

## **FINANCIAL STATEMENTS**



**FOR THE YEARS ENDED  
DECEMBER 31, 2011 AND 2010**

## **GLOBAL INTEGRITY**

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**GELMAN, ROSENBERG & FREEDMAN**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Global Integrity  
Washington, D.C.

We have audited the accompanying statements of financial position of Global Integrity as of December 31, 2011 and 2010, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of Global Integrity's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Global Integrity's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Global Integrity as of December 31, 2011 and 2010, and its changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Gelman Rosenberg & Freedman*

July 16, 2012

4550 MONTGOMERY AVENUE · SUITE 650 NORTH · BETHESDA, MARYLAND 20814  
(301) 951-9090 · FAX (301) 951-3570 · [WWW.GRFCPA.COM](http://WWW.GRFCPA.COM)

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**GLOBAL INTEGRITY**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2011 AND 2010**

**ASSETS**

	<u>2011</u>	<u>2010</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 695,835	\$ 444,829
Accounts receivable (Note 8)	27,300	874
Grants receivable (Note 2)	1,427,424	473,250
Prepaid expenses	<u>19,838</u>	<u>6,613</u>
Total current assets	<u>2,170,397</u>	<u>925,566</u>
<b>FURNITURE AND EQUIPMENT</b>		
Equipment	845	845
Furniture	1,731	1,731
Computer equipment	<u>18,248</u>	<u>6,475</u>
	20,824	9,051
Less: Accumulated depreciation	<u>(8,886)</u>	<u>(6,760)</u>
Net furniture and equipment	<u>11,938</u>	<u>2,291</u>
<b>OTHER ASSETS</b>		
Security deposit	4,988	4,988
Grants receivable, net of current portion (Note 2)	<u>1,870,444</u>	<u>-</u>
Total other assets	<u>1,875,432</u>	<u>4,988</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 4,057,767</u></b>	<b><u>\$ 932,845</u></b>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 184,252	\$ 68,505
Current portion of deferred rent (Note 6)	<u>3,321</u>	<u>1,374</u>
Total current liabilities	<u>187,573</u>	<u>69,879</u>
<b>NONCURRENT LIABILITIES</b>		
Deferred rent (Note 6)	<u>953</u>	<u>4,274</u>
Total liabilities	<u>188,526</u>	<u>74,153</u>
<b>NET ASSETS</b>		
Unrestricted	(1,109,098)	(392,671)
Temporarily restricted (Note 4)	<u>4,978,339</u>	<u>1,251,363</u>
Total net assets	<u>3,869,241</u>	<u>858,692</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 4,057,767</u></b>	<b><u>\$ 932,845</u></b>

See accompanying notes to financial statements.

# GLOBAL INTEGRITY

## STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011		
	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE</b>			
Foundation grants	\$ -	\$ 4,618,814	\$ 4,618,814
Contributions	500	-	500
Other revenue (Note 6)	183,577	-	183,577
Net assets released from donor restrictions (Note 5)	<u>891,838</u>	<u>(891,838)</u>	<u>-</u>
Total support and revenue	<u>1,075,915</u>	<u>3,726,976</u>	<u>4,802,891</u>
<b>EXPENSES</b>			
Program Services:			
Global Integrity Report	461,850	-	461,850
Open Government Partnership	21,849	-	21,849
Foglamp	337,731	-	337,731
Latin America Sub-National	51,113	-	51,113
Guatemala Justice Sector	-	-	-
Pattiro Indonesia	8,207	-	8,207
Mexico Sub-National	107,438	-	107,438
Implementation Gap Manual	39,365	-	39,365
CIPE-Kenya	10,282	-	10,282
Guatemala Technical Support	-	-	-
Indaba	205,740	-	205,740
Africa Integrity Indicators	93,159	-	93,159
Rwanda Workshop	-	-	-
State Integrity Investigation	58,038	-	58,038
Philippines and PNG Sub-National	75,828	-	75,828
Health and Education	<u>88,020</u>	<u>-</u>	<u>88,020</u>
Total program services	<u>1,558,620</u>	<u>-</u>	<u>1,558,620</u>
Supporting Services:			
Management and General	156,567	-	156,567
Fundraising	<u>77,155</u>	<u>-</u>	<u>77,155</u>
Total supporting services	<u>233,722</u>	<u>-</u>	<u>233,722</u>
Total expenses	<u>1,792,342</u>	<u>-</u>	<u>1,792,342</u>
Changes in net assets	(716,427)	3,726,976	3,010,549
Net assets at beginning of year	<u>(392,671)</u>	<u>1,251,363</u>	<u>858,692</u>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ <u>(1,109,098)</u></b>	<b>\$ <u>4,978,339</u></b>	<b>\$ <u>3,869,241</u></b>

See accompanying notes to financial statements.

