



**GLOBAL INTEGRITY**  
Independent Information on Governance & Corruption

## **Financial Statements**

*For the Year Ended December 31, 2016*



**and  
Report Thereon**





*Certified Public Accountants*

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Global Integrity

We have audited the accompanying financial statements of Global Integrity, which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses and cash flows for the year 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 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 statements are free of 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, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Continued**

### **Correction of Error**

As discussed in Note 8 to the financial statements, Global Integrity has restated the financial statements during the current year to include the recognition of lease incentives and to properly report rent expense related to its office space operating lease agreement in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

*Raffa, P.C.*

**Raffa, P.C.**

Washington, DC  
March 1, 2017

**GLOBAL INTEGRITY**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2016**

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<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	\$ 919,512
Accounts receivable	9,779
Grants receivable, current portion	795,742
Prepaid expenses	<u>22,537</u>
Total Current Assets	1,747,570
Grants receivable, net of current portion	184,850
Property and equipment, net	1,053,408
Security deposit	<u>71,000</u>
<b>TOTAL ASSETS</b>	<b><u><u>\$ 3,056,828</u></u></b>
<b>LIABILITIES AND NET ASSETS</b>	
Liabilities	
Current liabilities	
Accounts payable and accrued expenses	\$ 96,581
Deferred revenue	43,456
Deferred rent and lease incentives, current portion	137,386
Sublease security deposit	<u>6,500</u>
Total Current Liabilities	283,923
Deferred rent and lease incentives, net of current portion	<u>1,517,264</u>
<b>TOTAL LIABILITIES</b>	<b><u>1,801,187</u></b>
Net Assets	
Unrestricted	124,783
Temporarily restricted	<u>1,130,858</u>
<b>TOTAL NET ASSETS</b>	<b><u>1,255,641</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u><u>\$ 3,056,828</u></u></b>

The accompanying notes are an integral part of these financial statements.

**GLOBAL INTEGRITY**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2016**

	Unrestricted	Temporarily Restricted	Total
<b>REVENUE AND SUPPORT</b>			
Program revenue – OpenGov Hub	\$ 1,085,647	\$ -	\$ 1,085,647
Grants	-	979,246	979,246
Other revenue	26,190	-	26,190
Interest income	75	-	75
Foreign currency loss	(14,252)	-	(14,252)
Net assets released from restrictions:			
Satisfaction of program restrictions	756,837	(756,837)	-
Satisfaction of time restrictions	500,004	(500,004)	-
	<b>2,354,501</b>	<b>(277,595)</b>	<b>2,076,906</b>
<b>TOTAL REVENUE AND SUPPORT</b>			
	<b>2,354,501</b>	<b>(277,595)</b>	<b>2,076,906</b>
<b>EXPENSES</b>			
Program Services:			
OpenGov Hub	1,066,828	-	1,066,828
Integrity and anti-corruption	546,934	-	546,934
Multi-stakeholder government initiatives	167,524	-	167,524
Open fiscal governance	49,283	-	49,283
Advocacy	8,498	-	8,498
Money, politics and transparency	4,147	-	4,147
	<b>1,843,214</b>	<b>-</b>	<b>1,843,214</b>
Total Program Services			
	<b>1,843,214</b>	<b>-</b>	<b>1,843,214</b>
Supporting Services:			
Management and general	456,126	-	456,126
Fundraising	124,078	-	124,078
	<b>580,204</b>	<b>-</b>	<b>580,204</b>
Total Supporting Services			
	<b>580,204</b>	<b>-</b>	<b>580,204</b>
<b>TOTAL EXPENSES</b>	<b>2,423,418</b>	<b>-</b>	<b>2,423,418</b>
<b>CHANGE IN NET ASSETS</b>	<b>(68,917)</b>	<b>(277,595)</b>	<b>(346,512)</b>
<b>NET ASSETS, BEGINNING OF YEAR, AS RESTATED</b>	<b>193,700</b>	<b>1,408,453</b>	<b>1,602,153</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 124,783</b>	<b>\$ 1,130,858</b>	<b>\$ 1,255,641</b>

The accompanying notes are an integral part of these financial statements.

