

CENTER FOR INTERNATIONAL POLICY
FINANCIAL REPORTS AND RECOMMENDATIONS

FINANCIAL TRANSPARENCY COALITION
AND
NORWEGIAN MINISTRY OF FOREIGN AFFAIRS
TASK FORCE ON FINANCIAL INTEGRITY AND ECONOMIC DEVELOPMENT
FOR THE YEAR ENDED DECEMBER 31, 2014

WITH REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS

Turner, Leins & Gold, LLC
Certified Public Accountants

CENTER FOR INTERNATIONAL POLICY
FINANCIAL TRANSPARENCY COALITION
AND
NORWEGIAN MINISTRY OF FOREIGN AFFAIRS
TASK FORCE ON FINANCIAL INTEGRITY AND ECONOMIC DEVELOPMENT

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TASK FORCE ON FINANCIAL INTEGRITY AND ECONOMIC DEVELOPMENT

I. Introduction

In terms of the scope of work identified in our engagement letter dated February 17, 2015 (and as amended on June 15, 2015) and in terms of the provisions contained in the contract between the Norwegian Ministry of Foreign Affairs (MFA) regarding the "Task Force on Financial Integrity and Economic Development" (The Task Force) as of March 7, 2012 and a grant to the Center for International Policy, Inc.'s Financial Transparency Coalition, we have performed an audit of the special purpose report for the Financial Transparency Coalition and the Norwegian Ministry of Foreign Affairs for the year ended December 31, 2014.

II. Background

The Center for International Policy, Inc. received a grant from Ministry of Foreign Affairs for the "Task Force on Financial Integrity and Economic Development" Project / Norwegian Ministry of Foreign Affairs (MFA) for 2012, 2013, and 2014. The grant period covered by this audit is the year ended December 31, 2014. The grant is for the Center for International Policy, Inc.'s Financial Transparency Coalition.

The Center for International Policy also received major funding from the Foundation to Promote Open Society, The William and Flora Hewlett Foundation, as well as other small donations.

III. Scope of the Audit

We conducted our audit in accordance with International Standards on Auditing (ISA). Those standards required that we plan and perform the audit to obtain reasonable assurance about whether the reports are free of material misstatement.

Our audit was limited to tests of cash receipts and expenses incurred by the Center for International Policy, Inc. for Financial Transparency Coalition for the year ended December 31, 2014. Our audit was limited to providing an opinion on the following:

1. Whether the financial report for all activities and the unspent funds of the MFA are fairly presented.
2. Whether the financial report of all other activities and the unspent funds of the Center for International Policy's activities for all non-MFA funds related to the Financial Transparency Coalition are fairly presented.
3. Whether there were any material weaknesses in the internal control.
4. Whether the MFA funds were deposited in a separate interest bearing account.
5. Whether the audit uncovered any illegal or corrupt practices.
6. Whether receipts and expenses are properly accounted for.

Turner, Leins & Gold, LLC
Certified Public Accountants and Business Consultants

*108 Center Street, North, 2nd Floor
Vienna, Virginia, 22180-5712
(703) 242-6500
Facsimile (703) 242-1600*

*51 Monroe Place, Suite 1900
Rockville, Maryland 20850-2429
(301) 340-6300
Facsimile (301) 340-7168*

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Center for International Policy

We have audited the accompanying special purpose reports which have been prepared using a special purpose framework as described in the other matters section of this report:

Other funding

Unspent funds

Report on the Financial Transparency Coalition and the Norwegian Ministry of Foreign Affairs (MFA) regarding the "Task Force on Financial Integrity and Economic Development" for the year ended December 31, 2014 which have been prepared on a contractual basis required by the Country of Norway.

