

PARTNERSHIP FOR TRANSPARENCY FUND, INC.

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

DECEMBER 31, 2020 AND 2019

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Independent Auditor's Report

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

We have audited the accompanying financial statements of Partnership for Transparency Fund, Inc., a non-profit organization, which comprise the statements of financial position as of December 31, 2020, and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Partnership for Transparency Fund, Inc.
Independent Auditor's Report
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Opinion

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, 2020 and 2019, 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.

James Marston & McQuade PA

Washington, DC
April 29, 2021

PARTNERSHIP FOR TRANSPARENCY FUND, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

	2020	2019
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 917,434	\$ 448,723
Contributions receivable	180,725	181,636
Accounts receivable	15,307	-
Prepaid expenses	7,728	7,354
Advances	700	4,489
Total Current Assets	1,121,894	642,202
TOTAL ASSETS	\$ 1,121,894	\$ 642,202
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 36,166	16,073
Grants payable	23,200	35,390
Deferred revenue	288,982	-
Total Liabilities	348,348	51,463
NET ASSETS		
Without donor restrictions	773,546	590,739
Total Net Assets	773,546	590,739
TOTAL LIABILITIES AND NET ASSETS	\$ 1,121,894	\$ 642,202

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

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

REVENUE AND SUPPORT,	
WITHOUT DONOR RESTRICTIONS	
Contributions	\$ 482,703
Conditional grants	109,734
Contracts revenue	43,687
Other revenue	23
Total Revenue and Support	636,147
 EXPENSES	
Program Services	267,541
Support Services:	
Management and general	141,747
Fundraising	42,015
Total Support Services	183,762
Total Expenses	451,303
 CHANGE IN NET ASSETS	
FROM OPERATIONS	
	184,844
 OTHER CHANGES IN NET ASSETS	
Loss on foreign currency exchange	(2,037)
	182,807
 NET ASSETS WITHOUT DONOR RESTRICTIONS:	
Beginning of year	590,739
End of year	\$ 773,546

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

PARTNERSHIP FOR TRANSPARENCY FUND, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Contributions	\$ 711,076	\$ -	\$ 711,076
Contracts revenue	21,818	-	21,818
Other revenue	5	-	5
Net assets released from restrictions	19,848	(19,848)	-
Total Revenue and Support	752,747	(19,848)	732,899
EXPENSES			
Program Services	245,485	-	245,485
Support Services:			
Management and general	147,840	-	147,840
Fundraising	27,806	-	27,806
Total Support Services	175,646	-	175,646
Total Expenses	421,131	-	421,131
CHANGE IN NET ASSETS	331,616	(19,848)	311,768
NET ASSETS:			
Beginning of year	259,123	19,848	278,971
End of year	\$ 590,739	\$ -	\$ 590,739

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				
	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL SUPPORT SERVICES	TOTAL EXPENSES
Salaries	\$ 38,697	\$ 79,977	\$ 13,717	\$ 93,695	\$ 132,392
Payroll taxes	4,106	8,485	1,455	9,940	14,046
Employee benefits	2,921	6,037	1,035	7,073	9,994
Total Personnel Expenses	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.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019

	SUPPORT SERVICES				
	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL SUPPORT SERVICES	TOTAL EXPENSES
Salaries	\$ 25,639	\$ 70,107	\$ 23,992	\$ 94,099	\$ 119,738
Payroll taxes	2,562	6,428	2,397	8,825	11,387
Employee benefits	1,514	4,110	1,417	5,527	7,041
Total Personnel Expenses	29,715	80,645	27,806	108,451	138,166
Accounting and audit	-	12,800	-	12,800	12,800
Bank fees	-	3,244	-	3,244	3,244
Consultants	98,650	6,000	-	6,000	104,650
Dues and subscriptions	-	1,089	-	1,089	1,089
Grant expenses	97,574	-	-	-	97,574
Insurance	-	10,906	-	10,906	10,906
Meetings	-	1,805	-	1,805	1,805
Occupancy	-	12,026	-	12,026	12,026
Payroll fees	-	1,944	-	1,944	1,944
Postage	-	109	-	109	109
Printing	495	-	-	-	495
Returned grant funds	18,449	-	-	-	18,449
Supplies	-	7,856	-	7,856	7,856
Telephone	-	3,629	-	3,629	3,629
Travel	602	5,787	-	5,787	6,389
Total Expenses	\$ 245,485	\$ 147,840	\$ 27,806	\$ 175,646	\$ 421,131

