

**FINANCIAL STATEMENTS**

**PARTNERSHIP FOR  
TRANSPARENCY FUND, INC.**

**FOR THE YEARS ENDED  
DECEMBER 31, 2002 AND 2001  
AND FOR THE PERIOD MARCH 21, 2000  
(DATE OF INCORPORATION)  
TO DECEMBER 31, 2000**

# PARTNERSHIP FOR TRANSPARENCY FUND, INC.

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

**INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying statements of financial position of the Partnership for Transparency Fund, Inc. as of December 31, 2002, 2001, and 2000, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years ended December 31, 2002, 2001 and for the period March 21, 2000 (Date of Incorporation) to December 31, 2000. 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 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 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 audits provide 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, 2002, 2001 and 2000, and its changes in net assets and its cash flows for the years ended December 31, 2002, 2001 and for the period March 21, 2000 (Date of Incorporation) to December 31, 2000 in conformity with accounting principles generally accepted in the United States of America.

*Gelman, Rosenberg & Freedman*

November 3, 2003

## PARTNERSHIP FOR TRANSPARENCY FUND, INC.

STATEMENTS OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2002, 2001 AND 2000

	<b>ASSETS</b>		
	<u>2002</u>	<u>2001</u>	<u>2000</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 27,911	\$ 38,010	\$ 10,989
Grants receivable (Note 2)	5,000	5,920	132,132
Other current assets	<u>-</u>	<u>-</u>	<u>2,500</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 32,911</u></b>	<b><u>\$ 43,930</u></b>	<b><u>\$ 145,621</u></b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>LIABILITIES</b>			
Grants payable (Note 3)	<u>\$ 32,500</u>	<u>\$ 25,000</u>	<u>\$ -</u>
Total liabilities	<u>32,500</u>	<u>25,000</u>	<u>-</u>
<b>NET ASSETS - Unrestricted</b>	<u>411</u>	<u>18,930</u>	<u>145,621</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 32,911</u></b>	<b><u>\$ 43,930</u></b>	<b><u>\$ 145,621</u></b>

See accompanying notes to financial statements.

## PARTNERSHIP FOR TRANSPARENCY FUND, INC.

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001, AND THE PERIOD  
MARCH 21, 2000 (DATE OF INCORPORATION) TO DECEMBER 31, 2000**

	<u>Unrestricted</u>		
	<u>2002</u>	<u>2001</u>	<u>2000</u>
<b>REVENUE</b>			
Grants and contributions	\$ 45,045	\$ -	\$ 157,112
Interest	339	401	423
In-kind contributions	<u>96,361</u>	<u>95,139</u>	<u>36,321</u>
Total revenue	<u>141,745</u>	<u>95,540</u>	<u>193,856</u>
<b>EXPENSES</b>			
Program Services	137,245	198,919	11,354
Management and General	<u>23,019</u>	<u>23,312</u>	<u>36,881</u>
Total expenses	<u>160,264</u>	<u>222,231</u>	<u>48,235</u>
Changes in net assets	(18,519)	(126,691)	145,621
Net assets at beginning of year	<u>18,930</u>	<u>145,621</u>	<u>-</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 411</u></b>	<b><u>\$ 18,930</u></b>	<b><u>\$ 145,621</u></b>

See accompanying notes to financial statements.

## PARTNERSHIP FOR TRANSPARENCY FUND, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Professional fees	\$ 610	\$ -	\$ 610
Legal	-	22,811	22,811
Consulting fees	73,550	-	73,550
Postage and delivery	39	-	39
Bank fees	142	208	350
Grants	<u>62,904</u>	<u>-</u>	<u>62,904</u>
<b>TOTAL</b>	<b><u>\$ 137,245</u></b>	<b><u>\$ 23,019</u></b>	<b><u>\$ 160,264</u></b>

## PARTNERSHIP FOR TRANSPARENCY FUND, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Printing and production	\$ -	\$ 739	\$ 739
Legal	-	21,589	21,589
Consulting fees	73,550	-	73,550
Bank fees	192	194	386
Grants	125,177	-	125,177
Website	<u>-</u>	<u>790</u>	<u>790</u>
<b>TOTAL</b>	<b><u>\$ 198,919</u></b>	<b><u>\$ 23,312</u></b>	<b><u>\$ 222,231</u></b>

**PARTNERSHIP FOR TRANSPARENCY FUND, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE PERIOD MARCH 21, 2000 (DATE OF INCORPORATION)**  
**TO DECEMBER 31, 2000**