Management's Responsibility for the Financial Reports and Supplemental Information

Management is responsible for the preparation and fair presentation of these special purposes reports of the Financial Transparency Coalition and the Country of Norway Norwegian Ministry of Foreign Affairs regarding the "Task Force on Financial Integrity and Economic Development" in accordance with the contractual requirements between the Center for International Policy from the Financial Transparency Coalition and the Country of Norway Norwegian Ministry of Foreign Affairs, and where applicable international financial reporting standards. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the schedule that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the special purpose reports based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special purpose reports are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the special purpose reports, 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 schedule 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 schedule.

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

Opinion

In our opinion, the special purpose reports referred to above presents fairly, in all material respects, the grant receipts and allowable expenses of the Center for International Policy for the year ended December 31, 2014, in accordance with the contractual basis of accounting between the Center for International Policy from the Financial Transparency Coalition and the Country of Norway Norwegian Ministry of Foreign Affairs regarding the "Task Force on Financial Integrity and Economic Development".

Basis of Accounting

International Financial Reporting Standards require that income be reported in the year that it is earned. The financial information included in the Schedule of Unspent Funds and the Financial Report of grant receipts and allowable expenses have been prepared in accordance with contractual guidelines required by the Financial Transparency Coalition and the Norwegian Ministry of Foreign Affairs. Accordingly, income has been reported on the basis of cash receipts, which is special reporting framework based on a contractual basis of accounting other than International Financial Reporting Standards; and expenses have been reported on the accrual basis of accounting in accordance with International Financial Accounting Standards.

The Financial Report for the Financial Transparency Coalition and the Country of Norway Norwegian Ministry of Foreign Affairs regarding the "Task Force on Financial Integrity and Economic Development" includes supplemental information on the MFA budget and Other Funders budgets. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the Financial Report for the Financial Transparency Coalition and the Norwegian Ministry of Foreign Affairs regarding

the "Task Force on Financial Integrity and Economic Development". The information for the year ended December 31, 2014 has been subjected to the auditing procedures applied in the audit of the Financial Report for the Financial Transparency Coalition and the Norwegian Ministry of Foreign Affairs regarding the "Task Force on Financial Integrity and Economic Development" and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the Financial Report for the Financial Transparency Coalition and the Norwegian Ministry of Foreign Affairs regarding the "Task Force on Financial Integrity and Economic Development", and other additional procedures in accordance with International Auditing Standards. In our opinion, the information for the year ended December 31, 2014 is fairly stated in all material respects in relation to the special purpose report as a whole.

Restriction on Use

This information is intended solely for the use of Board of Directors and management of the Center for International Policy, the Country of Norway, members of the Financial Transparency Coalition and its funders, and is not intended to be, and should not be, used by anyone other than these specified parties.

Turner, Leins & Gold, LLC

June 25, 2015
Rockville, MD

Turner, Leins & Gold, LLC
Certified Public Accountants and Business Consultants

*108 Center Street, North, 2nd Floor
Vienna, Virginia, 22180-5712
(703) 242-6500
Facsimile (703) 242-1600*

*51 Monroe Place, Suite 1900
Rockville, Maryland 20850-2429
(301) 340-6300
Facsimile (301) 340-7168*

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Center for International Policy

In planning and performing our audit of the special purpose report of the Financial Transparency Coalition and the Norwegian Ministry of Foreign Affairs (MFA) regarding the "Task Force on Financial Integrity and Economic Development" for the year ended December 31, 2014, in accordance with International Standards on Auditing, we considered Center for International Policy's (the Center) internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the special purpose report, but not for the purpose of expressing an opinion on the effectiveness of the Center' internal control. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Center's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This information is intended solely for the use of Board of Directors and management of the Center for International Policy, the Norwegian Ministry of Foreign Affairs, members of the Financial Transparency Coalition and its funders and is not intended to be, and should not be, used by anyone other than these specified parties.

Turner, Leins & Gold, LLC

June 25, 2015
Rockville, MD

**FINANCIAL TRANSPARENCY COALITION
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TASK FORCE ON FINANCIAL INTEGRITY AND ECONOMIC DEVELOPMENT**

V. Executive Summary

Please reference our auditor's report which provides our opinion regarding the fair presentation of the financial records and proper support for receipts and expenses.

