

**INSTITUTE FOR TRANSPORTATION
& DEVELOPMENT POLICY**

New York, New York

FINANCIAL STATEMENTS

Years Ended December 31, 2005 and 2004

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FINANCIAL STATEMENTS

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May 10, 2006

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Institute for Transportation & Development Policy

We have audited the accompanying statements of financial position for the Institute for Transportation & Development Policy (a nonprofit organization) as of December 31, 2005 and 2004, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Institute's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Institute for Transportation & Development Policy as of December 31, 2005 and 2004, and the results of its activities and cash flows for the years then ended, in conformity with generally accepted accounting principles in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2006, on our consideration of the Institute for Transportation & Development Policy's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Institute for Transportation & Development Policy taken as a whole. The accompanying schedule of expenditures of federal awards (and additional reports and schedules) is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non - Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

INSTITUTE FOR TRANSPORTATION & DEVELOPMENT POLICY
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2005 AND 2004

	2005	2004
ASSETS		
Cash and cash equivalents	\$ 154,400	\$ 264,838
Accounts receivable	34,394	18,687
Grant receivable	214,846	242,204
Inventory	101,519	40,216
Prepaid expense	1,200	4,694
Equipment (less depreciation of \$77,063 and \$72,461)	43,288	18,324
Deposits	5,160	3,867
TOTAL ASSETS	\$ 554,807	\$ 592,830
LIABILITIES		
Accounts payable	\$ 88,442	\$ 126,385
Accrued salaries, pension and vacation	18,923	18,019
Payroll taxes payable	5,343	9,424
TOTAL LIABILITIES	112,708	153,828
NET ASSETS		
Unrestricted net assets	(30,741)	(67,929)
Temporarily restricted net assets	472,840	506,931
TOTAL NET ASSETS	442,099	439,002
TOTAL LIABILITIES AND NET ASSETS	\$ 554,807	\$ 592,830

INSTITUTE FOR TRANSPORTATION & DEVELOPMENT POLICY
STATEMENTS OF ACTIVITIES
FOR YEARS ENDED DECEMBER 31, 2005 AND 2004

	2005	2004
CHANGES IN UNRESTRICTED NET ASSETS		
REVENUE AND SUPPORT		
Contributions	\$ 85,417	\$ 39,753
Grants	1,141,934	1,407,638
Bike sales, net of expense	31,121	9,864
Contract revenue	-	78,272
In-kind contributions	1,835	4,071
Interest income	5,829	1,996
Gain (Loss) on investment	-	(532)
	1,266,136	1,541,062
NET ASSETS RELEASED FROM RESTRICTIONS	490,312	124,693
TOTAL UNRESTRICTED REVENUE, SUPPORT, AND NET ASSETS RELEASED FROM RESTRICTIONS	1,756,448	1,665,755
EXPENSES		
Program services	1,588,874	1,665,890
Management	64,541	60,235
Fund-raising	65,845	40,204
	1,719,260	1,766,329
TOTAL EXPENSES	1,719,260	1,766,329
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	37,188	(100,574)
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Grants	456,221	384,169
Net assets released from restrictions	(490,312)	(124,693)
	(34,091)	259,476
(DECREASE) INCREASE IN TEMPORARILY RESTRICTED NET ASSETS	(34,091)	259,476
(DECREASE) INCREASE IN NET ASSETS	3,097	158,902
NET ASSETS AT BEGINNING OF YEAR	439,002	280,100
NET ASSETS AT END OF YEAR	\$ 442,099	\$ 439,002

See notes to financial statements.

INSTITUTE FOR TRANSPORTATION & DEVELOPMENT POLICY
 STATEMENTS OF CASH FLOWS
 FOR YEARS ENDED DECEMBER 31, 2005 AND 2004

	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES		
(Decrease) increase in net assets	\$ 3,097	\$ 158,902
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	6,422	22,642
Loss on investments	-	532
(Increase) decrease in operating assets:		
Accounts receivable	(15,707)	3,535
Grants receivable	27,358	(144,311)
Inventory	(61,303)	78,155
Deposits	(1,293)	(1,200)
Prepaid expense	3,494	(4,694)
Increase (decrease) in operating liabilities:		
Accounts payable	(37,943)	48,247
Salaries, pension vacation and payroll taxes payable	(3,177)	5,876
	(79,052)	167,684
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of computers, equipment and leasehold improvements	(31,386)	(23,966)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(110,438)	143,718
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	264,838	121,120
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 154,400	\$ 264,838