**GLOBAL INTEGRITY**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the Year Ended December 31, 2016

	Program Services						Supporting Services				Total
	OpenGov Hub	Integrity and Anti-Corruption	Multi-Stakeholder Government Initiatives	Open Fiscal Governance	Advocacy	Money, Politics and Transparency	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Occupancy, utilities and other facilities costs	\$ 791,557	\$ 2,161	\$ 557	\$ 1,849	\$ -	\$ 272	\$ 796,396	\$ 50,786	\$ 4,300	\$ 55,086	\$ 851,482
Salaries and related benefits	123,324	209,003	72,455	26,985	5,396	1,879	439,042	315,512	77,248	392,760	831,802
Local experts and contractors	612	221,918	34,347	8,550	-	1,431	266,858	12,025	250	12,275	279,133
Depreciation and amortization	80,221	42,916	10,859	2,968	2,193	52	139,209	5,823	8,167	13,990	153,199
Accounting	11,758	27,029	6,814	2,577	315	127	48,620	33,170	8,126	41,296	89,916
Professional fees	173	13,180	941	-	-	-	14,294	2,006	12,000	14,006	28,300
Database and telecommunications	12,084	15,802	4,056	1,527	241	152	33,862	19,603	4,445	24,048	57,910
Supplies	31,941	480	183	53	7	4	32,668	1,088	144	1,232	33,900
Meetings and conventions	356	565	26,002	30	-	-	26,953	970	247	1,217	28,170
Travel	3,377	4,008	8,821	3,691	207	160	20,264	1,754	6,356	8,110	28,374
Bank and other fees	2,183	5,043	1,237	530	74	34	9,101	5,896	1,364	7,260	16,361
Insurance	2,055	4,631	1,231	509	63	35	8,524	6,218	1,409	7,627	16,151
Equipment	4,632	-	-	-	-	-	4,632	412	4	416	5,048
Other	2,473	32	-	-	-	-	2,505	795	-	795	3,300
Postage and delivery	69	117	12	4	2	-	204	20	10	30	234
Interest expense	13	49	9	10	-	1	82	48	8	56	138
<b>TOTAL EXPENSES</b>	<b>\$ 1,066,828</b>	<b>\$ 546,934</b>	<b>\$ 167,524</b>	<b>\$ 49,283</b>	<b>\$ 8,498</b>	<b>\$ 4,147</b>	<b>\$ 1,843,214</b>	<b>\$ 456,126</b>	<b>\$ 124,078</b>	<b>\$ 580,204</b>	<b>\$ 2,423,418</b>

The accompanying notes are an integral part of these financial statements.

**GLOBAL INTEGRITY**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended December 31, 2016**  
**Increase (Decrease) in Cash and Cash Equivalents**

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<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ (346,512)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	153,199
Changes in assets and liabilities:	
Accounts receivable	6,174
Grants receivable	458,033
Prepaid expenses	65,685
Accounts payable and accrued expenses	47,168
Deferred revenue	(4,601)
Deferred rent and lease incentives	<u>(119,755)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>259,391</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of furniture and equipment	<u>(1,019)</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(1,019)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	258,372
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>661,140</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>\$ 919,512</u></u>
<b>SUPPLEMENTAL INFORMATION</b>	
Interest paid	<u><u>\$ 138</u></u>

The accompanying notes are an integral part of these financial statements.

## GLOBAL INTEGRITY

### NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2016

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#### 1. Organization and Summary of Significant Accounting Policies

##### **Organization**

Global Integrity is a nonprofit organization, organized and incorporated in Washington, D.C., during September 2005, commencing operations on January 1, 2006. Global Integrity supports progress toward open and accountable governance in countries and communities around the world. As an independent information provider, facilitator and advocate, Global Integrity supports progress toward more open governance through a combination of data and research, country-level engagement and global advocacy.

Global Integrity established a registered entity in South Africa in 2011. The program, Global Integrity Trust, is currently inactive but has remained open for future use.

##### **Basis of Presentation**

The accompanying financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Consequently, revenue is recognized when earned, and expenses are recognized when incurred.

##### **Cash and Cash Equivalents**

Cash and cash equivalents include demand deposits, money market accounts and all highly liquid investments with initial maturities of three months or less.

##### **Foreign Currency Transactions**

The U.S. dollar is the functional currency for Global Integrity's operations. Transactions in currencies other than U.S. dollars are translated into U.S. dollars at the rate of exchange in effect during the month of the transaction. Current assets and liabilities denominated in non-U.S. currency are translated into U.S. dollars at the exchange rate in effect at the date of the accompanying statement of financial position. During the year ended December 31, 2016, Global Integrity recognized a loss of \$14,252 as a result of foreign currency devaluation on a receivable pledged in a foreign currency.

