

FINANCIAL STATEMENTS



**FOR THE YEARS ENDED
DECEMBER 31, 2014 AND 2013**

GLOBAL INTEGRITY

CONTENTS

	PAGE NO.
INDEPENDENT AUDITOR'S REPORT	2
EXHIBIT A - Statements of Financial Position, as of December 31, 2014 and 2013	3
EXHIBIT B - Statements of Activities and Changes in Net Assets, for the Years Ended December 31, 2014 and 2013	4 - 5
EXHIBIT C - Statement of Functional Expenses, for the Year Ended December 31, 2014	6 - 8
EXHIBIT D - Statement of Functional Expenses, for the Year Ended December 31, 2013	9 - 10
EXHIBIT E - Statements of Cash Flows, for the Years Ended December 31, 2014 and 2013	11
NOTES TO FINANCIAL STATEMENTS	12 - 17

GELMAN, ROSENBERG

& FREEDMAN

CERTIFIED PUBLIC ACCOUNTANTS



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Global Integrity
Washington, D.C.

We have audited the accompanying financial statements of Global Integrity, which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities and changes in net assets, 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 audits 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Global Integrity as of December 31, 2014 and 2013, 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.

June 23, 2015

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GLOBAL INTEGRITY

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2014 AND 2013

ASSETS

	<u>2014</u>	<u>2013</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 533,383	\$ 439,332
Accounts receivable (Note 11)	14,297	12,626
Note receivable (Note 2)	-	95,190
Grants receivable (Note 3)	1,962,519	1,512,990
Prepaid expenses	<u>69,068</u>	<u>32,710</u>
Total current assets	<u>2,579,267</u>	<u>2,092,848</u>
FURNITURE AND EQUIPMENT		
Equipment	845	845
Furniture	129,391	28,187
Computer equipment	49,500	22,722
Leasehold improvements	<u>23,285</u>	<u>17,939</u>
	203,021	69,693
Less: Accumulated depreciation and amortization	<u>(63,646)</u>	<u>(36,149)</u>
Net furniture and equipment	<u>139,375</u>	<u>33,544</u>
OTHER ASSETS		
Security deposit	71,000	84,582
Grants receivable, net of current portion (Note 3)	<u>1,089,858</u>	<u>1,636,698</u>
Total other assets	<u>1,160,858</u>	<u>1,721,280</u>
TOTAL ASSETS	<u>\$ 3,879,500</u>	<u>\$ 3,847,672</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Capital lease payable (Note 4)	\$ 37,243	\$ -
Accounts payable and accrued liabilities	251,060	195,175
Deferred revenue	43,841	5,685
Current portion of deferred rent (Note 8)	-	9,222
Sublease security deposit	<u>6,500</u>	<u>-</u>
Total current liabilities	<u>338,644</u>	<u>210,082</u>
NONCURRENT LIABILITIES		
Deferred rent (Note 8)	<u>306,531</u>	<u>-</u>
Total liabilities	<u>645,175</u>	<u>210,082</u>
NET ASSETS		
Unrestricted	50,719	(170,288)
Temporarily restricted (Note 6)	<u>3,183,606</u>	<u>3,807,878</u>
Total net assets	<u>3,234,325</u>	<u>3,637,590</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,879,500</u>	<u>\$ 3,847,672</u>

