

**PARTNERSHIP FOR TRANSPARENCY FUND, INC.
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

DECEMBER 31, 2021 AND 2020

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Independent Auditor's Report

To the Board of Directors of
Partnership for Transparency Fund, Inc.
Washington, DC

Opinion

We have audited the accompanying financial statements of Partnership for Transparency Fund, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021, and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Partnership for Transparency Fund, Inc. as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Partnership for Transparency Fund, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Partnership for Transparency Fund, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Partnership for Transparency Fund, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Partnership for Transparency Fund, Inc.'s ability to continue as a going concern for a reasonable period of time.

Partnership for Transparency Fund, Inc.
Independent Auditor's Report
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We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

JM & M

Washington, DC
June 7, 2022

PARTNERSHIP FOR TRANSPARENCY FUND, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

	2021	2020
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and Restricted Cash:		
Cash	\$ 766,783	\$ 628,452
Restricted cash	45,641	288,982
Total Cash and Restricted Cash	812,424	917,434
Contributions receivable	94,651	180,725
Contracts receivable	17,250	14,825
Accounts receivable	-	482
Prepaid expenses	8,041	7,728
Advances	-	700
Total Current Assets	932,366	1,121,894
TOTAL ASSETS	\$ 932,366	\$ 1,121,894
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 52,442	36,166
Grants payable	148,447	23,200
Deferred revenue	113,782	288,982
Total Liabilities	314,671	348,348
NET ASSETS		
Without donor restrictions	617,695	773,546
Total Net Assets	617,695	773,546
TOTAL LIABILITIES AND NET ASSETS	\$ 932,366	\$ 1,121,894

The accompanying notes are an integral part of these financial statements.

PARTNERSHIP FOR TRANSPARENCY FUND, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2021 AND 2020

REVENUE AND SUPPORT	2021	2020
WITHOUT DONOR RESTRICTIONS		
Contributions	\$ 312,750	\$ 482,703
Conditional grants	509,382	109,734
Contracts revenue	22,095	43,687
Other revenue	40	23
Total Revenue and Support Without Donor Restrictions	844,267	636,147
 EXPENSES		
Program Services	819,847	267,541
Support Services:		
Management and general	152,804	141,747
Fundraising	12,069	42,015
Total Support Services	164,873	183,762
Total Expenses	984,720	451,303
 CHANGE IN NET ASSETS		
FROM OPERATIONS	(140,453)	184,844
 OTHER CHANGES IN NET ASSETS		
Loss on foreign currency exchange	(15,398)	(2,037)
 CHANGE IN NET ASSETS	(155,851)	182,807
 NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Beginning of year	773,546	590,739
End of year	\$ 617,695	\$ 773,546

The accompanying notes are an integral part of these financial statements.

PARTNERSHIP FOR TRANSPARENCY FUND, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	SUPPORT SERVICES				
	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL SUPPORT SERVICES	
Personnel Costs:					
Salaries	\$ 64,016	\$ 70,580	\$ 6,141	\$ 76,721	\$ 140,737
Payroll taxes	6,168	5,971	592	6,563	12,731
Employee benefits	4,549	5,845	436	6,281	10,830
Total Personnel Costs	74,733	82,396	7,169	89,565	164,298
Accounting and audit	-	12,800	-	12,800	12,800
Bank fees	-	6,219	-	6,219	6,219
Consultants	214,568	13,500	-	13,500	228,068
Dues and subscriptions	-	450	-	450	450
Development expenses	-	-	4,900	4,900	4,900
Grant expenses	520,506	-	-	-	520,506
Insurance	-	12,076	-	12,076	12,076
Occupancy	-	14,455	-	14,455	14,455
Payroll fees	-	1,874	-	1,874	1,874
Postage	-	345	-	345	345
Supplies	840	3,811	-	3,811	4,651
Telephone	1,800	3,085	-	3,085	4,885
Travel	7,400	463	-	463	7,863
Website	-	1,330	-	1,330	1,330
Total Expenses	\$ 819,847	\$ 152,804	\$ 12,069	\$ 164,873	\$ 984,720

The accompanying notes are an integral part of these financial statements.

PARTNERSHIP FOR TRANSPARENCY FUND, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020

	SUPPORT SERVICES				TOTAL EXPENSES
	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL SUPPORT SERVICES	
Personnel Costs:					
Salaries	\$ 38,697	\$ 79,977	\$ 13,718	\$ 93,695	\$ 132,392
Payroll taxes	4,106	8,485	1,455	9,940	14,046
Employee benefits	2,921	6,038	1,035	7,073	9,994
Total Personnel Costs	45,724	94,500	16,208	110,708	156,432
Accounting and audit	-	12,800	-	12,800	12,800
Bank fees	20	5,572	-	5,572	5,592
Consultants	84,750	-	-	-	84,750
Dues and subscriptions	-	1,420	-	1,420	1,420
Development expenses	-	-	17,095	17,095	17,095
Grant expenses	129,853	-	-	-	129,853
Insurance	7,194	4,385	-	4,385	11,579
Occupancy	-	5,900	-	5,900	5,900
Payroll fees	-	2,340	-	2,340	2,340
Postage	-	864	-	864	864
Supplies	-	8,269	-	8,269	8,269
Telephone	-	3,920	-	3,920	3,920
Travel	-	1,777	8,712	10,489	10,489
Total Expenses	\$ 267,541	\$ 141,747	\$ 42,015	\$ 183,762	\$ 451,303

The accompanying notes are an integral part of these financial statements.

