

**INSTITUTE FOR TRANSPORTATION
& DEVELOPMENT POLICY**

New York, New York

FINANCIAL STATEMENTS

Years Ended December 31, 2006 and 2005

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FINANCIAL STATEMENTS

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May 3, 2007

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, 2006 and 2005, 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, 2006 and 2005, 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 3, 2007, 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.

Handel & Associates, P.C.

INSTITUTE FOR TRANSPORTATION & DEVELOPMENT POLICY
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2006 AND 2005

	2006	2005
ASSETS		
Cash and cash equivalents	\$ 80,118	\$ 154,400
Accounts receivable	50,597	34,394
Grants receivable	168,201	214,846
Inventory	92,757	101,519
Prepaid expense	2,660	1,200
Equipment (less depreciation of \$79,708 and \$77,063)	42,047	43,288
Deposits	3,960	5,160
TOTAL ASSETS	\$ 440,340	\$ 554,807
LIABILITIES		
Accounts payable	\$ 227,403	\$ 88,442
Accrued salaries, pension and vacation	30,984	18,923
Payroll taxes payable	5,307	5,343
TOTAL LIABILITIES	263,694	112,708
NET ASSETS		
Unrestricted net assets	(3,539)	(30,741)
Temporarily restricted net assets	180,185	472,840
TOTAL NET ASSETS	176,646	442,099
TOTAL LIABILITIES AND NET ASSETS	\$ 440,340	\$ 554,807

INSTITUTE FOR TRANSPORTATION & DEVELOPMENT POLICY
STATEMENTS OF ACTIVITIES
FOR YEARS ENDED DECEMBER 31, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
CHANGES IN UNRESTRICTED NET ASSETS		
REVENUE AND SUPPORT		
Contributions	\$ 92,825	\$ 85,417
Grants	1,453,407	1,141,934
Bike sales, net of expense	51,078	31,121
Contract revenue	25,800	-
In-kind contributions	2,000	1,835
Interest income	4,922	5,829
Loss on disposal of assets	<u>(612)</u>	<u>-</u>
TOTAL UNRESTRICTED REVENUE AND SUPPORT	1,629,420	1,266,136
NET ASSETS RELEASED FROM RESTRICTIONS	<u>472,840</u>	<u>490,312</u>
TOTAL UNRESTRICTED REVENUE, SUPPORT, AND NET ASSETS RELEASED FROM RESTRICTIONS	2,102,260	1,756,448
EXPENSES		
Program services	1,911,290	1,588,874
Management	84,398	64,541
Fundraising	<u>79,370</u>	<u>65,845</u>
TOTAL EXPENSES	<u>2,075,058</u>	<u>1,719,260</u>
INCREASE IN UNRESTRICTED NET ASSETS	27,202	37,188
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Grants	180,185	456,221
Net assets released from restrictions	<u>(472,840)</u>	<u>(490,312)</u>
DECREASE IN TEMPORARILY RESTRICTED NET ASSETS	<u>(292,655)</u>	<u>(34,091)</u>
(DECREASE) INCREASE IN NET ASSETS	(265,453)	3,097
NET ASSETS AT BEGINNING OF YEAR	<u>442,099</u>	<u>439,002</u>
NET ASSETS AT END OF YEAR	<u>\$ 176,646</u>	<u>\$ 442,099</u>

See notes to financial statements.

INSTITUTE FOR TRANSPORTATION & DEVELOPMENT POLICY
STATEMENTS OF CASH FLOWS
FOR YEARS ENDED DECEMBER 31, 2006 AND 2005

	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
(Decrease) increase in net assets	\$ (265,453)	\$ 3,097
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	9,794	6,422
Loss on disposal of assets	612	-
Decrease (increase) in operating assets:		
Accounts receivable	(16,203)	(15,707)
Grants receivable	46,645	27,358
Inventory	8,762	(61,303)
Deposits	1,200	(1,293)
Prepaid expense	(1,460)	3,494
Increase (decrease) in operating liabilities:		
Accounts payable	138,961	(37,943)
Accrued salaries, pension, and vacation	12,061	904
Payroll taxes payable	(36)	(4,081)
	(65,117)	(79,052)
NET CASH USED BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of computers, equipment and leasehold improvements	(9,165)	(31,386)
DECREASE IN CASH AND CASH EQUIVALENTS	(74,282)	(110,438)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	154,400	264,838
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 80,118	\$ 154,400

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.

