



Financial Statements

For the years ended December 31, 2019 and 2018

PARTNERS FOR DEVELOPMENT
Financial Statements
December 31, 2019 and 2018

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Independent Auditors' Report

To the Board of Directors of
Partners for Development
Silver Spring, Maryland

Report on the financial statements

We have audited the accompanying financial statements of Partners for Development which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years 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 from 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 the 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 financial statements referred to above present fairly, in all material respects, the financial position of Partners for Development as of December 31, 2019 and 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.

A handwritten signature in blue ink that reads "NChing LLP". The signature is written in a cursive, slightly slanted style.

New York, New York
May 26, 2020

PARTNERS FOR DEVELOPMENT
Statements of Financial Position
As of December 31,

	<u>2019</u>	<u>2018</u>
<u>Assets</u>		
Current assets		
Cash - United States	\$ 205,667	\$ 258,018
Cash in foreign countries	<u>519,234</u>	<u>468,189</u>
Total cash and cash equivalents	724,901	726,207
Investments (Notes 4 and 5)	3,660,148	2,136,768
Grants receivable – current (Note 6)	1,867,383	4,570,613
Micro-credit loan funds receivable – current, net of loan loss provision – (Note 7)	845,544	773,530
Pledges receivable	31,485	2,800
Prepaid expenses and advances	<u>52,882</u>	<u>69,752</u>
Total current assets	<u>7,182,343</u>	<u>8,279,670</u>
Furniture and equipment		
Furniture and equipment	176,777	176,777
Less: accumulated depreciation	<u>(96,655)</u>	<u>(61,997)</u>
Net, furniture and equipment	<u>80,122</u>	<u>114,780</u>
Other assets		
Grants receivable – long term (Note 6)	-	243,962
Micro-credit loan funds receivable, – long term (Note 7)	563,592	574,689
Security deposit	<u>10,456</u>	<u>141,086</u>
Total other assets	<u>574,048</u>	<u>959,737</u>
Total assets	<u>\$ 7,836,513</u>	<u>\$ 9,354,187</u>

The accompanying notes are an integral part of these financial statements.

PARTNERS FOR DEVELOPMENT
Statements of Financial Position – (continued)
As of December 31,

	<u>2019</u>	<u>2018</u>
<u>Liabilities and Net Assets</u>		
Current liabilities		
Accounts payable and accrued expenses	\$ 286,499	\$ 223,633
Accrued employee benefits	<u>155,622</u>	<u>182,995</u>
Total current liabilities	<u>442,121</u>	<u>406,628</u>
Net assets		
Without donor restrictions	895,854	915,608
With donor restrictions (Note 8)	<u>6,498,538</u>	<u>8,031,951</u>
Total net assets	<u>7,394,392</u>	<u>8,947,559</u>
Total liabilities and net assets	<u>\$ 7,836,513</u>	<u>\$ 9,354,187</u>

The accompanying notes are an integral part of these financial statements.

PARTNERS FOR DEVELOPMENT
Statement of Activities
For the year ended December 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Support and revenue</u>			
Grants	\$ -	\$ 1,005,684	\$ 1,005,684
Contributions	114,080	-	114,080
Interest, investment income and loan administration fees (Notes 4 and 7)	147,237	268,390	415,627
Recognized discount on grant	-	13,880	13,880
Other	<u>27,555</u>	<u>-</u>	<u>27,555</u>
Total support and revenue	288,872	1,287,954	1,576,826
Net assets released from restrictions	<u>2,789,725</u>	<u>(2,789,725)</u>	<u>-</u>
Total support and revenue	<u>3,078,597</u>	<u>(1,501,771)</u>	<u>1,576,826</u>
<u>Expenses</u>			
<u>Program services</u>			
Benin Programs	1,708,313		1,708,313
Cambodia Programs	573,255		573,255
Nigeria Programs	<u>456,871</u>		<u>456,871</u>
Total program services expenses	<u>2,738,439</u>		<u>2,738,439</u>
<u>Supporting services</u>			
Management and general	<u>373,492</u>		<u>373,492</u>
Total program and supporting services expenses	<u>3,111,931</u>		<u>3,111,931</u>
Change in net assets	(33,334)	(1,501,771)	(1,535,105)
<u>Other</u>			
Foreign currency exchange gain/(loss)	<u>13,580</u>	<u>(31,642)</u>	<u>(18,062)</u>
Change in net assets	(19,754)	(1,533,413)	(1,553,167)
Net assets, beginning of year	<u>915,608</u>	<u>8,031,951</u>	<u>8,947,559</u>
Net assets, end of year	<u>\$ 895,854</u>	<u>\$ 6,498,538</u>	<u>\$ 7,394,392</u>

The accompanying notes are an integral part of these financial statements.

