

**THE SOCIAL PERFORMANCE TASK FORCE, INC.**

FINANCIAL STATEMENTS

DECEMBER 31, 2019



**THE SOCIAL PERFORMANCE TASK FORCE, INC.**

**FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2019 AND 2018**

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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, 2019 and 2018, and the related statements of activities, 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.

### **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 Organization'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 Organization'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, 2019 and 2018, 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.

*CalibreCPAGroup, PLLC*

Bethesda, MD  
June 4, 2020

**THE SOCIAL PERFORMANCE TASK FORCE, INC.**

**STATEMENTS OF FINANCIAL POSITION**

DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,289,560	\$ 1,970,792
Accounts receivable	2,899	25,716
Grants receivable	3,788,201	3,879,354
Prepaid expenses	15,720	24,705
Property and equipment, net	<u>-</u>	<u>6,303</u>
Total assets	<u>\$ 5,096,380</u>	<u>\$ 5,906,870</u>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	<u>\$ 289,302</u>	<u>\$ 139,874</u>
<b>NET ASSETS</b>		
Without donor restrictions	294,528	213,994
With donor restrictions	<u>4,512,550</u>	<u>5,553,002</u>
Total net assets	<u>4,807,078</u>	<u>5,766,996</u>
Total liabilities and net assets	<u>\$ 5,096,380</u>	<u>\$ 5,906,870</u>

See accompanying notes to financial statements.

**THE SOCIAL PERFORMANCE TASK FORCE, INC.**

**STATEMENT OF ACTIVITIES**

YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND OTHER SUPPORT</b>			
Grant revenue	\$ -	\$ 1,270,760	\$ 1,270,760
Contribution revenue	89,226	-	89,226
In-kind donations	13,676	-	13,676
Interest income	7,623	-	7,623
Loss on currency translation	-	(79,205)	(79,205)
Other income	11,709	-	11,709
Net assets released from restrictions	<u>2,232,007</u>	<u>(2,232,007)</u>	<u>-</u>
Total revenue and other support	<u>2,354,241</u>	<u>(1,040,452)</u>	<u>1,313,789</u>
<b>EXPENSES</b>			
Program services	<u>2,112,800</u>	<u>-</u>	<u>2,112,800</u>
Support services			
Fundraising	21,835	-	21,835
General and administrative	<u>139,072</u>	<u>-</u>	<u>139,072</u>
Total support services	<u>160,907</u>	<u>-</u>	<u>160,907</u>
Total expenses	<u>2,273,707</u>	<u>-</u>	<u>2,273,707</u>
<b>CHANGE IN NET ASSETS</b>	80,534	(1,040,452)	(959,918)
<b>NET ASSETS</b>			
Beginning of year	<u>213,994</u>	<u>5,553,002</u>	<u>5,766,996</u>
End of year	<u>\$ 294,528</u>	<u>\$ 4,512,550</u>	<u>\$ 4,807,078</u>

See accompanying notes to financial statements.

**THE SOCIAL PERFORMANCE TASK FORCE, INC.**

**STATEMENT OF ACTIVITIES**

YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND OTHER SUPPORT</b>			
Grant revenue	\$ -	\$ 3,746,720	\$ 3,746,720
Contribution revenue	168,545	-	168,545
In-kind donations	34,213	-	34,213
Interests income	8,158	-	8,158
Loss on currency translation	-	(120,153)	(120,153)
Other income	14,325	-	14,325
Net assets released from restrictions	1,710,968	(1,710,968)	-
Total revenue and other support	1,936,209	1,915,599	3,851,808
<b>EXPENSES</b>			
Program services	1,532,566	-	1,532,566
Support services			
Fundraising	26,023	-	26,023
General and administrative	207,910	-	207,910
Total support services	233,933	-	233,933
Total expenses	1,766,499	-	1,766,499
<b>CHANGE IN NET ASSETS</b>	169,710	1,915,599	2,085,309
<b>NET ASSETS</b>			
Beginning of year	44,284	3,637,403	3,681,687
End of year	\$ 213,994	\$ 5,553,002	\$ 5,766,996

See accompanying notes to financial statements.

