THE SOCIAL PERFORMANCE TASK FORCE, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2021

THE SOCIAL PERFORMANCE TASK FORCE, INC.

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

CONTENTS

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

CalibreCPAGroup, PLLC

Bethesda, MD
May 13, 2022

THE SOCIAL PERFORMANCE TASK FORCE, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2021 AND 2020

	2021	2020
Assets		
Assets		
Cash and cash equivalents	$ 1,075,975	$ 528,202
Accounts receivable	4,615	3,952
Grants receivable	609,283	2,527,914
Prepaid expenses	14,820	12,329
Property and equipment, net	13,972	-
Total assets	$ 1,718,665	$ 3,072,397
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$ 281,332	$ 288,191
Net assets		
Without donor restrictions	534,413	346,882
With donor restrictions	902,920	2,437,324
Total net assets	1,437,333	2,784,206
Total liabilities and net assets	$ 1,718,665	$ 3,072,397

See accompanying notes to financial statements.

THE SOCIAL PERFORMANCE TASK FORCE, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other support			
Grant revenue	$ 14,651	$ 725,009	$ 739,660
Contribution revenue	80,890	-	80,890
PPP Loan contribution	83,800	-	83,800
Interest income	2,815	1,149	3,964
Loss on currency translation	-	(131,183)	(131,183)
Other income	19,310	-	19,310
Net assets released from restrictions	2,129,379	(2,129,379)	-
Total revenue and other support	2,330,845	(1,534,404)	796,441
Expenses			
Program services	2,014,779	-	2,014,779
Support services			
Fundraising	37,345	-	37,345
General and administrative	91,190	-	91,190
Total support services	128,535	-	128,535
Total expenses	2,143,314	-	2,143,314
Change in net assets	187,531	(1,534,404)	(1,346,873)
Net assets			
Beginning of year	346,882	2,437,324	2,784,206
End of year	$ 534,413	$ 902,920	$ 1,437,333

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
Loss on currency translation	-	261,784	261,784
Other income	3,500	-	3,500
Net assets released from restrictions	2,419,023	(2,419,023)	-
Total revenue and other support	2,479,463	(2,075,226)	404,237
Expenses			
Program services	2,222,187	-	2,222,187
Support services			
Fundraising	29,506	-	29,506
General and administrative	175,416	-	175,416
Total support services	204,922	-	204,922
Total expenses	2,427,109	-	2,427,109
Change in net assets	52,354	(2,075,226)	(2,022,872)
Net assets			
Beginning of year	294,528	4,512,550	4,807,078
End of year	$ 346,882	$ 2,437,324	$ 2,784,206

See accompanying notes to financial statements.

THE SOCIAL PERFORMANCE TASK FORCE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2021

	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	$ 91,324	$ 196,398	$ 42,655	$ 256,227	$ 623	$ 22,690	$ 609,917	$ 30,484	$ 20,945	$ 661,346
Consulting fees	17,115	203,998	142,023	755,718	5	51,585	1,170,444	39,550	13,261	1,223,255
Accounting fees	9,896	28,177	8,446	66,004	67	4,074	116,664	7,922	2,388	126,974
Travel expense	8	1,349	-	11,747	-	-	13,104	277	-	13,381
Meeting expense	22	-	-	30,218	-	-	30,240	-	-	30,240
Operating expense	-	590	-	15,776	-	-	16,366	9,361	37	25,764
Business expense	351	1,196	422	55,938	2	135	58,044	3,596	714	62,354
Total	$ 118,716	$ 431,708	$ 193,546	$ 1,191,628	$ 697	$ 78,484	$ 2,014,779	$ 91,190	$ 37,345	$ 2,143,314

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	$ 148,243	$ 190,658	$ 103,193	$ 1,673,697	$ 1,006	$ 105,390	$ 2,222,187	$ 175,416	$ 29,506	$ 2,427,109

See accompanying notes to financial statements.