In accordance with requirements of the Ministry of Financial Affairs, funds for that project were maintained in a separate interest bearing account until expended.

Please reference our auditor's report related to internal controls which indicates that we did not identify any deficiencies in internal control that we consider to be material weaknesses.

No matters came to our attention regarding illegal or corrupt practices.

VI. Project Funding

In accordance with guidance from the Financial Transparency Coalition and the Ministry of Finance we have provided a financial report for the cash receipts and expenses related to the project funded by the Ministry of Foreign Affairs and a separate summary of receipts and expenses for all other donor funds restricted to the Financial Transparency Coalition in accordance with the special purpose framework described in our audit opinion under Basis of Accounting.

VII. Unspent Funds

As of December 31, 2014, the unspent balance forward of the Financial Transparency Coalition and the Norwegian Ministry of Foreign Affairs regarding the "Task Force on Financial Integrity and Economic Development" was made up of the following:

Norwegian Ministry of Foreign Affairs	\$ 226,334
Other Funders	<u>185,038</u>
Total unspent funds for future use	<u>\$ 411,382</u>

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FINANCIAL TRANSPARENCY COALITION
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FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2014

	Norwegian Ministry of Foreign Affairs Budget	Norwegian Ministry of Foreign Affairs Actual	Norwegian Ministry of Foreign Affairs Variance	Other Financial Transparency Coalition Budget	Other Financial Transparency Coalition Actual	Other Financial Transparency Coalition Variance	Total Financial Transparency Coalition Budget	Total Financial Transparency Coalition Actual	Total Financial Transparency Coalition Variance
Current Year Activity:									
Receipts:									
Grant income	\$ 2,049,827	\$ 1,561,362	\$ 488,465	\$ 625,000	\$ 625,145	\$ (145)	\$ 2,674,827	\$ 2,186,507	\$ 488,320
Interest income	-	502	(502)	-	-	-	-	502	(502)
Total receipts	2,049,827	1,561,864	487,963	625,000	625,145	(145)	2,674,827	2,187,009	487,818
Expenses:									
Personnel and benefits	461,017	276,944	184,073	11,644	7,686	3,958	472,661	284,630	188,031
Accounting and bookkeeping	9,950	9,434	516	-	-	-	9,950	9,434	516
Advertising and media	-	4,774	(4,774)	-	-	-	-	4,774	(4,774)
Consultants	51,270	94,267	(42,997)	40,000	24,095	15,905	91,270	118,362	(27,092)
Contributions - other organizations	939,487	889,712	49,775	420,211	386,461	33,750	1,359,698	1,276,173	83,525
Meetings	279,474	205,619	73,855	-	-	-	279,474	205,619	73,855
Supplies and miscellaneous	2,324	1,257	1,067	-	-	-	2,324	1,257	1,067
Printing	840	1,162	(322)	-	-	-	840	1,162	(322)
Rent	30,917	30,917	-	-	-	-	30,917	30,917	-
Staff development	-	2,434	(2,434)	-	-	-	-	2,434	(2,434)
Subscriptions	156	716	(560)	-	-	-	156	716	(560)
Telephone	5,313	1,227	4,086	-	-	-	5,313	1,227	4,086
Computer/internet/Web	7,324	5,737	1,587	-	-	-	7,324	5,737	1,587
Travel	57,000	48,929	8,071	-	-	-	57,000	48,929	8,071
Overhead fee	101,645	99,159	2,486	24,530	21,865	2,665	126,175	121,024	5,151
Total expenses	1,946,717	1,672,288	274,429	496,385	440,107	56,278	2,443,102	2,112,395	330,707
Current year unspent (overspent) funds		(110,424)			185,038			74,614	
Prior year unspent funds		336,768			-			336,768	
Current year unspent funds		\$ 226,344			\$ 185,038			\$ 411,382	