

***GLOBAL PARTNERS FOR
DEVELOPMENT***

Financial Report
March 31, 2019

***VICTORIA MWANGI, CPA
dba VM ACCOUNTING SERVICES***

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INDEPENDENT ACCOUNTANT'S REPORT

November 7, 2019

Board of Directors
Global Partners for Development
Rohnert Park, California

I have reviewed the accompanying financial statements of **Global Partners for Development** (a nonprofit corporation), which comprise the statements of financial position as of March 31, 2019 and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

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.

Accountant's Responsibility

My responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. I believe that the results of my procedures provide a reasonable basis for my conclusion.

Accountant's Conclusion

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.



VM Accounting Services.
Certified Public Accountant

GLOBAL PARTNERS FOR DEVELOPMENT

**STATEMENT OF FINANCIAL POSITION
MARCH 31, 2019**

<u>ASSETS</u>	<u>2019</u>
CURRENT ASSETS	
Cash and cash equivalents	\$ 598,346
Investments	100,000
Contributions receivable	105,085
Prepaid expenses	<u>22,429</u>
Total current assets	825,860
FIXED ASSETS, Equipment and furniture, net	<u>257</u>
TOTAL ASSETS	<u><u>\$ 826,117</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable & credit cards	\$ 19,943
Travel advances	16,850
Accrued payroll expenses	<u>18,769</u>
Total current liabilities	<u>55,562</u>
NET ASSETS	
Net assets without donor restrictions	161,630
Net assets with donor restrictions	<u>608,925</u>
	<u>770,555</u>
TOTAL LIABILITIES & NET ASSET	<u><u>\$ 826,117</u></u>

See accompanying notes and accountant's report

GLOBAL PARTNERS FOR DEVELOPMENT

STATEMENT OF ACTIVITIES YEAR ENDED MARCH 31, 2019

	<u>Assets without donor restrictions</u>	<u>Assets with donor restrictions</u>	<u>Total</u>
SUPPORT, REVENUE AND OTHER INCOME			
Contributions, cash and non-cash	\$ 173,683	\$ 901,281	\$ 1,074,964
Special events	31,650	50,150	81,800
Service fees	37,720	-	37,720
Interest & other income	5,204	-	5,204
Net assets released from restrictions	<u>627,643</u>	<u>(627,643)</u>	<u>-</u>
TOTAL SUPPORT, REVENUE, AND OTHER INCOME	<u>875,900</u>	<u>323,788</u>	<u>1,199,688</u>
EXPENSES			
Program expenses	947,328	-	947,328
Management and general	85,435	-	85,435
Development - direct event expenses	22,515	-	22,515
Development - other expenses	<u>85,453</u>	<u>-</u>	<u>85,453</u>
TOTAL EXPENSES	<u>1,140,731</u>	<u>-</u>	<u>1,140,731</u>
CHANGE IN NET ASSETS	(264,831)	323,788	58,957
NET ASSETS, April 1, 2018	<u>426,461</u>	<u>285,137</u>	<u>711,598</u>
NET ASSETS, March 31, 2019	<u>\$ 161,630</u>	<u>\$ 608,925</u>	<u>\$ 770,555</u>

See accompanying notes and accountant's report

GLOBAL PARTNERS FOR DEVELOPMENT

**STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2019**

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 58,957
Adjustments to reconcile change in net assets to cash flows from operating activities	
Depreciation	758
Decrease/(increase) in current assets	
Contributions receivable	(64,640)
Prepaid expenses	40,648
Increase/(Decrease) in current liabilities	
Accounts payable & credit card	3,323
Travel advances	16,850
Accrued payroll expenses	(155)
	<hr/>
NET CASH PROVIDED BY OPERATING ACTIVITIES	55,741
	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES, proceeds from matured certificates of deposit	139,819
	<hr/>
NET INCREASE IN CASH AND CASH EQUIVALENTS	195,560
CASH AND CASH EQUIVALENTS , April 1, 2018	402,786
	<hr/>
CASH AND CASH EQUIVALENTS, March 31, 2019	<u>\$ 598,346</u>

See accompanying notes and accountant's report

GLOBAL PARTNERS FOR DEVELOPMENT

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED MARCH 31, 2019

	Programs	Support Services		Total
		Fundraising	Administration	
Wages & salaries	\$ 148,935	\$ 28,788	\$ 21,983	\$ 199,706
Employee benefits	10,561	3,537	2,145	16,243
Payroll taxes	12,889	2,602	5,659	21,150
Other employee expenses	11,228	646	660	12,534
Program grants	514,436	-	250	514,686
Printing and postage	631	2,450	1,432	4,513
Office expense	9,970	869	2,645	13,484
Professional fees	81,680	-	21,874	103,554
Bank & credit card fees	1,278	-	7,198	8,476
Insurance	395	-	5,496	5,891
Marketing	5,495	10,091	2,768	18,354
Rent	6,840	2,850	2,005	11,695
Event expenses	1,265	36,559	-	37,824
Travel	137,087	18,511	7,079	162,677
Depreciation	-	-	757	757
Telephone	3,743	854	3,322	7,919
Utilities	895	211	162	1,268
	<u>\$ 947,328</u>	<u>\$ 107,968</u>	<u>\$ 85,435</u>	<u>\$ 1,140,731</u>

See accompanying notes and accountant's report

GLOBAL PARTNERS FOR DEVELOPMENT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2019

Note 1. Nature of activities and significant accounting policies:

- a. Global Partners for Development's (GPDF) mission: Advancing community-owned development in East Africa. GPDF's Vision: We envision a world where every community has the capacity to implement dynamic, sustainable solutions to problems they face.