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

PARTNERSHIP FOR TRANSPARENCY FUND, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 182,807	\$ 311,768
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Decrease (increase) in assets:		
Contributions receivable	911	(163,187)
Contracts and accounts receivable	(15,307)	14,209
Prepaid expenses	(374)	-
Advances	3,789	(3,890)
Increase (decrease) in liabilities:		
Accounts payable	20,093	(622)
Grants payable	(12,190)	29,640
Deferred revenue	288,982	-
Net Cash Provided By Operating Activities	<u>468,711</u>	<u>187,918</u>
NET INCREASE IN CASH	468,711	187,918
CASH, beginning of year	<u>448,723</u>	<u>260,805</u>
CASH, end of year	<u>\$ 917,434</u>	<u>\$ 448,723</u>

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

PARTNERSHIP FOR TRANSPARENCY FUND, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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 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 Not-for-Profit Entities. In accordance with the topic, the Fund is required to report information regarding its financial position and activities according to the two classes of net assets 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 permanently 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 statement of activities as net assets released from restrictions.

Program Services

Program services are those expenses incurred in meeting the objectives and mission of the Fund and include grants made to civil society organizations.

Management and General

Management and general expenses include the costs of those functions necessary to secure proper administrative functioning of the Fund’s governing board, to maintain an adequate working environment, and to manage the financial responsibilities of the Fund.

PARTNERSHIP FOR TRANSPARENCY FUND, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019
(continued)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Cash

Cash balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution. At times, the balances may exceed the insured limit; however, the Fund believes it is not exposed to any significant credit risk on cash.

Grants and Contributions receivable

Grants and contributions receivable are stated at the amount management expects to collect from balances outstanding at year end. All amounts are expected to be collected within one year and are recorded at net realizable value. Annually, management determines if an allowance for doubtful accounts is necessary based upon a review of outstanding receivables, historical collection of information and existing economic conditions. Accounts deemed uncollectible are charged off based on specific circumstances of the parties involved. Management believes all receivables are fully collectible and no provision for allowance for doubtful accounts is deemed necessary.

Accounts and Contracts Receivable

Accounts 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 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, 2020 and 2019, 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 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

Revenue received from contractual agreements is recognized upon the completion of the contract.

PARTNERSHIP FOR TRANSPARENCY FUND, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019
(continued)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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 year in which the services are provided.

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 from Management and General Activities

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 insurance, salaries, and benefits, which are allocated on the basis of estimates of 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.

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.

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 2017 through 2019 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.

PARTNERSHIP FOR TRANSPARENCY FUND, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019
(continued)

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 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 balance sheet date for general expenditures as of December 31:

	2020	2019
Cash	\$ 917,434	\$ 448,723
Contributions receivable	180,725	181,636
Accounts receivable	15,307	-
Total Financial Assets	1,113,466	630,359
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,113,466	\$ 630,359

NOTE E - IN-KIND CONTRIBUTIONS

The Fund receives a significant amount of donated time from volunteers in support of its programs and operations. The time donated for programs 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, 2020 and 2019.

NOTE F – CONDITIONAL GRANTS

During the year ended December 31, 2020, the Fund received conditional grants totaling \$1,741,665, of which \$109,734 had been recognized as revenue upon satisfying the conditions, and \$288,982 was recorded as deferred revenue. The remaining conditional promise to give of \$1,342,949 is expected to be fulfilled by February 2023.

PARTNERSHIP FOR TRANSPARENCY FUND, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019
(continued)

NOTE G - GRANTS PAYABLE

During the year, the Fund awarded several grants to Non-Government Organizations residing in South America, Asia, Africa, and other regions to implement programs that evaluate the transparency and effectiveness of the COVID-19 response in the part of the world. Most of the grant agreements are for a term of six months and have certain reporting requirements. For the years ended December 31, 2020 and 2019, the amounts disbursed as grants totaled \$98,553 and \$74,324, respectively. The remaining balance due on the grant awards totaled \$23,200 and \$35,390, as of December 31, 2020 and 2019, respectively.

NOTE H - CONCENTRATIONS

During 2020 and 2019, the Fund received 64% and 74%, respectively, of its revenue and support from one donor. The single largest donor, the World Bank Community Connections Campaign, consolidated the contributions of individuals and provided a 200% and a 100% match for the years December 31, 2020 and 2019, respectively. Most of these individual contributions are from the board, 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 one-year license agreements for workstation space in Washington, D.C. The last amended agreement expired on March 31, 2021, and was renewed through March 31, 2022. Monthly payments under the agreement were \$634 per workstation. Future rental payments under the current agreement are \$7,608 for the year ending December 31, 2021 and \$1,902 for the year ending December 31, 2022.

As of December 31, 2020 and 2019, rent expense totaled \$5,900 and \$12,026 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 29, 2021, 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.