PARTNERSHIP FOR TRANSPARENCY FUND, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (155,851)	\$ 182,807
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Decrease (increase) in assets:		
Contributions receivable	86,074	911
Contracts receivable	(2,425)	(15,307)
Accounts receivable	482	-
Prepaid expenses	(313)	(374)
Advances	700	3,789
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	16,276	20,093
Grants payable	125,247	(12,190)
Deferred revenue	(175,200)	288,982
Net Cash Provided By Operating Activities	<u>(105,010)</u>	<u>468,711</u>
 NET INCREASE IN CASH AND RESTRICTED CASH	 (105,010)	 468,711
 CASH AND RESTRICTED CASH, beginning of year	 <u>917,434</u>	 <u>448,723</u>
 CASH AND RESTRICTED CASH, end of year	 <u><u>\$ 812,424</u></u>	 <u><u>\$ 917,434</u></u>

The accompanying notes are an integral part of these financial statements.

PARTNERSHIP FOR TRANSPARENCY FUND, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE A - NATURE OF ORGANIZATION

Partnership for Transparency Fund, Inc. (the “Fund”) is a non-profit organization that was incorporated in the state of New York and is located in Washington, D.C. The Fund is organized exclusively for charitable and educational purposes, including the purpose of educating the public and advocating an independent and effective role for civil society in the design, implementation, and monitoring of anti-corruption programs in developing countries. The Fund is supported primarily by the World Bank Community Connections campaign, grants and individual contributions.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. Therefore, revenue and related assets are recognized when earned and expenses and related liabilities are recognized as the obligations are incurred.

Financial Statement Presentation

Financial statement presentation follows Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 958, *Not-for-Profit Entities*. In accordance with Topic 958, net assets, revenue, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Fund and changes therein, are classified and reported as follows:

Net Assets without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations.

Net Assets with Donor Restrictions - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Fund and/or the passage of time or that must be maintained in perpetuity by the Fund. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities as net assets released from restrictions.

Cash

The Fund maintains its cash balances in bank deposit accounts, which are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000 per institution. At times, the balances may exceed the insured limit; however, the Fund has not experienced any losses in such accounts, and management believes that the Fund is not exposed to any significant credit risk on cash.

PARTNERSHIP FOR TRANSPARENCY FUND, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020
(continued)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Restricted Cash

Restricted cash represents funds held for the Malawi project, and is also insured by FDIC up to \$250,000. Management believes that restricted cash is not exposed to any significant credit risk. As of December 31, 2021 and 2020, restricted cash totaled \$45,641 and \$288,982, respectively.

Contributions, Contracts and Accounts Receivable

Contributions, contracts and accounts receivable are stated at the amount management expects to collect from balances outstanding at year end. Annually, management determines if an allowance for doubtful accounts is necessary based upon review of outstanding receivables, historical collection experience, and existing economic conditions. Accounts deemed uncollectible are charged off based on individual credit evaluations and specific circumstances of the parties involved. As of December 31, 2021 and 2020, management has determined that all significant receivables are collectible and due within one year; therefore, an allowance for doubtful accounts has not been established.

Revenue Recognition

Contributions and Conditional Grants

The Fund recognizes contributions when cash, securities or other assets, an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Contributions received with donor stipulations are recorded as contributions with donor restrictions based on the donor's intent. Unless otherwise stated by the donor, individual donations are recorded as contributions without donor restrictions.

Contracts Revenue

Contracts revenue is recognized over time by allocating the fees to the related performance obligations and recognizing the related revenue as these obligations are accomplished. Revenue received for programs that relate to subsequent years is reflected as deferred revenue.

Deferred Revenue

Deferred revenue result from advanced amounts received from conditional grants or contracts in the current year that will not be recognized until the following period in which the services are provided.

PARTNERSHIP FOR TRANSPARENCY FUND, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020
(continued)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Use of Estimates

The preparation of 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 amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Method Used for Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include consultants, insurance and travel, which are allocated on the basis of salaries and related costs, determined by an estimated time and effort expended.

