

THE SOCIAL PERFORMANCE TASK FORCE, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2017

THE SOCIAL PERFORMANCE TASK FORCE, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors of
The Social Performance Task Force, Inc.

We have audited the accompanying financial statements of The Social Performance Task Force, Inc. (the Organization), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities 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.

Auditors' 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 auditors' 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 auditors consider 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 The Social Performance Task Force, Inc. as of December 31, 2017 and 2016, and the related statements of activities and change in net assets and cash flows for and the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The additional information on page 12 and 13 is presented for purposes of additional analysis and is not a required part of the financial statements. 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 statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Calibre CPA Group, PLLC

Bethesda, MD
May 18, 2018

THE SOCIAL PERFORMANCE TASK FORCE, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and cash equivalents	\$ 2,052,974	\$ 1,451,781
Contributions receivable	1,604,899	1,126,031
Prepaid expenses	74,407	-
Property and equipment, net	<u>31,515</u>	<u>56,726</u>
Total assets	<u>\$ 3,763,795</u>	<u>\$ 2,634,538</u>
LIABILITIES		
Accounts payable and accrued expenses	<u>\$ 82,108</u>	<u>\$ 78,149</u>
NET ASSETS		
Unrestricted	25,757	(48,902)
Temporarily restricted	<u>3,655,930</u>	<u>2,605,291</u>
Total net assets	<u>3,681,687</u>	<u>2,556,389</u>
Total liabilities and net assets	<u>\$ 3,763,795</u>	<u>\$ 2,634,538</u>

See accompanying notes to financial statements.

THE SOCIAL PERFORMANCE TASK FORCE, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2017

	Unrestricted	Temporarily Restricted	Total
REVENUE AND OTHER SUPPORT			
Grant revenue	\$ -	\$ 2,514,886	\$ 2,514,886
Meeting registration & sponsorship	63,335	-	63,335
Investment income	1,242	-	1,242
Gain on currency translation	-	130,742	130,742
Other income	31,670	-	31,670
Net assets released from restriction	<u>1,594,989</u>	<u>(1,594,989)</u>	<u>-</u>
Total revenue and support	<u>1,691,236</u>	<u>1,050,639</u>	<u>2,741,875</u>
EXPENSES			
Program services	<u>1,369,651</u>	<u>-</u>	<u>1,369,651</u>
Support services			
Fundraising	72,623	-	72,623
General and administrative	<u>174,303</u>	<u>-</u>	<u>174,303</u>
Total support services	<u>246,926</u>	<u>-</u>	<u>246,926</u>
Total expenses	<u>1,616,577</u>	<u>-</u>	<u>1,616,577</u>
CHANGE IN NET ASSETS	74,659	1,050,639	1,125,298
NET ASSETS			
Beginning of year	<u>(48,902)</u>	<u>2,605,291</u>	<u>2,556,389</u>
End of year	<u>\$ 25,757</u>	<u>\$ 3,655,930</u>	<u>\$ 3,681,687</u>

See accompanying notes to financial statements.

THE SOCIAL PERFORMANCE TASK FORCE, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2016

	Unrestricted	Temporarily Restricted	Total
REVENUE AND OTHER SUPPORT			
Grant revenue	\$ 357,937	\$ 125,275	\$ 483,212
Meeting registration & sponsorship	31,117	-	31,117
In-kind donations	102,901	-	102,901
Investment income	539	-	539
Loss on currency translation	-	(35,810)	(35,810)
Other income	1,497	-	1,497
Net assets released from restriction	1,249,537	(1,249,537)	-
Total revenue and support	1,743,528	(1,160,072)	583,456
EXPENSES			
Program services	1,493,545	-	1,493,545
Support services			
Fundraising	38,092	-	38,092
General and administrative	223,206	-	223,206
Total support services	261,298	-	261,298
Total expenses	1,754,843	-	1,754,843
CHANGE IN NET ASSETS	(11,315)	(1,160,072)	(1,171,387)
NET ASSETS (DEFICIT)			
Beginning of year	937,251	2,790,525	3,727,776
Reclassification of temporarily restricted releases (see Note 3)	(974,838)	974,838	-
End of year	\$ (48,902)	\$ 2,605,291	\$ 2,556,389

See accompanying notes to financial statements.

THE SOCIAL PERFORMANCE TASK FORCE, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,125,298	\$ (1,171,387)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	25,211	18,909
Changes in assets and liabilities		
Contributions receivable	(478,868)	1,481,389
Prepaid expenses	(74,407)	-
Accounts payable and accrued expenses	3,959	(49,538)
Net cash provided by operating activities	601,193	279,373
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	(19,591)
Net cash used for investing activities	-	(19,591)
NET CHANGE IN CASH AND CASH EQUIVALENTS	601,193	240,873
CASH AND CASH EQUIVALENTS		
Beginning of year	1,451,781	1,210,908
End of year	\$ 2,052,974	\$ 1,451,781

See accompanying notes to financial statements.

