

**NATURAL RESOURCE GOVERNANCE INSTITUTE  
(formerly known as Revenue Watch Institute)  
AND SUBSIDIARY**

**FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2014 AND 2013**

**NATURAL RESOURCE GOVERNANCE INSTITUTE  
(formerly known as Revenue Watch Institute)  
AND SUBSIDIARY**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Natural Resources Governance Institute  
(formerly known as Revenue Watch Institute)

We have audited the accompanying consolidated financial statements of Natural Resource Governance Institute (formerly known as Revenue Watch Institute) (a nonprofit organization) and Subsidiary, which comprise the consolidated statement of financial position as of December 31, 2014, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the financial statements. We have also audited the accompanying financial statements of Natural Resource Governance Institute (formerly known as Revenue Watch Institute), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the 2014 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Natural Resource Governance Institute (formerly known as Revenue Watch Institute) and Subsidiary as of December 31, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Also, in our opinion, the 2013 financial statements present fairly, in all material respects, the financial position of Natural Resource Governance Institute (formerly known as Revenue Watch Institute) as of December 31, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Lotz + Carr, LLP*

New York, New York  
June 24, 2015

**NATURAL RESOURCE GOVERNANCE INSTITUTE**  
**(formerly known as Revenue Watch Institute)**  
**AND SUBSIDIARY**

**STATEMENTS OF FINANCIAL POSITION**

**DECEMBER 31, 2014 AND 2013**

	<b>2014</b>	<b>2013</b>
	<b>(Consolidated)</b>	
<b>Assets</b>		
Cash and cash equivalents (Notes 1c and 2)	\$ 6,123,905	\$ 4,423,385
Contributions receivable (Notes 1d and 4)		
Unrestricted	1,925,292	3,036,151
Restricted for future periods and programs	1,000,000	4,510,908
Accounts receivable	97,470	33,256
Prepaid expenses	281,544	158,396
Property and equipment, at cost, net of accumulated depreciation (Notes 1e and 5)	737,323	324,316
Security deposits	230,333	113,034
<b>Total Assets</b>	<b>\$ 10,395,867</b>	<b>\$12,599,446</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accrued expenses	\$ 997,736	\$ 651,627
Due to third parties (Note 6)	387,894	631,222
Grants payable (Notes 1f and 9)	397,369	645,751
Refundable grant	74,388	30,137
Deferred rent liability (Note 1g)	122,588	87,048
Deferred revenue	-	3,881
<b>Total Liabilities</b>	<b>1,979,975</b>	<b>2,049,666</b>
Commitments (Notes 8 and 10)		
<b>Net Assets</b>		
Unrestricted	3,262,643	1,787,701
Temporarily restricted (Note 3)	5,153,249	8,762,079
<b>Total Net Assets</b>	<b>8,415,892</b>	<b>10,549,780</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 10,395,867</b>	<b>\$12,599,446</b>

See independent auditors' report and notes to financial statements.