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Legal	\$ -	\$36,321	\$36,321
Bank fees	34	60	94
Grants	11,320	-	11,320
Website	-	500	500
<b>TOTAL</b>	<b><u>\$11,354</u></b>	<b><u>\$36,881</u></b>	<b><u>\$48,235</u></b>

## PARTNERSHIP FOR TRANSPARENCY FUND, INC.

**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001, AND FOR THE PERIOD**  
**MARCH 21, 2000 (DATE OF INCORPORATION) TO DECEMBER 31, 2000**

	<u>2002</u>	<u>2001</u>	<u>2000</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Changes in net assets	\$ (18,519)	\$ (126,691)	\$ 145,621
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:			
(Increase) decrease in:			
Grants receivable	920	126,212	(132,132)
Other current assets	-	2,500	(2,500)
Increase (decrease) in:			
Grants payable	<u>7,500</u>	<u>25,000</u>	<u>-</u>
Net cash provided (used) by operating activities	<u>(10,099)</u>	<u>27,021</u>	<u>10,989</u>
Net increase (decrease) in cash and cash equivalents	(10,099)	27,021	10,989
Cash and cash equivalents at beginning of year	<u>38,010</u>	<u>10,989</u>	<u>-</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 27,911</u></b>	<b><u>\$ 38,010</u></b>	<b><u>\$ 10,989</u></b>

See accompanying notes to financial statements.

## **PARTNERSHIP FOR TRANSPARENCY FUND, INC.**

### **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2002, 2001 AND 2000**

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

##### Organization -

The Partnership for Transparency Fund, Inc. is a nonprofit organization, incorporated in the State of New York and located in Washington, D.C. The Partnership for Transparency Fund, Inc. 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, and in accordance with Statements of Financial Accounting Standard No. 117, "Financial Statements of Not-for-Profit Organizations".

##### Cash and cash equivalents -

The Partnership for Transparency Fund, Inc. considers all cash in checking and money market accounts to be cash and cash equivalents.

At times during the year, the Partnership for Transparency Fund, Inc. 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.

##### Income taxes -

The Partnership for Transparency Fund, Inc. 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 Partnership for Transparency Fund, Inc. is not a private foundation.

##### Contributions and grants -

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

##### 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 Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**PARTNERSHIP FOR TRANSPARENCY FUND, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2002, 2001 AND 2000**

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

In-kind contributions -

In-kind contributions consist of donated professional services (primarily consulting fees). The value of the in-kind contributions is recorded at fair market value as of the date the services were provided.

**2. GRANTS RECEIVABLE**

Grants receivable consisted of the following:

	<u>Total Award</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Anonymous donor	\$ 24,980	\$ -	\$ -	\$ -
UNOPS (dated October 2000)	132,132	-	5,920	132,132
UNOPS (dated June 2002)	45,045	<u>5,000</u>	<u>-</u>	<u>-</u>
		<u>\$ 5,000</u>	<u>\$ 5,920</u>	<u>\$ 132,132</u>

**3. GRANTS AWARDED AND PAYABLE**

<u>Country</u>	<u>Commitment</u>	<u>Paid</u>	<u>Fiscal Year</u>	<u>2001 Balance</u>	<u>2002 Balance</u>	<u>Status</u>
Bulgaria (incl. TA*)	\$ 12,877	\$ 12,877	2000/2001	\$ -	-	Completed
Latvia	11,835	11,835	2001	-	-	Completed
Paraguay	15,000	15,000	2001	-	-	Completed
Brazil #1	5,000	5,000	2001	-	-	Completed
India	15,000	15,000	2001/2002	7,500	-	Completed
Cambodia	11,900	11,900	2001	-	-	Completed
Pakistan #1(incl. TA**)	21,212	21,212	2001	-	-	Completed
Brazil #2	7,350	7,350	2001	-	-	Completed
Columbia	2,323	2,323	2001	-	-	Completed
Poland	16,500	16,500	2001	-	-	Completed
Mongolia	15,000	15,000	2002	15,000	-	
Nigeria	5,404	5,404	2002	2,500	-	
Ecuador	15,000	15,000	2002	-	-	
Indonesia	25,000	12,500	2002/2003	-	12,500	
Pakistan #2	<u>20,000</u>	<u>-</u>	2002/2003	<u>-</u>	<u>20,000</u>	
	<u>\$ 199,401</u>	<u>\$ 166,901</u>		<u>\$ 25,000</u>	<u>\$ 32,500</u>	

\* Includes TA costs of \$1,557

\*\* Includes TA costs of \$2,212