##### **Accounts and Grants Receivable**

Global Integrity uses the allowance method to record potentially uncollectible accounts and grants receivable.

##### **Property and Equipment and Related Depreciation and Amortization**

Property and equipment with an acquisition value of \$1,000 or more are capitalized at cost and depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to seven years. Leasehold improvements are amortized over the shorter of the lease term or useful life. The cost of property and equipment retired or disposed of is removed from the accounts along with the related accumulated depreciation or amortization, and any



## GLOBAL INTEGRITY

### NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2016

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#### 1. Organization and Summary of Significant Accounting Policies (continued)

##### **Property and Equipment and Related Depreciation and Amortization (continued)**

gain or loss is reflected in revenue and support or expenses in the accompanying statement of activities. Major additions are capitalized while replacements, maintenance and repairs that do not improve or extend the lives of the respective assets are expensed as incurred.

##### **Net Assets**

The net assets of Global Integrity are reported as follows:

- Unrestricted net assets represent the portion of expendable funds that are available for support of Global Integrity's operations.
- Temporarily restricted net assets represent amounts that are specifically restricted by donors or grantors for various purposes or time periods.

##### **Revenue Recognition**

Global Integrity recognizes all unconditional contributed support in the period in which the commitment to give is made. Grants are considered unrestricted revenue and available for general operations unless specifically restricted by the donor. Global Integrity reports grants of cash and other assets as temporarily restricted revenue and support if they are received with donor stipulations that limit the use of the donated assets to a particular purpose or to future periods. When the stipulated time restriction ends or the purpose of the restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statement of activities as net assets released from restrictions. Revenue recognized on grants that has been committed to Global Integrity, but has not been received, is reflected as grants receivable in the accompanying statement of financial position.

Program revenue is related to administrative services provided to other third-party nonprofit organizations under Global Integrity's collaborative arrangement of the OpenGov Hub (OGH) with another nonprofit organization, Development Gateway (DG) (see Note 5). As part of this program, other mission-aligned third-party nonprofit organizations pay licensing fees for the use of shared office space and event space, along with related services. Program revenue is recognized in the period to which it relates. Payments from third parties received in advance are deferred until earned, and are reflected in the accompanying statement of financial position as deferred revenue. Any fees for service revenue that is earned but not received is recorded in accounts receivable in the accompanying statement of financial position.

In accordance with accounting standards, collaborative arrangements in which Global Integrity is considered the principal organization, which is the case with the OGH arrangement, require Global Integrity to record and report costs incurred and revenue generated from transactions with parties that do not participate in the arrangement on a gross basis in the financial statements. Profit and loss sharing obligations to participants of these arrangements are reported as occupancy, utilities and other facilities costs in the accompanying financial statements.

## GLOBAL INTEGRITY

### NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2016

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#### 1. Organization and Summary of Significant Accounting Policies (continued)

##### **Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of activities. Accordingly, certain costs have been allocated proportionately among the programs and supporting services to which they relate on the basis of staff time and other direct labor costs.

##### **Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### 2. Grants Receivable

Grants receivable consist of grants from foundations and were due as follows at December 31, 2016:

Less than one year	\$ 795,742
One to five years	<u>190,803</u>
Total Grants Receivable	986,545
Less: Discount to Present Value	<u>(5,953)</u>
Grants Receivable, Net	<u>\$ 980,592</u>

Grants due in more than one year have been recorded at the present value of the estimated cash flows, using a discount rate of 3.12%. All amounts are expected to be fully collected.

#### 3. Property and Equipment and Accumulated Depreciation and Amortization

Global Integrity's property and equipment consisted of the following as of December 31, 2016:

Leasehold improvements	\$ 1,192,004
Furniture and fixtures	147,568
Computer and office equipment	<u>48,774</u>
Total Property and Equipment	1,388,346
Less: Accumulated Depreciation and Amortization	<u>(334,938)</u>
Property and Equipment, Net	<u>\$ 1,053,408</u>

Depreciation and amortization expense totaled \$153,199 for the year ended December 31, 2016.

