

THE SOCIAL PERFORMANCE TASK FORCE, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2020



THE SOCIAL PERFORMANCE TASK FORCE, INC.

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

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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, 2020 and 2019, 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.

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 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, 2020 and 2019, 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
May 7, 2021

THE SOCIAL PERFORMANCE TASK FORCE, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents	\$ 528,202	\$ 1,289,560
Accounts receivable	3,952	25,716
Grants receivable	2,527,914	3,765,384
Prepaid expenses	<u>12,329</u>	<u>15,720</u>
Total assets	<u>\$ 3,072,397</u>	<u>\$ 5,096,380</u>
LIABILITIES		
Accounts payable and accrued expenses	<u>\$ 288,191</u>	<u>\$ 289,302</u>
NET ASSETS		
Without donor restrictions	346,882	294,528
With donor restrictions	<u>2,437,324</u>	<u>4,512,550</u>
Total net assets	<u>2,784,206</u>	<u>4,807,078</u>
Total liabilities and net assets	<u>\$ 3,072,397</u>	<u>\$ 5,096,380</u>

See accompanying notes to financial statements.

THE SOCIAL PERFORMANCE TASK FORCE, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT			
Grant revenue	\$ -	\$ 82,013	\$ 82,013
Contribution revenue	53,310	-	53,310
Interest income	3,630	-	3,630
Gain on currency translation	-	261,784	261,784
Other income	3,500	-	3,500
Net assets released from restrictions	<u>2,419,023</u>	<u>(2,419,023)</u>	<u>-</u>
Total revenue and other support	<u>2,479,463</u>	<u>(2,075,226)</u>	<u>404,237</u>
EXPENSES			
Program services	<u>2,222,187</u>	<u>-</u>	<u>2,222,187</u>
Support services			
Fundraising	29,506	-	29,506
General and administrative	<u>175,416</u>	<u>-</u>	<u>175,416</u>
Total support services	<u>204,922</u>	<u>-</u>	<u>204,922</u>
Total expenses	<u>2,427,109</u>	<u>-</u>	<u>2,427,109</u>
CHANGE IN NET ASSETS	52,354	(2,075,226)	(2,022,872)
NET ASSETS			
Beginning of year	<u>294,528</u>	<u>4,512,550</u>	<u>4,807,078</u>
End of year	<u>\$ 346,882</u>	<u>\$ 2,437,324</u>	<u>\$ 2,784,206</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
REVENUE AND OTHER SUPPORT			
Grant revenue	\$ -	\$ 1,270,760	\$ 1,270,760
Contribution revenue	89,226	-	89,226
In-kind donations	13,676	-	13,676
Interests 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>
EXPENSES			
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>
CHANGE IN NET ASSETS	80,534	(1,040,452)	(959,918)
NET ASSETS			
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 FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2020

	Program Services						Support Services			
	Setting Standards	Promoting Standards	Assess Practices	Improve Practices	Report and Benchmark	Demonstrate Practices	Total	General and Administrative	Fundraising	Total
Salary, payroll taxes and benefits	\$ 101,024	\$ 145,341	\$ 21,856	\$ 304,958	\$ 949	\$ 40,919	\$ 615,047	\$ 66,753	\$ 17,829	\$ 699,629
Consulting fees	34,188	20,640	76,362	1,026,814	5	57,089	1,215,098	84,411	9,566	1,309,075
Accounting fees	9,502	21,177	4,975	87,050	52	6,542	129,298	10,410	2,009	141,717
Travel expense	2,257	1,572	-	1,143	-	-	4,972	726	-	5,698
Meeting expense	672	-	-	6,401	-	840	7,913	-	-	7,913
Operating expense	600	1,546	-	9,265	-	-	11,411	7,816	-	19,227
Business expense	-	382	-	238,066	-	-	238,448	5,300	102	243,850
Total	<u>\$ 148,243</u>	<u>\$ 190,658</u>	<u>\$ 103,193</u>	<u>\$ 1,673,697</u>	<u>\$ 1,006</u>	<u>\$ 105,390</u>	<u>\$ 2,222,187</u>	<u>\$ 175,416</u>	<u>\$ 29,506</u>	<u>\$ 2,427,109</u>

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 and 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
Total	<u>\$ 44,659</u>	<u>\$ 288,391</u>	<u>\$ 42,271</u>	<u>\$ 1,707,330</u>	<u>\$ 723</u>	<u>\$ 29,426</u>	<u>\$ 2,112,800</u>	<u>\$ 139,072</u>	<u>\$ 21,835</u>	<u>\$ 2,273,707</u>

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See accompanying notes to financial statements.