<b>2010</b>		
<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
\$ -	\$ 1,881,442	\$ 1,881,442
100	-	100
78,258	-	78,258
<u>1,065,805</u>	<u>(1,065,805)</u>	<u>-</u>
<u>1,144,163</u>	<u>815,637</u>	<u>1,959,800</u>
188,302	-	188,302
-	-	-
82,209	-	82,209
39,624	-	39,624
108,291	-	108,291
-	-	-
119,613	-	119,613
-	-	-
-	-	-
32,646	-	32,646
334,423	-	334,423
-	-	-
10,000	-	10,000
-	-	-
56,512	-	56,512
<u>69,500</u>	<u>-</u>	<u>69,500</u>
<u>1,041,120</u>	<u>-</u>	<u>1,041,120</u>
126,001	-	126,001
<u>33,988</u>	<u>-</u>	<u>33,988</u>
<u>159,989</u>	<u>-</u>	<u>159,989</u>
<u>1,201,109</u>	<u>-</u>	<u>1,201,109</u>
(56,946)	815,637	758,691
<u>(335,725)</u>	<u>435,726</u>	<u>100,001</u>
<b><u>\$ (392,671)</u></b>	<b><u>\$ 1,251,363</u></b>	<b><u>\$ 858,692</u></b>

See accompanying notes to financial statements.

# GLOBAL INTEGRITY

## STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2011

	Program Services									
	Global Integrity Report	Open Government Partnership	Foglamp	Latin America Sub- National	Pattiro Indonesia	Mexico Sub- National	Implementation Gap Manual	CIPE- Kenya	Indaba	Africa Integrity Indicators
Salaries and related benefits (Note 7)	\$ 158,278	\$ 17,287	\$ 249,788	\$ 18,494	\$ 4,080	\$ 15,430	\$ 30,329	\$ 1,318	\$ 46,043	\$ -
Printing and production	21,839	-	5,276	-	-	4,217	-	-	-	-
Professional fees	13,000	-	-	-	-	-	-	-	9,144	60,333
Occupancy (Note 6)	13,474	1,411	16,757	-	1,000	2,840	2,304	-	7,882	3,471
Accounting	-	-	-	-	-	-	-	-	-	-
Insurance	-	-	136	-	-	-	-	-	-	-
Depreciation	453	47	563	4	42	91	81	4	265	-
Travel and entertainment	7,528	2,181	5,069	8,538	2,697	8,377	1,982	5,460	12,487	16,717
Local experts and contractors	228,219	-	57,280	24,000	-	74,725	2,675	3,500	485	-
Postage and delivery	188	-	3	-	-	-	-	-	20	34
Repairs and maintenance	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	121	-	-	-	-	-	156	1,182
Meetings and conventions	-	-	-	-	-	-	-	-	-	-
Advertising and promotion	195	-	-	-	-	-	-	-	-	670
Bank and other fees	-	-	600	-	-	-	90	-	30	191
Equipment	-	-	-	-	-	-	-	-	-	-
Database/ telecommunications	18,676	923	2,138	77	388	1,758	1,904	-	129,228	387
Miscellaneous	-	-	-	-	-	-	-	-	-	11
Equipment and Furniture	-	-	-	-	-	-	-	-	-	600
South African field office	-	-	-	-	-	-	-	-	-	9,563
<b>TOTAL</b>	<b>\$ 461,850</b>	<b>\$ 21,849</b>	<b>\$ 337,731</b>	<b>\$ 51,113</b>	<b>\$ 8,207</b>	<b>\$ 107,438</b>	<b>\$ 39,365</b>	<b>\$ 10,282</b>	<b>\$ 205,740</b>	<b>\$ 93,159</b>

See accompanying notes to financial statements.