Continued

## GLOBAL INTEGRITY

### NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2016

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#### 4. Temporarily Restricted Net Assets

Global Integrity's temporarily restricted net assets were available for the following purposes as of December 31, 2016:

Integrity and Anti-Corruption – Africa Integrity Indicators	\$ 603,598
Multi-Stakeholder Government Initiatives – Learning to Make All Voices Count	225,621
Integrity and Anti-Corruption – Why Citizens Act	46,552
General support – time-restricted for 2017	<u>255,087</u>
Total Temporarily Restricted Net Assets	<u>\$ 1,130,858</u>

#### 5. Collaborative Arrangement

In 2012, Global Integrity and DG established OGH, governed and supported by a memorandum of understanding (MOU) between the organizations. The purpose of OGH is to serve as a center for collaboration, learning and innovation on issues related to promoting open government reforms and to house the organizations that pursue these causes. Each organization using OGH reimburses Global Integrity for the use of the shared office and equipment, which is typically governed by one-year agreements.

Under the MOU, both parties equally share in the profits and losses of OGH, as well as the related financial obligations. The revenue and expenses of OGH are recorded in the statement of activities of Global Integrity in accordance with the Financial Accounting Standards Board Accounting Standards Codification Topic 808, *Collaborative Arrangements*. Operating revenue and expenses related to OGH for the year ended December 31, 2016, were \$1,085,647 and \$1,066,828, respectively. OGH revenue and expenses are reported in Program revenue – OpenGov Hub and OpenGov Hub expenses, respectively, in the accompanying statement of activities. Revenue and expenses related to OGH for the year ended December 31, 2016, for purposes of determining Global Integrity's share and DG's share of the operating results of OGH were \$1,202,314 and \$1,109,741, respectively, resulting in a net income of \$92,573. Revenue and expenses for the purposes of determining operating results were adjusted to reflect certain items of inclusion and exclusion identified and agreed upon between the organizations. As of December 31, 2016, \$46,287 representing the other organization's 50% share of the net operating results of OGH for the current year was recorded and reported in accounts payable and accrued expenses in the accompanying statement of financial position.

#### 6. Commitments and Risks

##### **Operating Leases**

Global Integrity and DG entered into a noncancelable lease agreement for office space that commenced on April 1, 2014, and expires in July 2024. Both organizations have joint and several liability for obligations under the lease agreement and, under a separate MOU, agreed

## GLOBAL INTEGRITY

### NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2016

#### 6. Commitments and Risks (continued)

##### **Operating Leases (continued)**

to share the responsibilities of the operating lease agreement equally. The terms of the office space lease required a maintenance of a letter of credit in lieu of a security deposit which is equivalent to three months of rent payments totaling \$194,315 and provided nine months of abated rent. The letter of credit amount required to be maintained will be further reduced on the second and fifth anniversaries of the lease agreement. Global Integrity paid \$71,000 to the other organization for its agreed share and contribution towards the cost of obtaining the letter of credit with a financial institution which the other organization has in its name. For the year ended December 31, 2016, the required letter of credit amount was \$129,544. The terms of the lease included a construction allowance totaling \$1,267,276, which Global Integrity and the other organization used to build out the office space. The lease also contains a fixed escalation clause for increases in the annual minimum rent at a rate of 2.5% per year.

Under GAAP, all rental payments, including fixed rent increases, less any rental abatements and other incentives are recognized on a straight-line basis over the term of the lease. The difference between the GAAP rent expense and the required lease payments is reflected as deferred rent and lease incentives in the accompanying statement of financial position.

As of December 31, 2016, future minimum lease payments required under this operating lease, exclusive of pass-through operating expenses were as follows:

<u>For the Year Ending December 31,</u>	<u>Global Integrity</u>	<u>Development Gateway</u>	<u>Total</u>
2017	\$ 415,983	\$ 415,983	\$ 831,966
2018	426,396	426,396	852,792
2019	441,688	441,688	883,376
2020	454,276	454,276	908,552
2021	465,618	465,618	931,236
Thereafter	<u>1,257,721</u>	<u>1,257,721</u>	<u>2,515,442</u>
Total	<u>\$ 3,461,682</u>	<u>\$ 3,461,682</u>	<u>\$ 6,923,364</u>

Rent expense totaled \$698,687 for the year ended December 31, 2016, and is included in occupancy, utilities and other facilities costs in the accompanying statement of functional expenses.