INSTITUTE FOR TRANSPORTATION & DEVELOPMENT POLICY
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF ORGANIZATION

Institute for Transportation & Development Policy was organized as a nonprofit corporation in Washington, D.C. in 1985 and operates out of its offices in New York City, New York. The Institute is a research, dissemination, and project-implementing agency, which seeks to promote the use of non-motorized vehicles and the broader implementation of sustainable transportation policies worldwide. The Institute is supported primarily through grants, donor contributions, and contract revenue. Members include bicycle activists, transportation planners, economic development specialists, small business people, environmentalists, and other professionals, and are primarily, but not exclusively U.S. citizens.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting – Financial statement presentation follows the recommendation of the FASB in its Statement of Financial Accounting Standards (SFAS) No. 117 – Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Institute is required to report information regarding their financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. The Institute does not have any permanently restricted net assets.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents – For the purposes of the Statement of Cash Flows, the Institute considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Grants Receivable – Amounts recorded as grants receivable represent amounts granted by year end, but not received by year end. Government grant revenue is recognized to the extent that expenditures have met the grant restrictions. No allowance has been made for uncollectible amounts, as management believes the receivable balance at year end is fully collectible.

Promises to Give – Unconditional promises to give are recognized as revenue in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Promises to give are recorded at net realizable value, if they are expected to be collected in one year, and at fair value if they are expected to be collected in more than one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Equipment and Depreciation – Equipment consists of computer equipment and office furniture and is recorded at cost. These assets are being depreciated over their estimated useful lives using the straight-line method of depreciation but amounts in connection with Federally funded programs are expensed when purchased. It is the Institute's practice to capitalize assets costing \$500 or more.

Income Tax Status – The Institute is exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code and similar state provisions.

INSTITUTE FOR TRANSPORTATION & DEVELOPMENT POLICY
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories – Inventories consist of bikes and supplies held for sale in Africa and are carried at cost determined by the first-in, first-out method.

Credit risk – The Institute maintains cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Institute has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk on cash.

Functional Expenses – Indirect functional expenses have been allocated between Program Services, Management, and Fund-raising based on personnel time spent for each activity. Direct expenses are respectively recorded by function.

NOTE 3 – FAIR VALUES OF FINANCIAL INSTRUMENTS

The Institute's financial instruments, none of which are held for trading purposes, include cash, cash equivalents and receivables. The Institute estimates that the fair value of all financial instruments at December 31, 2005 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position.

The estimated fair value amounts have been determined using available market information and appropriate valuation methodologies. The carrying amounts of cash, cash equivalents, and receivables approximate fair values because of the short maturities of those instruments.

NOTE 4 – CONTRIBUTED SERVICES

The value of contributed services reflected in the accompanying financial statements was determined by taking the volunteer hours provided and multiplying by the normal rate of pay the professional would have received for their services.

NOTE 5 – ALLOCATION OF JOINT COSTS

There were no joint costs of information during 2005.

NOTE 6 – INVESTMENTS

The Institute acquired an equity stake (2,500 shares) in a private venture known as "Trichakra Cycles Private, Limited" of India for \$532. There is no ready market for the shares. The investment was carried at cost, but in 2004 Management determined that the stock had no value and it was written off.

INSTITUTE FOR TRANSPORTATION & DEVELOPMENT POLICY
NOTES TO FINANCIAL STATEMENTS

NOTE 7 – GRANTS

Grant revenue for the year ending December 31, 2005 consists of the following:

	Unrestricted*	Temporarily Restricted	Restricted Purpose
Alternative Gifts International	\$ 41,060	\$ -	
U.S. Agency for International Development	695,908	-	
Roy A. Hunt Foundation	5,000	-	
United Nations Environment Program	333,687	-	
William & Flora Hewlett Foundation	4,234	308,266	Latin America and China Projects
Blue Moon Foundation	2,602	107,398	Asia Projects
The Energy Foundation	59,443	40,557	China Project
Total	<u>\$ 1,141,934</u>	<u>\$ 456,221</u>	

Grant revenue for the year ending December 31, 2004 consists of the following:

	Unrestricted*	Temporarily Restricted	Restricted Purpose
Alternative Gifts International	\$ 15,290	\$ 24,100	Africa Project
The Roy A. Hunt Foundation	5,000	-	
U.S. Agency for International Development	1,104,337	-	
United Nations Development Program	21,844	3,156	Africa Project
United Nations Environment Program	26,274	564	Africa Project
William & Flora Hewlett Foundation	216,124	273,876	Latin America and China Projects
Toyota Foundation	-	79,242	Asia Project
Rockefeller Brothers	18,769	3,231	Central Europe, China & Urban Husbandry
Total	<u>\$ 1,407,638</u>	<u>\$ 384,169</u>	

*If restrictions are met in the period in which the funds were received, the funds are shown as unrestricted.

