

**PARTNERSHIP FOR TRANSPARENCY FUND, INC.**

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

**DECEMBER 31, 2019 AND 2018**

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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, 2019, and 2018, 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  
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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, 2019 and 2018, 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.

### **Emphasis of Matter**

As discussed in Note B to the financial statements, in 2019 Partnership for Transparency Fund, Inc. adopted new accounting guidance, Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers* and ASU 2018-08, *Clarifying the Scope of the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter.

*Jane Marston & McQuade PA*

Washington, DC  
April 28, 2020

**PARTNERSHIP FOR TRANSPARENCY FUND, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2019 AND 2018**

	2019	2018
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 448,723	\$ 260,805
Contributions receivable	181,636	18,449
Contracts receivable	-	10,954
Accounts receivable	-	3,255
Advances	4,489	599
Prepaid expenses	7,354	7,354
Total Current Assets	642,202	301,416
<b>TOTAL ASSETS</b>	<b>\$ 642,202</b>	<b>\$ 301,416</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 16,073	16,695
Grants payable	35,390	5,750
Total Liabilities	51,463	22,445
<b>NET ASSETS</b>		
Without donor restrictions	590,739	259,123
With donor restrictions	-	19,848
Total Net Assets	590,739	278,971
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 642,202</b>	<b>\$ 301,416</b>

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

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

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

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

**PARTNERSHIP FOR TRANSPARENCY FUND, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2018**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND SUPPORT</b>			
Contracts	\$ 97,134	\$ -	\$ 97,134
Contributions	407,446	-	407,446
Net assets released from restrictions	36,844	(36,844)	-
Total Revenue and Support	541,424	(36,844)	504,580
<b>EXPENSES</b>			
Program Services	304,613	-	304,613
Support Services:			
Management and general	142,322	-	142,322
Fundraising	35,801	-	35,801
Total Support Services	178,123	-	178,123
Total Expenses	482,736	-	482,736
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>			
	58,688	(36,844)	21,844
<b>NET ASSETS</b>			
Beginning of year	200,435	56,692	257,127
End of year	\$ 259,123	\$ 19,848	\$ 278,971

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 grants	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.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2018**

	SUPPORT SERVICES				
	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL SUPPORT SERVICES	TOTAL EXPENSES
Salaries	\$ 30,071	\$ 71,186	\$ 26,252	\$ 97,438	\$ 127,509
Payroll taxes	2,428	5,749	2,120	7,869	10,297
Employee benefits	1,590	3,763	1,388	5,151	6,741
Total Personnel Expenses	34,089	80,698	29,760	110,458	144,547
Accounting and audit	-	13,500	-	13,500	13,500
Bank fees	-	3,673	-	3,673	3,673
Consultants	198,068	6,000	-	6,000	204,068
Grant expenses	40,962	-	-	-	40,962
Insurance	-	10,920	-	10,920	10,920
Meetings	7,987	1,662	-	1,662	9,649
Occupancy	1,514	11,032	-	11,032	12,546
Payroll fees	-	1,777	-	1,777	1,777
Postage	-	76	-	76	76
Printing	-	93	-	93	93
Supplies	-	4,603	-	4,603	4,603
Telephone	206	3,137	-	3,137	3,343
Travel	21,787	5,151	6,041	11,192	32,979
Total Expenses	\$ 304,613	\$ 142,322	\$ 35,801	\$ 178,123	\$ 482,736

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

**PARTNERSHIP FOR TRANSPARENCY FUND, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 311,768	\$ 21,844
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Decrease (increase) in assets:		
Contributions receivable	(163,187)	8,565
Contracts receivable	10,954	(10,954)
Accounts receivable	3,255	3,152
Advances	(3,890)	3,048
Prepaid expenses	-	1,138
Increase (decrease) in liabilities:		
Accounts payable	(622)	(5,671)
Grants payable	29,640	3,750
Net Cash Provided By Operating Activities	187,918	24,872
 <b>NET INCREASE IN CASH</b>	 187,918	 24,872
 <b>CASH AND CASH EQUIVALENTS, beginning of year</b>	 260,805	 235,933
 <b>CASH AND CASH EQUIVALENTS, end of year</b>	 \$ 448,723	 \$ 260,805

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

**PARTNERSHIP FOR TRANSPARENCY FUND, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

**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.

Adoption of New Accounting Pronouncement

The Financial Accounting Standards Board (“FASB”) *Accounting Standards Codification Topic 606, Revenue from Contracts with Customers*, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue.