GLOBAL INTEGRITY

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

	2014		
	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
Foundation grants	\$ -	\$ 2,236,328	\$ 2,236,328
Other revenue (Note 8)	471,017	-	471,017
Net assets released from donor restrictions (Note 7)	<u>2,790,600</u>	<u>(2,790,600)</u>	<u>-</u>
Total support and revenue	<u>3,261,617</u>	<u>(554,272)</u>	<u>2,707,345</u>
EXPENSES			
Program Services:			
Africa Integrity Indicators	580,778	-	580,778
Political Finance Transparency	572,502	-	572,502
Indaba	567,019	-	567,019
Open Government Partnership	165,100	-	165,100
State Integrity Investigation	121,298	-	121,298
Global Integrity Report	94,126	-	94,126
Governance Data Alliance	42,598	-	42,598
UNDP User's Guide	24,538	-	24,538
Hewlett Videoconferencing	8,545	-	8,545
Follow the Money - Mexico	2,655	-	2,655
Opening Government T/AI	2,020	-	2,020
Web Index	-	-	-
Foglamp	-	-	-
Innovation Fund	-	-	-
Total program services	<u>2,181,179</u>	<u>-</u>	<u>2,181,179</u>
Supporting Services:			
Management and General	750,299	-	750,299
Fundraising	<u>109,132</u>	<u>-</u>	<u>109,132</u>
Total supporting services	<u>859,431</u>	<u>-</u>	<u>859,431</u>
Total expenses	<u>3,040,610</u>	<u>-</u>	<u>3,040,610</u>
Changes in net assets before other item	221,007	(554,272)	(333,265)
OTHER ITEM			
Return of funds (Note 12)	<u>-</u>	<u>(70,000)</u>	<u>(70,000)</u>
Changes in net assets	221,007	(624,272)	(403,265)
Net assets at beginning of year	<u>(170,288)</u>	<u>3,807,878</u>	<u>3,637,590</u>
NET ASSETS AT END OF YEAR	<u>\$ 50,719</u>	<u>\$ 3,183,606</u>	<u>\$ 3,234,325</u>

See accompanying notes to financial statements.

2013		
Unrestricted	Temporarily Restricted	Total
\$ -	\$ 844,704	\$ 844,704
601,385	-	601,385
<u>2,131,735</u>	<u>(2,131,735)</u>	<u>-</u>
<u>2,733,120</u>	<u>(1,287,031)</u>	<u>1,446,089</u>
559,323	-	559,323
-	-	-
376,202	-	376,202
131,324	-	131,324
69,318	-	69,318
28,597	-	28,597
-	-	-
-	-	-
-	-	-
-	-	-
355,961	-	355,961
160,844	-	160,844
<u>100,975</u>	<u>-</u>	<u>100,975</u>
<u>1,782,544</u>	<u>-</u>	<u>1,782,544</u>
501,966	-	501,966
<u>30,534</u>	<u>-</u>	<u>30,534</u>
<u>532,500</u>	<u>-</u>	<u>532,500</u>
<u>2,315,044</u>	<u>-</u>	<u>2,315,044</u>
418,076	(1,287,031)	(868,955)
<u>-</u>	<u>(100,000)</u>	<u>(100,000)</u>
418,076	(1,387,031)	(968,955)
<u>(588,364)</u>	<u>5,194,909</u>	<u>4,606,545</u>
<u>\$ (170,288)</u>	<u>\$ 3,807,878</u>	<u>\$ 3,637,590</u>

See accompanying notes to financial statements.

GLOBAL INTEGRITY

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Program Services				
	Africa Integrity Indicators	Political Finance Transparency	Indaba	Open Government Partnership	State Integrity Investigation
Salaries and related benefits (Note 9)	\$ 211,195	\$ 83,823	\$ 271,140	\$ 112,174	\$ 24,647
Printing and production	-	-	700	-	-
Utilities and other facilities expense	-	-	-	-	-
Professional fees	76,569	12,064	656	3,551	-
Occupancy (Note 8)	59,271	31,477	82,211	34,471	8,403
Accounting	14,330	5,057	7,229	5,508	1,349
Insurance	2,206	1,040	4,336	1,357	147
Depreciation and amortization	5,316	3,588	7,495	3,499	1,122
Travel	13,501	3,923	8,170	1,196	1,058
Local experts and contractors	179,419	24,909	-	-	18,642
Postage and delivery	26	-	-	-	-
Repairs and maintenance	-	-	-	-	-
Supplies	332	-	267	-	-
Meetings and conventions	-	-	-	-	-
Advertising and promotion	1,505	-	308	-	-
Bank and other fees	3,067	1,766	4,453	1,758	422
Interest expense	373	208	422	176	92
Equipment	1,113	-	-	-	-
Grants	-	402,815	-	-	64,600
Database/telecommunications	8,747	1,832	179,253	1,410	816
Other	3,808	-	379	-	-
TOTAL	\$ 580,778	\$ 572,502	\$ 567,019	\$ 165,100	\$ 121,298

