

AUDITOR'S REPORT

on the
financial statements
for the financial year
from 1 January 1999 to 31 December 1999
of

**TRANSPARENCY INTERNATIONAL E.V.
BERLIN**

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I. TERMS OF ENGAGEMENT

The executive management of

**TRANSPARENCY INTERNATIONAL E.V.
BERLIN**

(hereinafter referred to as "TI" or "Association")

has engaged us to audit the financial statements as at 31 December 1999, including the accounting of the Association for the business year from 1 January 1999 to 31 December 1999 by applying §§ 316 and 317 HGB (German Commercial Code) accordingly.

We performed the audit on the premises of the Association in Berlin in May 2000. The final work within the scope of the engagement was performed on our business premises.

We have prepared the auditor's report in accordance with the auditing standard PS 450 of the German Institute of Auditors (Institut der Wirtschaftsprüfer e.V., Düsseldorf - IDW).

The performance of the audit procedures and our responsibility are governed - also vis-à-vis third parties - by the Standard terms of engagement for auditors and audit firms, as amended on 1 January 1999 (enclosed as Annex IV hereto).

II. BASIC FINDINGS**1. Situation of the Association****a) Opinion on the assessment of the situation by the legal representatives**

The Association admissibly does not prepare a management report. The assessment of its situation is, therefore, to be derived from the annual financial statements. On the basis of generally accepted accounting principles they provide a true and fair view of the Association's property, financial and income situation. The future development continues to be essentially dependant on whether and, to what extent, it will be possible to win donors for the purposes of the Association.

b) Facts impairing the development or jeopardising the existence of the Association

In the course of our audit we have not identified any facts impairing the development or jeopardising the existence of the Association.

2. Irregularities**a) Irregularities in terms of accounting**

We have not identified any inaccuracies or violations of accounting principles.

b) Other irregularities

We have not identified any other violation of statutory provisions or provisions imposed by the Memorandum and Articles of Association.

III. OBJECT, TYPE AND SCOPE OF THE AUDIT

The objects of our audit were the accounting and the annual financial statements of the Association.

Responsibility for the annual financial statements and the information made available to us is borne by the Executive of the Association. It is our duty to give an opinion on these documents and information within the framework of our statutory audit requirements.

Our audit was performed on the basis of an analogous application of §§ 316 ff HGB (German Commercial Code), taking into account the generally accepted auditing principles based on the expert reports, position papers and standards of the German Institute of Auditors (Institut der Wirtschaftsprüfer e.V. - IDW), Düsseldorf.

Within the framework of the performance of our audit we applied the risk-oriented audit approach which is also in accordance with international auditing standards.

We performed our audit on the basis of substantive audit procedures. The audit focused on the fixed assets and the accounts receivable and liabilities through the application of substantive analytical (plausibility auditing procedures) and other substantive auditing procedures (other individual auditing procedures). Our auditing procedures were performed within the framework of sampling which is standard practice in the profession.

We did not request confirmations or notifications of balances or information from third parties.

The legal representatives of the Association provided us with all the necessary clarifications and supporting documents and acknowledged their completeness and the completeness of the accounting and financial statements in a representation letter dated 26 May 2000.

IV. STATEMENTS AND EXPLANATORY NOTES ON THE ACCOUNTING

1. Bookkeeping and other audited documents

The basis of our audit was the accounting of the Association.

The books are kept by means of PCs Gateway GPG-350. The software for financial accounting is a software suite from Syska (SQLREWE).

Fixed asset accounting is performed manually through Excel. Payroll accounting is provided as a service by BDO Deutsche Warentreuhand Aktiengesellschaft, Berlin.

The bookkeeping and supporting vouchers are in compliance with the statutory provisions and the generally accepted accounting principles. The information taken from the other audited documents is properly presented in the books and financial statements.

The books as at 31 December 1999 were not yet formally closed by the end of our auditing. We, therefore, reserve the right to perform follow-up tests.

2. Annual financial statements

a) Regularity of the annual financial statements

The annual financial statements comply with the statutory provisions including generally accepted accounting principles. The balance sheet and income statement were properly derived from the accounting and the other audited documents.

The applicable provisions on carrying values, reporting and valuation, including the principle of consistency have been complied with. The voluntary preparation of notes was renounced by the Association. The accounting and valuation methods used are:

The fixed assets are reported at acquisition costs reduced by scheduled straight-line depreciation. For the movable fixed assets the half-year rule in accordance with the Income Tax Act is applied as a matter of principle, i.e. assets which are acquired during the first half year are accounted for with the full year depreciation, assets which are acquired during the second half year are accounted for with half of the annual depreciation.