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.

INSTITUTE FOR TRANSPORTATION & DEVELOPMENT POLICY
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2006 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 – ALLOCATION OF JOINT COSTS

There were no joint costs of information during 2006.

NOTE 5 –RESTRICTED NET ASSETS

The Institute did not have any permanently restricted net assets as of December 31, 2006 and 2005. Temporarily restricted net assets are restricted for the following projects:

	<u>2006</u>	<u>2005</u>
Africa Project	11,546	-
Urban Husbandry	-	11,296
Asia Project	-	109,324
China Project	48,736	107,860
Latin America Project	<u>119,903</u>	<u>244,360</u>
Total	<u>\$ 180,185</u>	<u>\$ 472,840</u>

INSTITUTE FOR TRANSPORTATION & DEVELOPMENT POLICY
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – GRANTS

Grant revenue for the year ending December 31, 2006 consists of the following:

	Unrestricted*	Temporarily Restricted	Restricted Purpose
Alternative Gifts International	\$ 21,521	\$ -	
Blue Moon Foundation	15,737	-	
Roy A. Hunt Foundation	5,000	-	
The Open Planning Project	25,000	-	
The World Bank	33,002	-	
U.S. Agency for International Development	485,017	-	
William J. Clinton Foundation	9,242	-	
United Nations Environment Program	689,132	37,441	Africa & Latin America Projects
William & Flora Hewlett Foundation	169,756	142,744	Latin America and China Projects
Total	\$ 1,453,407	\$ 180,185	

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

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	\$ 1,141,934	\$ 456,221	

INSTITUTE FOR TRANSPORTATION & DEVELOPMENT POLICY
NOTES TO FINANCIAL STATEMENTS

NOTE 7 – 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, 2006, including rent for facilities outside of the United States of \$12,579, was \$43,289.

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. As of December 31, 2006 and 2005, respectively, USAID had provided \$1,090,150 and \$798,435 of the funds and The Institute had provided \$948,131 and \$669,570 of the funds. The agreement officer has the authority to reduce the amount of the USAID incremental funding in the funding period or to reduce the amount of the agreement by the difference between the expended amount and what the recipient agreed to provide. If the award has expired or terminated, the Agreement Officer may request the grantee to refund the difference to USAID.

INSTITUTE FOR TRANSPORTATION & DEVELOPMENT POLICY
NOTES TO FINANCIAL STATEMENTS

NOTE 8 – GOING CONCERN

At December 31, 2006 the Institute had an unrestricted deficit of \$3,539. While this deficit represents temporary insolvency, management has a credible financial plan to eliminate the deficit in the normal course of operations. At December 31, 2005 the deficit was \$30,741. The deficit was reduced by \$27,202 during the year ending December 31, 2006.

NOTE 9 – SUBSEQUENT EVENT

The Institute acquired a line of credit in the amount of \$100,000 from Chase Bank on January 3, 2007. The Institute had not utilized this as of our report date, May 3, 2007.

INSTITUTE FOR TRANSPORTATION & DEVELOPMENT POLICY
SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2006

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	\$ 291,715	\$ 193,302	\$ 485,017
Expenses:			
Salaries	\$ 66,879	\$ 55,466	\$ 122,345
Payroll Taxes	5,857	4,554	10,411
Employee Benefits	14,021	12,360	26,381
Bank charges	1,998	161	2,159
Consulting	32,691	39,207	71,898
Depreciation	1,699	-	1,699
Equipment Rental	581	33	614
Insurance	359	267	626
Miscellaneous	3,465	1,020	4,485
Office supplies and expense	2,527	1,277	3,804
Per diem	3,932	4,359	8,291
Postage and delivery	1,161	238	1,399
Printing	2,191	131	2,322
Professional fees	6,244	1,109	7,353
Rent	9,726	2,505	12,231
Subcontractors and field staff	85,205	26,463	111,668
Subscription and dues	367	365	732
Telephone and internet	6,374	1,665	8,039
Training	2,215	-	2,215
Travel	30,405	32,669	63,074
Overhead	12,398	8,215	20,613
	<u>\$ 291,715</u>	<u>\$ 193,303</u>	<u>\$ 485,018</u>
Grant receivable, beginning of the year	150,927	24,504	175,431
Government support received	444,292	217,807	\$ 662,099
	<u>(293,365)</u>	<u>(193,303)</u>	<u>(486,668)</u>
Grants (payable), end of the year	<u>\$ (1,650)</u>	<u>\$ -</u>	<u>\$ (1,650)</u>