Global Integrity Report	Governance Data Alliance	UNDP User's Guide	Hewlett Videoconferencing	Follow the Money - Mexico	Opening Government T/AI	Total Program Services
\$ 52,893	\$ -	\$ 4,053	\$ -	\$ 1,903	\$ 1,455	\$ 763,283
-	-	-	-	-	-	700
-	-	-	-	-	-	-
500	22,362	19,200	-	-	-	134,902
18,238	-	874	-	427	367	235,739
2,465	-	152	-	70	48	36,208
740	-	26	-	3	5	9,860
1,589	-	124	3,253	140	69	26,195
45	16,236	-	-	-	-	44,129
16,070	-	-	-	-	-	239,040
-	-	-	-	-	-	26
-	-	-	-	-	-	-
-	-	-	-	-	-	599
-	-	-	-	-	-	-
-	-	-	-	-	-	1,813
1,131	-	49	-	52	28	12,726
21	-	6	-	3	4	1,305
-	-	-	5,292	-	-	6,405
-	-	-	-	-	-	467,415
434	4,000	54	-	57	44	196,647
-	-	-	-	-	-	4,187
\$ 94,126	\$ 42,598	\$ 24,538	\$ 8,545	\$ 2,655	\$ 2,020	\$ 2,181,179

GLOBAL INTEGRITY

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014

	Supporting Services			Total Expenses
	Management and General	Fundraising	Total Supporting Services	
Salaries and related benefits (Note 9)	\$ 340,427	\$ 68,929	\$ 409,356	\$ 1,172,639
Printing and production	1,808	34	1,842	2,542
Utilities and other facilities expense	31,439	-	31,439	31,439
Professional fees	66,826	1,776	68,602	203,504
Occupancy (Note 8)	99,252	15,692	114,944	350,683
Accounting	25,246	5,571	30,817	67,025
Insurance	6,858	392	7,250	17,110
Depreciation and amortization	119	1,183	1,302	27,497
Travel	40,540	10,918	51,458	95,587
Local experts and contractors	-	-	-	239,040
Postage and delivery	365	-	365	391
Repairs and maintenance	532	-	532	532
Supplies	22,788	-	22,788	23,387
Meetings and conventions	-	2,409	2,409	2,409
Advertising and promotion	-	-	-	1,813
Bank and other fees	4,734	502	5,236	17,962
Interest expense	2,424	69	2,493	3,798
Equipment	12,897	939	13,836	20,241
Grants	-	-	-	467,415
Database/telecommunications	83,181	705	83,886	280,533
Other	10,863	13	10,876	15,063
TOTAL	\$ 750,299	\$ 109,132	\$ 859,431	\$ 3,040,610

GLOBAL INTEGRITY

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Program Services					
	Africa Integrity Indicators	Indaba	Open Government Partnership	State Integrity Investigation	Global Integrity Report	Web Index
Salaries and related benefits (Note 9)	\$ 271,247	\$ 157,821	\$ 93,763	\$ 62,638	\$ 6,437	\$ 53,751
Printing and production	-	116	-	-	-	-
Professional fees	14,083	1,854	4,262	-	-	141,258
Occupancy (Note 8)	38,565	26,254	9,989	3,876	570	6,570
Accounting	5,236	-	-	-	-	-
Insurance	2,354	2,042	1,030	301	44	511
Depreciation and amortization	4,216	3,657	1,845	540	78	915
Travel	23,114	4,537	17,426	997	2,010	2,307
Local experts and contractors	159,320	-	-	-	2,980	141,291
Postage and delivery	86	-	76	-	-	-
Repairs and maintenance	-	-	-	-	-	-
Supplies	2,064	176	-	-	-	-
Meetings and conventions	-	-	-	-	-	-
Advertising and promotion	7,407	-	-	-	-	-
Bank and other fees	10,188	75	150	-	-	8,152
Interest expense	-	-	-	-	-	-
Equipment	2,695	-	-	-	-	-
Database/telecommunications	16,162	179,670	2,501	966	16,478	1,206
Miscellaneous	2,586	-	282	-	-	-
TOTAL	\$ 559,323	\$ 376,202	\$ 131,324	\$ 69,318	\$ 28,597	\$ 355,961