				Supporting Services			
State Integrity Investigation	Philippines and PNG Sub-National	Health and Education	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
\$ 52,106	\$ 14,151	\$ 61,656	\$ 668,960	\$ 61,842	\$ 46,767	\$ 108,609	\$ 777,569
-	-	-	31,332	3,352	390	3,742	35,074
-	-	-	82,477	1,314	16,675	17,989	100,466
4,251	1,373	5,149	59,912	4,641	2,176	6,817	66,729
-	-	-	-	30,676	-	30,676	30,676
-	-	-	136	5,070	-	5,070	5,206
143	46	131	1,870	183	73	256	2,126
422	6,191	2,777	80,426	4,962	10,196	15,158	95,584
-	54,017	18,276	463,177	-	-	-	463,177
-	-	-	245	548	-	548	793
-	-	-	-	-	-	-	-
-	-	-	1,459	3,951	-	3,951	5,410
-	-	-	-	567	436	1,003	1,003
-	-	-	865	355	-	355	1,220
-	-	-	911	19,720	41	19,761	20,672
-	-	-	-	2,021	-	2,021	2,021
1,116	50	31	156,676	16,861	401	17,262	173,938
-	-	-	11	-	-	-	11
-	-	-	600	504	-	504	1,104
-	-	-	9,563	-	-	-	9,563
<u>\$ 58,038</u>	<u>\$ 75,828</u>	<u>\$ 88,020</u>	<u>\$ 1,558,620</u>	<u>\$ 156,567</u>	<u>\$ 77,155</u>	<u>\$ 233,722</u>	<u>\$ 1,792,342</u>

See accompanying notes to financial statements.



# GLOBAL INTEGRITY

## STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2010

	Program Services						
	Global Integrity Report	Foglamp	Latin America Sub- National	Guatemala Justice Sector	Mexico Sub- National	Guatemala Technical Support	Indaba
Salaries and related benefits (Note 7)	\$ 11,951	\$ 15,786	\$ 11,340	\$ 92,887	\$ 113,589	\$ 31,106	\$ 71,438
Printing and production	17,700	-	-	-	-	-	-
Professional fees	-	28,100	-	-	-	-	-
Occupancy (Note 6)	1,809	2,631	3,770	8,211	4,091	1,525	2,846
Accounting	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-
Depreciation	723	104	34	63	225	15	120
Travel and entertainment	55	8,906	-	-	-	-	1,212
Local experts and contractors	136,324	25,245	24,000	6,280	-	-	-
Postage and delivery	-	27	-	-	-	-	-
Repairs and maintenance	-	-	-	-	-	-	-
Supplies	-	477	-	-	128	-	-
Meetings and conventions	-	-	-	-	-	-	-
Advertising and promotion	705	-	-	-	-	-	-
Bank and other fees	40	-	-	-	43	-	65
Equipment	-	-	-	-	-	-	-
Database/ telecommunications	18,995	847	480	850	1,537	-	258,742
Other	-	86	-	-	-	-	-
<b>TOTAL</b>	<b>\$ 188,302</b>	<b>\$ 82,209</b>	<b>\$ 39,624</b>	<b>\$ 108,291</b>	<b>\$ 119,613</b>	<b>\$ 32,646</b>	<b>\$ 334,423</b>

See accompanying notes to financial statements.

				Supporting Services			
Rwanda Workshop	Philippines and PNG Sub-National	Health and Education	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
\$ 3,932	\$ 37,963	\$ 51,733	\$ 441,725	\$ 40,156	\$ 12,129	\$ 52,285	\$ 494,010
-	-	-	17,700	1,351	80	1,431	19,131
-	-	-	28,100	5,000	-	5,000	33,100
-	2,999	5,565	33,447	20,979	13,723	34,702	68,149
-	-	-	-	22,842	-	22,842	22,842
-	-	-	-	4,092	-	4,092	4,092
-	37	59	1,380	117	59	176	1,557
5,977	5,609	-	21,759	3,857	6,623	10,480	32,239
-	7,938	10,636	210,423	-	1,000	1,000	211,423
33	-	-	60	368	-	368	428
-	-	-	-	1,435	-	1,435	1,435
-	-	-	605	2,834	-	2,834	3,439
-	-	-	-	698	374	1,072	1,072
-	-	-	705	85	-	85	790
2	237	-	387	9,113	-	9,113	9,500
-	-	-	-	884	-	884	884
56	1,474	1,507	284,488	11,439	-	11,439	295,927
-	255	-	341	751	-	751	1,091
<u>\$ 10,000</u>	<u>\$ 56,512</u>	<u>\$ 69,500</u>	<u>\$ 1,041,120</u>	<u>\$ 126,001</u>	<u>\$ 33,988</u>	<u>\$ 159,989</u>	<u>\$ 1,201,109</u>

See accompanying notes to financial statements.