INSTITUTE FOR TRANSPORTATION & DEVELOPMENT POLICY
NOTES TO FINANCIAL STATEMENTS

NOTE 8 – RESTRICTED NET ASSETS

The Institute did not have any permanently restricted net assets as of December 31, 2005 and 2004. Temporarily restricted net assets are restricted for the following projects.

	<u>2005</u>	<u>2004</u>
Central Europe Project	\$ -	\$ 3,231
Africa Project	-	27,536
Urban Husbandry	11,296	26,319
Asia Project	109,324	153,854
China Project	107,860	34,351
Latin America Project	<u>244,360</u>	<u>261,640</u>
Total	<u>\$ 472,840</u>	<u>\$ 506,931</u>

NOTE 9 – COMMITMENTS

Operating lease

The Institute signed a new sublease effective August 1, 2005, for a period of five years for office space with another not-for-profit organization. The total rent is at the rate of \$2,528 per month, with annual increases of about 3%, through July 2010. The Institute is responsible for its own share of utilities that are billed separate from rent. The Institute's share of minimum future lease payments is as follows:

2006	\$ 30,710
2007	31,631
2008	32,580
2009	33,558
2010	<u>19,914</u>
	<u>\$ 148,393</u>

Rent expense for office space for the year ending December 31, 2005, including rent outside of the United States of \$15,460, was \$45,804.

Federal matching requirement

The Institute has a grant from the U.S. Agency for International Development (USAID) with anticipated total expenditures of \$2,588,099. Half of the funds for this grant will come from USAID with the Institute providing the remaining portion. At December 31, 2005 and 2004 respectively USAID had provided \$798,435 and \$607,443 of the funds and The Institute has provided \$669,570 and \$430,691 of the funds.

INSTITUTE FOR TRANSPORTATION & DEVELOPMENT POLICY
NOTES TO FINANCIAL STATEMENTS

NOTE 10 - GOING CONCERN

At December 31, 2005 the Institute had an unrestricted deficit of \$30,741. While this deficit represents temporary insolvency, management has a credible financial plan to eliminate the deficit during the next twelve months.

INSTITUTE FOR TRANSPORTATION & DEVELOPMENT POLICY
SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2005

CFDA No.	U.S. Agency for International Development HFP-A-00-02-00029-00	U.S. Agency for International Development GEW-A-00-02-00015-00	(Memo) Total
	98,001	98,001	
Government grant revenue	\$ 190,992	\$ 504,916	\$ 695,908
Expenses:			
Salaries	\$ 54,690	\$ 95,470	\$ 150,160
Payroll Taxes	4,353	7,611	11,964
Employee Benefits	6,707	20,304	27,011
Advertising	479	3	482
Bank charges	2,901	1,355	4,256
Conferences and meetings	708	2,284	2,992
Consulting	7,370	64,850	72,220
Depreciation	2,109	615	2,724
Insurance	-	834	834
Miscellaneous	2,193	2,196	4,389
Office supplies and expense	5,848	4,226	10,074
Per diem	1,615	8,619	10,234
Postage and delivery	1,108	654	1,762
Printing	2,781	4,506	7,287
Professional fees	3,757	6,876	10,633
Rent	7,032	10,380	17,412
Subcontractors and field staff	49,813	183,026	232,839
Subscription and dues	416	28	444
Telephone and internet	6,659	3,016	9,675
Travel	23,023	68,422	91,445
Overhead	7,430	19,641	27,071
Total expenses	\$ 190,992	\$ 504,916	\$ 695,908
Grant receivable, beginning of the year	14,616	227,588	242,204
Government support received	54,681	708,000	\$ 762,681
	(40,065)	(480,412)	(520,477)
Grants receivable, end of the year	\$ 150,927	\$ 24,504	\$ 175,431

SUPPLEMENTARY INFORMATION

INSTITUTE FOR TRANSPORTATION AND DEVELOPMENT POLICY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2005

U. S. AGENCY FOR INTERNATIONAL DEVELOPMENT

FINDING: Access Africa - Connecting People to Life, CFDA HFP-A-00-02-00029-00

Condition: A required financial status report was not filed.

Recommendation: That the Institute assigns the responsibility of oversight for the timely filing of financial status reports to someone other than the person responsible for preparing the report.