		Supporting Services					
Foglamp	Innovation Fund	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses	
\$ 106,003	\$ 49,730	\$ 801,390	\$ 257,679	\$ 21,301	\$ 278,980	\$ 1,080,370	
58	-	174	2,273	-	2,273	2,447	
9,087	10,572	181,116	35,705	-	35,705	216,821	
2,260	8,524	96,608	49,835	1,348	51,183	147,791	
1,600	-	6,836	54,190	-	54,190	61,026	
176	663	7,121	3,623	105	3,728	10,849	
315	1,187	12,753	6,490	188	6,678	19,431	
1,268	-	51,659	12,118	5,862	17,980	69,639	
32,625	27,188	363,404	-	-	-	363,404	
13	-	175	190	-	190	365	
-	-	-	3,150	-	3,150	3,150	
27	-	2,267	6,975	-	6,975	9,242	
-	-	-	1,792	493	2,285	2,285	
-	-	7,407	6,000	-	6,000	13,407	
906	1,534	21,005	-	-	-	21,005	
-	-	-	3,583	-	3,583	3,583	
-	-	2,695	-	-	-	2,695	
6,506	1,577	225,066	46,910	1,237	48,147	273,213	
-	-	2,868	11,453	-	11,453	14,321	
\$ 160,844	\$ 100,975	\$ 1,782,544	\$ 501,966	\$ 30,534	\$ 532,500	\$ 2,315,044	

GLOBAL INTEGRITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (403,265)	\$ (968,955)
Adjustments to reconcile in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	27,497	19,431
Gain on disposal of furniture and equipment	-	(535)
(Increase) decrease in:		
Accounts receivable	(1,671)	34,830
Note receivable	95,190	(95,190)
Grants receivable	97,311	942,311
Prepaid expenses	(36,358)	11,086
Security deposit	13,582	(66,012)
Increase (decrease) in:		
Accounts payable and accrued liabilities	55,885	(63,360)
Deferred revenue	38,156	5,685
Capital lease payable	37,243	-
Deferred rent	297,309	(35,123)
Sublease security deposit	<u>6,500</u>	<u>-</u>
Net cash provided (used) by operating activities	<u>227,379</u>	<u>(215,832)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of furniture and equipment	(133,328)	(2,651)
Proceeds from sale of furniture and equipment	<u>-</u>	<u>1,983</u>
Net cash used by investing activities	<u>(133,328)</u>	<u>(668)</u>
Net increase (decrease) in cash and cash equivalents	94,051	(216,500)
Cash and cash equivalents at beginning of year	<u>439,332</u>	<u>655,832</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 533,383</u>	<u>\$ 439,332</u>
SUPPLEMENTAL INFORMATION:		
Interest Paid	<u>\$ 3,798</u>	<u>\$ 3,583</u>

GLOBAL INTEGRITY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2014 AND 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

Global Integrity is a non-profit organization, organized and incorporated in Washington, D.C. during September 2005, commencing operations on January 1, 2006. Global Integrity generates, synthesizes, and disseminates credible, comprehensive and timely information on governance and corruption trends around the world. As an independent information provider, employing on-the-ground expertise, Global Integrity produces original reporting and quantitative analysis in the global public interest regarding accountable and democratic governance. Global Integrity is meant to serve simultaneously as a roadmap for engaged citizens, a reform checklist for policymakers, and a guide to the business climate for investors.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with FASB ASC 958, *Not-for-Profit Entities*.

Cash and cash equivalents -

Global Integrity considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, Global Integrity maintains cash balances in excess of the FDIC limits. Management believes the risk in these situations to be minimal.

Foreign currency translation -

The dollar ("Dollars") is the functional currency for Global Integrity operations. Transactions in currencies other than U.S. Dollars are translated into Dollars at the rate of exchange in effect during the month of the transaction.

Accounts and grants receivable -

Accounts and grants receivable approximate fair value. Management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

Furniture and equipment -

Furniture and equipment are stated at cost. Furniture and equipment within an acquisition value of \$500 or more are capitalized and depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to five years. Leasehold improvements are amortized over the remaining life of the lease. The cost of maintenance and repairs is recorded as expenses are incurred.

Income taxes -

Global Integrity 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. Global Integrity is not a private foundation.