PARTNERS FOR DEVELOPMENT
Statement of Activities
For the year ended December 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Support and revenue</u>			
Grants	\$ 1,214,584	\$ 1,695,171	\$ 2,909,755
Contributions	56,058	-	56,058
Interest, investment income and loan administration fees (Notes 4 and 7)	168,445	(45,383)	123,062
Recognized discount on grant	-	19,608	19,608
Other	103,392	-	103,392
Total support and revenue	<u>1,542,479</u>	<u>1,669,396</u>	<u>3,211,875</u>
Net assets released from restrictions	<u>2,618,219</u>	<u>(2,618,219)</u>	<u>-</u>
Total support and revenue	<u>4,160,698</u>	<u>(948,823)</u>	<u>3,211,875</u>
<u>Expenses</u>			
Program services			
Nigeria Programs	1,763,500		1,763,500
Benin Programs	1,357,422		1,357,422
Cambodia Programs	349,492		349,492
Other Programs	2,302		2,302
Total program services expenses	<u>3,472,716</u>		<u>3,472,716</u>
Supporting services			
Management and general	523,651		523,651
Total program and supporting services expenses	<u>3,996,367</u>		<u>3,996,367</u>
Change in net assets	164,331	(948,823)	(784,492)
Other			
Monetization adjustment	-	1,532,068	1,532,068
Foreign currency exchange gain/(loss)	5,296	(58,925)	(53,629)
Change in net assets	169,627	524,320	693,947
Net assets, beginning of year	<u>745,981</u>	<u>7,507,631</u>	<u>8,253,612</u>
Net assets, end of year	<u>\$ 915,608</u>	<u>\$ 8,031,951</u>	<u>\$ 8,947,559</u>

The accompanying notes are an integral part of these financial statements.

PARTNERS FOR DEVELOPMENT
Statement of Functional Expenses
For the year ended December 31, 2019

	Program services				Supporting services	Total program and supporting services
	Benin programs	Cambodia programs	Nigeria programs	Total programs	Management and general	
Salaries	\$ 368,935	\$ 192,406	\$ 165,456	\$ 726,797	\$ 126,449	\$ 853,246
Payroll taxes and benefits	134,388	114,934	79,939	329,261	52,476	381,737
Total personnel services	503,323	307,340	245,395	1,056,058	178,925	1,234,983
Consulting fees	302,648	-	6,345	308,993	51,675	360,668
Travel and program monitoring	81,556	62,484	63,152	207,192	39,400	246,592
Vehicle and transportation	9,118	2,981	14,926	27,025	546	27,571
Training expenses	164,762	109,974	-	274,736	-	274,736
Project equipment, supplies and micro- credit loan programs	472,864	16,577	29,626	519,067	364	519,431
Office and housing equipment and furniture	1,595	2,708	4,763	9,066	1,355	10,421
Equipment maintenance and rental	12,682	155	3,435	16,272	6,832	23,104
Accounting and legal	16,100	4,000	5,200	25,300	24,432	49,732
Depreciation	19,676	-	14,982	34,658	-	34,658
Office supplies	7,876	5,265	6,299	19,440	4,562	24,002
Insurance	11,992	2,970	7,349	22,311	7,085	29,396
Publications and printing	14,003	1,727	6,325	22,055	3,625	25,680
Temporary help	28,953	-	7,710	36,663	-	36,663
Rent	36,187	34,520	28,022	98,729	35,073	133,802
Utilities	10,526	3,968	1,655	16,149	-	16,149
Communications	8,839	12,697	10,048	31,584	16,694	48,278
Other	12,508	5,889	1,639	20,036	2,924	22,960
Bad debt expense (recovery)	(6,895)	-	-	(6,895)	-	(6,895)
Total expenses	\$ 1,708,313	\$ 573,255	\$ 456,871	\$ 2,738,439	\$ 373,492	\$ 3,111,931

The accompanying notes are an integral part of these financial statements.

