

CENTER FOR INTERNATIONAL POLICY
FINANCIAL REPORTS AND RECOMMENDATIONS

FINANCIAL TRANSPARENCY COALITION
FOR THE YEAR ENDED DECEMBER 31, 2016

WITH REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS

Turner, Leins & Gold, LLC
Certified Public Accountants

CENTER FOR INTERNATIONAL POLICY
FINANCIAL TRANSPARENCY COALITION

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CENTER FOR INTERNATIONAL POLICY

FINANCIAL TRANSPARENCY COALITION

I. Introduction

In terms of the scope of work identified in our engagement letter dated December 15, 2016 and in terms of the provisions contained in the contract between the funders of the Financial Transparency Coalition (FTC) for the contract years of 2015 through 2017 and a grant to the Center for International Policy, Inc. we have performed an audit of the special purpose report for the Financial Transparency Coalition for the year ended December 31, 2016.

II. Background

The Center for International Policy, Inc. received a grant from funders of the Financial Transparency Coalition for 2015 through 2017. This grant is a renewal of the previous grant for the years 2012, 2013, 2014 and includes all carryover amounts from the initial grant. The grant period covered by this audit is the year ended December 31, 2016. The grant is for the Center for International Policy, Inc.'s project work for the Financial Transparency Coalition.

The Center for International Policy received major funding from the Norwegian Ministry of Foreign Affairs, Foundation to Promote Open Society, The William and Flora Hewlett Foundation, the Ministry for Foreign Affairs of Finland, and Omidyar Network Fund, Inc.

During 2016 the Financial Transparency Coalition members elected to transfer the hosting of the grant to the Third Sector New England. As a result certain projects expenditures were processed by Third Sector New England. This report is limited to activities and transactions of the Center for International Policy. As of December 31, 2016 all remaining funds were transferred to Third Sector New England. Third Sector New England contracted with the Center for International Policy to perform certain tasks, including providing personnel and office services. Those expenditures reimbursed by Third Sector New England are not included on this report.

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 accrual basis expenses incurred by the Center for International Policy, Inc. for the Financial Transparency Coalition for the year ended December 31, 2016. The reporting of those transactions is in accordance with agreements the Center for International Policy has entered into with the Ministry of Foreign Affairs and other contributors to the Financial Transparency Coalition.

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 Financial Transparency Coalition are fairly presented in accordance with the reporting requirements established by the Financial Transparency Coalition.
2. Whether there were any material weaknesses in the internal control.
3. Whether funds were placed into a separate interest bearing account, when required.
4. Whether the audit uncovered any illegal or corrupt practices.
5. Whether the cash receipts from the Ministry of Foreign Affairs, contributions from other organizations, and expenses were properly accounted for by the Center for International Policy.



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Center for International Policy
Washington, DC

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:

Financial Report on the activities of the Financial Transparency Coalition for the year ended December 31, 2016 which have been prepared on a contractual basis required as established by contractual agreement with the Norwegian Ministry of Foreign Affairs and other members of the Financial Transparency Coalition.

Unspent (overspent) funds

Responsibility of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these special purposes reports of the Financial Transparency Coalition in accordance with the contractual requirements between the Center for International Policy (the Center) and the members of the Financial Transparency Coalition, and where applicable international financial reporting standards; 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. This also includes assessing that the financial statements are prepared using the appropriate basis of accounting.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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, whether due to fraud or error. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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. We design audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error because fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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, structure, and content of the financial statements, including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

As part of an audit, we exercise professional judgment and maintain professional skepticism throughout the audit. We also conclude on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether substantial doubt exists related to the Center's ability to continue as a going concern. If we conclude that substantial doubt exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Center to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies or material weaknesses in internal control that we identify during our audit.

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 from the Ministry of Foreign Affairs and other organizations and allowable expenses incurred by the Center for International Policy for the Financial Transparency Coalition for the year ended December 31, 2016, in accordance with the contractual basis of accounting between the Center for International Policy and the Financial Transparency Coalition.

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. 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 includes supplemental information on the Financial Transparency Coalition budget. 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. The information for the year ended December 31, 2016 has been subjected to the auditing procedures applied in the audit of the Financial Report for the Financial Transparency Coalition 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 other additional procedures in accordance with International Standards on Auditing. In our opinion, the information for the year ended December 31, 2016 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, and the funders of the Financial Transparency Coalition, and is not intended to be, and should not be, used by anyone other than these specified parties.