Uncertain tax positions -

For the years ended December 31, 2014 and 2013, Global Integrity has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

GLOBAL INTEGRITY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2014 AND 2013

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

Uncertain tax positions (continue) -

The Federal Form 990, *Return of Organization Exempt from Income Tax*, is subject to examination by the Internal Revenue Service, generally for three years after it is filed.

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 Global Integrity 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 Global Integrity and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities and Changes in Net Assets as net assets released from restrictions.

Grants -

Unrestricted and temporarily restricted grants are recorded as revenue in the year notification is received from the donor. Temporarily restricted 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 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 the 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.

2. NOTE RECEIVABLE

On September 4, 2013, Global Integrity entered into a promissory note receivable with another organization for \$95,190. This note bears no interest and monthly payments of \$15,865 were due to Global Integrity beginning April 30, 2014. During the year, the promissory note receivable was paid off. The balance on the promissory note receivable as of December 31, 2014 and 2013 was \$0 and \$95,190.

GLOBAL INTEGRITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

3. GRANTS RECEIVABLE

All grants receivable are considered to be collectible within one year, unless otherwise stated by the donor. Grants due in more than one year have been recorded at the present value of the estimated cash flows, using a discount rate of 3.25%.

Grants are due as follows at December 31, 2014:

Less than one year	\$ 1,962,519
One to five years	<u>1,130,000</u>
Total	3,092,519
Less: Allowance to discount balance to present value	<u>(40,142)</u>
GRANTS RECEIVABLE, NET	<u>\$ 3,052,377</u>

4. CAPITAL LEASE PAYABLE

In 2014, Global Integrity entered into a capital lease obligation for office furniture. The lease is shared with another organization and Global Integrity is responsible for 50% of the obligation. Global Integrity's proportionate share of payments in the amount of \$3,285 began April 2014 and will continue through December 2015. As of December 31, 2014, the cost and related accumulated amortization of Global Integrity's share of the leased assets were \$101,204 and \$9,222, respectively. Amortization of assets held under the capital lease is included with depreciation expense.

On January 8, 2015, Global Integrity entered into a second capital lease obligation for equipment. The lease is also shared with another organization and Global Integrity is responsible for 50% of the obligation. Global Integrity's proportionate share of payments in the amount of \$1,550 begin January 2015 and will continue through December 2015 and are included in the below future minimum lease payments.

Future minimum lease payments at December 31, 2014 are as follows:

Year Ended December 31, 2015	<u>\$ 57,139</u>
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5. LINE OF CREDIT

During 2011, Global Integrity opened a line of credit (LOC) with Square 1 Bank that expires on June 30, 2015. The maximum amount that may be borrowed against the LOC is the lesser of \$100,000, or an amount equal to 80% of eligible accounts as determined by the bank. Borrowings against the LOC bear interest at a variable annual rate equal to the greater of 2.25% above the prime rate then in effect or 6%. As of December 31, 2014 and 2013, there were no outstanding balances on the LOC.

Terms of the agreement require Global Integrity to maintain an open funded deposit account, held with Square 1, not less than \$50,000 and other loan covenants. As of the date of this report, Global Integrity was in compliance with these requirements.

GLOBAL INTEGRITY

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at December 31, 2014 and 2013:

	2014	2013
Africa Integrity Indicators	\$ 919,514	\$ 1,479,844
State Integrity Investigation	368,102	-
Open Government Partnership	143,510	203,611
UNDP User's Guide	24,237	-
Political Finance Transparency	22,500	587,288
Hewlett Videoconferencing	20,649	-
Indaba	-	152,041
Global Integrity Report	-	43,750
Time Restricted (Future Year's Support)	1,685,094	1,341,344
	\$ 3,183,606	\$ 3,807,878

7. NET ASSETS RELEASED FROM RESTRICTIONS

The following temporarily restricted net assets were released from donor restrictions by incurring expenses (or through the passage of time), which satisfied the restricted purposes specified by the donors:

	2014	2013
Africa Integrity Indicators	\$ 580,778	\$ 550,777
Political Finance Transparency	572,502	-
Indaba	150,789	188,709
Open Government Partnership	165,100	131,323
State Integrity Investigation	121,298	-
Global Integrity Report	43,750	-
Governance Data Alliance	35,800	-
UNDP User's Guide	24,538	-
Hewlett Videoconferencing	8,545	-
South Africa Conference	-	8,545
CPI/GI/Public Radio	-	69,047
Passage of Time	1,087,500	1,183,334
	\$ 2,790,600	\$ 2,131,735

8. LEASE COMMITMENT

During 2012, Global Integrity entered into an operating lease agreement for office space. The lease term is 19-months, commencing on September 1, 2012. Global Integrity is responsible for its proportionate share of operating costs and real estate taxes. The lease ended in 2013.

