Organizations entered into a four-year operating lease for 11,785 square feet of office space located at 1889 F Street in Washington, D.C. expiring March 31, 2014. The office space may be sublet in full or in part at any time during the lease term, with any market rent increases being shared between the landlord and the Organizations.

Accounting principles generally accepted in the United States of America require that the total rent commitment should be recognized on a straight-line basis over the term of the lease. Accordingly, the difference between the actual monthly payments and the rent expense being recognized for financial statement purposes is recorded as a deferred rent liability on the Consolidated Statements of Financial Position. As of June 30, 2013 and 2012, the deferred rent liability aggregated $58,812 and $123,656, respectively.

The Organizations' future minimum rental commitment under this lease is as follows:

Year Ending June 30, 2014	**$ 389,391**

2. COMMITMENTS (Continued)

The Organizations also lease office space in Belgium under a short-term agreement which can be terminated by providing 30-days notice.

Occupancy expense for the years ended June 30, 2013 and 2012 totaled $539,472 and $528,526, respectively. Rental income (under short-term agreements) of $82,511 and $44,761 is included in other miscellaneous income for the years ended June 30, 2013 and 2012, respectively.

On July 23, 2013, the Organizations entered into a severance agreement with a departed employee. Under the terms of the agreement, $170,000 will be paid in installments beginning on August 15, 2013 and terminating on April 15, 2015. An initial payment of $24,792 was made on July 31, 2013, and the balance will be paid in 41 equal bi-monthly payments. As of June 30, 2013, the total due under the agreement was $170,000 ($102,708 current and $67,292 noncurrent).

3. DEOBLIGATED GRANT LIABILITY

During the year ended June 30, 2012, the Organizations determined that certain grant liabilities were deemed no longer payable as the grantees were unable to satisfy the purpose stipulated in the original agreements. As of June 30, 2012, $18,000 was recorded as a deobligated grant liability in the accompanying Consolidated Statements of Activities and Changes in Net Assets.

4. RETIREMENT PLAN

The Organizations maintain a 403(b)(7) defined contribution retirement plan (the "Plan") for all their full-time employees. Under the terms of the Plan, the Organizations will make contributions to employee retirement accounts equivalent to 4% of an employee's annual compensation as defined in the Plan.

Employees are enrolled in the Plan at the time of hire and are immediately vested 100% in employer contributions made to their account. Employees may also elect to have a portion of their compensation contributed to the Plan on a pre-tax basis. Contributions to the Plan of $73,879 and $105,769 are included as expense in the accompanying Consolidated Statements of Activities and Changes in Net Assets for the years ended June 30, 2013 and 2012, respectively. At June 30, 2013 and 2012, $18,842 and $12,651, respectively, of these expenses were accrued.

5. BORROWINGS/FORGIVENESS OF DEBT

On March 15, 2005, the Organizations and the World Bank entered into an arrangement to repay amounts owed for services rendered under a Services Management Contract through June 30, 2005. Borrowings bore interest at 3.71% and were compounded quarterly; however, during 2011 the World Bank did not assess any interest on the outstanding balance. At June 30, 2011, the total amount due under this agreement aggregated $1,192,918 and was presented as a noncurrent liability in the Statements of Financial Position. During the year ended June 30, 2012, the World Bank agreed to forgive the balance due under the Services Management Contract, provided the Organizations remitted $300,000 to the World Bank prior to May 1, 2012. Payments of $100,000 and $200,000 were made in December 2011 and April 2012, respectively, releasing the Organizations from the remaining liability. The Organizations recognized a $892,918 forgiveness of debt in the Consolidated Statements of Activities and Changes in Net Assets during the year ended June 30, 2012.

5. BORROWINGS/FORGIVENESS OF DEBT (Continued)

The World Bank, through the Development Grant Facility, made no contributions to the Organizations during fiscal year ending June 30, 2012.

6. SUBSEQUENT EVENTS

In preparing these consolidated financial statements, the Organizations have evaluated events and transactions for potential recognition or disclosure through January 30, 2014, the date the consolidated financial statements were issued.

