



---

GLOBAL FINANCIAL INTEGRITY

---

---

**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**



## **Independent Auditor's Report**

The Board of Directors  
Global Financial Integrity  
Washington, D.C.

### **Opinion**

We have audited the accompanying financial statements of Global Financial Integrity (GFI), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the year 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 GFI as of December 31, 2022 and 2021, 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 GFI 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 GFI's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

---

**7625 Wisconsin Avenue, Suite 317 | Bethesda, Maryland 20814**

**202.770.6371**

**| [www.mullinspc.com](http://www.mullinspc.com)**

**| [john@mullinspc.com](mailto:john@mullinspc.com)**

The Board of Directors  
Global Financial Integrity  
Washington, D.C.

### **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 GFI'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 GFI'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.

Bethesda, Maryland  
June 22, 2023

  
Certified Public Accountants

---

**7625 Wisconsin Avenue, Suite 317 | Bethesda, Maryland 20814**

**202.770.6371**

**| www.mullinspc.com**

**| john@mullinspc.com**

## Global Financial Integrity

### Statements of Financial Position December 31, 2022 and 2021

	<b>Assets</b>	
	<b>2022</b>	<b>2021</b>
Cash	\$ <b>765,752</b>	\$ 316,439
Grants and Accounts Receivable	<b>62,053</b>	45,489
Prepaid Expenses	<b>23,345</b>	9,711
Security Deposit	-	22,628
Right of Use (ROU) Asset	<b>41,264</b>	-
Property and Equipment - Net	<b>122</b>	1,590
<b>Total Assets</b>	<b>\$ 892,536</b>	<b>\$ 395,857</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts Payable and Accrued Expenses	\$ <b>28,598</b>	\$ 82,614
Lease Liability	<b>49,750</b>	-
Deferred Rent	-	42,101
Deferred Revenue	<b>585,926</b>	260,361
Total Liabilities	<b>664,274</b>	385,076
<b>Net Assets</b>		
Without Donor Restrictions	<b>228,262</b>	10,781
Total Net Assets	<b>228,262</b>	10,781
<b>Total Liabilities and Net Assets</b>	<b>\$ 892,536</b>	<b>\$ 395,857</b>

## Global Financial Integrity

### Statements of Activities For The Years Ended December 31, 2022 and December 31, 2021

	<u>2022</u>	<u>2021</u>
<b>Revenues</b>		
Grants	\$ 1,422,471	\$ 1,162,008
Contractual Services	24,999	120,269
Donated Rent	198,476	-
Contributions and Other	<u>22,204</u>	<u>23,021</u>
Total Revenues	<u>1,668,150</u>	<u>1,305,298</u>
<b>Expenses</b>		
Program Services		
Advocacy	299,633	247,216
Research	<u>1,042,802</u>	<u>1,154,593</u>
Total Program Services	<u>1,342,435</u>	<u>1,401,809</u>
Supporting Services		
Management and General	72,466	76,364
Fundraising	<u>35,768</u>	<u>73,436</u>
Total Supporting Services	<u>108,234</u>	<u>149,800</u>
Total Expenses	<u>1,450,669</u>	<u>1,551,609</u>
Change in Net Assets	217,481	(246,311)
Net Assets, Beginning of Period	<u>10,781</u>	<u>257,092</u>
<b>Net Assets, End of Period</b>	<u>\$ 228,262</u>	<u>\$ 10,781</u>

**See Accompanying Notes to Financial Statements**

## Global Financial Integrity

### Statement of Functional Expenses For the Year Ended December 31, 2022

	Advocacy	Research	Total Program Services	Management and General	Fundraising	Total Supporting Services	<b>Total</b>
Salaries, Payroll Taxes and Benefits	\$ 140,928	\$ 630,845	\$ 771,773	\$ 28,096	\$ 28,622	\$ 56,718	<b>\$ 828,491</b>
Rent	24,243	108,060	132,303	6,943	4,685	11,628	<b>143,931</b>
Office Expenses	29,437	189,613	219,050	10,182	688	10,870	<b>229,920</b>
Subscriptions and Resources	38,198	23,805	62,003	1,028	-	1,028	<b>63,031</b>
Professional Fees and Consultants	60,117	80,275	140,392	26,217	136	26,353	<b>166,745</b>
Travel	6,710	10,204	16,914	-	1,637	1,637	<b>18,551</b>
<b>Total Expenses</b>	<b>\$ 299,633</b>	<b>\$ 1,042,802</b>	<b>\$ 1,342,435</b>	<b>\$ 72,466</b>	<b>\$ 35,768</b>	<b>\$ 108,234</b>	<b>\$ 1,450,669</b>

