

PARTNERSHIP FOR TRANSPARENCY FUND INC.

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

DECEMBER 31, 2022 AND 2021

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CERTIFIED PUBLIC ACCOUNTANTS

1730 Rhode Island Avenue, NW
Suite 800
Washington, DC 20036
(202) 296-3306
Fax: (202) 296-0059

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, 2022, and 2021, 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, 2022 and 2021, 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 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.

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.

Emphasis of Matter

As discussed in Note B to the financial statements, during the year ended December 31, 2022, Partnership for Transparency Fund Inc. adopted new accounting guidance, Accounting Standards Update ("ASU") 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. Our opinion is not modified with respect to this matter.



Washington, DC
April 18, 2023

PARTNERSHIP FOR TRANSPARENCY FUND INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

	2022	2021
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and Cash Equivalent, and Restricted Cash:		
Cash and cash equivalent	\$ 475,062	\$ 766,783
Restricted cash	317,529	45,641
Total Cash and Cash Equivalent, and Restricted Cash	792,591	812,424
Contributions receivable	61,576	94,651
Contracts receivable	-	17,250
Prepaid expenses	8,004	8,041
Employee advances	4,162	-
Total Current Assets	866,333	932,366
TOTAL ASSETS	\$ 866,333	\$ 932,366
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 60,363	52,442
Grants payable	66,000	148,447
Deferred revenue	118,169	113,782
Total Liabilities	244,532	314,671
NET ASSETS		
Without donor restrictions	621,801	617,695
Total Net Assets	621,801	617,695
TOTAL LIABILITIES AND NET ASSETS	\$ 866,333	\$ 932,366

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

PARTNERSHIP FOR TRANSPARENCY FUND INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2022 AND 2021

REVENUE AND SUPPORT	2022	2021
WITHOUT DONOR RESTRICTIONS		
Contributions	\$ 282,396	\$ 312,750
Grants	574,615	509,382
Contracts revenue	122,000	22,095
Interest income	1,305	-
Other revenue	-	40
Total Revenue and Support Without Donor Restrictions	980,316	844,267
 EXPENSES		
Program Services:		
Advocacy for community empowerment and civil liberties	785,445	819,847
Support Services:		
Management and general	173,318	152,804
Fundraising	23,415	12,069
Total Support Services	196,733	164,873
Total Expenses	982,178	984,720
 CHANGE IN NET ASSETS FROM OPERATIONS	(1,862)	(140,453)
 OTHER CHANGES IN NET ASSETS		
Gain (loss) on foreign currency exchange	5,968	(15,398)
CHANGE IN NET ASSETS	4,106	(155,851)
 NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Beginning of year	617,695	773,546
End of year	\$ 621,801	\$ 617,695

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

PARTNERSHIP FOR TRANSPARENCY FUND INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

	<u>Program Service</u>	<u>Support Services</u>			<u>Total Expenses</u>
	Advocacy for Community Empowerment and Civil Liberties	Management and General	Fundraising	Total Support Services	
Personnel Costs:					
Salaries	\$ 52,647	\$ 86,741	\$ 3,814	\$ 90,555	\$ 143,202
Payroll taxes	4,609	7,594	333	7,927	12,536
Employee benefits	4,723	7,779	343	8,122	12,845
Total Personnel Costs	<u>61,979</u>	<u>102,114</u>	<u>4,490</u>	<u>106,604</u>	<u>168,583</u>
Accounting and audit	-	13,184	-	13,184	13,184
Bank fees	38	4,857	-	4,857	4,895
Consultants	214,185	3,360	5,425	8,785	222,970
Dues and subscriptions	-	2,993	-	2,993	2,993
Grant expenses	459,976	-	-	-	459,976
Insurance	-	12,602	-	12,602	12,602
Legal fees	-	1,050	-	1,050	1,050
Management fees	-	4,406	-	4,406	4,406
Meetings - catering	-	2,775	-	2,775	2,775
Occupancy	-	15,558	-	15,558	15,558
Payroll fees	-	2,186	-	2,186	2,186
Postage	-	407	-	407	407
Printing	414	-	-	-	414
Supplies	840	3,597	-	3,597	4,437
Telephone	1,800	882	-	882	2,682
Travel	46,213	2,297	13,500	15,797	62,010
Website	-	1,050	-	1,050	1,050
Total Expenses	<u>\$ 785,445</u>	<u>\$ 173,318</u>	<u>\$ 23,415</u>	<u>\$ 196,733</u>	<u>\$ 982,178</u>

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**

	<u>Program Service</u>	<u>Support Services</u>			<u>Total Expenses</u>
	Advocacy for Community Empowerment and Civil Liberties	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	<u>74,733</u>	<u>82,396</u>	<u>7,169</u>	<u>89,565</u>	<u>164,298</u>
Accounting and audit	-	12,800	-	12,800	12,800
Bank fees	-	6,219	-	6,219	6,219
Consultants	214,568	13,500	4,900	18,400	232,968
Dues and subscriptions	-	450	-	450	450
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	<u>\$ 819,847</u>	<u>\$ 152,804</u>	<u>\$ 12,069</u>	<u>\$ 164,873</u>	<u>\$ 984,720</u>