PARTNERS FOR DEVELOPMENT
Statement of Functional Expenses
For the year ended December 31, 2018

	Program services					Supporting services	Total program and supporting services
	Nigeria programs	Benin programs	Cambodia programs	Other programs	Total programs	Management and general	
Salaries	\$ 308,228	\$ 339,343	\$ 141,861	\$ 2,120	\$ 791,552	\$ 167,135	\$ 958,687
Payroll taxes and benefits	170,199	128,482	44,229	48	342,958	75,454	418,412
Total personnel services	<u>478,427</u>	<u>467,825</u>	<u>186,090</u>	<u>2,168</u>	<u>1,134,510</u>	<u>242,589</u>	<u>1,377,099</u>
Consulting fees	7,801	110,709	2,000	-	120,510	72,473	192,983
Travel and program monitoring	157,713	60,516	13,180	-	231,409	55,202	286,611
Vehicle and transportation	58,388	45,103	3,472	-	106,963	8,534	115,497
Training expenses	127,738	160,026	60,302	-	348,066	1,131	349,197
Project equipment, supplies and micro- credit loan programs	778,086	503,810	36,283	-	1,318,179	128	1,318,307
Office and housing equipment and furniture	23,696	6,947	3,751	-	34,394	7,212	41,606
Equipment maintenance and rental	7,867	2,986	584	-	11,437	2,932	14,369
Accounting and legal	-	9,000	-	-	9,000	43,506	52,506
Depreciation	13,480	16,485	-	-	29,965	1,600	31,565
Office supplies	16,808	6,578	1,501	49	24,936	7,325	32,261
Insurance	19,399	13,702	4,004	-	37,105	6,354	43,459
Publications and printing	8,858	14,981	389	-	24,228	5,375	29,603
Temporary help	14,448	23,133	-	-	37,581	1,326	38,907
Rent	40,859	27,589	23,072	-	91,520	44,685	136,205
Utilities	3,222	30,286	8,203	-	41,711	349	42,060
Communications	19,879	16,087	4,082	-	40,048	20,190	60,238
Other	3,738	11,530	2,579	85	17,932	2,740	20,672
Bad debt expense (recovery)	-	(2,797)	-	-	(2,797)	-	(2,797)
Total expenses before capitalization	<u>1,780,407</u>	<u>1,524,496</u>	<u>349,492</u>	<u>2,302</u>	<u>3,656,697</u>	<u>523,651</u>	<u>4,180,348</u>
Equipment, deposits and capitalization	<u>(16,907)</u>	<u>(167,074)</u>	<u>-</u>	<u>-</u>	<u>(183,981)</u>	<u>-</u>	<u>(183,981)</u>
Total expenses, net of capitalization	<u>\$ 1,763,500</u>	<u>\$ 1,357,422</u>	<u>\$ 349,492</u>	<u>\$ 2,302</u>	<u>\$ 3,472,716</u>	<u>\$ 523,651</u>	<u>\$ 3,996,367</u>

The accompanying notes are an integral part of these financial statements.

PARTNERS FOR DEVELOPMENT**Statements of Cash Flows**

For the years ended December 31

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Change in net assets	\$ (1,553,167)	\$ 693,947
Adjustment to reconcile change in net assets to net cash provided by/(used in) operating activities:		
Depreciation	34,658	31,565
Unrealized (gain)/loss on investments	(168,557)	116,223
Realized loss/gain	10,102	35,965
Bad debt expense (recovery)	(6,895)	(2,797)
Change in grants receivable	2,954,087	(2,171,440)
Change in pledges receivable	(28,685)	626
Change in advances and employee receivables	11,722	(14,756)
Change in prepaid expenses	5,148	15,973
Change in security deposits	(544)	310
Change in accounts and accrued expenses payable	62,866	142,585
Change in accrued employee benefits	(27,373)	36,218
Net cash provided by/(used in) operating activities	<u>1,293,362</u>	<u>(1,115,581)</u>
Cash flows from investment activities		
Disbursement for micro-credit loan programs	(60,917)	(21,800)
Purchase of investments	(1,364,925)	-
Sales of investments	-	1,197,946
Deposit on equipment	131,174	(131,174)
Purchase of fixed assets	-	(52,807)
Net cash (used in)/provided by investment activities	<u>(1,294,668)</u>	<u>992,165</u>
Net decrease in cash and cash equivalents	(1,306)	(123,416)
Cash, beginning of year	<u>726,207</u>	<u>849,623</u>
Cash, end of year	<u>\$ 724,901</u>	<u>\$ 726,207</u>

The accompanying notes are an integral part of these financial statements.