**See Accompanying Notes to Financial Statements**

## Global Financial Integrity

### Statement of Functional Expenses For the Year Ended December 31, 2021

	Advocacy	Research	Total Program Services	Management and General	Fundraising	Total Supporting Services	<b>Total</b>
Salaries, Payroll Taxes and Benefits	\$ 127,842	\$ 719,834	\$ 847,676	\$ 16,740	\$ 48,467	\$ 65,207	<b>\$ 912,883</b>
Rent	20,150	112,554	132,704	3,975	7,530	11,505	<b>144,209</b>
Office Expenses	12,549	197,739	210,288	10,861	2,059	12,920	<b>223,208</b>
Subscriptions and Resources	44,985	40,225	85,210	6,537	79	6,616	<b>91,826</b>
Professional Fees and Consultants	41,690	83,832	125,522	38,113	15,301	53,414	<b>178,936</b>
Travel	-	409	409	138	-	138	<b>547</b>
<b>Total Expenses</b>	<b>\$ 247,216</b>	<b>\$ 1,154,593</b>	<b>\$ 1,401,809</b>	<b>\$ 76,364</b>	<b>\$ 73,436</b>	<b>\$ 149,800</b>	<b>\$ 1,551,609</b>

**See Accompanying Notes to Financial Statements**

**Global Financial Integrity**  
**Statements of Cash Flows**  
**For The Years Ended December 31, 2022 and December 31, 2021**

	<b>2022</b>	<b>2021</b>
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets	<b>\$ 217,481</b>	\$ (246,311)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities		
Amortization of Right of Use Asset	<b>113,261</b>	
Depreciation	<b>1,468</b>	1,468
Contributed Current Year Rent	<b>(104,775)</b>	
<u>(Increase) Decrease in Assets</u>		
Grants and Accounts Receivable	<b>(16,564)</b>	(45,487)
Prepaid Expenses	<b>(13,634)</b>	6,726
Security Deposit	<b>22,628</b>	-
<u>Increase (Decrease) in Liabilities</u>		
Accounts Payable and Accrued Expenses	<b>(54,016)</b>	27,491
Deferred Rent	<b>(42,101)</b>	
Deferred Revenues	<b>325,565</b>	(206,526)
Net Cash Provided by (Used in) Operating Activities	<b>449,313</b>	(462,639)
Net Increase (Decrease) in Cash	<b>449,313</b>	(462,639)
Cash, Beginning of Year	<b>316,439</b>	779,078
<b>Cash, End of Year</b>	<b>\$ 765,752</b>	<b>\$ 316,439</b>

**Supplemental Disclosure of Cash Flow Information:**

Right of Use Asset/Lease Liability Initial Recognition	\$ 154,525
--	------------

**See Accompanying Notes to Financial Statements**



# Global Financial Integrity

## Notes to Financial Statements December 31, 2022 and 2021

### 1. ORGANIZATION AND PURPOSE

Global Financial Integrity (GFI) was organized as a District of Columbia not-for-profit corporation for the purpose of researching and analyzing the cross-border flow of illegal money and promoting national and multilateral policies, safeguards, and agreements aimed at curtailing such illicit activity. GFI is qualified as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC). The mission of GFI is to put forward solutions, facilitate strategic partnerships, and conduct groundbreaking research to lead the way in efforts to curtail illicit financial flows and enhance global development and security. GFI's programs and activities include research and advocacy.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Presentation

The financial statements are presented in accordance with *U.S. Generally Accepted Accounting Principles* for not-for-profit organizations. Under those principles, GFI is required to report information regarding its financial position and activities according to two classes of net assets:

*Net Assets without Donor Restrictions* represent resources that are not subject to donor imposed stipulations and are available for operations at management's discretion.