Since 1979, GPDF has worked directly with East African leaders, organizations, and communities to identify their goals and needs and implement interventions that generate lasting change for local people. GPDF believes community leadership is the key to responsible and sustainable development and that local people have the right to drive change in their communities and schools. GPDF staff, board members, and donors travel to East Africa to see firsthand the progress of these projects and meet the people benefiting from this support. GPDF relies on private grants and contributions to fund its projects and operations.

The following are the areas of focus:

Education – Education is exceedingly important in the fight against poverty. Accordingly, GPDF mobilizes low performing schools and their communities and funds projects that impact attendance, as well as other education and health outcomes that are identified, implemented, and planned by the communities. Examples of these projects include new classrooms that are conducive to learning and teacher housing that enables teachers to better support students. In addition, GPDF provides scholarships to young girls who would not otherwise be able to continue their studies. Scholarships fund education at secondary school, college, and university.

Water – In East Africa, water-borne illnesses such as diarrhea, skin and eye diseases, and parasitic infections are common. Globally, diarrhea causes the deaths of more young children than AIDS, malaria, and tuberculosis combined. Lack of clean water is a health crisis than can be easily prevented. Introduction of clean water systems not only improves individual health but also gives women and children freedom from walking long distances to retrieve water. When released from this task and the burden of disease, families can devote themselves to educational and economic ventures that improve the household's well-being and help communities become self-sustaining. GPDF responds to communities with water needs through a wide range of WASH (water, sanitation, and hygiene) projects.

Health & Nutrition – GPDF's projects have included setting up local clinics that provide treatment for common illnesses and injuries as well as family planning and obstetric services. These clinics are in rural areas where people do not have access to urban medical care.

In addition, GPDF partners with other organizations whose missions and projects align with and are complimentary to GPDF's mission in an effort to expand its impact in East African communities.

GLOBAL PARTNERS FOR DEVELOPMENT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2019

Note 1. Nature of business and significant accounting policies
(Cont.)

- b. GPFD is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code Section 23701d of the California Revenue and Taxation Code. Continuance of such exempt status is subject to compliance with laws and regulations of the taxing authorities.
- c. New Accounting Pronouncements – In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. GPFD adopted the provisions of this new standard during the year ended March 31, 2019. Consequently, the three category classification of nets assets (i.e. unrestricted, temporarily, and permanently restricted) have been replaced with two categories: “net assets without donor restrictions” and “net assets with donor restrictions.” In addition, the new standard requires disclosures regarding liquidity and availability of resources, presentation of expenses by natural and functional basis, and expansion of the information on the functional allocation of expenses.
- d. GPFD reports revenues, expenses, gains/losses and net assets based on the existence or absence of donor restrictions. The following classifications are used:
 - Without donor restrictions* – net assets not subject to donor-imposed stipulations.
 - With donor restrictions* – net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and /or passage of time. Donor stipulations could also require the assets to be maintained permanently by the Organization.
- e. Fair value measurement – Generally accepted accounting principles established a fair value measurement hierarchy that prioritizes the inputs to valuation techniques. This hierarchy consists of three broad levels: (i) Level 1 inputs consist of quoted prices in active markets for identical assets and have the highest priority, (ii) Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and (iii) Level 3 inputs consist of unobservable inputs and have the lowest priority.
- f. Cash and cash equivalents are those highly liquid investments with original maturities of ninety days or less.
- g. The Organization’s investments include certificates of deposit and are carried at fair value. Donated investments are valued at estimated fair value at the date of donation. Unrealized gains and losses are included in the Statement of Activities.
- h. Fixed assets are stated at cost at the date of acquisition or estimated fair value at the date of donation in the case of gifts. Fixed assets additions with a cost exceeding \$1,000 are capitalized. Fixed assets include office equipment and furniture. Depreciation is computed on the straight-line method over the estimated useful service lives which approximate 5 years.

GLOBAL PARTNERS FOR DEVELOPMENT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2019

Note 1. Nature of business and significant accounting policies
Cont.)