**THE SOCIAL PERFORMANCE TASK FORCE, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

YEAR ENDED DECEMBER 31, 2019

	Program Services						Support Services			
	Setting Standards	Promoting Standards	Assess Practices	Improve Practices	Report & Benchmark	Demonstrate Practices	Total	General and Administrative	Fundraising	Total
Salary, payroll taxes and benefits	\$ 24,858	\$ 135,931	\$ 10,162	\$ 303,961	\$ 586	\$ 21,405	\$ 496,903	\$ 53,782	\$ 12,978	\$ 563,663
Consulting fees	12,501	87,648	30,200	1,057,480	75	394	1,188,298	61,112	5,945	1,255,355
Accounting fees	2,995	16,147	1,860	72,329	62	3,777	97,170	4,890	2,811	104,871
Travel expense	3,389	24,076	38	145,436	-	-	172,939	4,672	11	177,622
Meeting expense	-	2,134	-	103,364	-	-	105,498	705	-	106,203
Operating expense	-	977	-	9,275	-	-	10,252	7,960	-	18,212
Business expense	916	7,802	11	15,485	-	3,850	28,064	5,951	90	34,105
In-kind expense	-	13,676	-	-	-	-	13,676	-	-	13,676
<b>Total</b>	<b>\$ 44,659</b>	<b>\$ 288,391</b>	<b>\$ 42,271</b>	<b>\$ 1,707,330</b>	<b>\$ 723</b>	<b>\$ 29,426</b>	<b>\$ 2,112,800</b>	<b>\$ 139,072</b>	<b>\$ 21,835</b>	<b>\$ 2,273,707</b>

See accompanying notes to financial statements.



**THE SOCIAL PERFORMANCE TASK FORCE, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

YEAR ENDED DECEMBER 31, 2018

	Program Services						Support Services		
	Setting Standards	Promoting Standards	Assess Practices	Improve Practices	Report & Benchmark	Demonstrate Practices	General and Administrative	Fundraising	Total
Salary, payroll taxes and benefits	\$ 28,425	\$ 178,394	\$ 4,971	\$ 177,460	\$ 8	\$ 22,145	\$ 110,669	\$ 20,389	\$ 542,461
Consulting fees	13,744	156,386	3,245	549,725	-	35,414	67,336	3,166	829,016
Accounting fees	4,432	20,692	882	25,552	5	2,187	10,664	2,066	66,480
Travel expense	2,574	72,809	42	53,514	-	122	408	-	129,469
Meeting expense	-	55,956	-	33,740	-	-	188	-	89,884
Operating expense	20	4,303	-	14,584	-	-	7,398	96	26,401
Business expense	4,815	8,691	174	22,779	1	562	11,247	306	48,575
In-kind expense	-	34,213	-	-	-	-	-	-	34,213
<b>Total</b>	<b>\$ 54,010</b>	<b>\$ 531,444</b>	<b>\$ 9,314</b>	<b>\$ 877,354</b>	<b>\$ 14</b>	<b>\$ 60,430</b>	<b>\$ 207,910</b>	<b>\$ 26,023</b>	<b>\$ 1,766,499</b>

See accompanying notes to financial statements.

**THE SOCIAL PERFORMANCE TASK FORCE, INC.**

**STATEMENTS OF CASH FLOWS**

YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (959,918)	\$ 2,085,309
Adjustments to reconcile change in net assets to net cash used for operating activities		
Depreciation	6,303	25,212
Changes in assets and liabilities		
Contributions receivable	113,970	(2,300,171)
Prepaid expenses	8,985	49,702
Accounts payable and accrued expenses	<u>149,428</u>	<u>57,766</u>
Net cash used for operating activities	<u>(681,232)</u>	<u>(82,182)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(681,232)	(82,182)
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>1,970,792</u>	<u>2,052,974</u>
End of year	<u>\$ 1,289,560</u>	<u>\$ 1,970,792</u>

See accompanying notes to financial statements.