Low-value assets are capitalised and fully depreciated in the year of acquisition in accordance with the provisions of §6 para 2 EStG (German Income Tax Act), whereby a disposal is assumed for the same year.

The current assets are strictly valued at the lower of cost or market.

Accounts receivable, other assets and liquid funds are valued at their nominal values; discernible individual risks are taken into account by allowances.

To the extent that fixed assets are capitalised which have been financed by third-party contributions, a corresponding special reserve from donations financing fixed assets is set up.

The provisions take into account all discernible risks and contingent liabilities.

Liabilities are reported with their amount of repayment.

b) Classification and explanation of the main items of the financial statements

TRADE RECEIVABLES DM 1,930,774.33
 (31.12.1998: DM 16,109.23)

- incl. receivables with an effective maturity
 of more than one year: DM 0.00

The accounts receivable break down as follows:

	DM
Accounts receivable from TI National Chapters	811.664,54
Accounts receivable from donations to IACC	606.364,85
Accounts receivable from outstanding donations	512.744,94
	<u>1.930.774,33</u>

OTHER ASSETS DM 61,342.35
 (31.12.1998: DM 5,262.03)

- incl. assets with an effective maturity
 of more than one year: DM 0.00

Other assets include a rent deposit (DM 23,000), accounts receivable from an employee (DM 10,000) and travel expense advances (DM 17,000).

LIQUID ASSETS DM 2,570,375.01
 (31.12.1998: DM 1,858,606.40)

Breakdown:

	DM	DM
Cash on hand		
DM cash on hand	215,61	
Travel cash on hand	8.739,78	8.955,39
Cash in bank		<u>2.561.419,62</u>
		<u>2.570.375,01</u>

The travel cash on hand concerns foreign currency holdings for travel expense advances which were valued on the basis of the exchange rate on the reporting date.

The cash in bank was documented by the periodical closings and/or the daily statements of account of the banks as at 31 December 1999.

RESERVESDM 842,877.00

(31.12.1998: DM 427,500.00)

The reserves developed as follows:

	DM
As at 1.1.1999	427.500,00
Transfer to profit reserve	415.377,00
As at 31.12.1999	842.877,00

They break down as follows on the balance sheet day:

	DM
Free reserve	28.300,00
Appropriated reserve	425.000,00
Operating cash reserve	389.577,00
	842.877,00

The free reserve includes 25% of the income from asset management minus costs incurred in that respect. A specific use is not yet envisaged.

In 1998 funds were transferred to the appropriated reserve for the 9th International Anti-Corruption Conference which took place in Durban, South Africa, in 1999. Since the event was not fully accounted for at the balance sheet date, the reserve is maintained.

The transfer to the reserve for operating costs originated from the profit brought forward and the net income of 1999.

NET PROFIT

DM 59,217.34

(31.12.1998: DM 91,392.83)

The net income for the year developed during the year under review as follows:

	DM
Profit brought forward	91.392,83
Net income for the year	383.201,51
Transfer to profit reserve	-415.377,00
Net profit carried forward	59.217,34

PROVISIONS

DM 268,221.01

(31.12.1998: DM 62,500.00)

Breakdown:

	As at	Applied	Reversal	Addition	As at
	1.1.1999				31.12.1999
	DM	DM	DM	DM	DM
Provisions in connection with human resources					
accruals for holiday pay	10.000,00	10.000,00	0,00	61.166,60	61.166,60
Employers Liability Insur. Ass.	42.500,00	21.783,15	20.716,85	0,00	0,00
Severely handicapped levy	0,00	0,00	0,00	9.600,00	9.600,00
	52.500,00	31.783,15	20.716,85	70.766,60	70.766,60
Provisions for outstanding invoices					
Fees	0,00	0,00	0,00	42.210,60	42.210,60
Chapter settlements	0,00	0,00	0,00	128.000,00	128.000,00
Others	10.000,00	0,00	0,00	17.243,81	27.243,81
	10.000,00	0,00	0,00	187.454,41	197.454,41
	62.500,00	31.783,15	20.716,85	258.221,01	268.221,01

TRADE PAYABLES DM 135,190.10

(31.12.1998: DM 37,428.94)

- incl. with an effective maturity
of up to one year: DM 135,190.10

The main component of this item in the amount of DM 99,344.89 is the outstanding instalment payment to Instituto Gallup de la Argentina for the BPI Study.

