

Open Contracting Partnership

Financial Statements
and Independent Auditor's Report

As of and for the Three Months Ended December 31, 2021

Open Contracting Partnership

Financial Statements
December 31, 2021

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INDEPENDENT AUDITOR’S REPORT

To the Board of Directors of
Open Contracting Partnership

Opinion

We have audited the accompanying financial statements of Open Contracting Partnership (“the Organization”), which comprise the statement of financial position as of December 31, 2021; the related statements of activities, functional expenses, and cash flows for the three months 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 Organization as of December 31, 2021, and the changes in its net assets and its cash flows for the three months then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 audit. 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.

Responsibilities of Management for the Financial Statements (continued)

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.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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.

Handwritten signature in black ink that reads "Rogers + Company PLLC". The signature is written in a cursive, flowing style.

Vienna, Virginia
September 9, 2022

Open Contracting Partnership

Statement of Financial Position
December 31, 2021

Assets

Cash	\$ 2,792,406
Grants and contributions receivable	763,001
Accounts receivable	1,300
Prepaid expenses	7,450

Total assets \$ 3,564,157

Liabilities and Net Assets

Liabilities

Accounts payable and accrued expenses	\$ 180,812
Deferred revenue	9,000

Total liabilities 189,812

Net Assets

Without donor restrictions	3,274,345
With donor restrictions	100,000

Total net assets 3,374,345

Total liabilities and net assets \$ 3,564,157

Open Contracting Partnership

Statement of Activities For the Three Months Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Grants and contributions	\$ 3,133,131	\$ 100,000	\$ 3,233,131
Other revenue	545	-	545
Interest	252	-	252
Total revenue and support	3,133,928	100,000	3,233,928
Expenses			
Program services:			
Data products and support services	375,908	-	375,908
Implementation and infrastructure	483,312	-	483,312
Advocacy and communications	128,885	-	128,885
Community building and research	85,922	-	85,922
Total program services	1,074,027	-	1,074,027
Supporting services:			
Management and general	205,652	-	205,652
Fundraising	6,573	-	6,573
Total supporting services	212,225	-	212,225
Total expenses	1,286,252	-	1,286,252
Change in Net Assets	1,847,676	100,000	1,947,676
Net Assets, beginning of period	1,426,669	-	1,426,669
Net Assets, end of period	\$ 3,274,345	\$ 100,000	\$ 3,374,345

See accompanying notes.

Open Contracting Partnership

Statement of Functional Expenses
For the Three Months Ended December 31, 2021

	Program Services					Supporting Services			Total Expenses
	Data Products and Support Services	Implementation and Infrastructure	Advocacy and Communi-cations	Community Building and Research	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries and employee benefits	\$ 113,509	\$ 145,939	\$ 38,917	\$ 25,945	\$ 324,310	\$ 125,971	\$ -	\$ 125,971	\$ 450,281
Payroll taxes	7,261	9,337	2,490	1,660	20,748	12,597	-	12,597	33,345
Payroll processing fees	-	-	-	-	-	4,760	-	4,760	4,760
Grants and contracts	6,431	8,269	2,205	1,470	18,375	-	-	-	18,375
Contract services	233,522	300,243	80,065	53,377	667,207	7,883	-	7,883	675,090
Professional fees	10,072	12,950	3,454	2,302	28,778	17,047	6,573	23,620	52,398
Supplies	145	186	50	33	414	3,193	-	3,193	3,607
Telephone	801	1,029	274	183	2,287	-	-	-	2,287
Postage and shipping	-	-	-	-	-	286	-	286	286
Printing	-	-	-	-	-	1,389	-	1,389	1,389
Books, subscriptions, and references	-	-	-	-	-	1,597	-	1,597	1,597
Software	131	169	45	30	375	10,567	-	10,567	10,942
Occupancy	2,104	2,705	722	481	6,012	-	-	-	6,012
Travel and meetings	1,927	2,478	661	440	5,506	13,429	-	13,429	18,935
Insurance	-	-	-	-	-	5,079	-	5,079	5,079
Miscellaneous	5	7	2	1	15	242	-	242	257
Foreign currency exchange loss	-	-	-	-	-	1,266	-	1,266	1,266
Bank charges and fees	-	-	-	-	-	346	-	346	346
Total Expenses	\$ 375,908	\$ 483,312	\$ 128,885	\$ 85,922	\$ 1,074,027	\$ 205,652	\$ 6,573	\$ 212,225	\$ 1,286,252

See accompanying notes.