# THE SOCIAL PERFORMANCE TASK FORCE, INC.

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

### 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 in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Under this basis, revenue is recognized when earned and expenses are recognized when incurred.

**Basis of Presentation** - Financial statement presentation follows the recommendations of U.S. generally accepted accounting principles in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), *Not-for-Profit Entities - Presentation of Financial Statements*. Under those principles, the Organization is required to report information regarding its financial position and activities according to two classes of net assets - net assets without donor restrictions and net assets with donor restrictions.

## NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

- **Net assets without donor restrictions** - These net assets are available to finance the general operations of the Organization. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, and the purposes specified in its organizing documents.
- **Net assets with donor restrictions** - These net assets result from contributions and other inflows of assets, the use of which by the Organization is limited by donor-imposed time or purpose restrictions that are either temporary or perpetual.

**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.

**Grants Receivable** - Grants received or unconditionally pledged are recorded as support in the year the unconditional pledge is received. Certain grants receivable as of the years ended December 31, 2019 and 2018 are restricted with respect to time for periods spanning into 2019 and beyond and are accordingly presented as net assets with donor restrictions. Management believes all receivables are fully collectible and no provision for allowance for doubtful accounts is deemed necessary.

**In-kind Donations** - In-kind donations are recorded at fair value on the date of contribution. In-kind donations totaled \$13,676 and \$34,213 for the years ending December 31, 2019 and 2018, respectively.

**Revenue Recognition** - Revenue from contracts with customers consists primarily of annual registrations. Revenue is recognized when control of the promised goods or services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. The revenue is recognized net of discounts, waivers, and refunds. Revenue is recognized using the five-step approach required by ASC Topic 606, as follows:

- Identification of the contract with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when, or as, performance obligations are satisfied.

### *Performance Obligations and Significant Judgments*

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. A contract's transaction price is allocated to each performance obligation identified in the arrangement based on the relative standalone selling price of each distinct good or service and recognized as revenue when, or as, the performance obligation is satisfied. If a distinct good or service does not have an observable standalone selling price, then the primary method used to

## NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

estimate the standalone selling price is the adjusted market assessment approach, under which we evaluate the market and estimate a price that a customer would be willing to pay for the goods and services we provide.

### *Contract Balances*

The timing of billings, cash collections, and revenue recognition result in contract assets and contract liabilities reported in the statements of financial position. Contract assets consist entirely of accounts receivable, which are recognized only to the extent that it is probable that the Alliance will collect substantially all of the consideration to which it is entitled in exchange for the goods or services that will be or have been transferred. Contract liabilities consist entirely of deferred revenue that results when the Organization receives advance payments from our customers before revenue is recognized.

### *Costs to Obtain a Contract*

The Organization has elected the practical expedient available in ASC Subtopic 340-40, in which any incremental costs of obtaining a contract are recognized as an expense when incurred if the amortization period of the asset that would have been recognized is one year or less.

### *Practical Expedients and Optional Exemptions*

We have made an accounting policy election to exclude from the measurement of the transaction price all taxes assessed by governmental authorities which are both imposed and concurrent with the specific revenue-producing transactions and collected by the Organization from our customers, e.g., sales and use taxes.

Registration revenue is recognized in the year in which the meeting is held.

**Contributions and Grants** - Donor-restricted contributions are generally reported as increases in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from donor restrictions. All other contributions are reported as increases in net assets without 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, 2019, the Organization had a cash balance on deposit that exceeded the amounts insured by the FDIC by approximately \$973,000.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Functional Allocation of Expenses** - Certain expenses are allocated between program services, development and fundraising, 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 fundraising 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 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, 2019 and 2018, 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, 2019, the statute of limitations for tax years 2016 through 2018 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.