LIABILITIES FOR DONATIONS DM 3,122,930.32

(31.12.1998: DM 1,179,708.17)

- incl. with an effective maturity
of up to one year: DM 3,122,930.32

The liabilities from donations break down as follows:

	DM	DM
Ford Foundation, USA		560.422,70
MacArthur Foundation, USA (for Africa project)	242.979,00	
MacArthur Foundation, USA (for Latin America project)	77.311,90	320.290,90
United States Agency for International Development (USAID)		58.084,20
World Bank		462.622,00
Canadian International Development Agency (CIDA)		415.948,00
Swiss Government		366.191,73
Volkart Foundation		396.044,50
Open Society Institute, Hungary		182.615,00
Department for International Development, GB		100.780,00
EU PHARE Democracy Programme		163.363,12
AVINA Group, Switzerland		96.568,17
		<u>3.122.930,32</u>

The liabilities from donations reflect contributions received but where were project funds were not yet used at the balance sheet date.

OTHER LIABILITIES

DM 161,788.39

(31.12.1998: DM 143,485.00)

- incl. with an effective maturity
of up to one year: DM 161,788.39
- incl. from taxes: DM 44,415.23
- incl. within the scope
of social security: DM 58,763.40

Breakdown:

	DM	DM
Liabilities in connection with human resources		
Social security costs	58.763,40	
Wage and church tax	44.415,23	
Miscellaneous	19.322,70	122.501,33
Liabilities from subsidies to be passed on		
TI Chapters		29.924,68
Miscellaneous		9.362,38
		<u>161.788,39</u>

The liabilities in connection with human resources were settled at the time of the audit (May 2000).

INCOME FROM DONATIONS AND SUBSIDIES

DM 5,720,318.53

(31.12.1998: DM 3,906,456.54)

Breakdown:

	DM	DM
Income from donations by third parties		
Open Society Institute, Hungary	1.493.738,97	
US Agency for International Development (USAID)	765.758,55	
MacArthur Foundation, USA	716.404,46	
Danish International Development Agency (DANIDA)	111.921,75	
Ministry of foreign affairs Finland (FINIDA)	164.375,70	
Ford Foundation, USA	248.321,53	
Volkart Foundation	672.383,77	
Swedish International Development Authority (SIDA)	158.700,21	
Canadian International Development Agency (CIDA)	173.111,35	
Dutch Government	238.995,60	
Other donations below DM 100,000	268.007,85	5.011.719,74
Income from donations for the IACC		606.364,85
Income from donations by associated entities		
TI - USA	97.324,34	
TI - Australia	4.909,60	102.233,94
		<u>5.720.318,53</u>

OTHER OPERATING INCOME
(31.12.1998: DM 195,146.31)DM 541,466.29

Breakdown:

	1999	1998
	DM	DM
Income from expense donations	16.673,65	81.554,52
Income from cost reimbursements	49.946,88	56.284,67
Exchange profits	343.090,16	0,00
Income from the reversal of provisions	21.860,70	0,00
Income not relating to the period under review	99.524,63	50.479,51
Sundry	10.370,27	6.827,61
	<u>541.466,29</u>	<u>195.146,31</u>

Taking into account the reported exchange losses (DM 212,000), the net foreign exchange result amounts to DM 131,000.

PERSONNEL EXPENSES
(31.12.1998: DM 1,026,299.16)DM 1,652,704.86

As at 31 December 1999 24 (previous year: 17) persons were employed.

OTHER OPERATING EXPENSES
(31.12.1998: DM 2,723,693.21)

DM 4,203,538.91

Breakdown:

	1999	1998
	DM	DM
Administrative expenses		
Honoraria	1.140.014,83	880.983,29
Translation and editorial costs/Int. studies	306.495,03	0,00
Travel expenses	790.044,67	426.189,82
Mail and telephone costs	195.388,94	144.076,15
Publication costs	109.677,36	102.177,56
Computer and Web site costs	85.332,41	95.646,90
Other personnel costs	49.460,71	91.540,72
Exchange losses	228.089,30	72.232,65
Cleaning costs	21.872,24	13.841,37
Copying costs	58.148,58	12.281,93
Monetary transaction costs	20.899,06	12.051,43
Insurance	8.753,72	8.330,40
Other administrative costs	89.061,36	40.123,33
	3.103.238,21	1.899.475,55
Project and meeting costs	815.477,11	619.411,25
Rent and leasing costs	245.903,64	122.878,04
Expenses not relating to the period under review	7.483,04	22.973,52
Maintenance costs	6.662,69	10.471,06
Miscellaneous	24.774,22	48.483,79
	4.203.538,91	2.723.693,21

