

***GLOBAL PARTNERS FOR
DEVELOPMENT***

Financial Report
March 31, 2018

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

CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Statement of Functional Expenses	6
Notes to the Financial Statements	7-12

Victoria W. Mwangi, CPA
dba VM Accounting Services

INDEPENDENT AUDITOR'S REPORT

October 12, 2018

Board of Directors
Global Partners for Development
Rohnert Park, California

Report on the Financial Statements

I have audited the accompanying financial statements of **Global Partners for Development** (a California not-for-profit corporation), which comprise the statements of financial position as of March 31, 2018, and the related statements of activities, cash flows and functional expenses 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the auditing standards generally accepted in the United States of America. Those standards require that I 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, 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 circumstance, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

INDEPENDENT AUDITOR'S REPORT

October 12, 2018

Page Two

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Global Partners for Development** as of March 31, 2018, and the changes in its net assets and its cash flows for the years then ended 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, 2018**

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 402,786
Investments	239,819
Contributions receivable	40,445
Prepaid expenses	<u>63,077</u>

Total current assets 746,127

FIXED ASSETS, Equipment and furniture, net 1,015

TOTAL ASSETS \$ 747,142

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable & credit cards	\$ 16,620
Accrued payroll expenses	<u>18,924</u>

Total current liabilities 35,544

NET ASSETS

Unrestricted	426,461
Temporarily restricted	268,257
Permanently restricted	<u>16,880</u>

711,598

TOTAL LIABILITIES & NET ASSET \$ 747,142

See accompanying notes and accountant's report

GLOBAL PARTNERS FOR DEVELOPMENT

STATEMENT OF ACTIVITIES YEAR ENDED MARCH 31, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
SUPPORT, REVENUE AND OTHER INCOME				
Contributions, cash and non-cash	\$ 312,602	\$ 391,599	\$ -	\$ 704,201
Special events	84,689	101,607	-	186,296
Other income	274,354	-	-	274,354
Net assets released from restriction	<u>660,418</u>	<u>(660,418)</u>	<u>-</u>	<u>-</u>
TOTAL SUPPORT, REVENUE, AND OTHER INCOME	<u>1,332,063</u>	<u>(167,212)</u>	<u>-</u>	<u>1,164,851</u>
EXPENSES				
Program expenses	1,137,945	-	-	1,137,945
Management and general	64,433	-	-	64,433
Development	<u>102,042</u>	<u>-</u>	<u>-</u>	<u>102,042</u>
TOTAL EXPENSES	<u>1,304,420</u>	<u>-</u>	<u>-</u>	<u>1,304,420</u>
CHANGE IN NET ASSETS	27,643	(167,212)	-	(139,569)
NET ASSETS, April 1, 2017	<u>398,818</u>	<u>435,469</u>	<u>16,880</u>	<u>851,167</u>
NET ASSETS, March 31, 2018	<u>\$ 426,461</u>	<u>\$ 268,257</u>	<u>\$ 16,880</u>	<u>\$ 711,598</u>

See accompanying notes and accountant's report

GLOBAL PARTNERS FOR DEVELOPMENT

STATEMENT OF CASH FLOWS YEAR ENDED MARCH 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (139,569)
Adjustments to reconcile change in net assets to cash flows from operating activities	
Uncollectible contribution receivable	500
Depreciation	757
Stock contributions	(6,965)
Net investment gains	(142)
Decrease/(increase) in current assets	
Contributions receivable	203
Prepaid expenses	(63,077)
Increase in current liabilities	
Accounts payable & credit card	5,843
Accrued payroll expenses	7,913
	<hr/>
NET CASH USED BY OPERATING ACTIVITIES	(194,537)
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CASH FLOWS FROM INVESTING ACTIVITIES, proceeds from sale of investments	17,858
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NET DECREASE IN CASH AND CASH EQUIVALENTS	(176,679)
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CASH AND CASH EQUIVALENTS , April 1, 2017	579,465
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CASH AND CASH EQUIVALENTS, March 31, 2018	\$ 402,786
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See accompanying notes and accountant's report

GLOBAL PARTNERS FOR DEVELOPMENT

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED MARCH 31, 2018

	Programs	Support Services		Total
		Fundraising	Administration	
Wages and salaries	\$ 115,478	\$ 17,723	\$ 23,152	\$ 156,353
Other employee benefits	3,598	2,422	2,422	8,442
Payroll taxes	10,971	1,781	1,749	14,501
Program grants	634,157	-	-	634,157
Printing and postage	1,055	675	532	2,262
Office expense	10,445	3,260	7,691	21,396
Professional fees	2,260	-	12,184	14,444
Bank & credit card fees	8,368	-	6,603	14,971
Insurance	2,628	1,000	1,721	5,349
Marketing	6,585	6,754	1,467	14,806
Rent	5,805	2,475	1,620	9,900
Event expenses	45,096	57,967	242	103,305
Travel	285,553	7,104	1,783	294,440
Depreciation	-	-	757	757
Telephone	5,238	648	1,786	7,672
Utilities	708	233	224	1,165
Bad debts	-	-	500	500
	<u>\$ 1,137,945</u>	<u>\$ 102,042</u>	<u>\$ 64,433</u>	<u>\$ 1,304,420</u>

See accompanying notes and accountant's report

GLOBAL PARTNERS FOR DEVELOPMENT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2018

Note 1. Nature of activities and significant accounting policies

- a. Global Partners for Development (GPDF) mission is:
To take an authentic and sustainable approach to community-driven development in impoverished regions of East Africa. That means supporting schools and community-based organizations to manage education and public health interventions that generate lasting change for local people.

