

PARTNERSHIP FOR TRANSPARENCY FUND, INC.

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

DECEMBER 31, 2017 AND 2016

TABLE OF CONTENTS

	<u>Page No.</u>
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS:	
Statements of Financial Position	3
Statement of Activities, Year Ended December 31, 2017	4
Statement of Activities, Year Ended December 31, 2016	5
Statement of Functional Expenses, Year Ended December 31, 2017	6
Statement of Functional Expenses, Year Ended December 31, 2016	7
Statements of Cash Flows	8
Notes to the Financial Statements	9 - 13



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, 2017, and 2016, 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 audit 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
Page Two

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, 2017 and 2016, 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.

Jane Maruca & McQuade PA

Washington, DC
March 26, 2018

PARTNERSHIP FOR TRANSPARENCY FUND, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016

	2017	2016
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 235,933	\$ 221,097
Grants receivable	27,014	103,190
Contracts receivable	-	82,600
Accounts receivable	6,407	3,177
Advances	3,647	17,009
Prepaid expenses	8,492	7,445
Total Current Assets	281,493	434,518
TOTAL ASSETS	\$ 281,493	\$ 434,518
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 22,366	\$ 32,164
Grants payable	2,000	6,286
Total Liabilities	24,366	38,450
NET ASSETS		
Unrestricted	200,435	263,261
Temporarily restricted	56,692	132,807
Total Net Assets	257,127	396,068
TOTAL LIABILITIES AND NET ASSETS	\$ 281,493	\$ 434,518

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

PARTNERSHIP FOR TRANSPARENCY FUND, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017

	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT			
Contracts	\$ 148,303	\$ -	\$ 148,303
Contributions	338,502	-	338,502
Net assets released from restrictions	76,115	(76,115)	-
Total Revenue and Support	562,920	(76,115)	486,805
EXPENSES			
Program Services	423,518	-	423,518
Support Services:			
Management and general	172,117	-	172,117
Fundraising	30,401	-	30,401
Total Support Services	202,518	-	202,518
Total Expenses	626,036	-	626,036
CHANGE IN NET ASSETS FROM OPERATIONS	(63,116)	(76,115)	(139,231)
OTHER CHANGES IN NET ASSETS			
Gain on foreign currency exchange	290	-	290
CHANGE IN NET ASSETS	(62,826)	(76,115)	(138,941)
NET ASSETS			
Beginning of year	263,261	132,807	396,068
End of year	\$ 200,435	\$ 56,692	\$ 257,127

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

PARTNERSHIP FOR TRANSPARENCY FUND, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016

	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT			
Contracts	\$ 217,010	\$ -	\$ 217,010
Contributions	194,793	25,000	219,793
Book sales	245	-	245
Net assets released from restrictions	166,362	(166,362)	-
Total Revenue and Support	578,410	(141,362)	437,048
EXPENSES			
Program Services	393,224	-	393,224
Support Services:			
Management and general	128,889	-	128,889
Fundraising	35,203	-	35,203
Total Support Services	164,092	-	164,092
Total Expenses	557,316	-	557,316
CHANGE IN NET ASSETS FROM OPERATIONS			
	21,094	(141,362)	(120,268)
OTHER CHANGES IN NET ASSETS			
Loss on foreign currency exchange	(1,766)	-	(1,766)
CHANGE IN NET ASSETS			
	19,328	(141,362)	(122,034)
NET ASSETS			
Beginning of year	243,933	274,169	518,102
End of year	\$ 263,261	\$ 132,807	\$ 396,068

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

PARTNERSHIP FOR TRANSPARENCY FUND, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017

	SUPPORT SERVICES				
	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL SUPPORT SERVICES	TOTAL EXPENSES
Accounting and audit	\$ -	\$ 13,000	\$ -	\$ 13,000	\$ 13,000
Bank fees	-	4,108	-	4,108	4,108
Consultants	237,733	1,151	-	1,151	238,884
Dues and subscriptions	-	75	-	75	75
Employee benefits	2,114	5,521	1,306	6,827	8,941
Grant expenses	88,688	-	-	-	88,688
Insurance	250	10,761	-	10,761	11,011
Meetings	9,184	1,850	-	1,850	11,034
Occupancy	3,627	13,113	-	13,113	16,740
Payroll fees	-	1,570	-	1,570	1,570
Payroll taxes	2,891	7,548	1,785	9,333	12,224
Postage	-	228	-	228	228
Printing	-	178	-	178	178
Salaries	35,785	93,438	22,100	115,538	151,323
Supplies	89	7,794	-	7,794	7,883
Telephone	1,430	2,770	-	2,770	4,200
Travel	41,727	8,741	5,210	13,951	55,678
Utilities	-	271	-	271	271
Total Expenses	\$ 423,518	\$ 172,117	\$ 30,401	\$ 202,518	\$ 626,036

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

PARTNERSHIP FOR TRANSPARENCY FUND, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2016

	SUPPORT SERVICES				
	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL SUPPORT SERVICES	TOTAL EXPENSES
Accounting and audit	\$ -	\$ 12,750	\$ -	\$ 12,750	\$ 12,750
Bank fees	-	4,728	-	4,728	4,728
Consultants	159,625	379	-	379	160,004
Dues and subscriptions	-	1,570	-	1,570	1,570
Employee benefits	1,932	3,284	1,225	4,509	6,441
Grant expenses	30,231	-	-	-	30,231
Insurance	1,000	10,014	-	10,014	11,014
Licenses and fees	13,704	-	-	-	13,704
Meetings	75	7,272	-	7,272	7,347
Occupancy	4,741	12,062	-	12,062	16,803
Payroll fees	-	1,484	-	1,484	1,484
Payroll taxes	2,929	4,959	1,852	6,811	9,740
Postage	-	1,034	-	1,034	1,034
Printing	1,228	3,973	-	3,973	5,201
Returned grant funds	26,083	-	-	-	26,083
Salaries	39,853	58,105	23,006	81,111	120,964
Supplies	645	4,670	-	4,670	5,315
Telephone	1,770	825	-	825	2,595
Travel	109,408	1,780	9,120	10,900	120,308
Total Expenses	\$ 393,224	\$ 128,889	\$ 35,203	\$ 164,092	\$ 557,316