*Net Assets with Donor Restrictions* represent resources restricted by donors as to purpose or by the passage of time or held in perpetuity and only the investment earnings may be expended for the purposes indicated by the donors. GFI had no net assets with donor restrictions at December 31, 2022 and 2021.

#### Basis of Accounting

The financial statements are prepared on the accrual basis of accounting. Consequently, revenues are recognized when earned and expenses when obligations are incurred.

#### Presentation of Financial Statements

These financial statements reflect the financial results of GFI's activities for the years ended December 31, 2022 and 2021.

#### Use of Estimates

The preparation of financial statements in conformity with *U.S. Generally Accepted Accounting Principles* requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses and their functional allocation during the reporting period. Actual results could differ from those estimates.

## Global Financial Integrity

### Notes to Financial Statements December 31, 2022 and 2021

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

##### Cash and Cash Equivalents

For financial statement purposes, GFI considers highly liquid investments with an original maturity of three months or less as cash equivalents. Cash amounts are held by GFI in non-interest bearing checking accounts used to fund operations and program activities. Certain grant monies totaling \$509,145 at December 31, 2022 and \$301,807 at December 31, 2021 were held in separate non-interest bearing checking accounts as required by the grant agreements.

##### Grants and Accounts Receivable

Receivables consist primarily of amounts billed to various governments and other organizations for services performed under contracts and grants, which are all due in less than one year and are stated at their net realizable value. Receivables considered delinquent, based on periodic reviews by management and determined to be uncollectible, will be reserved, as a result of individual credit evaluation and specific circumstances. At December 31, 2022, GFI considered all receivables fully collectible. Therefore, no allowance for doubtful accounts has been recognized at December 31, 2022.

##### Property and Equipment

Property and equipment acquisitions are recorded in the financial statements at cost, net of accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Computer and other equipment and software	3 years
Furniture and fixtures	5 years
Leasehold improvements	Life of lease

GFI's policy is to capitalize major additions and improvements over \$3,000. Repairs and maintenance which do not significantly add to the value of assets are expensed as incurred. Property and equipment consisted of the following at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Computer Software / Website	\$ 30,244	\$ 30,244
Computer and Other Equipment	<u>4,403</u>	<u>4,403</u>
Total	<b>34,647</b>	34,647
Less Accumulated Depreciation	<u>(34,525)</u>	<u>(33,057)</u>
Total Property and Equipment, Net	<u>\$ 122</u>	<u>\$ 1,590</u>

At December 31, 2022 and 2021 depreciation expense totaled \$1,468 and \$1,468.

**Global Financial Integrity**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

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

**Income Tax Status**

GFI is exempt from federal and local income taxes under Section 501(c)(3) of the Internal Revenue Code on any net income derived from activities related to its exempt purpose. This code section enables GFI to accept donations that qualify as charitable contributions to the donor. GFI is subject to tax on net income from unrelated business activities. For the years ended December 31, 2022 and 2021, GFI did not recognize income tax expense in the accompanying financial statements as there was no unrelated business taxable income.

GFI is not aware of any activities that would jeopardize its tax-exempt status that would require recognition in the accompanying financial statements, pursuant to *Accounting Standards Codification (ASC) for Income Taxes*. Generally, tax returns are subject to examination by taxing authorities for up to three years from the date a completed return is filed. If there are material omissions of income, tax returns may be subject to examination for up to six years. It is GFI's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense. As of December 31, 2022 and 2021, GFI did not recognize a liability as there were no uncertain tax positions.

**Revenue Recognition**

*Grants and Contracts* - Grants and contract revenues are reported as exchange transactions and recognized when the qualifying costs are incurred. Amounts received in advance of qualifying costs incurred are reported as deferred revenue.

*Contributions and other* - Contributions are recognized as revenue when received or promised as support without donor restrictions or support with donor restrictions depending on the existence and nature of any donor restrictions. Revenue from all other sources is recognized in the period earned.