Since 1979 GPDF has worked directly with East African community leaders to identify the needs of their village. By building these partnerships, real changes have been made. In addition the partnerships have promoted human dignity and assisted in breaking the traditional cycle of poverty. Management as well as donors travel to East Africa to see firsthand the progress of these projects and meet the people benefiting from this support. The following are the areas of focus:

Education – GPDF’s goal is to allow more access to education. The projects include building classrooms and dormitories, providing school supplies and books. 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 – Lack of clean water is responsible for a myriad of health projects including dysentery and cholera. GPDF’s projects ensure clean water is accessible to thousands in the rural areas.

Health & Nutrition – GPDF projects ensure access to basic medical care, prevention, and promote positive health. Communities are also provided with livestock and animal husbandry training.

GPDF relies on private grants and contributions to fund these projects and its operations.

- b. GPDF is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and 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.

GLOBAL PARTNERS FOR DEVELOPMENT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2018

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

- c. Accounting principles generally accepted in the United States of America require that GPDF report 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.

Unrestricted – These are net assets that are not subject to donors’ time or use restrictions. A portion of these net assets may be designated by the board of directors for specific purposes.

Temporarily restricted – These are net assets restricted by donors for use in future periods or for specific purposes. When a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as “Net assets released from restrictions”.

Permanently restricted – These are net assets restricted by donors that they be maintained in perpetuity.

- d. 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.
- e. 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, 2018

Note 1. Nature of business and significant accounting policies

Cont.)

- f. GPFD 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as 'Nets assets released from restrictions'.
- g. Donated material and supplies are recorded as contributions at their estimated value on the date of receipt. Such donations are reported as unrestricted support unless the donor has restricted the materials or supplies to a specific purpose.
- h. The cost of the various programs and activities has been summarized on a functional basis in the Statements of Activities. 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, and other viable methods applicable to the various programs and support services.
- i. 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.

Note 2. Contributions receivable

Contributions receivable are measured at fair value upon receipt. These are unconditional promises to support one or more of GPFD's programs including administration services. The fair value of a promise that is collectible within one year is its net realizable value. Management evaluates the status of individual promises and charge to expense amounts considered uncollectible. For the year ended March 31, 2018 amounts expensed as uncollectible totaled \$500.

At March 31, 2018, approximately 25% of the receivable balance was from one donor.

GLOBAL PARTNERS FOR DEVELOPMENT

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2018**

Note 3. Investments

The table below sets forth by level within the fair value hierarchy that is explained in Note 1, the Organization's investments measured at fair value as of March 31, 2018:

	<u>Fair Value</u>	<u>Level 1</u>
Cash	\$ 40,034	\$ 40,034
Certificate of deposit	<u>199,785</u>	<u>199,785</u>
	<u>\$ 239,819</u>	<u>\$ 239,819</u>

Note 4. Fixed assets

Equipment & Furniture	\$ 17,026
Accumulated depreciation	<u>(16,011)</u>
	<u>\$ 1,015</u>

Depreciation expense for the year ended March 31, 2018 was \$757.

Note 5. Accrued payroll expenses

Unpaid employee vacation time benefits are recognized as liabilities of the GPFD. The value of accrued time-off at March 31, 2018 was \$13,171.

Note 6. Restricted net assets

As discussed in Note 1, temporarily restricted net assets represent donor restricted contributions which will be used in the future for program expenses.

Permanently restricted net assets represent funds received to create a reserve fund that will eventually provide income to support GPFD programs.

GLOBAL PARTNERS FOR DEVELOPMENT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2018

Note 7. Operating lease

GPFD administers its programs and supporting activities from an office leased from a non related party. The lease expires May 31, 2019. It requires monthly payments of \$850 which are adjusted annually, by a specific dollar amount.

Future minimum lease payments are as follows:

Years Ending March, 2019	\$	12,200
March, 2020		<u>2,100</u>
Total	\$	<u>14,300</u>

Annual rent expense for the year ended March 31, 2018 was \$9,900.

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. GPFD has analyzed tax positions taken for filing with the Internal Revenue Service and the State of California. GPFD 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 GPFD'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.

GPFD's policy is to classify income tax related interest and penalties, if any, in interest expense and other 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, 2018 contributions received totaled \$56,556. Board member receivables at March 31, 2018 totaled \$2,500.

GLOBAL PARTNERS FOR DEVELOPMENT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2018

Note 10. In-kind contributions

During the year ended March 31, 2018 GPFDD recognized \$92,600 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.

Note 11. Concentration risk

GPFDD maintains cash in financial institutions where accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At March 31, 2018 cash balances were in excess of the insured limit by \$151,169. Management considers the financial institution to be reputable and financially capable and believes the Organization is not exposed to any significant credit risk.

Note 12. Subsequent events

Subsequent events have been evaluated through October 12, 2018, which is the date the financial statement were available to be issued.