

**FINANCIAL STATEMENTS**

**PARTNERSHIP FOR  
TRANSPARENCY FUND, INC.**

**FOR THE YEAR ENDED DECEMBER 31, 2007  
WITH SUMMARIZED FINANCIAL  
INFORMATION FOR 2006**

**PARTNERSHIP FOR TRANSPARENCY FUND, INC.**

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**GELMAN, ROSENBERG & FREEDMAN**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying statement of financial position of the Partnership for Transparency Fund, Inc. as of December 31, 2007, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Partnership for Transparency Fund, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the organization's 2006 financial statements and, in our report dated February 21, 2007, we expressed an unqualified opinion on those statements.

We conducted our audit 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Partnership for Transparency Fund, Inc. as of December 31, 2007, and its change in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Gelman Rosenberg & Freedman*

March 3, 2008

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MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

**PARTNERSHIP FOR TRANSPARENCY FUND, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2007**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2006**

<b>ASSETS</b>		<u>2007</u>	<u>2006</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$	468,661	\$ 155,615
Grants receivable (Note 2)		30,000	280,000
Prepaid expenses		<u>4,500</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<b>\$</b>	<b><u>503,161</u></b>	<b>\$ <u>435,615</u></b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>LIABILITIES</b>			
Accounts payable	\$	950	\$ 715
Grants payable (Note 5)		<u>78,894</u>	<u>121,665</u>
Total liabilities		<u>79,844</u>	<u>122,380</u>
<b>NET ASSETS</b>			
Unrestricted		108,817	283,235
Temporarily restricted (Note 3)		<u>314,500</u>	<u>30,000</u>
Total net assets		<u>423,317</u>	<u>313,235</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$</b>	<b><u>503,161</u></b>	<b>\$ <u>435,615</u></b>

**PARTNERSHIP FOR TRANSPARENCY FUND, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2006**

	<u>2007</u>			<u>2006</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Total</u>
<b>REVENUE</b>				
Grants and contributions	\$ -	\$ 380,000	\$ 380,000	\$ 400,000
Interest income	1,274	-	1,274	-
Net assets released from donor restrictions (Note 4)	<u>95,500</u>	<u>(95,500)</u>	<u>-</u>	<u>-</u>
Total revenue	<u>96,774</u>	<u>284,500</u>	<u>381,274</u>	<u>400,000</u>
<b>EXPENSES</b>				
Program Services	255,175	-	255,175	186,396
Management and General	<u>16,017</u>	<u>-</u>	<u>16,017</u>	<u>11,767</u>
Total expenses	<u>271,192</u>	<u>-</u>	<u>271,192</u>	<u>198,163</u>
Change in net assets	(174,418)	284,500	110,082	201,837
Net assets at beginning of year	<u>283,235</u>	<u>30,000</u>	<u>313,235</u>	<u>111,398</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 108,817</u></b>	<b><u>\$ 314,500</u></b>	<b><u>\$ 423,317</u></b>	<b><u>\$ 313,235</u></b>

See accompanying notes to financial statements.

## PARTNERSHIP FOR TRANSPARENCY FUND, INC.

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2007  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2006**

	<b>2007</b>			<b>2006</b>
	<b>Program Services</b>	<b>Management and General</b>	<b>Total Expenses</b>	<b>Total Expenses</b>
Audit and legal services	\$ -	\$ 2,825	\$ 2,825	\$ 3,100
Consulting services	-	10,432	10,432	8,735
Telephone	-	494	494	304
Travel	7,442	385	7,827	2,206
Postage and delivery	-	49	49	28
Repairs and maintenance	-	249	249	125
Supplies	-	157	157	-
Subscriptions and publications	-	75	75	75
Bank fees	26	41	67	3
Grants	182,207	-	182,207	183,577
Other	-	1,310	1,310	10
Global Integrity grant	<u>65,500</u>	<u>-</u>	<u>65,500</u>	<u>-</u>
<b>TOTAL</b>	<b><u>\$ 255,175</u></b>	<b><u>\$ 16,017</u></b>	<b><u>\$ 271,192</u></b>	<b><u>\$ 198,163</u></b>

## PARTNERSHIP FOR TRANSPARENCY FUND, INC.

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2006**

	<u>2007</u>	<u>2006</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 110,082	\$ 201,837
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Increase) decrease in:		
Grants receivable	250,000	(242,000)
Prepaid expenses	(4,500)	-
Increase (decrease) in:		
Accounts payable	235	(928)
Grants payable	<u>(42,771)</u>	<u>45,663</u>
Net cash provided by operating activities	<u>313,046</u>	<u>4,572</u>
Net increase in cash and cash equivalents	313,046	4,572
Cash and cash equivalents at beginning of year	<u>155,615</u>	<u>151,043</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 468,661</u></b>	<b><u>\$ 155,615</u></b>

**PARTNERSHIP FOR TRANSPARENCY FUND, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2007**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**

Organization -

The Partnership for Transparency Fund, Inc. (the Fund) is a nonprofit organization, incorporated in the State of New York and located in Washington, D.C. The Fund is organized exclusively for charitable and educational purposes, including for 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.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended December 31, 2006, from which the summarized information was derived.