THE SOCIAL PERFORMANCE TASK FORCE, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
Cash flows from operating activities		
Change in net assets	$ (1,346,873)	$ (2,022,872)
Adjustments to reconcile change in net assets to net cash provide by (used for) operating activities		
Depreciation	4,658	-
Changes in assets and liabilities		
Contributions receivable	1,917,968	1,259,234
Prepaid expenses	(2,491)	3,391
Accounts payable and accrued expenses	(6,859)	(1,111)
Net cash provided by (used for) operating activities	566,403	(761,358)
Cash flows from investing activities		
Purchase of property and equipment	(18,630)	-
Net cash used for investing activities	(18,630)	-
Net change in cash and cash equivalents	547,773	(761,358)
Cash and cash equivalents		
Beginning of year	528,202	1,289,560
End of year	$ 1,075,975	$ 528,202

See accompanying notes to financial statements.

NOTE 1. ORGANIZATION AND TAX STATUS

The Social Performance Task Force (the Organization) consists of approximately 4,400 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 reported as support in the year the unconditional pledge is received. Certain grants receivable as of the years ended December 31, 2021 and 2020 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 reported at fair value on the date of contribution. In-kind donations totaled $-0- for the years ending December 31, 2021 and 2020, 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, 2021, the Organization had a cash balance on deposit that exceeded the amounts insured by the FDIC by approximately $754,000.

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 reported 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, 2021 and 2020, 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, 2021, the statute of limitations for tax years 2018 through 2020 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 Pronouncement Adopted - During the year ended December 31, 2021, the Organization adopted the provisions of Accounting Standards Update 2018-15, *Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40)* (the Update). The Update aligned the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The change in accounting principle resulting from ASU 2018-15 was adopted and applied prospectively, for the year ended December 31, 2021. The adoption of this Update had no effect on the financial position, activities, or cash flows of the Organization for the year ended December 31, 2020.

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, 2021 and 2020:

	2021	2020
Total assets at year end	$ 1,718,665	$ 3,072,397
Less non-financial assets		
Prepaid expenses	(14,820)	(12,329)
Property and equipment, net	(13,972)	-
Total financial assets at end of year	1,689,873	3,060,068
Less amounts unavailable for general expenditures within one year		
Net assets with donor restrictions	(902,920)	(2,437,324)
Total financial assets available for general expenditure within one year	$ 786,953	$ 622,744

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.

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, 2021 and 2020:

	2021	2020
Purpose restriction met	$ 1,662,321	$ 2,218,093
Expiration of time restriction	467,058	200,930
	$ 2,129,379	$ 2,419,023

At December 31, 2021 and 2020, temporarily net assets with donor restrictions consist of the following:

	2021	2020
Purpose restriction:		
Agence Francaise de Developpement (purpose restriction)	$ 178,676	$ 957,894
Swiss Agency for Development and Cooperation (purpose and time restriction)	521,105	1,044,194
Government of Luxembourg (purpose restriction)	203,139	435,236
	$ 902,920	$ 2,437,324

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, 2021 and 2020, the Organization made contributions of $17,206 and $18,451, respectively.

NOTE 6. PROPERTY AND EQUIPMENT

As of December 31, 2021 and 2020, the property and equipment balance consisted of:

	2021	2020
Website development	$ 75,635	$ 75,635
Software	18,630	-
Less: accumulated depreciation	(80,293)	(75,635)
Net property and equipment	$ 13,972	$ -

Depreciation expense totaled $4,658 and $-0- for the years ended December 31, 2021 and 2020, respectively.

NOTE 7. PAYCHECK PROTECTION PROGRAM LOAN

On April 6, 2021, the Organization received loan proceeds in the amount of $83,800 under the Paycheck Protection Program ("PPP") established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act. PPP loan and accrued interest are forgivable after a covered period (eight or 24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, primarily payroll, benefits, rent and utilities. Any unforgiven portion of a PPP loan is payable over two to five years at an interest rate of 1%, with a deferral of payments for 10 months after the end of the covered period. Management of the Organization intended to use the loan proceeds for purposes consistent with the PPP requirements and received forgiveness on December 7, 2021. The Organization initially reported the PPP loan as a refundable advance and subsequently recognized contribution income related to the debt forgiveness in accordance with the guidance for recognizing conditional contributions. The amount of contribution income recognized during the year ended was $83,800.

NOTE 8. 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 9. SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 13, 2022, 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.