*Donated services* - Donated services are recorded at fair value if the donated services create or enhance a nonfinancial asset or require specialized skills that the providers possess and that normally would have to be purchased. There were no donated services for the years ended December 31, 2022 and 2021, respectively.

*Donated rent* – Donated rent is recorded at fair value of the donated rent

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, expenses have been allocated among the programs and supporting services benefited based on specific identification or reasonable allocation methodologies, which are consistently applied using estimates of time and effort by employees. The expenses that are allocated include salaries, benefits, and general expenses, and expenses directly identifiable to the specific programs and supporting activities are recorded accordingly.

**Global Financial Integrity**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

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

**Right-of-Use Assets and Lease Liabilities**

Right-of-use (ROU) assets and lease liabilities are initially measured at the present value of minimum lease payments using a risk-free rate that approximates the remaining term of the lease. Management considers the likelihood of exercising renewal or termination clauses (if any) in measuring GFI's ROU assets and lease liabilities. Lease costs are allocated over the remaining lease term on a straight-line basis. GFI considers leases with initial terms of twelve months or less, and no option to purchase the underlying asset, to be short-term leases. Accordingly, short-term lease costs are expensed over the remaining lease term, with no corresponding ROU asset or lease liability. In addition, GFI does not separate non-lease components from lease components (if any) when determining the payments for leases of office equipment.

**Foreign Currency Transactions**

Transactions denominated in foreign currency are converted into GFI's reporting currency, the U.S. dollar, on the date of the transaction. Transaction gains and losses are included in the statements of activities and were not significant for the years ended December 31, 2022 and 2021.

**Adoption of New Accounting Standard**

During the year ended December 31, 2022, GFI adopted Financial Accounting Standards Board's (FASB) Accounting Standard Update (ASU) 2016-02, Leases (Topic 842), which supersedes the leasing guidance in Topic 840. This guidance is intended to increase transparency and comparability among lessees by recognizing lease assets and lease liabilities on the statements of financial position and disclosing key information about leasing arrangements. Under the new guidance, lessees are required to recognize lease right-of-use (ROU) assets and lease liabilities on the statements of financial position for all leases with terms longer than twelve months. In addition, leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the statements of activities.

Management has elected to apply all practical expedients available under the new guidance, which allows GFI to: (1) not reassess whether any expired or existing contracts previously assessed as not containing leases are, or contain leases; (2) not reassess the lease classification for any expired or existing leases; and (3) not reassess initial direct costs for any existing leases. GFI also elected to apply the practical expedient to use hindsight in determining the lease term.

The change in accounting principle was applied on a modified retrospective basis to existing leases with the cumulative effect of transition recognized at the beginning of the period of adoption. The impact of the adoption resulted in recognition of ROU assets and lease liabilities totaling \$41,264 and \$49,750, respectively, as of December 31, 2022.

## Global Financial Integrity

### Notes to Financial Statements December 31, 2022 and 2021

#### 3. LIQUIDITY AND AVAILABILITY

GFI's cash flows have seasonal variations due to timing of grants and contracts. GFI manages its liquidity to meet general expenditures, liabilities, and other obligations as they become due. As of December 31, 2022 and 2021, the following financial assets and liquidity sources were available for general operating expenditures within one year:

	<u>2022</u>	<u>2021</u>
Financial Assets at Year End:		
Cash	\$ <b>765,752</b>	\$ 316,439
Grants and Accounts Receivable	<b>62,053</b>	45,489
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>\$ <b>827,805</b></u>	<u>\$ 361,928</u>

#### 4. CONCENTRATION OF CREDIT RISK

GFI maintains bank deposits with a commercial financial institution that, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) limits. At December 31, 2022 and 2021, deposits in excess of FDIC limits totaled \$519,911 and \$66,239, respectively. GFI monitors the creditworthiness of the institution and has not experienced any credit losses on its bank deposits, nor does it expect to experience any such losses.