During 2014, Global Integrity entered into an operating lease agreement for office space. The lease term is for a period of ten years, commencing on April 1, 2014. The lease is shared with another organization and Global Integrity is responsible for 50% of the rent and its proportionate share of operating costs and real estate taxes. The lease includes nine months of abated rent. Payments under the lease begin January 1, 2015.

GLOBAL INTEGRITY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2014 AND 2013

8. LEASE COMMITMENT (Continued)

Accounting principles generally accepted in the United States of America require that the total rent commitment should be recognized on a straight-line basis over the term of the lease. Accordingly, the difference between the actual monthly payments and the rent expense being recognized for financial statement purposes is recorded as a deferred rent liability in the Statements of Financial Position.

During 2011, Global Integrity entered into a lease agreement in South Africa for its foreign operations through June 30, 2012. During 2014, the lease was on a month-to-month basis. Monthly rent expense is included in the Statements of Activities and Changes in Net Assets.

Following is a schedule of future minimum lease payments required under the operating lease agreement:

<u>Year Ending December 31,</u>	
2015	\$ 355,805
2016	405,824
2017	415,983
2018	426,396
2019	441,688
Thereafter	<u>2,177,615</u>
	<u>\$ 4,223,311</u>

Total occupancy expense for the years ended December 31, 2014 and 2013 was \$350,683 and \$147,791, respectively. The deferred rent liability for the years ended December 31, 2014 and 2013 totaled \$306,531 and \$9,222, respectively.

During 2013 and 2014, Global Integrity entered into several agreements to sublease portions of its office space. For the years ended December 31, 2014 and 2013, Global Integrity received \$392,616 and \$187,863 of rental income, respectively, which is included in other revenue in the accompanying Statements of Activities and Changes in Net Assets.

9. RETIREMENT PLAN

Global Integrity has adopted a defined contribution plan, effective January 1, 2010, covering all full-time employees with a minimum age requirement of 18 years. For full-time employees, Global Integrity matches 100% of employee contributions up to 3%. Employee contributions over 3% are matched 50% by Global Integrity up to 5%. Contributions to the plan during the years ended December 31, 2014 and 2013 totaled \$20,081 and \$19,656, respectively.

10. CONCENTRATION OF REVENUE

Approximately 70% and 41% of Global Integrity's revenue for the years ended December 31, 2014 and 2013, respectively, was derived from several grants awarded by two private foundations. Global Integrity has no reason to believe that relationships with these agencies will be discontinued in the foreseeable future. However, any interruption of these relationships (i.e., the failure to renew grant agreements or withholding of funds) would adversely affect Global Integrity's ability to finance ongoing operations.

GLOBAL INTEGRITY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2014 AND 2013

11. FOREIGN OPERATIONS

Global Integrity opened a field office in South Africa in 2011. All activity from the field office is included in the accompanying financial statements. The program, Global Integrity Trust, is being funded by the Mo Ibrahim Foundation. During the year, Global Integrity wired funds to South Africa for general expenses. Amounts that were not expended as of year-end are recorded in Global Integrity's accounts receivable as an advance. As of December 31, 2014 and 2013, the balance of the advance totaled \$5,064 and \$10,963, respectively.

12. RETURN OF FUNDS

During 2014 and 2013, Global Integrity returned funds of \$70,000 and \$100,000, respectively, related to a grant. It was reasonably determined by the Grantor that the organization had not achieved certain metrics during the grant period. Accordingly, the return of funds has been reflected in the financial statements.

13. SUBSEQUENT EVENTS

In preparing these financial statements, Global Integrity has evaluated events and transactions for potential recognition or disclosure through June 23, 2015, the date the financial statements were issued.