**NATURAL RESOURCE GOVERNANCE INSTITUTE**  
(formerly known as Revenue Watch Institute)  
**AND SUBSIDIARY**

**STATEMENTS OF ACTIVITIES**

**YEARS ENDED DECEMBER 31, 2014 AND 2013**

	2014			2013 *		
	Consolidated			Unrestricted	Temporarily Restricted	Total
	Unrestricted	Temporarily Restricted	Total			
<b>Changes in Net Assets</b>						
Revenue and Support						
Contributions (Note 1a)						
Non-governmental organizations and foundations	\$ 4,830,000	\$ 2,948,647	\$ 7,778,647	\$ 4,830,000	\$10,528,047	\$15,358,047
United States governmental development agencies	-	1,014,871	1,014,871	-	1,346,094	1,346,094
Foreign governmental development agencies	-	4,629,634	4,629,634	-	3,677,268	3,677,268
International organizations	-	830,176	830,176	-	961,323	961,323
Funding reduction due to regional restrictions	-	(150,200)	(150,200)	-	-	-
In-kind contributions (Note 11)	99,212	-	99,212	311,386	-	311,386
Consulting income	196,543	-	196,543	224,729	-	224,729
Other income	23,961	-	23,961	5,000	-	5,000
	<u>5,149,716</u>	<u>9,273,128</u>	<u>14,422,844</u>	<u>5,371,115</u>	<u>16,512,732</u>	<u>21,883,847</u>
Net assets released from restrictions						
Satisfaction of program restrictions	<u>12,881,958</u>	<u>(12,881,958)</u>	<u>-</u>	<u>9,521,834</u>	<u>(9,521,834)</u>	<u>-</u>
Total Revenue and Support	<u>18,031,674</u>	<u>(3,608,830)</u>	<u>14,422,844</u>	<u>14,892,949</u>	<u>6,990,898</u>	<u>21,883,847</u>
Expenses						
Program Services						
Training and capacity building	4,932,885	-	4,932,885	3,882,360	-	3,882,360
Research	1,868,733	-	1,868,733	1,536,632	-	1,536,632
Monitoring	2,255,369	-	2,255,369	2,191,142	-	2,191,142
Advocacy	940,450	-	940,450	929,816	-	929,816
Technical assistance	1,418,696	-	1,418,696	1,630,632	-	1,630,632
Total Program Services	<u>11,416,133</u>	<u>-</u>	<u>11,416,133</u>	<u>10,170,582</u>	<u>-</u>	<u>10,170,582</u>
Supporting Services						
Administration	4,095,337	-	4,095,337	3,006,662	-	3,006,662
Fundraising	1,173,667	-	1,173,667	890,439	-	890,439
Total Supporting Services	<u>5,269,004</u>	<u>-</u>	<u>5,269,004</u>	<u>3,897,101</u>	<u>-</u>	<u>3,897,101</u>
Total Expenses	<u>16,685,137</u>	<u>-</u>	<u>16,685,137</u>	<u>14,067,683</u>	<u>-</u>	<u>14,067,683</u>
Increase (Decrease) in Net Assets Before Item Below	1,346,537	(3,608,830)	(2,262,293)	825,266	6,990,898	7,816,164
Foreign currency translation adjustment (Note 12)	<u>128,405</u>	<u>-</u>	<u>128,405</u>	<u>98,142</u>	<u>-</u>	<u>98,142</u>
Increase (decrease) in net assets	1,474,942	(3,608,830)	(2,133,888)	923,408	6,990,898	7,914,306
Net assets, beginning of year	<u>1,787,701</u>	<u>8,762,079</u>	<u>10,549,780</u>	<u>864,293</u>	<u>1,771,181</u>	<u>2,635,474</u>
<b>Net Assets, End of Year</b>	<u>\$ 3,262,643</u>	<u>\$ 5,153,249</u>	<u>\$ 8,415,892</u>	<u>\$ 1,787,701</u>	<u>\$ 8,762,079</u>	<u>\$10,549,780</u>

\* Certain amounts have been reclassified for comparative purposes.

See independent auditors' report and notes to financial statements.