#### 5. DEFERRED REVENUE

Deferred revenue at December 31, 2022 and 2021 was comprised of the following:

	<u>2022</u>	<u>2021</u>
International Union for Conservation of Nature	\$ <b>6,349</b>	\$ -
Financial Transparency Coalition	<b>3,600</b>	-
City National Bank	<b>14,583</b>	14,583
DC Forum	<b>59,035</b>	-
Norwegian Agency for Development Cooperation	<b>502,359</b>	245,778
Total	<u>\$ <b>585,926</b></u>	<u>\$ 260,361</u>

## Global Financial Integrity

### Notes to Financial Statements December 31, 2022 and 2021

#### 6. GRANTS AND CONTRACTS REVENUE

Grants and contract revenues recognized for the years ended December 31, 2022 and 2021 were derived from the following sources:

<b>Grants:</b>	<b>2022</b>	<b>2021</b>
Norwegian Agency for Development Cooperation	\$ 495,446	\$ 823,570
United States Department of State	196,963	257,263
Open Society Foundation	250,000	-
Financial Transparency Coalition	76,946	41,692
Foreign Commonwealth and Development Office	330,396	19,483
International Union for Conservation of Nature	22,255	-
DC Forum	30,465	-
FACT Coalition	20,000	20,000
Total Grant Revenue	<b>\$ 1,422,471</b>	<b>\$ 1,162,008</b>

  

<b>Contracts:</b>	<b>2022</b>	<b>2021</b>
Government of Togo	\$ -	\$ 99,852
City National Bank	24,999	10,417
Center for International Private Enterprise	-	6,000
Other	-	4,000
Total Contract Revenue	<b>\$ 24,999</b>	<b>\$ 120,269</b>

#### 7. DEFINED CONTRIBUTION PLAN

GFI sponsors a single-employer defined-contribution plan called the 403(b) Thrift Plan for Global Financial Integrity (the Plan). There are no eligibility requirements for salary reduction agreements. To participate in employer contributions, an employee must have been employed for a minimum of two years of continuous service with GFI.

At inception GFI made contributions to the Plan for its employees hired on May 1, 2013 by matching eligible employee contributions at 100% up to 6% of employee compensation up to the maximum limits allowed by law, and made contributions to the Plan for its employees hired after May 1, 2013 by matching eligible employee contributions at 100% up to 3% of employee compensation up to the maximum limits allowed by law. Beginning September 1, 2015, GFI changed its matching arrangement and made contributions to the Plan by matching all eligible employee contributions at 100% up to 5% of employee compensation up to the maximum limits allowed by law.

Employer contributions totaled \$22,167 and \$21,075 for the years ended December 31, 2022 and 2021, respectively.

## Global Financial Integrity

### Notes to Financial Statements December 31, 2022 and 2021

#### 8. COMMITMENTS

##### Operating Lease

GFI has a six-year lease for the office space where it resides that originally expired December 31, 2019. On January 15, 2018 the lease was extended three additional years to expire on December 31, 2022 and during 2020 the lease was extended an additional three months to March 31, 2023 with a three month rent abatement. On January 17, 2023 ongoing negotiations concluded to settle October 2021 through March 2023 rent for \$72,628, which includes surrender of the \$22,628 security deposit as rent. The future minimum lease payments, exclusive of additional operating costs, are as follows:

2023	<u>\$ 50,000</u>
------	------------------

Total rent expense incurred under operating leases was \$143,931 and \$144,209 for the years ended December 31, 2022 and 2021, respectively. Cash outlays included in these amounts were first applied to funded programs that required such outlays for reimbursement of expenses, and the remaining cash outlay amounts were applied to other programs with no such requirements. Deferred rent, totaling \$42,101 as of December 31, 2021, in the statements of financial position, represents the unamortized rent reduction from straight-lining rent expense over the term of the lease.

#### 9. RELATED PARTY TRANSACTIONS

On May 3, 2022, GFI obtained a \$100,000 no interest loan from the former President to fund operations as needed and was repaid on September 29, 2022.

#### 10. SUBSEQUENT EVENTS

In preparing the financial statements, GFI has evaluated events and transactions for potential recognition or disclosure through June 22, 2023, which is the date the financial statements were available to be issued. There were no subsequent events that require recognition of, or disclosure in, these financial statements.