**New Accounting Pronouncements Adopted** - During the year ended December 31, 2019, the Organization adopted the provisions of Accounting Standards Update 2014-09, *Revenue from Contracts with Customers* (Topic 606). Topic 606 prescribes a single model for revenue recognition, with a set of principles to be used for determining when revenue should be recognized, including performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price, and allocating the transaction price to each separate performance obligation. It also requires expanded disclosures about the nature, amount, and timing of revenues and cash flows. The adoption of Topic 606 did not have a material impact on the Organization's financial statements.

During the year ended December 31, 2019, the Organization adopted the provisions of Accounting Standards Update 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (the Update). The Update provides a framework for determining whether a particular transaction is an exchange or a contribution, including how to evaluate whether a resource provider receives commensurate value in an exchange transaction, and guidance to assist entities in determining whether a contribution is either conditional or unconditional. The adoption of this Update did not have a material impact on the Organization's financial statements.

**NOTE 3. LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES**

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The following table represents the Organization's financial assets available to meet cash needs for general expenditures within one year of December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Total assets at year end	\$ 5,096,380	\$ 5,906,870
Less non-financial assets:		
Prepaid expenses	(15,720)	(24,705)
Property and equipment, net	<u>-</u>	<u>(6,303)</u>
Total financial assets at end of year	5,080,660	5,875,862
Less amounts unavailable for general expenditures within one year		
Long term grants receivable	-	(2,450,000)
Net assets with donor restrictions	<u>(4,512,550)</u>	<u>(3,103,002)</u>
Total financial assets available for general expenditure within one year	<u>\$ 568,110</u>	<u>\$ 322,860</u>

**NOTE 4. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions 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. Net assets with donor restrictions 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 net assets with donor restrictions until the contribution is received. Unconditional promises to give are reported as net assets without donor restrictions when the donor's intention is to support current-period activities.

**NOTE 4. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)**

Uncollected pledges are considered time restricted and are classified as net assets with donor restrictions. The uncollected pledges extend to future periods, and are considered time restricted and, as such, are classified as net assets with donor restrictions. At December 31, 2019 and 2018, temporarily net assets with donor restrictions consist of the following:

	<u>2019</u>	<u>2018</u>
Agence Francaise de Developpement	\$ 1,761,241	\$ 2,946,802
Swiss Agency for Development and Cooperation	1,817,030	1,385,404
Government of Luxembourg	897,262	1,183,779
CDC Group PLC	<u>37,017</u>	<u>37,017</u>
	<u>\$ 4,512,550</u>	<u>\$ 5,553,002</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, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Purpose restriction met	\$ 2,074,262	\$ 818,562
Expiration to time restriction	<u>157,745</u>	<u>892,406</u>
	<u>\$ 2,232,007</u>	<u>\$ 1,710,968</u>

**NOTE 5. 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, 2019 and 2018, the Organization made contributions of \$14,914 and \$13,662, respectively.



**NOTE 6. PROPERTY AND EQUIPMENT**

As of December 31, 2019 and 2018, the property and equipment balance consisted of:

	<u>2019</u>	<u>2018</u>
Website development	\$ 75,635	\$ 75,635
Less: accumulated depreciation	<u>(75,635)</u>	<u>(69,332)</u>
Net property and equipment	<u>\$ -</u>	<u>\$ 6,303</u>

Depreciation expense totaled \$6,303 and \$25,212 for the years ended December 31, 2019 and 2018, respectively.

**NOTE 7. SUBSEQUENT EVENTS**

Subsequent to year-end, U.S. and global business and financial markets have been severely impacted by the Coronavirus pandemic. The potential impacts on the Organization's revenues, expenses and cash flows cannot be determined at this time. All subsequent events have been evaluated through June 4, 2020, which is the date the financial statements were available to be issued. This review and evaluation revealed no other material event or transaction which would require an adjustment to or disclosure in the accompanying financial statements.