Current Status: The recommendation was adopted in May of 2005 retroactive to January 1, 2005. No similar findings were noted in the 2005 audit.

FINDING: Access Africa - Connecting People to Life, CFDA HFP-A-00-02-00029-00

Condition: A financial status report was submitted with incorrect data.

Recommendation: That the Institute assigns the responsibility for review for accuracy of financial status reports to someone other than the person responsible for preparing the report.

Current Status: The recommendation was adopted in May of 2005 retroactive to January 1, 2005. No similar findings were noted in the 2005 audit.

There were no other prior audit findings.

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

Board of Directors
Institute for Transportation and Development Policy

We have audited the financial statements of the Institute for Transportation and Development Policy (a nonprofit organization) as of and for the year ended December 31, 2005, and have issued our report hereon dated May 10, 2006. 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 the *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Institute for Transportation and Development Policy's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 which are required to be reported under *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Institute for Transportation and Development Policy's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operations of one or more of the internal control components does not reduce to a relatively low level, the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Handel & Associates, P.C.

Olney, Maryland
May 10, 2006

INSTITUTE FOR TRANSPORTATION AND DEVELOPMENT POLICY
REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
MAJOR PROGRAMS AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors
Institute for Transportation and Development Policy

Compliance

We have audited the compliance of the Institute for Transportation and Development Policy (a nonprofit organization) with the types of compliance requirements described in the “U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement” that are applicable to its major federal programs for the year ended December 31, 2005. The Institute for Transportation and Development Policy’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its federal programs is the responsibility of the Institute for Transportation and Development Policy’s management. Our responsibility is to express an opinion on the Institute for Transportation and Development Policy’s compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 the Institute for Transportation and Development Policy’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. Our audit does not provide a legal determination on the Institute for Transportation and Development Policy’s compliance with those requirements.

In our opinion, The Institute for Transportation and Development Policy complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2005.

Internal Control Over Compliance

The management of the Institute for Transportation and Development Policy is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Institute for Transportation and Development Policy’s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

INSTITUTE FOR TRANSPORTATION AND DEVELOPMENT POLICY
REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
MAJOR PROGRAMS AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133 (CONTINUED)

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be a material weakness. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operations that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, Board of Trustees, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Handel & Associates, P.C.

Olney, Maryland
May 10, 2006

INSTITUTE FOR TRANSPORTATION AND DEVELOPMENT POLICY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR YEAR ENDED DECEMBER 31, 2005

SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of the Institute for Transportation and Development Policy.
2. No reportable conditions in internal control structure were disclosed by the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of the Institute for Transportation and Development Policy were disclosed during the audit.
4. No reportable conditions in internal controls over the major program were disclosed by the audit of the major federal program.
5. The auditors' report expresses an unqualified opinion on compliance for the major award programs of the Institute for Transportation and Development Policy.
6. There were no audit findings relative to the major federal program for the Institute for Transportation and Development Policy.
7. The program identified and tested as a major federal program is:

<u>Agency</u>	<u>Title</u>	<u>Grants of CFDA #</u>
U.S. Agency for International Development	"Access Africa - Connecting People to Life"	HFP-A-00-02-00029-00
U.S. Agency for International Development	"Prioritizing Low and Zero-Emmission Transport for Africa" and "Indonesia and India Liveable Communities Initiative"	GEW-A-00-02-00015-00

8. The threshold used to distinguish between Type A and Type B programs was \$500,000.
9. The Institute was determined to be a high-risk auditee, as they had an audit finding relative to a major federal program on their previous years audit.

FINANCIAL STATEMENT FINDINGS

There were no financial statement findings disclosed by the audit of the financial statements.

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

There were no federal awards findings and questioned costs disclosed by the audit of the financial statements.

CORRECTIVE ACTION PLAN

May 10, 2006

U. S. Agency for International Development

Institute for Transportation & Development Policy, Inc. respectfully submits the following corrective action plan for the year ending December 31, 2005.

Name and address of independent public accounting firm: Handel & Associates, P.C.
2911-E Olney Sandy Spring Road
Olney, MD 20832

The findings from the December 31, 2005 schedule of findings and questioned costs are discussed below.

FINDINGS-FINANCIAL STATEMENT AUDIT

None.

FINDINGS-FEDERAL AWARD PROGRAM AUDITS

None.

If the U. S. Agency for International Development has questions regarding this plan, please call Melinda Eisenmann, Director of Finance and Administration at (212)-629-8001.