Open Contracting Partnership

Statement of Cash Flows For the Three Months Ended December 31, 2021

Cash Flows from Operating Activities	
Change in net assets	\$ 1,947,676
Change in operating assets and liabilities:	
Increase in:	
Grants and contributions receivable	(763,001)
Accounts receivable	(1,300)
Prepaid expenses	(5,862)
(Decrease) increase in:	
Accounts payable and accrued expenses	(196,795)
Deferred revenue	9,000
	<hr/>
Net cash provided by operating activities	989,718
	<hr/>
Net Increase in Cash	989,718
Cash, beginning of period	<hr/>
	1,802,688
	<hr/>
Cash, end of period	<hr/>
	\$ 2,792,406
	<hr/>

Open Contracting Partnership

Notes to Financial Statements
December 31, 2021

1. Nature of Operations

The Open Contracting Partnership (“the Organization”) is an independent, nonprofit, public charity operating in over 50 countries. The Organization’s mission is to bring open data and open government together to ensure public money is spent openly, fairly, and effectively on public contracts. The Organization is primarily funded through grants and contributions.

Prior to October 1, 2021, the Organization was fiscally sponsored by the Fund for the City of New York (“the Fund”), a New York nonprofit organization. As the Organization’s fiscal sponsor, the Fund received donations and provided organizational infrastructure, legal services, and tax-exempt status for the Organization. Until the Organization obtained its own tax-exempt status under Section 501(c)(3) of the Internal Revenue Code (IRC), the Fund acted as the fiscal sponsor for all operations. Effective October 1, 2021, the Organization began operations as a legally separate and financially independent organization; and the Fund transferred all assets and liabilities of the Organization to its own chart of accounts.

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

The Organization’s financial statements are prepared on the accrual basis of accounting. Net assets are reported based on the presence or absence of donor-imposed restrictions.

Classification of Net Assets

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Open Contracting Partnership

Notes to Financial Statements
December 31, 2021

2. Summary of Significant Accounting Policies (continued)

Grants and Contributions Receivable

Grants and contributions receivable represent unconditional amounts committed to the Organization. Grants and contributions are reflected at either net realizable value or at net present value based on projected cash flows. All grants and contributions are due in less than one year at December 31, 2021. Management determines the allowance for doubtful receivables based upon review of outstanding receivables, historical collection information, and existing economic conditions. At December 31, 2021, there was no allowance for receivables as all grants and contributions were deemed fully collectible.

Accounts Receivable

The Organization's accounts receivable are all due in less than one year and are recorded at net realizable value. The Organization writes off accounts receivable when they become uncollectible. When necessary, an allowance for uncollectible accounts receivable is determined based upon management's best estimate of the potential future uncollectibility of accounts outstanding. All receivables were deemed fully collectible, and no allowance for uncollectible accounts was established at December 31, 2021.

Revenue Recognition

Revenue Accounted for in Accordance with Contribution Accounting

Grants and contributions that are nonreciprocal are recognized as revenue when cash, securities, or other assets, or an unconditional promise to give, is received. The Organization reports gifts of cash and other assets as restricted support if they are received or promised with donor stipulations that limit the use of the donated funds to one of the Organization's programs or to a future year. When a donor 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 statement of activities as net assets released from restrictions.

Conditional contributions contain a donor-imposed condition that represents a barrier that must be overcome before the Organization is entitled to the assets transferred or promised. Failure to overcome the barrier gives the donor a right of return of the assets it has transferred or gives the promisor a right of release from its obligation to transfer its assets.

Open Contracting Partnership

Notes to Financial Statements
December 31, 2021

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Revenue Accounted for in Accordance with Contribution Accounting (continued)

Conditional contributions are recognized as revenue, either with or without donor restrictions, when donor-imposed conditions are substantially met, and any barriers are overcome. Donor restrictions are also satisfied when qualifying expenditures are incurred for the donor-specified program. Conditional contributions are recorded as deferred revenue until the conditions are met and barriers are overcome. At December 31, 2021, a conditional contribution in the amount of \$9,000 is reflected as deferred revenue in the accompanying statement of financial position.

Revenue Accounted for as Contracts with Customers

Revenue is recognized when the Organization satisfies a performance obligation by transferring a promised good to, or performing a service for, a customer. The amount of revenue recognized reflects the consideration the Organization expects to receive in exchange for satisfying distinct performance obligations. If a performance obligation does not meet the criteria to be considered distinct, the Organization combines it with other performance obligations until a distinct bundle of goods or services exists. Fees or amounts received in advance of satisfying contractual performance obligations are reflected as deferred revenue in the statement of financial position. Revenue is recognized either over time or at the point in time that contractual obligations are met.