**NATURAL RESOURCE GOVERNANCE INSTITUTE**  
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**AND SUBSIDIARY**

**STATEMENTS OF CASH FLOWS**

**YEARS ENDED DECEMBER 31, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
	<u>(Consolidated)</u>	
<b>Cash Flows From Operating Activities</b>		
Increase (decrease) in net assets	\$ (2,133,888)	\$7,914,306
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	159,397	139,825
(Increase) decrease in:		
Contributions receivable	4,621,767	(3,378,176)
Accounts receivable	(64,214)	153,998
Prepaid expenses	(123,148)	(51,880)
Security deposits	(117,299)	(48,977)
Increase (decrease) in:		
Accrued expenses	346,109	(157,632)
Due to third parties	(243,328)	(1,682,821)
Grants payable	(248,382)	(43,262)
Refundable grant	44,251	(93,010)
Deferred rent liability	35,540	87,048
Deferred revenue	(3,881)	3,881
Net Cash Provided By Operating Activities	<u>2,272,924</u>	<u>2,843,300</u>
 <b>Cash Flows From Investing Activities</b>		
Acquisition of property and equipment	<u>(572,404)</u>	<u>(110,052)</u>
Net increase in cash and cash equivalents	1,700,520	2,733,248
Cash and cash equivalents, beginning of year	<u>4,423,385</u>	<u>1,690,137</u>
 <b>Cash and Cash Equivalents, End of Year</b>	 <u><u>\$ 6,123,905</u></u>	 <u><u>\$4,423,385</u></u>

See independent auditors' report and notes to financial statements.

**NATURAL RESOURCE GOVERNANCE INSTITUTE**  
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**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2014 AND 2013**

**Note 1 - Organizations and Summary of Significant Accounting Policies**

**a - Organizations**

Natural Resource Governance Institute ("NRGI") was incorporated as a District of Columbia non-profit corporation on March 2, 2006 and was formerly known as Revenue Watch Institute. During 2014, its certificate of incorporation was amended to change its name to Natural Resource Governance Institute.

NRGI engages in activities directed to the promotion of sustainable development, good governance and poverty reduction in natural resource-dependent countries through improvement of public finance transparency and accountability. Specifically, NRGI shall support efforts to increase the transparency, accountability and effectiveness of resource revenue management and public expenditures by conducting research; publishing reports; and building a body of literature on best practices; providing information, training and funding to organizations that monitor or seek to monitor government revenues and individuals and expenditures; and facilitating technical assistance to journalists, non-governmental organizations ("NGOs"), policy-makers and government officials.

Consistent with its mission, NRGI applies similar standards of transparency to its internal operations. NRGI is committed to maintaining best practices in financial reporting. Additional information regarding governance and internal controls is available on our IRS Form 990 (available for download on our website).

NRGI has three core donors that have been providing continuous and consistent institutional support since 2006. In addition, NRGI receives project-based support from a diverse group of foundations, U.S. and foreign government development agencies and international financial institutions. NRGI received 66% of its contributions from one foundation and one foreign government agency in 2014 and 63% of its contributions from three foundations in 2013. A full list of NRGI's donors can be found on our website.

The Natural Resource Charter Limited (the "NRC") was formed with NRGI as its sole member. NRC is registered as a charity in the United Kingdom. NRGI and NRC (together as "NRGI") formed a policy institute to produce evidence-based approaches to apply in real-world contexts around the globe. In 2013, NRC was inactive and these activities were conducted solely through NRGI.

**b - Principles of Consolidation**

The consolidated financial statements include the accounts of NRGI and its subsidiary, NRC. All significant intercompany transactions and accounts have been eliminated in consolidation.



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**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2014 AND 2013**

**Note 1 - Organizations and Summary of Significant Accounting Policies (continued)**

c - Cash and Cash Equivalents

For purposes of the statement of cash flows, NRGI considers all unrestricted highly liquid investments, purchased with a maturity of three months or less, to be cash equivalents.

d - Contributions

Contributions are recognized when the donor makes a promise to give to NRGI, that is, in substance, unconditional. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

e - Property and Equipment

Property and equipment is recorded at cost and is depreciated using the straight-line method over the estimated useful life of the related asset.

f - Grants Awarded

Grants awarded are recognized as expenses in the period the award is made. Grants payable later than one year from the end of a fiscal year are discounted to present value using a discount rate of 3%. At December 31, 2014 and 2013, all grants are expected to be paid within one year.

g - Deferred Rent Liability

NRGI records rent expense associated with its office leases in New York and the United Kingdom on a straight-line basis over the life of the leases (see Note 8). The difference between the straight-line amount and the amount actually paid during the year is recorded as a liability and an expense in the accompanying financial statements.