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

PARTNERSHIP FOR TRANSPARENCY FUND INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 4,106	\$ (155,851)
Adjustments to reconcile changes in net assets to net cash used for operating activities		
Decrease (increase) in assets:		
Contributions receivable	33,075	86,074
Contracts receivable	17,250	(2,425)
Accounts receivable	-	482
Prepaid expenses	37	(313)
Employee advances	(4,162)	700
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	7,921	16,276
Grants payable	(82,447)	125,247
Deferred revenue	4,387	(175,200)
Net Cash Used for Operating Activities	<u>(19,833)</u>	<u>(105,010)</u>
 NET INCREASE IN CASH AND CASH EQUIVALENT AND RESTRICTED CASH	 (19,833)	 (105,010)
 CASH AND CASH EQUIVALENT AND RESTRICTED CASH, beginning of year	 <u>812,424</u>	 <u>917,434</u>
 CASH AND CASH EQUIVALENT AND RESTRICTED CASH, end of year	 <u>\$ 792,591</u>	 <u>\$ 812,424</u>

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

PARTNERSHIP FOR TRANSPARENCY FUND INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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. The Fund accomplished its mission by program that advance innovative citizen-led approaches to improve governance, increase transparency, promote the rule of law, and reduce corruption in developing and emerging countries.

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.

Adoption of New Accounting Pronouncement

In September 2020, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This standard requires updated presentation and enhanced disclosure related to contributed nonfinancial assets received. This enhanced disclosure includes disaggregation of significant categories of contributed nonfinancial assets and additional qualitative information regarding the use of these contributed nonfinancial assets. Although the Fund has received donated services from volunteers during 2022 and 2021, the value of these services could not be determined, and therefore, donated services were not recognized as revenue on the statements of activities for the years ended December 31, 2022 and 2021.

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.

PARTNERSHIP FOR TRANSPARENCY FUND INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(continued)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Financial Statement Presentation – continued

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 and Cash Equivalents

For purposes of the statements of cash flows, the Fund considers all highly liquid investments with original maturities of three months or less to be cash equivalents. The Fund maintains its cash balances in bank deposit accounts, which are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000. At times, the accounts may exceed this limit. However, the Fund has not experienced any losses in such accounts and management believes the Fund is not exposed to any significant credit risk on cash and cash equivalents.

Restricted Cash

Donor restricted cash represents funds held for the Malawi project, which is also insured by the FDIC up to \$250,000. Management believes that restricted cash is not exposed to any significant credit risk. As of December 31, 2022 and 2021, restricted cash totaled \$317,529 and \$45,641, respectively.

Contributions and Contracts Receivable

Contributions and contracts 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 a 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, 2022 and 2021, management has determined that all significant receivables are collectible within one year; and therefore, an allowance for doubtful accounts was not established.

PARTNERSHIP FOR TRANSPARENCY FUND INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(continued)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Revenue Recognition

Grants and Contributions

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 as of the beginning of the year ended December 31, 2021, totaled \$288,982.

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.

PARTNERSHIP FOR TRANSPARENCY FUND INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(continued)

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 were no unrecognized tax benefits or liabilities that needed to be recorded.

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 2019 through 2021 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 and cash equivalents, and contributions 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 expenditures over a 12-month period.

PARTNERSHIP FOR TRANSPARENCY FUND INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(continued)

NOTE D - AVAILABLE RESOURCES AND LIQUIDITY - continued

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:

	2022	2021
Cash and cash equivalents	\$ 475,062	\$ 766,783
Contributions receivable	61,576	94,651
Contracts receivable	-	17,250
Total Financial Assets	536,638	878,684
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 536,638	\$ 878,684

NOTE E – DONATED SERVICES

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. However, the Fund estimates the value of these services to be approximately \$2,000,000 and \$1,500,000 for the years ended December 31, 2022 and 2021, respectively.

NOTE F – CONDITIONAL GRANTS

The Fund received conditional grants totaling \$2,485,579, of which \$1,193,733 had been recognized as revenue upon satisfying the conditions, and \$118,169 was recorded as deferred revenue as of December 31, 2022. The remaining conditional promises to give of \$1,173,677 are expected to be fulfilled by 2025.

NOTE G - CONCENTRATIONS

During 2022 and 2021, the Fund received 84% and 63%, respectively, of its revenue and support from three donors. 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. However, management of the Fund does not consider this a significant risk in the near term.

PARTNERSHIP FOR TRANSPARENCY FUND INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(continued)

NOTE H – WORKSTATION SPACE

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, 2024. 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 \$1,306. Future rental payments under the current agreement totaled \$15,672 and \$3,918 for the years ending December 31, 2023 and 2024, respectively.

As of December 31, 2022 and 2021, rent expense totaled \$15,558 and \$14,455, respectively,

NOTE I – RELATED PARTY TRANSACTIONS

Two voting members of the Board of Directors provided consulting services to the Fund, and were a reimbursed a total of \$21,000 and \$22,013 for their services for the years ended December 31, 2022 and 2021, respectively.

NOTE J - SUBSEQUENT EVENTS

In preparing these financial statements, the Fund's management has evaluated events and transactions for potential recognition or disclosure through April 18, 2023, 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.