PARTNERS FOR DEVELOPMENT

Notes to the Financial Statements

December 31, 2019 and 2018

Note 1 Organization

Partners for Development (PFD) is a non-profit organization, incorporated on November 22, 1996, pursuant to the District of Columbia Nonprofit Corporation Act. PFD was organized to combat world hunger, poverty and underdevelopment. PFD has activities and programs in Nigeria, Cambodia and Benin.

Note 2 Significant accounting policies

Basis of presentation. The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with FASB ASC 958, *Not-for-Profit Entities*. The accompanying financial statements include the worldwide operations of PFD.

Cash and cash equivalents. PFD considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000. At times during the year, PFD maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

PFD had \$519,234 and \$468,189 of cash and cash equivalents held in foreign countries at December 31, 2019 and 2018, respectively. The majority of all funds held in foreign countries are uninsured. Such amounts are reflected as cash in foreign countries in the accompanying statement of financial position.

Investments. Investments are recorded at their readily determinable fair value. Realized and unrealized gains and losses are included in interest, investment income and loan administration fees in the statement of activities and change in net assets.

Receivables. Receivables approximate fair value. Allowance for doubtful accounts is determined based upon an annual review of account balances, including the age of the balance and the historical experience with the customer.

Furniture and equipment. Furniture and equipment are stated at cost. PFD's policy is to capitalize all purchases made in excess of \$5,000. Furniture and equipment are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally five years.

Foreign currency. The U.S. dollar is the functional currency of Partners for Development. Transactions in currencies other than dollars are translated into dollars at the rates of exchange in effect during the month of the transaction. Property and equipment purchases with non-U.S. currency are translated into dollars at the exchange rate in effect at the time of purchase.

Assets and liabilities denominated in non-U.S. currency are translated into dollars at the exchange rate in effect at the date of the statements of financial position. The net exchange losses from foreign currency totaled \$18,062 for the year ended December 31, 2019 and \$53,589 for the year ended December 31, 2018.

PARTNERS FOR DEVELOPMENT

Notes to the Financial Statements

December 31, 2019 and 2018

Note 2 Significant accounting policies - (continued)

Income taxes. PFD is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. In addition, PFD has been classified by the Internal Revenue Service as a public charity of the type described in Sections 509(a)(1) and 170(b)(1)(A)(vi) of the Internal Revenue Code and is not a private foundation.

Uncertain tax positions. For the years ended December 31, 2019 and 2018, PFD has documented its consideration of FASB ASC 740-10, Income Taxes, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements. Periods ending December 31, 2016 and subsequent years remain subject to examination by the tax authorities.

Financial statements presentation. The financial statements presentation follows the accounting standards for not-for-profit organizations. Under these standards, Partners for Development is required to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Partners for Development or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Grants and contributions. Unrestricted and temporarily restricted contributions and grants are recorded as revenue in the year notification is received from the donor. Temporarily restricted contributions and grants are recognized as net assets without restriction only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Such funds in excess of expenses incurred are shown as net assets with donor restriction in the accompanying financial statements.

Use of estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

PARTNERS FOR DEVELOPMENT

Notes to the Financial Statements

December 31, 2019 and 2018

Note 2 Significant accounting policies - (continued)

Functional allocation of expenses. The cost of providing the various programs and supporting services has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services in reasonable ratios determined by management. The ratios are based on the share of the program of the overall management expenses, excluding staff who are directly charged to specific programs.

The expenses that are allocated include the following:

Expense	Method of allocation
Salaries	Time and effort
Payroll taxes and benefits	Time and effort
Occupancy expenses	Square footage

Investment risks and uncertainties. PFD invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Fair value measurement. In accordance with FASB ASC 820, *Fair Value Measurement*, PFD has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. Measurements that are most observable are based on quoted prices of identical instruments obtained from principal markets in which they are traded. Closing prices are both readily available and representative of fair value. Market transactions occur with sufficient frequency and volume to ensure liquidity.