INSTITUTE FOR TRANSPORTATION AND DEVELOPMENT POLICY
SCHEDULE OF FUNCTIONAL EXPENSES
FOR YEAR ENDED DECEMBER 31, 2005

	<u>Program Services</u>	<u>Management</u>	<u>Fund-raising</u>	<u>Total</u>
Salaries	\$ 300,612	\$ 38,358	\$ 29,012	\$ 367,982
Payroll taxes	23,941	2,930	2,450	29,321
Employee benefits	46,033	1,439	979	48,451
 Total salaries and related expenses	 370,586	 42,727	 32,441	 445,754
Advertising	2,210	-	-	2,210
Bank charges	7,567	158	132	7,857
Bikes and parts	37,789	-	-	37,789
Conferences and meetings	23,240	589	13,326	37,155
Consulting	343,207	2,025	720	345,952
Depreciation	2,724	3,271	427	6,422
Equipment Rental	1,628	4	6	1,638
Insurance	915	-	-	915
Legal	1,346	515	2,248	4,109
Miscellaneous	7,355	1,252	599	9,206
Office supplies and expense	18,644	643	349	19,636
Per diem	29,115	700	238	30,053
Postage and delivery	3,572	25	3,377	6,974
Printing	13,788	1,163	1,877	16,828
Professional fees	39,649	848	2,856	43,353
Rent	43,984	884	936	45,804
Subcontractors and field staff	393,033	1,818	2,250	397,101
Subscription and dues	1,498	232	715	2,445
Telephone and internet	21,167	196	271	21,634
Travel	225,857	7,491	3,077	236,425
 TOTAL EXPENSES	 \$ 1,588,874	 \$ 64,541	 \$ 65,845	 \$ 1,719,260

INSTITUTE FOR TRANSPORTATION AND DEVELOPMENT POLICY
SCHEDULE OF FUNCTIONAL EXPENSES
FOR YEAR ENDED DECEMBER 31, 2004

	Program Services	Management	Fund-raising	Total
Salaries	\$ 257,860	\$ 12,955	\$ 15,528	\$ 286,343
Payroll taxes	19,997	1,325	1,153	22,475
Employee benefits	38,951	788	483	40,222
 Total salaries and related expenses	 316,808	 15,068	 17,164	 349,040
Advertising	352	-	-	352
Bank charges	4,711	161	72	4,944
Bikes and parts	12,767	-	-	12,767
Conferences and meetings	29,768	3,893	-	33,661
Consulting	331,963	235	-	332,198
Depreciation	22,642	-	-	22,642
Miscellaneous	6,855	1,047	372	8,274
Office supplies and expense	12,186	176	61	12,423
Per diem	28,119	1,975	125	30,219
Postage and delivery	3,540	388	2,762	6,690
Printing	11,572	871	10,402	22,845
Professional fees	49,569	1,476	2,013	53,058
Rent	37,272	760	444	38,476
Subcontractors and field staff	500,440	3,600	3,000	507,040
Subscription and dues	5,206	72	2,085	7,363
Telephone and internet	31,656	1,114	126	32,896
Travel	260,464	29,399	1,578	291,441
 TOTAL EXPENSES	 \$ 1,665,890	 \$ 60,235	 \$ 40,204	 \$ 1,766,329

INSTITUTE FOR TRANSPORTATION AND DEVELOPMENT POLICY
SCHEDULE OF CALCULATION OF INDIRECT COST RATES
FOR YEAR ENDED DECEMBER 31, 2005

FRINGE EXPENSES	
Holiday pay	\$ 12,000
Sick pay	7,337
Vacation pay	19,410
Social security & Medicare	28,080
Unemployment tax	1,241
Workers compensation	3,174
Health insurance	27,527
Pension plan contributions	17,750
TOTAL FRINGE EXPENSES	<u>\$ 116,519</u>
Employee wages	\$ 329,235
Fringe rate	35.39%
<u>OVERHEAD EXPENSES</u>	
Salaries & related expenses	\$ 43,272
Professional fees	5,206
Supplies and licenses	643
Communications	196
Depreciation	3,271
Postage & delivery	25
Occupancy expenses	884
Printing & publications	1,163
Travel	8,191
Conferences & meetings	589
Subscriptions, publications & dues	232
Other expenses	1,414
TOTAL OVERHEAD EXPENSES	<u>\$ 65,086</u>
Total expenses	\$ 1,719,260
Less: In-kind services	(1,835)
Less: Overhead expenses	<u>(65,086)</u>
	\$ 1,652,339
Overhead Rate	3.94%