Turner, Leins & Gold, LLC

June 20, 2017
Rockville, MD



Turner, Leins & Gold, LLC
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL

Board of Directors
Center for International Policy

In planning and performing our audit of the special purpose report of the Financial Transparency Coalition for the year ended December 31, 2016, 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's 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 and the funders of the Financial Transparency Coalition, and is not intended to be, and should not be, used by anyone other than these specified parties.

Turner, Leins & Gold, LLC

June 20, 2017
Rockville, MD

FINANCIAL TRANSPARENCY COALITION

VI. 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 contract with the funders of the Financial Transparency Coalition, 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.

VII. Unspent Funds

As of December 31, 2016, the unspent balance forward of the Financial Transparency Coalition was:

Total unspent (overspent) funds for future use	<u>\$ (3,246)</u>
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CENTER FOR INTERNATIONAL POLICY
FINANCIAL TRANSPARENCY COALITION
AND
NORWEGIAN MINISTRY FOR FOREIGN AFFAIRS
FINANCIAL TRANSPARENCY COALITION

FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2016

	Total Financial Transparency Coalition Actual	Total Financial Transparency Coalition Budget	Total Financial Transparency Variance to Budget
Current Year Activity:			
Receipts:			
Grant income	\$ 2,616,562	\$ 2,887,556	\$ 270,994
Interest income	183	-	(183)
	<hr/>	<hr/>	<hr/>
Total receipts	2,616,745	2,887,556	270,811
Expenses:			
Personnel and benefits	338,433	484,411	145,978
Accounting and bookkeeping	9,600	15,000	5,400
Consultants	94,373	157,811	63,438
Contributions - other organizations	1,112,048	1,290,408	178,360
Meetings	3,195	176,500	173,305
Supplies and miscellaneous	266	26,438	26,172
Printing	1,119	2,100	981
Rent	52,284	51,369	(915)
Staff development	75	3,000	2,925
Subscriptions	981	570	(411)
Telephone	1,004	2,100	1,096
Computer/internet/Web	5,551	13,644	8,093
Travel	161,268	125,977	(35,291)
Other planned costs	-	253,995	253,995
Overhead fee	94,214	187,559	93,345
Write off prior year check, never cashed	(1,000)	-	1,000
	<hr/>	<hr/>	<hr/>
Total expenses	1,873,411	2,790,882	917,471
	<hr/>	<hr/>	<hr/>
Current year unspent (overspent) funds	743,334		
Funds transferred to Third Sector New England	(1,287,467)		
Prior year unspent funds	<hr/> 540,887		
Current year overspent funds	<hr/> <u>\$ (3,246)</u>		

**Schedule of Cash Receipts and
Expenditures for the
Financial Transparency Coalition**

Third Sector New England, Inc.

**For the Period October 1, 2016 through
December 31, 2016**



THIRD SECTOR NEW ENGLAND, INC.

***Schedule of Cash Receipts and Expenditures for
the Financial Transparency Coalition***

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500 Boylston Street ■ Boston, MA 02116
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Independent Auditors' Report

Board of Directors
Third Sector New England, Inc.
Boston, Massachusetts

Report on the Schedule of Cash Receipts and Expenditures for the Financial Transparency Coalition

We have audited the accompanying Schedule of Cash Receipts and Expenditures for the Financial Transparency Coalition program of Third Sector New England, Inc. ("TSNE"), and the related notes to the statement for the period October 1, 2016 through December 31, 2016 ("the statement").

Management's Responsibility for the Statement

Management is responsible for the preparation and fair presentation of this statement in accordance with the cash receipts and expenditures basis of accounting described in Note 2; this includes determining that the cash receipts and disbursements basis of accounting is an acceptable basis for the preparation of this statement in the circumstances, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on this statement based on our audit. 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 statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the statement, 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 statement 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 statement.

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



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Opinion

In our opinion, the statement referred to above presents fairly, in all material respects, the cash receipts and expenditures of the Financial Transparency Coalition program of TSNE for the period October 1, 2016 through December 31, 2016 in accordance with the cash receipts and expenditures basis of accounting described in Note 2.