- i. GPFDD reports contributions of cash and other assets as restricted support if they are received with donor stipulations that limit the purpose or time of use of the donated assets. 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 'Nets assets released from restrictions.'
- j. Donated material and supplies are recorded as contributions at their estimated value on the date of receipt. Such donations are reported as donations without donor restrictions unless the donor has restricted the materials or supplies to a specific purpose. Some of GPFDD's projects benefit from donated professional engineering services. The value of these services is recorded at fair value based on documentation from the service providers.
- k. Donors wishing to travel to Africa normally pay for the trip and accommodation in advance. The GPFDD records the receipts of these proceeds as a current liabilities prior to the trip occurrence. In the Statement of Financial Position, this liability is reflected as "Travel advance."
- l. The cost of the various programs and activities has been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among programs and supporting services based upon estimates and assumptions made by management which consider employee time spent on various functions, office space, and other factors applicable to the various programs and support services. The expenses that are allocated include payroll and payroll related expenses, employee benefits, occupancy costs, office supplies and expenses.
- m. 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 reported amounts of assets and liabilities along with disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

GLOBAL PARTNERS FOR DEVELOPMENT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2019

Note 2. Contributions receivable

Contributions receivable include pledges collectible over more than one year. These are unconditional promises to support one or more of GPFD's programs including management services. The fair value of a promise that is collectible within one year is its net realizable value. Contributions receivable include the following:

Due in one year or less	\$	15,085
Due in 1-5 years		<u>90,000</u>
	\$	<u>105,085</u>

Pledges receivable in more than one year were recognized at the promised amount because the discount amount is immaterial. Management believes all contributions receivable at March 31, 2019 are fully collectible. Accordingly, no allowance for doubtful accounts is calculated.

At March 31, 2019, approximately 57% of the receivable balance was from one donor.

Note 3. Investments

Investments include a certificate of deposit maturing May, 2019. At March 31, 2019 the fair value was \$100,000 (level 2 of fair value hierarchy). Investment interest income included in the Statement of Activities total \$2,870.

Note 4. Fixed assets

Office equipment & furniture	\$	17,026
Accumulated Depreciation		<u>(16,769)</u>
	\$	<u>257</u>

Depreciation expense for the year ended March 31, 2019 was \$758.

Note 5. Accrued payroll expenses

Unpaid employee vacation time benefits are recognized as liabilities of the Organization. The value of accrued time-off at March 31, 2019 was \$12,925.

Note 6. Net assets with donor restrictions

Included in net assets with donor restrictions is \$592,045 which will be used in the future for program expenses, that is, these assets are purpose restricted. In addition, \$16,880 of the net assets represent funds received to create a perpetual reserve fund that will eventually provide income to support GPFD programs.

GLOBAL PARTNERS FOR DEVELOPMENT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2019

Note 7. Operating lease

GPFDD administers its programs and supporting activities from an office leased from a non related party. The lease expires May 31, 2022. It requires monthly payments of \$1,050 which will be adjusted annually by the higher of 3% or the US Consumer Index for the San Francisco Bay Area. Future minimum lease payments are as follows:

For the year ending June 30, 2020	\$	12,632
2021		13,016
2022		12,254
		<hr/>
	\$	37,902

Rent expense for the year ended March 31, 2019 was \$11,695.

Note 8. Uncertain income tax positions

Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. GPFDD has analyzed tax positions taken for filing with the Internal Revenue Service and the State of California. GPFDD believes that income tax filing positions would be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on GPFDD's financial position, results of operations or cash flows. Generally tax returns remain open for federal examination for three years and for four years for the State of California, from the date of filing.

GPFDD's policy is to classify income tax related interest and penalties, if any, in interest expense and miscellaneous expenses, respectively.

Note 9. Related party activity

The Organization receives contributions from Board members and officers in the normal course of business. For the year ended March 31, 2019 Board member contributions totaled \$67,000.

Note 10. In-kind contributions

During the year ended March 31, 2019 GPFDD recognized \$81,680 in contributed professional engineering services benefiting various projects in East Africa.

In addition, a substantial number of volunteers have contributed considerably to GPFDD's programs and fundraising campaigns. The value of this contributed time does not meet the criteria for recognition of contributed services and, accordingly, is not reflected in the accompanying financial statements.

GLOBAL PARTNERS FOR DEVELOPMENT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2019

Note 11. Liquidity and availability of resources

The following reflects GPFD's financial assets as of March 31, 2019, reduced by amounts not available for general use within one year. Financial assets are considered unavailable due to donor-imposed restrictions or the governing board has set aside funds for internal designations. Amounts available include donor-restricted funds that will meet purpose or time restrictions within the next twelve months from the statement of financial position.

Cash and cash equivalents	\$	598,346
Receivables, due in one year		15,085
Investments		100,000
		<hr/>
		713,431
Less assets unavailable for general use		
Assets with donor restrictions		(16,880)
		<hr/>
Assets available for general use within one year	\$	<u>696,551</u>

GPFD works with a balanced budget and anticipates covering its general expenditures by maintaining and expanding relationships with the community that supports them through donations and pledges.

Note 12. Concentration risk

GPFD maintains cash in financial institutions where accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At March 31, 2019 cash balances were in excess of the insured limit by \$56,499. Management considers the financial institution to be reputable and financially capable and believes the Organization is not exposed to any significant credit risk.

Note 13. Subsequent events

Subsequent events have been evaluated through November 7, 2019, which is the date the financial statement were available to be issued.