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

PARTNERSHIP FOR TRANSPARENCY FUND, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (138,941)	\$ (122,034)
Adjustments to reconcile changes in net assets to net cash provided by (used for) operating activities		
Decrease (increase) in assets:		
Grants receivable	76,176	95,420
Contracts receivable	82,600	(65,936)
Accounts receivable	(3,230)	19,827
Advances	13,362	13,292
Prepaid expenses	(1,047)	1,023
Increase (decrease) in liabilities:		
Accounts payable	(9,798)	(1,147)
Grants payable	(4,286)	(32,769)
Deferred revenue	-	(4,159)
Net Cash Provided By (Used for) Operating Activities	<u>14,836</u>	<u>(96,483)</u>
NET INCREASE (DECREASE) IN CASH	14,836	(96,483)
CASH AND CASH EQUIVALENTS, beginning of year	<u>221,097</u>	<u>317,580</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 235,933</u></u>	<u><u>\$ 221,097</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, 2017 AND 2016

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.

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.

Basis of Presentation

Financial statement presentation follows Financial Standards Accounting 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 three classes of net assets. Accordingly, the net assets of the Fund and changes therein are classified and reported as follows:

Unrestricted net assets – net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – 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.

Permanently restricted net assets – net assets subject to donor-imposed stipulations that they be maintained permanently by the Fund. There were no permanently restricted net assets as of December 31, 2017 and 2016.

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, 2017 AND 2016
(continued)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Cash and Cash Equivalents

The Fund considers demand deposits, money market funds, and any investments purchased with an original maturity of three months or less to be cash equivalents. Cash balances are insured by the Federal Deposit Insurance Corporation. At times, the balances may exceed the insured limit; however, the Fund believes it is not exposed to any significant credit risk on cash and cash equivalents.

Grants, Contributions and Contracts

Unconditional grants and contributions are recorded as revenue in the year notification is received from the donor. Temporarily restricted contributions and grants are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with donor-imposed restrictions and satisfaction of time restrictions. Temporarily restricted contributions and grants received in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying financial statements.

Contract revenue is recognized when services are performed.

Accounts, Grants and Contracts Receivable

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, 2017 and 2016, management has determined that all significant receivables are collectible and due within on year; therefore, an allowance for doubtful accounts has not been established.

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.

PARTNERSHIP FOR TRANSPARENCY FUND, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016
(continued)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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 2014 through 2016 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, 2017 AND 2016
(continued)

NOTE D - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
CAP	\$ -	\$ 25,000
GPSA Mongolia	26,948	31,606
GPSA Phi	<u>29,744</u>	<u>76,201</u>
Total Temporarily Restricted Net Assets	<u>\$ 56,692</u>	<u>\$ 132,807</u>

NOTE E - NET ASSETS RELEASED FROM RESTRICTIONS

The following temporarily restricted net assets were released from donor restrictions due to the passage of time or the satisfaction of program restrictions specified by the donors:

	<u>2017</u>	<u>2016</u>
Overlook International Foundation	\$ -	\$ 75,000
CAP	25,000	-
GPSA Mongolia	4,658	21,937
GPSA Phi	46,457	40,412
Japanese Social Development Fund	-	29,013
Total Net Assets Released	<u>\$ 76,115</u>	<u>\$ 166,362</u>

NOTE F - GRANTS AWARDED AND PAYABLE

Grant expenses totaled \$88,688 and \$30,231 respectively, for the years ended December 31, 2017 and 2016. Unpaid balances of \$2,000 and \$6,286 for the years ended December 31, 2017 and 2016, respectively, are reported in current liabilities as grants payable.

NOTE G - 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, 2017 and 2016.

PARTNERSHIP FOR TRANSPARENCY FUND, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016
(continued)

NOTE H - RELATED PARTY TRANSACTIONS

The Fund has an affiliate office in the Philippines, currently operating as PTF Asia. In 2013, the Fund advanced PTF Asia \$25,000 to be used to set up the entity, and for expenses incurred pending its non profit status approval. As of December 31, 2017, the Fund owed PTF Asia \$8,635. PTF Asia owed the Fund \$2,154, as of December 31, 2016, which is reflected in the statement of financial position as advances and accounts payable.

NOTE I - CONCENTRATIONS

During 2017 and 2016, the Fund received 51% and 41%, respectively, of its revenue and support from one donor. A significant reduction in this level of support, if it were to occur, could have a significant effect on the Fund's programs and activities.

NOTE J - OPERATING LEASE

In April 2017, the Fund signed a one year sub-lease agreement for office space in Washington, DC. that expires on March 31, 2018. Monthly payments under the lease are \$1,138. The previous sub-lease agreement had monthly payments of \$1,106 and expired in March 2017. Future rental payments under the current lease are \$3,414. Total rent expense totaled \$13,560 and \$13,149 respectively, as of December 31, 2017 and 2016.

The Fund also makes quarterly rental payments to PTF Asia pursuant to grant agreements. Rent expense for the years ended December 31, 2017 and 2016 totaled \$3,180 and \$3,654, respectively.

NOTE K - SUBSEQUENT EVENTS

In preparing these financial statements, the Fund's management has evaluated events and transactions for potential recognition or disclosure through March 26, 2018, 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.