In June 2018, FASB issued *ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Corporation has implemented the provisions of ASU 2018-08 applicable to contributions received in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with our implementation of ASU 2018-08.

Basis of 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. 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, 2019 AND 2018**  
(continued)

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

Basis of 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 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.

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 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 and cash equivalents.

Contributions and Grants Receivable

Unconditional contributions and grants are recorded as revenue in the year notification is received from the donor. Donor-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. Donor-restricted contributions and grants received in excess of expenses incurred are shown as donor-restricted net assets in the accompanying financial statements.

Contract revenue is recognized when services are performed.

**PARTNERSHIP FOR TRANSPARENCY FUND, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**  
(continued)

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

Accounts 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, 2019 and 2018, management has determined that all significant receivables are collectible and due within one 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.

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 depreciation, office and occupancy, salaries and benefits, which are allocated on the basis of estimates of time.

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.

**PARTNERSHIP FOR TRANSPARENCY FUND, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**  
(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 2016 through 2018 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.

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 operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. Refer to the statement of cash flows which identifies the sources and uses of the Fund's cash.

The following reflects the Fund's financial assets as of December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 448,723	\$ 260,805
Grants receivable	181,636	18,449
Other receivables	-	14,209
Total Financial Assets	<u>630,359</u>	<u>293,463</u>
Donor-imposed restrictions:		
GPSA Mongolia	<u>-</u>	<u>(19,848)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 630,359</u>	<u>\$ 273,615</u>

**PARTNERSHIP FOR TRANSPARENCY FUND, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**  
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**NOTE E - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consisted of the following at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
GPSA Mongolia	\$ -	\$ 19,848
Total Net Assets With Donor Restrictions	<u>\$ -</u>	<u>\$ 19,848</u>

**NOTE F - NET ASSETS RELEASED FROM RESTRICTIONS**

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

	<u>2019</u>	<u>2018</u>
GPSA Mongolia	\$ 19,848	\$ 7,100
GPSA Phi	-	29,744
Total Net Assets Released	<u>\$ 19,848</u>	<u>\$ 36,844</u>

**NOTE G - GRANTS AWARDED AND PAYABLE**

Grant expenses totaled \$74,324 and \$30,962 respectively, for the years ended December 31, 2019 and 2018. Unpaid balances of \$35,390 and \$5,750 for the years ended December 31, 2019 and 2018, respectively, are reported in current liabilities as grants payable.

**NOTE H - 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, 2019 and 2018.

**PARTNERSHIP FOR TRANSPARENCY FUND, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**  
(continued)

**NOTE I - 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. In 2018, the Fund granted PTF Asia \$15,000 for financial support. There were no amounts due to or from PTF Asia as of December 31, 2019 or 2018.

**NOTE J - CONCENTRATIONS**

During 2019 and 2018, the Fund received 74% and 63%, respectively, of its revenue and support from one donor. The single largest donor, the World Bank Community Connections Campaign, consolidates the contributions of individuals and provides a 100% match. 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 significant effect on the Fund's programs and activities.

**NOTE K - COMMITMENTS**

In April 2018, the Fund signed a one-year license agreement for workstation space in Washington, DC that expired on March 31, 2019. This agreement was extended through March 31, 2020. Monthly payments under the agreement were \$584 per workstation. Future rental payments under the current agreement are \$1,752 for the year ended December 31, 2020.

The Fund also makes quarterly rental payments to PTF Asia pursuant to grant agreements. Rent expense for the years ended December 31, 2019 and 2018 totaled \$- and \$1,514, respectively.

Total rent expense totaled \$12,026 and \$12,546 respectively, as of December 31, 2019 and 2018.

**NOTE L - SUBSEQUENT EVENTS**

In preparing these financial statements, the Fund's management has evaluated events and transactions for potential recognition or disclosure through April 28, 2020, 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.