SUPPLEMENTARY INFORMATION

INSTITUTE FOR TRANSPORTATION AND DEVELOPMENT POLICY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2006

U. S. AGENCY FOR INTERNATIONAL DEVELOPMENT

There were no 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, 2006, and have issued our report hereon dated May 3, 2007. 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 3, 2007

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, 2006. 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, 2006.

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 3, 2007

INSTITUTE FOR TRANSPORTATION AND DEVELOPMENT POLICY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR YEAR ENDED DECEMBER 31, 2006

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:

Agency	Title	Grants of CFDA #
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 low-risk auditee, as they did not have any audit findings relative to a major federal program on their previous years audit.

INSTITUTE FOR TRANSPORTATION AND DEVELOPMENT POLICY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR YEAR ENDED DECEMBER 31, 2006 (continued)

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 3, 2007

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, 2006

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

The from the December 31, 2006 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, 2006

	Program Services	Management	Fundraising	Total
Salaries	\$ 343,121	\$ 44,408	\$ 25,307	\$ 412,836
Payroll taxes	26,821	2,976	2,032	31,829
Employee benefits	47,350	1,695	1,135	50,180
Total salaries and related expenses	417,292	49,079	28,474	494,845
Advertising	4,468	-	-	4,468
Bank charges	8,162	115	61	8,338
Bikes and parts	58,847	-	-	58,847
Conferences and meetings	38,558	1,364	4,388	44,310
Consulting	416,453	855	-	417,308
Depreciation	9,133	429	232	9,794
Equipment Rental	2,053	644	17	2,714
Insurance	3,626	28	-	3,654
Legal	120	-	272	392
Merchandising	12,373	-	-	12,373
Miscellaneous	6,141	573	314	7,028
Office supplies and expense	16,936	182	6,649	23,767
Per diem	30,439	1,150	425	32,014
Postage and delivery	5,704	88	1,010	6,802
Printing	14,889	625	1,946	17,460
Professional fees	35,921	1,407	24,316	61,644
Rent	41,088	1,435	766	43,289
Subcontractors and field staff	378,529	1,595	-	380,124
Subscription and dues	7,999	70	947	9,016
Telephone and internet	30,387	1,258	567	32,212
Training	49,493	-	-	49,493
Travel	322,679	23,501	8,986	355,166
TOTAL EXPENSES	\$ 1,911,290	\$ 84,398	\$ 79,370	\$ 2,075,058

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

	Program Services	Management	Fundraising	Total
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 CALCULATION OF INDIRECT COST RATES
 FOR YEAR ENDED DECEMBER 31, 2006

FRINGE EXPENSES

Holiday pay	\$	13,119
Paternity Leave		2,000
Sick pay		4,914
Vacation pay		22,391
Social security & Medicare		30,688
Unemployment tax		1,141
Workers compensation		2,801
Health insurance		26,879
Pension plan contributions		20,500
		20,500
TOTAL FRINGE EXPENSES	\$	124,433

Employee wages	\$	370,412
	Fringe rate	33.59%

OVERHEAD EXPENSES

Salaries & related expenses	\$	49,079
Consulting		855
Subcontractors and field staff		1,595
Professional fees		1,407
Supplies and licenses		182
Communications		1,258
Depreciation		429
Postage & delivery		88
Occupancy expenses		1,435
Equipment rental		644
Printing & publications		625
Per diem		1,150
Travel		23,501
Conferences & meetings		1,364
Subscriptions, publications & dues		70
Other expenses		716
		716
TOTAL OVERHEAD EXPENSES	\$	84,398

Total expenses	\$	2,075,443
Less: In-kind services		(2,000)
Less: Overhead expenses		(84,398)
		1,989,045
	Overhead Rate	4.24%