h - Financial Statement Presentation

NRGI reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

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**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2014 AND 2013**

**Note 1 - Organizations and Summary of Significant Accounting Policies (continued)**

i - Tax Status

Natural Resource Governance Institute is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and has been designated as an organization which is not a private foundation. Management has evaluated all income tax positions and concluded that no disclosures relating to uncertain tax positions are required in the financial statements. NRGI's tax returns are generally subject to examination by taxing authorities for a period of three years from the date of filing.

j - Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

k - Subsequent Events

NRGI has evaluated subsequent events through June 24, 2015, the date that the financial statements are considered available to be issued.

**Note 2 - Concentration of Credit Risk**

Cash balances in the United States, which comprise the majority of the NRGI's cash balances, are maintained in one financial institution. The balance, at times, may exceed federally insured limits. NRGI also maintains bank accounts in the United Kingdom, Ghana, Peru, Lebanon and Myanmar. There is no loss insurance on these accounts. The balance of these accounts at December 31, 2014 and 2013 was approximately \$277,000 and \$17,000, respectively.

**Note 3 - Restrictions on Net Assets**

Temporarily restricted net assets at December 31 are restricted as follows:

	<u>2014</u>	<u>2013</u>
Future periods	\$1,842,042	\$4,813,245
Future programs	<u>3,311,207</u>	<u>3,948,834</u>
	<u>\$5,153,249</u>	<u>\$8,762,079</u>

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**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2014 AND 2013**

**Note 3 - Restrictions on Net Assets (continued)**

Future periods consist of contributions restricted by the donor for expenditure during a specified timeline. Future programs consist of contributions restricted by the donor for expenditure on specific programming objectives and/or deliverables.

**Note 4 - Contributions Receivable**

a - Contributions Receivable

Contributions receivable at December 31, 2014 and 2013 are due as follows:

	<b>2014</b>		
	<b><u>Unrestricted</u></b>	<b><u>Temporarily Restricted</u></b>	<b><u>Total</u></b>
Less than one year	<u>\$1,925,292</u>	<u>\$1,000,000</u>	<u>\$2,925,292</u>
	<b>2013</b>		
	<b><u>Unrestricted</u></b>	<b><u>Temporarily Restricted</u></b>	<b><u>Total</u></b>
Less than one year	\$3,036,151	\$3,540,908	\$6,577,059
One to three years	-	1,000,000	1,000,000
	3,036,151	4,540,908	7,577,059
Less: Discount to present value	-	(30,000)	(30,000)
	<u>\$3,036,151</u>	<u>\$4,510,908</u>	<u>\$7,547,059</u>

Uncollectible contributions receivable are expected to be insignificant. Contributions due after one year are discounted to present value using a discount rate of 3%.

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**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2014 AND 2013**

**Note 4 - Contributions Receivable (continued)**

b - Conditional Contributions

The following contributions are conditional, and therefore, are not reflected in these financial statements at December 31, 2014:

UK Department for International Development (“DFID”) - Five-year grant in the amount of \$24,911,550, of which approximately \$24,100,000 is conditional upon expenditure and other requirements.

UK Department for International Development (“DFID”) - Three-year grant in the amount of \$7,520,078, of which approximately \$4,250,000 is conditional upon expenditure and other requirements.

Bill and Melinda Gates Foundation - Two-year grant in the amount of \$1,724,957, of which approximately \$855,000 is conditional upon NRGi demonstrating meaningful progress against the milestones as required by the grant agreement.

The Omidyar Network - Two-year grant in the amount of \$680,000, of which approximately \$231,000 is conditional upon NRGi demonstrating meaningful progress against the milestones as required by the grant agreement.

Norwegian Agency for Development Cooperation - Three-year grant in the amount of \$1,161,685, of which approximately \$1,148,000 is conditional upon expenditure and other requirements.