EXTRAORDINARY INCOME
(31.12.1998: DM 0.00)

DM 122,522.72

TI was presented with the Freedom Award 1999 by the Max Schmidheiny Foundation, St. Gallen.

c) Analytical presentation

	1999		Prev. year		Change	
	000 DM	%	000 DM	%	000 DM	%
Income from donations and subsidies	5.720	91,4	3.906	95,2	1.814	46,4
Other operating income	541	8,6	195	4,8	346	177,4
Operating output	6.261	100,0	4.101	100,0	2.160	52,7
Personnel expenses	-1.653	-26,4	-1.026	-25,0	-627	-61,1
Use of fixed assets	-151	-2,4	-116	-2,8	-35	-30,2
Administrative expenses	-3.103	-49,6	-1.899	-46,4	-1.204	-63,4
Other expenses	-1.100	-17,5	-825	-20,1	-275	-33,3
Operating result	254	4,1	235	5,7	19	8,1
Financial result	6	0,1	12	0,3	-6	-50,0
Business result	260	4,2	247	6,0	13	5,3
Special items	123	2,0	0	0,0	123	100,0
Net income for the year	383	6,2	247	6,0	136	55,1

The increase in other operating income and other expenses results mainly from exchange profits/losses.

d) General conclusion on the annual financial statements

On the basis of generally accepted accounting principles, the annual financial statements provide a true and fair view of the Association's property, financial and income situation.

V. AUDITOR'S OPINION

We issued the following unqualified auditor's opinion (Annex II) in Berlin on 14 July 2000 for the financial statements of **Transparency International e.V., Berlin**, for the financial year from 1 January 1999 to 31 December 1999 (Annex I - Annual Financial Statements):

"We have audited the annual financial statements of Transparency International e.V. for the financial year ending on 31 December 1999. Responsibility for the accounting and preparation of the annual financial statements lies with the executive management of the Association. It is our duty to give an opinion on the annual financial statements on the basis of the audit carried out by us.

We carried out our audit of the annual financial statements in accordance with § 317 HGB (German Commercial Code) in compliance with the generally accepted auditing standards laid down by the German Institute of Auditors (IDW). According to these standards the audit must be planned and performed in such a way that irregularities and inadequacies which have a major impact on the view of the property, financial and income position as provided by compliance with the generally accepted accounting principles can be identified with a sufficient degree of certainty. The audit procedures have been defined against the background of knowledge available in respect of the business activities as well as the economic and legal framework conditions of the Association and expectations in respect of possible errors. Within the framework of the audit, the effectiveness of the internal control system as well as the evidence and support for the information in the accounts and annual financial statements were mainly checked on a sampling basis. The audit encompasses the assessment of the accounting principles applied and the main estimates of the executive management as well as an appraisal of the general presentation of the annual financial statements and the management report. We believe that our audit constitutes a sufficiently reliable basis for our assessment.

Our audit did not give rise to any objections.

We have reached the conclusion that with due regard to the generally accepted accounting principles, the annual financial statements give a true and fair view of the Association's property, financial and income position."

We submit the above report in accordance with the statutory provisions and the generally accepted principles of reporting on audits.

Berlin, 17 July 2000

BDO Deutsche Warentreuhand
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Wollank
Auditor

ppa. Märschenz
Auditor

TRANSPARENCY INTERNATIONAL E.V., BERLIN
ANNUAL FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR FROM 1 JANUARY 1999 TO 31 DECEMBER 1999
BALANCE SHEET

ASSETS	31.12.1999		Prev. year	LIABILITIES	31.12.1998	
	DM	DM	000 DM		DM	DM
FIXED ASSETS				ASSOCIATION FUNDS		
Intangible assets		11.068,37	0	Free reserve	28.300,00	
Fixed assets				- incl. transfer during the business year: DM 25.800,00		
Other assets, furnishings and equipment		111.793,83	118	Appropriated reserve	425.000,00	
				- incl. transfer during the business year: DM 0,00		
CURRENT ASSETS				Operating cash reserve	389.577,00	
Accounts receivable and other assets				Net profit	59.217,74	902.094,74
Trade receivables	1.930.774,33		16	SPECIAL RESERVE FROM DONATIONS		
Other assets	61.342,35	1.992.116,68	5	FOR THE FINANCING OF FIXED ASSETS		95.129,33
Cash on hand, cash at bank		2.570.375,01	1.858	PROVISIONS		268.221,01
PREPAID EXPENSES		0,00	16	LIABILITIES		
				Trade payables	135.190,10	
				Liabilities from donations	3.122.930,32	
				Other liabilities	161.788,39	3.419.908,81
		4.685.353,89	2.013			4.685.353,89