Basis of Accounting and Restriction on Distribution and Use

We draw attention to Note 2 to the financial statement, which describes the basis of accounting. The statement is presented to provide information regarding the funding sources and use of funds of the Financial Transparency Coalition program of TSNE. As a result, the statement may not be suitable for another purpose. This report is intended solely for the information and use of the board of directors, the funders of the Financial Transparency Coalition, and TSNE and is not intended to be, and should not be used or distributed to anyone other than these specified parties. Our opinion is not modified with respect to the basis of accounting matter.

Maya Hoffman McCann P.C.

June 30, 2017
Boston, Massachusetts

THIRD SECTOR NEW ENGLAND, INC.

Schedule of Cash Receipts and Expenditures for the Financial Transparency Coalition

For the period October 1, 2016 through December 31, 2016

Receipts:

Grant income	\$ 425,000
Funds transferred from Center for International Policy	1,287,467
Total receipts	<u>1,712,467</u>

Expenses:

Consultants	110,212
Salaries and benefits	93,250
Travel and meetings	16,404
Office supplies and administrative expenses	2,079
Subscriptions	1,610
Miscellaneous	221
Overhead	17,499
Total expenses	<u>241,275</u>

Unspent funds	\$ <u>1,471,192</u>
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THIRD SECTOR NEW ENGLAND, INC.

Notes to Schedule of Cash Receipts and Expenditures for the Financial Transparency Coalition

For the period October 1, 2016 through December 31, 2016

Note 1 - Organization and Nature of Activities

The Center for International Policy, Inc. received a grant from funders of the Financial Transparency Coalition program for 2015 through 2017. This grant is a renewal of the previous grant for the years 2012, 2013 and 2014 and includes all carryover amounts from the initial grant. The grant period covered by this audit is the period October 1, 2016 through December 31, 2016. The grant is for the Center for International Policy, Inc.'s project work for the Financial Transparency Coalition. The Center for International Policy received major funding from the Norwegian Ministry of Foreign Affairs, Foundation to Promote Open Society, The William and Flora Hewlett Foundation, the Ministry for Foreign Affairs of Finland, and Omidyar Network Fund, Inc. Effective October 1, 2016, the Financial Transparency Coalition program (the "Program") and its operations were transferred from the Center for International Policy to Third Sector New England, Inc. ("TSNE") and was to be administered by TSNE from that date forward.

TSNE is a nonprofit corporation, which offers programs and provides services for nonprofit organizations, foundations and other capacity builders involved in community activities. TSNE's mission is to provide information and services to build the knowledge, power and effectiveness of nonprofit organizations that engage people in community and public life and to promote wider recognition of community-based organizations as the primary stewards of societal values. Operations include the NonProfit Center, fiscal sponsorship, consulting services and grant making programs. TSNE's Fiscal Sponsorship program forms partnerships with community coalitions and grassroots organizations whose purposes are consistent with TSNE's mission. These partnerships combine TSNE's financial management and administrative expertise with the subject-matter knowledge of the community partner in furtherance of the mutual purposes.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The accompanying Schedule of Cash Receipts and Expenditures for the Financial Transparency Coalition ("the statement") is presented on the cash basis of accounting for receipts and allowable expenses incurred by the Program have been prepared using the accrual basis of accounting in accordance with the contractual guidelines required by the funder for the Financial Transparency Coalition. Because the statement presents only a selected portion of the operations of TSNE, it is not intended to and does not present the financial position, results of operations or cash flows of TSNE.

Allocation of Expenditures

Expenditures are recorded to the project based on actual costs incurred in accordance with the budget as approved by the Financial Transparency Coalition. As the various grants given to the Financial Transparency Coalition may support particular projects within the Program, expenditures allocated to Financial Transparency Coalition are based upon the specific identification of costs to the Financial Transparency Coalition's various projects, with the exception of fringe benefits and indirect costs (overhead). These costs are allocated based upon a reasonable allocation of cost utilizing the following methods: fringe benefits are allocated based on direct labor costs at rates of up to 25% for full time employees and 9.4% for part time employees labor costs, and indirect costs are allocated based on rates between 5% and 10% of total direct costs. Indirect costs associated with Norwegian Ministry of Foreign Affairs funded projects are allocated using a rate of 5%.