**GLOBAL INTEGRITY**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 3,010,549	\$ 758,691
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	2,126	1,557
(Increase) decrease in:		
Accounts receivable	(26,426)	232
Grants receivable	(2,824,618)	(323,050)
Prepaid expenses	(13,225)	1,262
Increase (decrease) in:		
Accounts payable and accrued liabilities	115,746	1,110
Deferred rent abatement	<u>(1,373)</u>	<u>516</u>
Net cash provided by operating activities	<u>262,779</u>	<u>440,318</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of furniture and equipment	<u>(11,773)</u>	<u>-</u>
Net cash used by investing activities	<u>(11,773)</u>	<u>-</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of loan payable	<u>-</u>	<u>(30,000)</u>
Net cash used by financing activities	<u>-</u>	<u>(30,000)</u>
Net increase in cash and cash equivalents	251,006	410,318
Cash and cash equivalents at beginning of year	<u>444,829</u>	<u>34,511</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 695,835</u></b>	<b><u>\$ 444,829</u></b>

**GLOBAL INTEGRITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011 AND 2010**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**

Organization -

Global Integrity is a non-profit organization, organized and incorporated in Washington, D.C. during September 2005, commencing operations on January 1, 2006. Global Integrity generates, synthesizes, and disseminates credible, comprehensive and timely information on governance and corruption trends around the world. As an independent information provider, employing on-the-ground expertise, Global Integrity produces original reporting and quantitative analysis in the global public interest regarding accountable and democratic governance. Global Integrity is meant to serve simultaneously as a roadmap for engaged citizens, a reform checklist for policymakers, and a guide to the business climate for investors.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with FASB ASC 958, *Not-for-Profit Entities*.

Cash and cash equivalents -

Global Integrity considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

At times during the year, Global Integrity maintains cash balances at financial institutions in excess of the Federal Deposit Insurance Corporation (FDIC) limits. Management believes the risk in these situations to be minimal.

Accounts and grants receivable -

Accounts and grants receivable approximate fair value. Management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

Furniture and equipment -

Furniture and equipment are stated at cost. Furniture and equipment within a acquisition value of \$500 or more are capitalized and depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to five years. The cost of maintenance and repairs is recorded as expenses are incurred.

Income taxes -

Global Integrity is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. Global Integrity is not a private foundation.

Uncertain tax positions -

In June 2006, the Financial Accounting Standards Board (FASB) released FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes. For the years ended December 31, 2011 and 2010, Global Integrity has documented its consideration of FASB ASC 740-10 and determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements. The Federal Form 990, *Return of Organization Exempt from Income Tax*, is subject to examination by the Internal Revenue Service, generally for three years after it is filed.

**GLOBAL INTEGRITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011 AND 2010**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**  
**(Continued)**

Net asset classification -

The net assets are reported in two self-balancing groups as follows:

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

Contributions and grants -

Unrestricted and temporarily restricted contributions and grants are recorded as revenue in the year notification is received from the donor. Temporarily restricted contributions and grants are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Temporarily restricted contributions and grants received in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying financial statements.

Use of estimates -

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

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 and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**2. GRANTS RECEIVABLE**

All grants receivable are considered to be collectible within one year, unless otherwise stated by the donor. Grants due in more than one year have been recorded at the present value of the estimated cash flows, using a discount rate of 3.25%.

Grants are due as follows at December 31, 2011:

Less than one year	\$ 1,427,424
One to five years	<u>2,020,000</u>
Total	3,447,424
Less: Allowance to discount balance to present value	<u>(149,556)</u>
<b>GRANTS RECEIVABLE, NET</b>	<b><u>\$ 3,297,868</u></b>

## GLOBAL INTEGRITY

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2011 AND 2010

#### 3. LINE OF CREDIT

During 2011, Global Integrity opened a line of credit (LOC) with Square 1 Bank that expires on January 31, 2012. The maximum amount that may be borrowed against the LOC is the lesser of \$100,000, or an amount equal to 80% of eligible accounts as determined by the bank. Borrowings against the LOC bear interest at a variable annual rate equal to the greater of 2.25% above the prime rate then in effect or 6%. As of December 31, 2011, there was no outstanding balance on the LOC.

Terms of the agreement require Global Integrity to maintain an open funded deposit account, held with Square 1, not less than \$50,000 and other loan covenants. As of the date of this report, Global Integrity was in compliance with these requirements.