Transparency International e.V., Berlin

Financial Statement for the Financial Year from 01 January 1999 – 31 December 1999

Profit and Loss Statement

	1999		Prev. year
	DM	DM	000 DM
Income from donations and subsidies		5.720.318,53	3.906
Other operating income		541.466,29	195
Personnel expenses			
Wages and salaries	-1.362.861,45		-846
Social security contributions	-289.843,41	-1.652.704,86	-180
Subtotal		4.609.079,96	3.075
Income from the reversal of special reserves	44.799,42		22
Transfer to special reserves	-68.608,13	-23.808,71	-93
Depreciation of intangible assets and fixed assets		-127.131,24	-45
Other operating expenses		-4.203.538,91	-2.724
Other interest and similar income		6.078,09	12
Extraordinary income		122.522,72	0
Net income for the year		383.201,91	247
Transfer from reserves		0,00	271
Transfer to reserves		-415.377,00	-427
Profit brought forward		91.392,83	0
Net profit		59.217,74	91

TRANSPARENCY INTERNATIONAL E.V., BERLIN
ANNUAL FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR FROM 1 JANUARY 1999 TO 31 DECEMBER 1999
MOVEMENT OF FIXED ASSETS

	Acquisition values				Depreciation				Net book value	
	As at 1.1.1999	Additions	Disposals	As at 31.12.1999	As at 1.1.1999	Additions	Disposals	As at 31.12.1999	As at 31.12.1999	As at 31.12.1998
	DM	DM	DM	DM	DM	DM	DM	DM	DM	DM
Intangible assets										
Software	0,00	15.631,12	0,00	15.631,12	0,00	4.562,75	0,00	4.562,75	11.068,37	0,00
Fixed assets										
Furnishings and equipment	149.097,31	52.977,01	0,00	202.074,32	31.399,41	58.881,08	0,00	90.280,49	111.793,83	117.697,90
Low-value assets	0,00	63.687,41	63.687,41	0,00	0,00	63.687,41	63.687,41	0,00	0,00	0,00
	149.097,31	116.664,42	63.687,41	202.074,32	31.399,41	122.568,49	63.687,41	90.280,49	111.793,83	117.697,90
	149.097,31	132.295,54	63.687,41	217.705,44	31.399,41	127.131,24	63.687,41	94.843,24	122.862,20	117.697,90

**TRANSPARENCY INTERNATIONAL E.V., BERLIN
AUDITOR'S OPINION**

We have audited the annual financial statements of Transparency International e.V. for the financial year ending on 31 December 1999. Responsibility for the accounting and preparation of the annual financial statements lies with the executive management of the Association. It is our duty to give an opinion on the annual financial statements on the basis of the audit carried out by us.

We carried out our audit of the annual financial statements in accordance with § 317 HGB (German Commercial Code) in compliance with the generally accepted auditing standards laid down by the German Institute of Auditors (IDW). According to these standards the audit must be planned and performed in such a way that irregularities and inadequacies which have a major impact on the view of the property, financial and income position as provided by compliance with the generally accepted accounting principles can be identified with a sufficient degree of certainty. The audit procedures have been defined against the background of knowledge available in respect of the business activities as well as the economic and legal framework conditions of the Association and expectations in respect of possible errors. Within the framework of the audit, the effectiveness of the internal control system as well as the evidence and support for the information in the accounts and annual financial statements were mainly checked on a sampling basis. The audit encompasses the assessment of the accounting principles applied and the main estimates of the executive management as well as an appraisal of the general presentation of the annual financial statements and the management report. We believe that our audit constitutes a sufficiently reliable basis for our assessment.

Our audit did not give rise to any objections.

We have reached the conclusion that with due regard to the generally accepted accounting principles, the annual financial statements give a true and fair view of the Association's property, financial and income position.