THE SOCIAL PERFORMANCE TASK FORCE, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 1. ORGANIZATION AND TAX STATUS

The Social Performance Task Force (the Organization) consists of approximately 3,000 members from all over the world and every microfinance stakeholder group: practitioners, donors and investors (multilateral, bilateral, and private), global, regional, and national associations and networks, technical assistance providers, rating agencies, academics, regulators, and others. Day-to-day operations of the Task Force are run by the Organization Secretariat, while a Board of Directors with representatives from all major stakeholder groups provides strategic leadership and oversight.

The Organization defines social performance as the effective translation of a microfinance organization's mission into practice: A double bottom line institution seeks both social and financial performance. In other words, it seeks both financial sustainability and the achievement of one or more social goals. Though each institution will have its own unique social goals, all institutions with a commitment to social performance share the broader purpose of increasing financial inclusion and creating benefits for clients, beginning with reducing client vulnerability.

The Organization has applied for and was granted tax exempt status from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code according to the determination letter dated July 2, 2014.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting - The financial statements were prepared on the accrual basis of accounting.

Basis of Presentation - The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its authoritative guidance related to financial statements of not-for-profit organizations. Under this authoritative guidance, the Organization is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted, temporarily restricted and permanently restricted depending on the existence or nature of any donor restrictions. For the years ended December 31, 2017 and 2016, the Organization did not have any permanently restricted net assets.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Asset Classification - The net assets are reported as follows:

- **Unrestricted net assets** - includes unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of the Organization and include both internally-designated and undesignated resources.
- **Temporarily restricted net assets** - includes revenue and contributions subject to donor-imposed stipulations that will be met by actions of the Organization and/or passage of time. When a restriction expires, temporarily restricted net assets are reported in the statements of activities as net assets released from restrictions.

Cash and Cash Equivalents - For purposes of the statements of cash flows the Organization considers all short-term highly liquid investments, including certificates of deposit, with original maturities of three months or less to be cash equivalents.

Contributions Receivable - Contributions received or unconditionally pledged are recorded as support in the year the unconditional pledge is received. Certain contributions receivable as of the years ended December 31, 2017 and 2016 are restricted with respect to time for periods spanning into 2018 and beyond are accordingly presented as temporarily restricted assets.

In-kind Donations - In-kind donations are recorded at fair value on the date of contribution. In-kind donations totaled \$0- and \$102,901 for the years ending December 31, 2017 and 2016, respectively.

Revenue Recognition - The Organization records contributions received as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Recognition of a pledge as income occurs on the date the pledge is made or committed.

Concentration of Credit Risk - Financial instruments that potentially subject the Organization to significant concentrations of credit risk consist primarily of cash and cash equivalents. Management believes the risk of loss associated with cash and cash equivalents is low because cash and cash equivalents are maintained in financial institutions which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. However, at various times throughout the year, including year-end, the Organization had cash and cash equivalents on deposit in one financial institution in amounts that exceed the federally insured amount. For the year ended December 31, 2017, the Organization had a cash balance on deposit that exceeded the amounts insured by the FDIC by approximately \$1,554,000.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allocation of Expenses - Certain expenses are allocated between program services, development and fund raising, and management and general expenses based upon specific identification at the time of payment. In addition, a portion of management and general expenses are allocated to program services and development and fund raising expenses in a proportion equal to their salary expense to total salary expense.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Property and Equipment - Property and equipment are recorded at cost and consist of the development of the Organization's website. Depreciation is computed using the straight-line method over the estimated useful life of the related asset.

Income Tax - The Organization accounts for income taxes in accordance with the Accounting Standards Codification (ASC) Topic *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. The Organization performed an evaluation of uncertain tax positions for the years ended December 31, 2017 and 2016, and determined that there were no matters that would require recognition in the financial statements or that may have an effect on its tax-exempt status. As of December 31, 2017, the statute of limitations for tax years 2014 through 2016 remains open with the U.S. Federal jurisdiction and the various states and local jurisdictions in which the Organization files returns. It is the Organization's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in unrelated business income tax expense.

NOTE 3. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets result from gifts of cash or other assets with donor imposed restrictions that require that such resources be used in a later period or after a specified date or that the resources be used for a specified purpose. Temporarily restricted funds are "released from restrictions" when the specified date passes or amounts are expended for the purpose specified. Unconditional promises to give a contribution in a future year are not available to be spent until the actual contribution is received, and accordingly, are included in temporarily restricted net assets until the contribution is received. Unconditional promises to give are reported as unrestricted support when the donor's intention is to support current-period activities.