Foreign Currency Transaction Gains and Losses

The Organization conducts its operations internationally, and accordingly, transacts in local currencies of various countries. Gains and losses from foreign currency transactions for the fiscal period are included in the accompanying statements of activities and functional expenses, as they relate to the Organization's operations.

Advertising Costs

The Organization expenses advertising costs as incurred. There were no advertising costs for the three months ended December 31, 2021.

Open Contracting Partnership

Notes to Financial Statements
December 31, 2021

2. Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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 the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Recently Issued Accounting Pronouncement

In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update 2016-02, *Leases*. The update requires a lessee to recognize a right-of-use asset and lease liability, initially measured at the present value of the lease payments, in its statement of financial position. The guidance also expands the required quantitative and qualitative lease disclosures. The guidance is effective beginning in 2022.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 9, 2022, the date the financial statements were available to be issued.

3. Liquidity and Availability

The Organization strives to maintain liquid financial assets on hand to meet at least 90 days of general expenditures. Management periodically reviews the Organization's liquid asset needs and adjusts the cash balances as necessary. Additionally, the Organization considers net assets with donor restrictions for use in current programs that are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures.

Open Contracting Partnership

Notes to Financial Statements
December 31, 2021

3. Liquidity and Availability (continued)

Financial assets that are available for general expenditures within one year of the statement of financial position date comprise the following at December 31, 2021:

Cash	\$ 2,792,406
Grants and contributions receivable	763,001
Accounts receivable	<u>1,300</u>
Total available for general expenditures	<u>\$ 3,556,707</u>

4. Concentrations of Risk

Credit Risk

Financial instruments that potentially subject the Organization to significant concentrations of credit risk consist of cash. The Organization maintains cash deposit and transaction accounts with various financial institutions and these values, from time to time, exceed insurable limits under the Federal Deposit Insurance Corporation (FDIC). The Organization has not experienced any credit losses on its cash to date as it relates to FDIC insurance limits. Management periodically assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal.

Revenue Risk

For the three months ended December 31, 2021, a substantial portion of the Organization's revenue was generated from two sources. The grants and contributions totaled approximately 67% of the Organization's total revenue and support for the three months ended December 31, 2021. A potential reduction or change in funding from these sources in the future could significantly impact the Organization's ability to carry out its program activities.

5. Net Assets With Donor Restrictions

At December 31, 2021, net assets with donor restrictions totaled \$100,000, and are all time restricted.

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Notes to Financial Statements
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6. Commitments and Contingencies

License Agreements

The Organization entered into a license agreement for office space located in Washington, DC that commenced on April 1, 2021 and expired on March 31, 2022. The license agreement required fixed monthly payments over the term of the agreement. Upon expiration, the agreement continued on a month-to-month basis at the same rate, and is cancellable upon 60 days' notice. Subsequent to year end, the Organization renewed its license agreement at the same location for a two year period commencing on April 1, 2022 and expiring on March 31, 2024. The agreement contains a clause for annual payment escalations of up to 3% from the previous year.

Occupancy expense for the three months ended December 31, 2021 totaled \$6,012.

Future minimum license payments under the agreements are as follows for the years ending December 31:

2022	\$	31,230
2023		34,260
2024		<u>8,628</u>
Total future minimum license payments	\$	<u><u>74,118</u></u>

7. Functionalized Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Where feasible, the Organization allocates its expenses directly to specific programs or functions. Additionally, the Organization utilizes an indirect cost allocation methodology to allocate its expenses. The expenses that are allocated include staffing fees, which are allocated on the basis of estimates of time and effort. Other expenses are allocated across specific programs or functions based on an estimated percentage of time and effort spent by staff on the natural type of expense.

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8. Retirement Plan

On October 15, 2021, the Organization began maintaining a retirement plan, effective January 1, 2022, qualified under IRC Section 401(k) for its employees. All employees who meet certain age and employment requirements are eligible to participate in the plan. The Organization contributes up to 10% of each participating employee's salary subject to annual limitations imposed by the Internal Revenue Service. During the three months ended December 31, 2021, retirement plan expense totaled \$30,067.

9. Income Taxes

The Organization is exempt from payment of taxes on income other than net unrelated business income under IRC Section 501(c)(3). For the three months ended December 31, 2021, there was no unrelated business income and, accordingly, no federal or state income taxes have been recorded. Contributions to the Organization are deductible as provided in IRC Section 170(b)(1)(A)(vi). Management has evaluated the Organization's tax positions and concluded that the Organization's financial statements do not include any uncertain tax positions.