##### **Pledged Account Related to Credit Card**

Global Integrity holds a credit card with a financial institution in the amount of \$50,000 which expires December 14, 2017. Amounts drawn on the credit card accrue interest at the bank's daily periodic rate and are payable on demand. The periodic rate as of December 31, 2016, was 15.99%. The credit card is secured by a pledge agreement which grants the financial institution a security interest in Global Integrity's money market account held at the financial institution, and requires Global Integrity to comply with certain nonfinancial covenants. The outstanding balance as of December 31, 2016, was \$10,177 and is included in accounts payable in the accompanying statement of financial position.

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## GLOBAL INTEGRITY

### NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2016

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#### 6. Commitments and Risks (continued)

##### **Concentration of Credit Risk**

Global Integrity maintains its cash and cash equivalents with certain commercial financial institutions, which aggregate balances may exceed, at times, the Federal Deposit Insurance Corporation (FDIC) insured limit of \$250,000 per depositor per institution. As of December 31, 2016, Global Integrity had approximately \$920,000 composed of demand deposits, which exceeded the maximum limit insured by the FDIC by approximately \$670,000. Global Integrity monitors the creditworthiness of these institutions and has not experienced any historical credit losses on its cash and cash equivalents.

##### **Concentration of Revenue**

For the year ended December 31, 2016, Global Integrity received \$596,410 from a major grantor. The grant represented approximately 61% of the total grants recognized by Global Integrity for the year ended December 31, 2016. As of December 31, 2016, Global Integrity was owed \$758,910, or 77% of grants receivable, from this grantor. If a significant reduction in funding from these grantors was to occur, it might adversely impact Global Integrity's financial position and ability to carry out its program activities.

#### 7. Retirement Plan

Global Integrity maintains a defined contribution pension plan covering substantially all full-time employees over the minimum age of 18 years. All contributions to the plan are fully vested. Global Integrity matches elective employee deferrals on a dollar-for-dollar basis up to 3% of compensation, and for deferrals over the 3% there is an additional 50% match up to 5% of compensation. Pension expense for the year ended December 31, 2016, totaled \$21,845.

#### 8. Prior Period Adjustments

In April 2014, Global Integrity entered into an office space lease agreement under a joint tenancy arrangement with another nonprofit organization for its current office space in Washington, D.C. As an incentive to enter into the lease, the landlord provided a construction (build-out) allowance, which was fully utilized. Global Integrity did not record its share of the lease incentives and related assets in accordance with GAAP, which required Global Integrity to record an asset related to the leasehold improvements used and a corresponding lease incentive liability. The related balances will be amortized over the life of the lease against amortization and rent expense, respectively. In addition, Global Integrity incorrectly recognized only 50% of total rent expense and related deferred rent liability required to be recognized in accordance with GAAP. Accordingly, the following adjustments were made to properly restate its 2015 financial statements: leasehold improvement costs of \$1,267,276 were recognized with the related accumulated amortization expense of \$214,620 for a net book value of \$1,052,656; lease incentive liability of \$1,052,656 was recognized; deferred rent

## GLOBAL INTEGRITY

### NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2016

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#### 8. Prior Period Adjustments (continued)

liability of \$362,317 was recognized; a credit to rent expense of \$122,640 was recognized; and amortization expense of \$122,640 was recognized. The net effect of these adjustments on the total net asset balances or changes in net assets of Global Integrity as of and for the year ended December 31, 2015, was \$362,317.

#### 9. Income Taxes

Global Integrity qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (the IRC) and is classified as a publicly supported organization under Section 509(a)(1) of the IRC. No provision for income taxes is required for the year ended December 31, 2016, as Global Integrity had no net unrelated business income.

Global Integrity performed an evaluation of uncertainty in income taxes for the year ended December 31, 2016, and determined that there are no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. As of December 31, 2016, the statute of limitations for tax years 2013 through 2015 remains open with the U.S. federal jurisdiction and/or the various states and local jurisdictions in which Global Integrity files tax returns. Global Integrity is not currently under audit by the U.S. Internal Revenue Service. It is Global Integrity's policy to recognize interest and penalties related to uncertainty in income taxes, if any, in income tax expense. As of December 31, 2016, Global Integrity had no accruals for interest and/or penalties.

#### 10. Subsequent Events

In preparing these financial statements, Global Integrity has evaluated events and transactions for potential recognition or disclosure through November 6, 2017, the date the financial statements were issued.