On September 4, 2013, Development Gateway, Inc. entered into an operating lease agreement for its principal office space located at 1110 Vermont Avenue, NW, Washington, D.C. The lease commences on April 1, 2014 and expires on July 31, 2014. Included in the lease is a provision for several months of rent abatement. The lease also requires a security deposit to be placed in escrow prior to the lease commencement date. Following is a schedule of future lease payments required under the lease:

Year Ending June 30,	
2015	$ 156,632
2016	400,839
2017	410,871
2018	421,158
2019 and thereafter	2,833,810
TOTAL	**$ 4,223,310**

SUPPLEMENTAL INFORMATION

DEVELOPMENT GATEWAY, INC. AND AFFILIATE

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
AS OF JUNE 30, 2013

ASSETS

	DG	DGI	Eliminations	Total
CURRENT ASSETS				
Cash and cash equivalents	$ 255,876	$ 262,760	$ -	$ 518,636
Accounts receivable	1,343,906	187,353	(558,945)	972,314
Prepaid expenses and other assets	100,990	13,983	-	114,973
Total current assets	1,700,772	464,096	(558,945)	1,605,923
PROPERTY AND EQUIPMENT				
Computers and related equipment	53,436	-	-	53,436
Less: Accumulated depreciation	(45,032)	-	-	(45,032)
Net property and equipment	8,404	-	-	8,404
TOTAL ASSETS	**$ 1,709,176**	**$ 464,096**	**$ (558,945)**	**$ 1,614,327**

LIABILITIES AND NET ASSETS (DEFICIT)

	DG	DGI	Eliminations	Total
CURRENT LIABILITIES				
Accounts payable and accrued liabilities	$ 158,774	$ 626,230	$ (558,945)	$ 226,059
Deferred revenue	273,496	395,246	-	668,742
Deferred rent liability	58,812	-	-	58,812
Accrued severance liability	102,708	-	-	102,708
Total current liabilities	593,790	1,021,476	(558,945)	1,056,321
NONCURRENT LIABILITIES				
Accrued severance liability, net of current portion	67,292	-	-	67,292
Total liabilities	661,082	1,021,476	(558,945)	1,123,613
NET ASSETS (DEFICIT) - Unrestricted	1,048,094	(557,380)	-	490,714
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	**$ 1,709,176**	**$ 464,096**	**$ (558,945)**	**$ 1,614,327**

DEVELOPMENT GATEWAY, INC. AND AFFILIATE

CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2013

	DG	DGI	Eliminations	Total
SUPPORT AND REVENUE				
Grants:				
Grant Funded programs	$ 750,703	$ -	$ -	$ 750,703
Zunia	100,074	-	-	100,074
Contracts:				
Aid Management Program	1,935,105	484,596	-	2,419,701
dgMarket	383,575	318,931	-	702,506
AidData	1,713,770	-	-	1,713,770
Custom Solutions (ICT)	693,126	16,470	-	709,596
Currency loss	-	(21,782)	-	(21,782)
Other income	85,250	-	-	85,250
Total support and revenue	5,661,603	798,215	-	6,459,818
EXPENSES				
Program Services:				
Grants:				
Grant Funded programs	147,861	68,623	-	216,484
Country Gateways	1,509	-	-	1,509
Research and Innovation	21,614	-	-	21,614
Zunia	53,450	351	-	53,801
Contracts:				
Aid Management Program	1,581,340	348,258	-	1,929,598
dgMarket	280,191	307,619	-	587,810
AidData	1,145,417	28,763	-	1,174,180
Custom Solutions (ICT)	215,848	32,620	-	248,468
Total program services	3,447,230	786,234	-	4,233,464
Supporting Services:				
Management and General	1,935,534	61,326	-	1,996,860
Fundraising	283,378	17,473	-	300,851
Total supporting services	2,218,912	78,799	-	2,297,711
Total expenses	5,666,142	865,033	-	6,531,175
Changes in net assets before other items	(4,539)	(66,818)	-	(71,357)
OTHER ITEMS				
Deobligated grant liability	-	-	-	-
Forgiveness of debt	-	-	-	-
Change in net assets	(4,539)	(66,818)	-	(71,357)
Net assets (deficit) at beginning of year	1,052,633	(490,562)	-	562,071
NET ASSETS (DEFICIT) AT END OF YEAR	**$ 1,048,094**	**$ (557,380)**	**$ -**	**$ 490,714**