Cash and cash equivalents -

The Fund considers all cash in checking and money market accounts to be cash and cash equivalents.

At times during the year, the Fund maintains cash balances at financial institutions in excess of the Federal Deposit Insurance Corporation (FDIC) limits. Management believes the risk in these situations to be minimal.

Contributions and grants -

Contributions and grants 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 the 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.

Income taxes -

The Fund is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. The Fund is not a private foundation.

**PARTNERSHIP FOR TRANSPARENCY FUND, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2007**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)**

Net asset classification -

The net assets are reported in two self-balancing groups as follows:

- **Unrestricted net assets** include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of the Partnership for Transparency Fund, Inc. and include both internally designated and undesignated resources.
- **Temporarily restricted net assets** include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of the Partnership for Transparency Fund, Inc. and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities and Change in Net Assets as net assets released from restrictions.

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 amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. 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 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.

**2. GRANTS RECEIVABLE**

Grants receivable consisted of the following:

	<u>Total Award</u>	<u>Amounts Received</u>	<u>2007 Balance</u>
<b>Asian Development Bank</b>	<b><u>\$ 150,000</u></b>	<b><u>\$ 120,000</u></b>	<b><u>\$ 30,000</u></b>

**PARTNERSHIP FOR TRANSPARENCY FUND, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2007**

**3. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consisted of the following at December 31, 2007:

<b>World Bank</b>	<b><u>\$ 314,500</u></b>
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**4. 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:

World Bank	\$ 65,500
Asian Development Bank	<u>30,000</u>
	<b><u>\$ 95,500</u></b>

**5. GRANTS AWARDED AND PAYABLE**

Country	Commitment	Paid	Fiscal Year	2007 Balance	Status
Total 2000	\$ 12,725	\$ 12,725	2000	\$ -	Completed
Total 2001	141,200	141,200	2001	-	Completed
Total 2002	32,500	32,500	2002	-	Completed
Total 2003	139,824	139,824	2003	-	Completed
Total 2004	203,830	203,830	2004	-	Completed
Total 2005	266,430	258,530	2006/2007	7,900	Completed/ Ongoing
Total 2006	183,347	180,287	2006/2007	3,060	Completed/ Ongoing
NAFODU (Uganda)	25,000	22,500	2007/2008	2,500	Ongoing
Civil Society Initiative Support Centre (Russia)	25,844	18,800	2007/2008	7,044	Ongoing
Consumer Unity & Trust Society (India)	24,400	21,960	2007/2008	2,440	Ongoing
TOBSPA (Philippines)	19,660	17,600	2007/2008	2,060	Ongoing
Luta Hamutuk (Timor Leste)	23,500	10,000	2007/2008	13,500	Ongoing
Pro-Democracy Association (Romania)	23,140	9,000	2007/2008	14,140	Ongoing
World Vision Advocacy Forum (Nepal)	25,000	11,250	2007/2008	13,750	Ongoing
Ligue des Independents pour la Transparence (Togo)	<u>22,500</u>	<u>10,000</u>	2007/2008	<u>12,500</u>	Ongoing
	<b><u>\$ 1,168,900</u></b>	<b><u>\$1,090,006</u></b>		<b><u>\$ 78,894</u></b>	

**6. IN-KIND CONTRIBUTIONS**

The Partnership for Transparency Fund, Inc. receives a significant amount of donated time by volunteers in support of its programs and operations. Because no objective basis is available to measure the value of such time, no amount has been recorded in the accompanying financial statements for donated time by volunteers.

**PARTNERSHIP FOR TRANSPARENCY FUND, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2007**

**7. ADVISORY AGREEMENT**

PTF and Instituto de Comunicaciones y Desarrollo (Institute for Communications and Development, ICD) of Montevideo, Uruguay manage the FONTRA program. The Inter-American Development Bank's Multilateral Investment Fund (IDB/MIF) made a three year grant to FONTRA in September 2006 for \$600,000 to be disbursed as matching funds against contributions FONTRA secures from the private sector. FONTRA provides grant funds to Civil Society Organizations (CSOs) in Latin America, based upon policies and procedures developed by PTF in its anti-corruption work with CSOs globally. Pursuant to a Memorandum of Agreement between PTF and ICS, PTF provides certain management and advisory services to ICD in ICD's management of the FONTRA program for IDB/MIF. FONTRA is the direct contracting party with IDB/MIF and receives and administers all FONTRA funds. PTF is not a direct recipient of funds with respect to its work with ICD on FONTRA.

**8. ECONOMIC DEPENDENCY**

Approximately 99% of PTF's revenue for the year ended December 31, 2007 was derived from a grant award from one organization. PTF has no reason to believe that the relationship with this organization will be discontinued in the foreseeable future. However, any interruption of this relationship (i.e. failure to renew the grant or withholding of funds) might possibly affect PTF's ability to finance its operations.

Subsequent to the year ended December 31, 2007, PTF has secured funding from the aforementioned organization and from one other organization for the year ending December 31, 2008.