United States Agency for International Development (“USAID”) - Two year grant in the amount of \$700,000 is conditional upon available funding and the satisfaction of programming requirements in 2015.

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**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2014 AND 2013**

**Note 5 - Property and Equipment**

Property and equipment consist of the following:

	<u>Life</u>	<u>2014</u>	<u>2013</u>
Furniture and equipment	10 years	\$ 167,882	\$ 86,933
Computer equipment and software	5 years	320,911	136,069
Other office equipment	7 years	6,308	8,886
Website	5 years	485,354	444,325
Leasehold improvements	4-5 years	163,714	105,991
Other	10 years	5,000	-
New website development	Not yet in service	<u>201,776</u>	<u>-</u>
		1,350,945	782,204
Less: Accumulated depreciation		<u>(613,622)</u>	<u>(457,888)</u>
		<u>\$ 737,323</u>	<u>\$324,316</u>

Depreciation expense for the years ended December 31, 2014 and 2013 was \$159,397 and \$139,825, respectively.

**Note 6 - Due to Third Parties**

NRGI had service agreements with the Open Society institute ("OSI") through September 30, 2014 and the Open Society Foundation London ("OSF") through November 30, 2014, whereby OSI and OSF agreed to provide certain back-office services to NRGI, including but not limited to human resources, finance and accounting, facilities management and IT systems. Pursuant to the agreements, OSI and OSF maintained on their payrolls and benefit plans certain employees who provided services to NRGI and paid certain other expenses which amounted to \$3,936,078 and \$4,351,152 for the years ended December 31, 2014 and 2013. These services provided were invoiced and paid on a quarterly basis as a result of timing of OSI and OSF's billing cycles. The amount owed OSF for the payment of these services amounted to \$387,894 at December 31, 2014. There was no outstanding balance owed to OSI at December 31, 2014. Amounts owed to OSI and OSF at December 31, 2013 was \$631,222. Additionally, during 2013, NRGI received donated office space from OSI valued at \$212,866, which is reflected as an in-kind contribution (Note 11).

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**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2014 AND 2013**

**Note 7 - Functional Allocation of Expenses**

The cost of providing the various programs and the supporting services has been summarized on a functional basis in the statement of activities. NRGI's primary programming areas are categorized as Training and Capacity Building, Research, Monitoring, International Advocacy and Technical Assistance. Accordingly, certain costs have been allocated among the programs and the supporting services benefited.

**Note 8 - Commitments**

NRGI leases office space in New York for its main office and in Washington D.C., Ghana, the United Kingdom, Lebanon, Myanmar and Tunisia for its branch offices. The leases provide for minimum annual payments as follows:

<u>Year Ending December 31,</u>	
2015	\$567,100
2016	428,199
2017	320,629
2018	305,155
2019	320,405
Through August 12, 2021	536,482

Rent expense for the years ended December 31, 2014 and 2013 was \$713,049 and \$796,275, respectively.

**Note 9 - Grants Payable**

Grants payable to individuals and organizations as of December 31, 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Organizational grants	\$392,320	\$640,404
Individuals	<u>5,049</u>	<u>5,347</u>
Total Grants Payable	<u>\$397,369</u>	<u>\$645,751</u>

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**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2014 AND 2013**

**Note 9 - Grants Payable (continued)**

NRGI discloses all grant recipients, the descriptions of its grant programs and the amounts of each grant online. For detailed information on NRGI's complete grants portfolio, please refer to our website at: <http://www.resourcegovernance.org/grants>.

**Note 10 - Retirement Plan**

After separating from OSI and OSF during 2014 (Note 6), NRGI established a defined contribution retirement plan (the "Plan") for all eligible employees. NRGI may contribute up to 10% of compensation at its discretion. Total contributions to the Plan for the year ended December 31, 2014 was \$72,264.