NOTE 3. TEMPORARILY RESTRICTED NET ASSETS (CONTINUED)

Uncollected pledges are considered time restricted and are classified as temporarily restricted. The uncollected pledges extend to future periods, and are considered time restricted and, as such, are classified as temporarily restricted. At December 31, 2017 and 2016, temporarily restricted net assets consist of the following:

	<u>2017</u>	<u>2016</u>
Ford Foundation grant	\$ 211,874	\$ 861,693
Agence Francaise de Developpement John D. and Catherine T. MacArthur Foundation	1,171,042	1,462,083
Swiss Agency for Development and Cooperation	2,090	47,870
CDC Group PLC	2,224,925	233,645
	<u>45,999</u>	<u>-</u>
	<u>\$ 3,655,930</u>	<u>\$ 2,605,291</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or other events specified by the donors for the years ended December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Purpose restriction met	\$ 592,950	\$ 829,500
Expiration to time restriction	<u>1,002,039</u>	<u>420,037</u>
	<u>\$ 1,594,989</u>	<u>\$ 1,249,537</u>

During 2017, the Organization made a reclassification of 2016 temporarily restricted releases of \$974,838. This reclassification is presented in the statement of activities.

NOTE 4. RETIREMENT PLAN

The Organization provides retirement benefits through a 401(k) savings plan (the Plan) for all employees. Employees become participants in the Plan immediately upon employment. Under the Plan, the Organization offers a 50% match for employees in their first two years of employment, up to 1% of the employee's salary. For employees past their second year in employment, the Organization offers a 100% match up to 3% of their salary if budget permits. For the years ended December 31, 2017 and 2016, the Organization made contributions of \$13,489 and \$14,079, respectively.

NOTE 5. PROPERTY AND EQUIPMENT

As of December 31, 2017 and 2016, the property and equipment balance consisted of:

	<u>2017</u>	<u>2016</u>
Website Development	\$ 75,635	\$ 75,635
Less: accumulated depreciation	<u>(44,120)</u>	<u>(18,909)</u>
Net property and equipment	<u>\$ 31,515</u>	<u>\$ 56,726</u>

NOTE 6. SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 18, 2018, which is the date the financial statements were available to be issued. The review and evaluation revealed no new material event or transaction which would require an additional adjustment to or disclosure in the accompanying financial statements.

ADDITIONAL INFORMATION

SOCIAL PERFORMANCE TASK FORCE, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2017

	Program Service Expenses									
	Setting Standards	Promoting Standards	Assess Practices	Improve Practices	Report & Benchmark	Demonstrate Practices	Program Services	General and Administrative	Fundraising	Total
Salary, payroll taxes and benefits	\$ 48,930	\$ 139,679	\$ 8,174	\$ 149,758	\$ 331	\$ 27,435	\$ 374,307	\$ 87,231	\$ 47,790	\$ 509,328
Consulting fees	43,331	201,746	4,450	389,479	1	67,049	706,056	55,733	19,879	781,668
Accounting fees	3,688	12,422	818	18,240	28	2,246	37,442	11,502	4,099	53,043
Travel expense	7,088	27,939	-	33,516	-	6,532	75,075	2,785	306	78,166
Meeting expense	-	90,634	-	43,440	-	-	134,074	832	-	134,906
Operating expense	-	5,349	-	9,350	-	1,223	15,922	6,260	-	22,182
Business expense	2,122	6,989	135	16,981	6	542	26,775	9,960	549	37,284
In-Kind Expense	-	-	-	-	-	-	-	-	-	-
Total expense	\$ 105,159	\$ 484,758	\$ 13,577	\$ 660,764	\$ 366	\$ 105,027	\$ 1,369,651	\$ 174,303	\$ 72,623	\$ 1,616,577

SOCIAL PERFORMANCE TASK FORCE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2016

	Program Service Expenses										Total
	Setting Standards	Promoting Standards	Assess Practices	Improve Practices	Report & Benchmark	Demonstrate Practices	Program Services	General and Administrative	Fundraising	Total	
Expense	\$ 11,765	\$ 174,057	\$ 9,458	\$ 151,191	\$ 2,140	\$ 44,340	\$ 392,951	\$ 123,676	\$ 9,265	\$ 525,892	
Salary, payroll taxes and benefits	43,931	361,949	11,772	236,864	75	74,540	729,131	69,754	24,273	823,158	
Consulting fees	456	12,544	658	14,902	78	2,726	31,364	13,709	431	45,504	
Accounting fees	7,548	71,919	-	33,168	-	6,585	119,220	1,432	-	120,652	
Travel expense	-	25,772	-	37,065	-	-	62,837	2,179	-	65,016	
Meeting expense	-	13,742	59	12,508	38	2,145	28,492	8,185	27	36,704	
Operating expense	1,351	6,767	908	15,503	76	2,044	26,649	4,271	4,096	35,016	
Business expense	-	102,901	-	-	-	-	102,901	-	-	102,901	
In-Kind Expense	\$ 65,051	\$ 769,651	\$ 22,855	\$ 501,201	\$ 2,407	\$ 132,380	\$ 1,493,545	\$ 223,206	\$ 38,092	\$ 1,754,843	
Total expense											