Berlin, 14 July 2000

BDO Deutsche Warentreuhand
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Wollank
Auditor

ppa. Märschenz
Auditor

**TRANSPARENCY INTERNATIONAL E.V., BERLIN
LEGAL, ECONOMIC AND FINANCIAL STATUS****Legal status**

Transparency International e.V. is entered in the register of associations at the local court of Charlottenburg under no. 13598 Nz. The Charter, as amended on 28 February 1994, is applicable since the amendment to the Charter adopted at the Membership Meeting in Kuala Lumpur, Malaysia, on 15 September 1998 has not yet been entered in the register of associations.

The purpose of TI is to take action to reduce corruption in international business transactions so as encourage international fairness and equity. Its mission is to gain and enhance public support and understanding for anti-corruption programmes.

TI pursues exclusively and directly non-profit making goals within the meaning of the section "tax-privileged purposes" of the German Tax Code.

TI acts altruistically; its primary motive is not profit-oriented.

The funds of the Association may only be used for the stated purposes of the Association pursuant to its Charter. Members of the Association do not, in that capacity, receive allocations from Association funds. No individual may benefit from these funds through expenditure which is not in line with the purpose of the Society or through disproportionately high remuneration.

The organs of the Association are the Executive - which comprises three members -, the Board of Directors - which comprises 12 members - and the Membership Meeting.

During the year under review the Executive comprised the following gentlemen:

Dr. Peter Eigen, Berlin (Germany)		- Chairman
Kamal Hossain, Dhaka (Bangladesh)	(until March 1999)	- Vice-Chairman
Frank Vogl, Washington D.C. (USA)		- Vice-Chairman
Tunku Abdul Aziz, Malaysia	(from March 1999)	- Vice-Chairman

During the year under review the Board of Directors comprised:

Dr. Peter Eigen, Germany		- Chairman
Kamal Hossain, Bangladesh	(until March 1999)	- Vice-Chairman
Frank Vogl, USA		- Vice-Chairman
Tunku Abdul Aziz, Malaysia	(from March 1999)	- Vice-Chairman
Laurence Cockcroft, United Kingdom	(until October 1999)	
Oby K. Ezekwesili, Nigeria	(from October 1999)	
Fritz Heimann, USA		
Valeria Merino Dirani, Ecuador	(until October 1999)	
Peter Rooke, Australia		
Ibrahim Seushi, Tanzania		
Adam Tertak, Hungary		
Michael Wiehen, Germany		
Devendra Raj Panday, Nepal	(from October 1999)	
John Githongo, Kenya	(from October 1999)	
Maria Eugenia Estenssoro, Argentina	(from October 1999)	
Rosa Ines Ospina, Colombia	(from October 1999)	

The Society had 81 active members on 31 December 1999.

Moreover, the Society has an Advisory Council comprising individuals from varied geographical, cultural and professional backgrounds and extensive experience in areas specifically relating to the purpose and work of the Society.

The members of the Advisory Council are appointed by the Board of Directors for a period of at least three years.

At the last Membership Meeting in Durban, South Africa, from 7 to 10 October 1999 the annual statement of accounts 1998 was discussed. The Executive and the Board of Directors were granted discharge for the year 1998.

The next Membership Meeting will probably take place in Ottawa, Canada, on 29 and 30 September 2000.

Membership fees for the active members were not laid down.

Hansjörg Elshorst, Berlin, has been Managing Director since 1 January 1998.

Economic status

The non-profit making Association is financed by donations, reimbursements and project financing as well as by donations of fees, publications and small interest income.

The Association employed on average 21 employees in the course of the business year.

Fiscal Status

The competent tax office for Transparency International e.V. is the tax office for corporate bodies, Berlin; the Association has the tax number 678/51105. In accordance with its Charter and in fact the Association pursues exclusively and directly non-profit making goals (§§ 51 German Tax Code) and has, therefore, been exempt up to now from corporation tax in accordance with § 5 para 1.9 KStG (German Corporation Tax Act) and from municipal trade tax in accordance with § 3.6 GewStG (German Municipal Trade Tax Act).

A non-profit making certificate of the tax office up to 31 December 2001 is on hand.

A determination of profits in accordance with § 4 para 3 EStG (German Income Tax Act) is not applicable since TI pursues non-profit making goals only.

As far as turnover tax is concerned, it can be stated that the revenues received in support of the idealistic activities of the Association are, as a matter of principle, not taxable since there is no exchange of goods or services (§ 1 para 1.1 UstG - German Turnover Tax Act) and because TI does not act in an entrepreneurial capacity in this field of activity (§ 2 para 1 UstG - German Turnover Tax Act).