**Note 11 - In-Kind Contributions**

During the years ended December 31, 2014 and 2013, NRGI received in-kind contributions summarized as follows:

	<u>2014</u>	<u>2013</u>
Legal services	\$91,750	\$ 98,520
Office space	-	212,866
Other	<u>7,462</u>	<u>-</u>
	<u>\$99,212</u>	<u>\$311,386</u>

**Note 12 - Foreign Currency Translation Adjustment**

NRGI provides U.S. dollars to fund its operations outside of the United States, and its funding requirements are subject to fluctuations in currency exchange rates.

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**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2014 AND 2013**

**Note 12 - Foreign Currency Translation Adjustment (continued)**

Assets and liabilities are translated at year-end exchange rates. The effect of exchange rate fluctuations on translating foreign currency assets and liabilities into U.S. dollars is included in the Statement of Activities and unrestricted net assets. An analysis of the change in this cumulative translation adjustment follows:

Balance, January 1, 2013	\$ 86,447
Translation adjustment for the year ended December 31, 2014	<u>128,405</u>
Balance, December 31, 2014	<u>\$214,852</u>



**SUPPLEMENTARY INFORMATION**



**LUTZ AND CARR**

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**INDEPENDENT AUDITORS' REPORT  
ON SUPPLEMENTARY INFORMATION**

To the Board of Directors of  
Natural Resource Governance Institute  
(formerly known as Revenue Watch Institute)

We have audited the financial statements of Natural Resource Governance Institute (formerly known as Revenue Watch Institute) and Subsidiary as of and for the years ended December 31, 2014 (consolidated) and 2013, and our report thereon dated June 24, 2015, which expressed an unmodified opinion on the financial statements, appears on pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Functional Expenses for the year ended December 31, 2014 (consolidated) with comparative totals for 2013 and the Schedule of Certain Restricted Awards for the years ended December 31, 2014 and 2013 are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Lutz + Carr, LLP*