Foreign Currency Translation

The U.S. dollar is the functional currency used in the preparation of the annual financial statements for the Fund. All assets and liabilities reported in foreign currencies at year-end have been translated to U.S. dollars using the exchange rate in effect at year-end.

Reclassifications

For comparative purposes, certain amounts for the year ended December 31, 2020, have been reclassified to conform to the current year presentation. For the year ended December 31, 2020, contracts and accounts receivable were presented as one amount. These accounts have been separated to conform to the current year presentation. Also, cash and restricted cash balances were presented as one account. These accounts have been separated to conform to the current year presentation. The reclassification had no effect on the previously reported net assets or change in net assets.

NOTE C - INCOME TAXES

The Fund is a 501(c)(3) organization exempt from Federal income taxes under Section 501(a) of the Internal Revenue Code, except on unrelated business income. The Fund is not considered a private foundation. No provision for income taxes has been made in the accompanying financial statements.

The Fund believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements or that would have an effect on its tax-exempt status. There are no unrecognized tax benefits or liabilities that need to be recorded.

PARTNERSHIP FOR TRANSPARENCY FUND, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020
(continued)

NOTE C - INCOME TAXES - continued

The Fund's information returns are subject to examination by the Internal Revenue Service for a period of three years from the date they were filed, except under certain circumstances. The Fund's information returns for the years 2018 through 2020 are open for a tax examination by the Internal Revenue Service, although no request has been made as of the date of these financial statements.

NOTE D - AVAILABLE RESOURCES AND LIQUIDITY

The Fund regularly monitors liquidity required to meet its operating needs and other commitments, while also striving to maximize the investment of its available funds. The Fund has various sources of liquidity at its disposal, including cash, contributions receivable, contracts receivable and accounts receivable.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Fund considers all expenditures related to its ongoing activities for educating the public and advocating an independent and effective role for civil society in the design, implementation, and monitoring of anti-corruption programs as well as the conduct of services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Fund anticipates receiving additional contracts and contributions that will sufficiently cover its operating expenditure over a 12-month period.

The following reflects the Fund's financial assets available within one year of the statement of financial position date for general expenditures as of December 31:

	<u>2021</u>	<u>2020</u>
Cash	\$ 766,783	\$ 628,452
Contributions receivable	94,651	180,725
Contracts receivable	17,250	14,825
Accounts receivable	-	482
Total Financial Assets	<u>878,684</u>	<u>824,484</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 878,684</u>	<u>\$ 824,484</u>

PARTNERSHIP FOR TRANSPARENCY FUND, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020
(continued)

NOTE E - IN-KIND CONTRIBUTIONS

The Fund receives a significant amount of donated time from volunteers in support of its management, programs and operations. The time donated has not been recorded in the accompanying financial statements because these services do not meet the criteria for recognition as contributed services. The Fund estimates the value of these services to be approximately \$1,500,000 for the years ended December 31, 2021 and 2020.

NOTE F – CONDITIONAL GRANTS

The Fund received conditional grants totaling \$1,741,665, of which cumulative, \$619,116 had been recognized as revenue upon satisfying the conditions, and \$113,782 was recorded as deferred revenue as of December 31, 2021. The remaining conditional promise to give of \$1,122,549 is expected to be fulfilled by February 2023.

NOTE G - GRANTS PAYABLE

For the years ended December 31, 2021 and 2020, the amounts disbursed as grants totaled \$520,506 and \$129,853, respectively. The remaining balance due on the grant awards totaled \$148,447 and \$23,200, as of December 31, 2021 and 2020, respectively.

NOTE H - CONCENTRATIONS

During 2021 and 2020, the Fund received 63% and 64%, respectively, of its revenue and support from two donors. The World Bank Community Connections Campaign, consolidated the contributions of individuals and provided a 100% and a 200% match for the years December 31, 2021 and 2020, respectively. Most of these individual contributions are from the board of directors, the management team and project advisers of the Fund. A significant reduction in this level of support, if it were to occur, could have a major impact on the Fund's programs and activities.

NOTE I - COMMITMENTS

Annually, the Fund signs a one-year license agreement for workstation space in Washington, D.C. The last amended agreement expired on March 31, 2021, and was renewed through March 31, 2022. This agreement will continue on a month-to-month basis after March 31, 2022, until either party gives a 90 day written notice of termination. Monthly payments under the agreement were \$634 per workstation. Future rental payments under the current agreement totaled \$1,902 for the year ending December 31, 2022.

As of December 31, 2021 and 2020, rent expense totaled \$14,455 and \$5,900, respectively.

PARTNERSHIP FOR TRANSPARENCY FUND, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020
(continued)

NOTE J - SUBSEQUENT EVENTS

In preparing these financial statements, the Fund's management has evaluated events and transactions for potential recognition or disclosure through June 7, 2022, the date the financial statements were available to be issued. There were no additional events or transactions that were discovered during the evaluation that required further recognition or disclosure.