#### 4. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at December 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Global Integrity Report	\$ 86,505	\$ 155,239
Mexico Sub-National	314,438	421,877
NED - LATAM	-	45,377
Indaba	-	32,078
CPI/GI/Public Radio	406,962	-
Mo Ibrahim Foundation	2,265,153	-
CIPE	3,636	-
Time Restricted (Future Year's Support)	<u>1,901,645</u>	<u>596,792</u>
	<b><u>\$ 4,978,339</u></b>	<b><u>\$ 1,251,363</u></b>

#### 5. NET ASSETS RELEASED FROM RESTRICTIONS

The following temporarily restricted net assets were released from donor restrictions by incurring expenses (or through the passage of time), which satisfied the restricted purposes specified by the donors:

	<u>2011</u>	<u>2010</u>
Global Integrity Report	\$ 159,785	\$ 126,011
Kenya	-	49,000
Rwanda Workshop	-	10,000
Guatemala Technical Support	-	32,646
Guatemala Justice Sector	-	108,291
Mexico Sub-National	107,438	119,613
NED - LATAM	45,377	39,624
CPI/GI/Public Radio	58,038	-
Mo Ibrahim Foundation	93,161	-
CIPE	49,634	-
Indaba	124,628	334,422
Passage of Time	<u>253,777</u>	<u>246,198</u>
	<b><u>\$ 891,838</u></b>	<b><u>\$ 1,065,805</u></b>

**GLOBAL INTEGRITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011 AND 2010**

**6. LEASE COMMITMENT**

On February 19, 2008, Global Integrity entered into an operating lease agreement for office space. The lease term is for a period of five years, commencing on April 1, 2008. Global Integrity is responsible for its proportionate share of operating costs and real estate taxes.

Accounting principles generally accepted in the United States of America require that the total rent commitment should be recognized on a straight-line basis over the term of the lease. Accordingly, the difference between the actual monthly payments and the rent expense being recognized for financial statement purposes is recorded as a deferred rent liability in the Statements of Financial Position.

During 2011, Global Integrity entered into a lease agreement in South Africa for its foreign operations through June 30, 2012. Monthly rent expense is included in the Statements of Activities and Changes in Net Assets and in the schedule of future minimum lease payments.

Following is a schedule of future minimum lease payments required under the operating lease agreement:

**Year Ended December 31,**

2012	\$ 70,513
2013	<u>16,843</u>
	<b><u>\$ 87,356</u></b>

Total occupancy expense for the years ended December 31, 2011 and 2010 was \$66,729 and \$68,149, respectively. The deferred rent liability for the years ended December 31, 2011 and 2010 totaled \$4,275 and \$5,648, respectively.

Global Integrity extended its sublease agreement in 2011 for a period of six months. For the year ended December 31, 2011, Global Integrity received \$9,200 of rental income, which is included in other revenue in the accompanying Statements of Activities and Changes in Net Assets.

**7. RETIREMENT PLAN**

Global Integrity has adopted a defined contribution plan, effective January 1, 2010, covering all full-time employees with a minimum age requirement of 18 years. For full-time employees, meeting one year of eligible experience or 1,000 hours, Global Integrity contributes 3.5% percent of gross wages. Contributions to the plan during the years ended December 31, 2011 and 2010 totaled \$14,561 and \$0, respectively.

**8. CONCENTRATION OF REVENUE**

Approximately 85% and 70% of Global Integrity's revenue for the years ended December 31, 2011 and 2010, respectively, was derived from several grants awarded by various private foundations and foreign governments. Global Integrity has no reason to believe that relationships with these agencies will be discontinued in the foreseeable future. However, any interruption of these relationships (i.e., the failure to renew grant agreements or withholding of funds) would adversely affect Global Integrity's ability to finance ongoing operations.

**GLOBAL INTEGRITY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**9. FOREIGN OPERATIONS**

Global Integrity opened a field office in South Africa in 2011. The program, Global Integrity Trust, is being funded by the Mo Ibrahim Foundation. During the year, Global Integrity wired funds to South Africa for general expenses. Amounts that were not expended as of year-end are recorded in Global Integrity's accounts receivable in the amount of \$11,240.

**10. SUBSEQUENT EVENTS**

In preparing these financial statements, Global Integrity has evaluated events and transactions for potential recognition or disclosure through July 16, 2012, the date the financial statements were issued.