New York, New York  
June 24, 2015

**NATURAL RESOURCE GOVERNANCE INSTITUTE**  
(formerly known as Revenue Watch Institute)  
**AND SUBSIDIARY**

**SCHEDULE OF FUNCTIONAL EXPENSES**

**YEAR ENDED DECEMBER 31, 2014 WITH COMPARATIVE TOTALS FOR 2013**

	<u>Program Services</u>					<u>Supporting Services</u>			<u>2014</u>	<u>2013 *</u>	
	<u>Training and Capacity Building</u>	<u>Research</u>	<u>Monitoring</u>	<u>Advocacy</u>	<u>Technical Assistance</u>	<u>Total</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Total</u>	<u>Total Expenses (Consolidated)</u>	<u>Total Expenses</u>
Salaries, payroll taxes and fringe benefits, including third party reimbursements	\$ 1,033,576	\$1,000,594	\$ 209,742	\$485,862	\$ 723,371	\$ 3,453,145	\$ 563,681	\$ 736,079	\$1,299,760	\$ 4,752,905	\$ 3,639,400
Grants	550,699	33,322	1,322,407	26,531	-	1,932,959	-	-	-	1,932,959	2,679,654
Consultant fees and related expenses	1,433,990	386,652	598,127	152,152	221,190	2,792,111	1,682,050	223,126	1,905,176	4,697,287	3,637,348
Travel, meals and lodging	1,001,292	107,786	56,625	45,836	106,637	1,318,176	566,864	35,000	601,864	1,920,040	1,222,327
Conferences and meetings	511,985	368	-	44,706	39,823	596,882	97,102	-	97,102	693,984	391,600
Office expenses	55,832	49,809	13,528	20,517	44,241	183,927	218,951	24,611	243,562	427,489	599,670
Printing and publications	14,837	26,728	436	10,375	28,296	80,672	45,676	-	45,676	126,348	101,719
Postage, shipping and delivery	402	-	-	341	246	989	26,293	-	26,293	27,282	23,075
Occupancy	242,520	193,372	39,895	115,521	159,579	750,887	84,097	109,818	193,915	944,802	927,119
Maintenance	28,181	22,201	4,602	13,573	18,640	87,197	9,449	12,339	21,788	108,985	38,866
Subscriptions and memberships	1,656	-	-	-	-	1,656	56,627	-	56,627	58,283	60,913
Legal and accounting	191	-	-	-	40,176	40,367	456,768	-	456,768	497,135	330,425
Insurance	18,158	14,344	2,973	8,742	12,018	56,235	6,134	8,009	14,143	70,378	40,833
Recruiting	1,057	-	-	-	79	1,136	42,970	-	42,970	44,106	24,559
Miscellaneous	3,846	-	-	-	140	3,986	219,771	-	219,771	223,757	210,350
Total expenses before depreciation	4,898,222	1,835,176	2,248,335	924,156	1,394,436	11,300,325	4,076,433	1,148,982	5,225,415	16,525,740	13,927,858
Depreciation	34,663	33,557	7,034	16,294	24,260	115,808	18,904	24,685	43,589	159,397	139,825
Total Expenses, 2014	<u>\$ 4,932,885</u>	<u>\$1,868,733</u>	<u>\$2,255,369</u>	<u>\$940,450</u>	<u>\$1,418,696</u>	<u>\$11,416,133</u>	<u>\$ 4,095,337</u>	<u>\$ 1,173,667</u>	<u>\$5,269,004</u>	<u>\$ 16,685,137</u>	
Total Expenses, 2013	<u>\$ 3,882,360</u>	<u>\$1,536,632</u>	<u>\$2,191,142</u>	<u>\$929,816</u>	<u>\$1,630,632</u>	<u>\$10,170,582</u>	<u>\$ 3,006,662</u>	<u>\$ 890,439</u>	<u>\$3,897,101</u>		<u>\$14,067,683</u>

\* Certain amounts have been reclassified for comparative purposes.

See independent auditors' report on supplementary information.

**NATURAL RESOURCE GOVERNANCE INSTITUTE**  
**(formerly known as Revenue Watch Institute)**  
**AND SUBSIDIARY**

**SCHEDULE OF CERTAIN RESTRICTED AWARDS**

**YEARS ENDED DECEMBER 31, 2014 AND 2013**

<u>Donor</u>	<u>Total Amount of Grants</u>	<u>Award Period</u>	<u>Program</u>	<u>Amount Expended</u>	
				<u>2014</u>	<u>2013</u>
U.K. Department for International Development	\$24,911,550	August 12, 2014 - June 30, 2019	Multi-Program	\$ 249,090	\$ -
U.K. Department for International Development	\$ 349,562	September 30, 2013 - April 30, 2015	Myanmar Program	\$ 329,623	\$ -
U.K. Department for International Development	\$ 7,520,078	July 22, 2013 - July 22, 2016	MENA	\$2,572,006	\$698,980
U.K. Department for International Development	\$ 922,604	January 31, 2012 - December 31, 2014	NRC	\$ 442,002	\$203,867
U.K. Department for International Development	\$ 774,178 ((\$252,674 of unspent funds were returned)	November 26, 2012 - May 30, 2013	Libya Program	\$ -	\$437,294
World Bank	\$ 1,492,910 ((\$32,898 of funds will not be received)	January 29, 2013 - July 15, 2014	MTDF Phase 2	\$ 568,176	\$891,836
World Bank	\$ 262,000	July 1, 2012 - December 31, 2013	NRC	\$ -	\$197,838
World Bank	\$ 262,000	January 1, 2014 - June 30, 2015	NRC	\$ 96,462	\$ -
United States Agency for International Development	\$ 2,989,007	June 12, 2012 - December 31, 2014	IKAT-US	\$ 789,651	\$830,205
United States Department of State	\$ 1,999,981	September 29, 2011 - June 30, 2014	U.S. Embassy Iraq Program	\$ 220,324	\$636,222

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