THE SOCIAL PERFORMANCE TASK FORCE, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (2,022,872)	\$ (959,918)
Adjustments to reconcile change in net assets to net cash used for operating activities		
Depreciation	-	6,303
Changes in assets and liabilities		
Contributions receivable	1,259,234	113,970
Prepaid expenses	3,391	8,985
Accounts payable and accrued expenses	<u>(1,111)</u>	<u>149,428</u>
Net cash used for operating activities	<u>(761,358)</u>	<u>(681,232)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(761,358)	(681,232)
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>1,289,560</u>	<u>1,970,792</u>
End of year	<u>\$ 528,202</u>	<u>\$ 1,289,560</u>

See accompanying notes to financial statements.

THE SOCIAL PERFORMANCE TASK FORCE, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

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 amounts immediately available in demand accounts and all short-term highly liquid investments, including certificates of deposit, with original maturities of three months or less to be cash and 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, 2020 and 2019 are restricted with respect to time for periods spanning into 2020 and beyond 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 \$-0- and \$13,676 for the years ending December 31, 2020 and 2019, respectively.

Revenue Recognition - Revenue is derived from both exchange transactions and contribution transactions. Revenue from exchange transactions is recognized when control of promised goods or services is transferred to our members and customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. Except for goods and services provided in connection with membership dues, which are transferred over the period of membership, all goods and services are transferred at a point in time. Payments are generally required in advance and are reported as deferred revenue until the related revenue is recognized. Unconditional contributions are recognized upon receipt of cash or other assets, or when a donor promises to transfer cash or other assets in the future. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return or release, are not recognized until the conditions on which they depend have been substantially met.

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.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Special Events - Special events revenue is comprised of an exchange element based on the fair value of direct benefits provided to donors, and a contribution element for the difference. The exchange element is recognized when the special event takes place. The contribution element is recognized immediately, unless there is a right of return if the special event does not take place, in which case the contribution element is recognized when the special event takes place.

Sponsorships - Sponsorship revenue is comprised of an exchange element based on the fair value of benefits provided to sponsors, and a contribution element for the difference. All revenue related to event sponsorships is recognized when the event takes place, as sponsors have a right of return of their sponsorship payment if the event is not held. The exchange element of all other sponsorships is recognized as benefits are provided to sponsors, and the contribution portion is recognized immediately.

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, 2020, the Organization had a cash balance on deposit that exceeded the amounts insured by the FDIC by approximately \$281,000.

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, 2020 and 2019, 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.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

As of December 31, 2020, the statute of limitations for tax years 2017 through 2019 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. 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, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Total assets at year end	\$ 3,072,397	\$ 5,096,380
Less non-financial assets		
Prepaid expenses	<u>(12,329)</u>	<u>(15,720)</u>
Total financial assets at end of year	3,060,068	5,080,660
Less amounts unavailable for general expenditures within one year		
Net assets with donor restrictions	<u>(2,437,324)</u>	<u>(4,512,550)</u>
Total financial assets available for general expenditure within one year	<u>\$ 622,744</u>	<u>\$ 568,110</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)

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, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Purpose restriction met	\$ 2,218,093	\$ 2,074,262
Expiration to time restriction	<u>200,930</u>	<u>157,745</u>
	<u>\$ 2,419,023</u>	<u>\$ 2,232,007</u>

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, 2020 and 2019, temporarily net assets with donor restrictions consist of the following:

	<u>2020</u>	<u>2019</u>
Agence Francaise de Developpement	\$ 957,894	\$ 1,761,241
Swiss Agency for Development and Cooperation	1,044,194	1,817,030
Government of Luxembourg	435,236	897,262
CDC Group PLC	<u>-</u>	<u>37,017</u>
	<u>\$ 2,437,324</u>	<u>\$ 4,512,550</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, 2020 and 2019, the Organization made contributions of \$18,451 and \$14,914, respectively.

NOTE 6. PROPERTY AND EQUIPMENT

As of December 31, 2020 and 2019, the property and equipment balance consisted of:

	<u>2020</u>	<u>2019</u>
Website development	\$ 75,635	\$ 75,635
Less: accumulated depreciation	<u>(75,635)</u>	<u>(75,635)</u>
Net property and equipment	<u>\$ -</u>	<u>\$ -</u>

Depreciation expense totaled \$-0- and \$6,303 for the years ended December 31, 2020 and 2019, respectively.

NOTE 7. SIGNIFICANT UNCERTAINTIES

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The extent of the impact of the pandemic on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Organization's donors, members, customers, sponsors, employees and vendors, all of which, at present, cannot be determined. Accordingly, the extent to which the pandemic may impact the Organization's financial position, changes in net assets, and cash flows is uncertain, and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

NOTE 8. SUBSEQUENT EVENTS

All subsequent events have been evaluated through May 7, 2021, 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.