Level 2. Measurements derived indirectly from observable inputs or from quoted prices from markets that are less liquid. Measurements may consider inputs that other market participants would use in valuing a portfolio, quoted market prices for similar securities, interest rates, credit risks, and others.

Level 3. Measurements that are least observable are estimated from related market data, determined from sources with little or no market activity for comparable contracts, or are positions with longer durations.

PARTNERS FOR DEVELOPMENT

Notes to the Financial Statements

December 31, 2019 and 2018

Note 2 Significant accounting policies - (continued)

Reclassifications. Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements

Change in accounting principle. On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. We have implemented ASU 2016-14 and have adjusted the presentation in these financial statements accordingly.

Note 3 Liquidity and availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalent	\$ 724,901	\$ 726,207
Investment	3,660,148	2,136,768
Grant receivable - current	1,867,383	4,570,613
Micro-credit loan funds receivable - current	845,544	773,530
Pledges and other receivable	<u>84,367</u>	<u>72,552</u>
Total financial assets	7,182,343	8,279,670
Adjustments: amounts not available to be used within one year		
Less: net assets with donor restrictions	<u>(6,498,538)</u>	<u>(8,031,951)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 683,805</u>	<u>\$ 247,719</u>

PARTNERS FOR DEVELOPMENT
Notes to the Financial Statements
December 31, 2019 and 2018

Note 4 Investments

Investments consisted of the following at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalent	\$ 20,922	\$ 8,470
Money market funds	560,616	122,756
Fixed Income	1,010,037	108,978
Mutual funds (bonds)	756,094	933,285
Equities	<u>1,312,479</u>	<u>963,279</u>
Total investments	<u>\$ 3,660,148</u>	<u>\$ 2,136,768</u>

Included in interest, investment income and loan administration fees is the following investment income for the years ended December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Interest and dividends	\$ 109,935	\$ 106,805
Realized loss	(10,102)	(35,965)
Unrealized gain/(loss)	<u>168,557</u>	<u>(116,223)</u>
Total investment income/(loss)	<u>\$ 268,390</u>	<u>\$ (45,383)</u>

Note 5 Fair value measurement

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used at December 31, 2019 and 2018.

Fixed Income - The fixed income corporate bonds employ a strategy of direct holdings of treasuries and fixed income positions to seek maximum total return consistent with the preservation of capital. The fair value estimates of such fixed income strategies are based on observable market information rather than market quotes as of the measurement date. Accordingly, the estimates of fair value for such fixed income securities, are included in the fixed income securities amount disclosed in level 2 of the hierarchy.

Mutual funds and Equities – These are securities trade on a major exchange. The fair value of mutual funds are equal to the reported net asset value of the fund, which is the price at which additional shares can be obtained. Accordingly, these securities are disclosed as level 1 of the hierarchy.

PARTNERS FOR DEVELOPMENT
Notes to the Financial Statements
December 31, 2019 and 2018

Note 5 Fair value measurement- (continued)

The table below summarizes, by level within the fair value hierarchy, PFD's investments as of December 31, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Cash and cash equivalent	\$ -	\$ -	\$ -	\$ 20,922
Money market funds	-	-	-	560,616
Fixed income	-	1,010,037	-	1,010,037
Mutual Funds (Bond)	756,094	-	-	756,094
Equities	1,312,479	-	-	1,312,479
Total	<u>\$ 2,068,573</u>	<u>\$ 1,010,037</u>	<u>\$ -</u>	<u>\$ 3,660,148</u>

The table below summarizes, by level within the fair value hierarchy, PFD's investments as of December 31, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Cash and cash equivalent	\$ -	\$ -	\$ -	\$ 8,470
Money market funds	-	-	-	122,756
Fixed Income	-	108,978	-	108,978
Mutual Funds (Bond)	933,285	-	-	933,285
Equities	963,279	-	-	963,279
Total	<u>\$ 1,896,564</u>	<u>\$ 108,978</u>	<u>\$ -</u>	<u>\$ 2,136,768</u>

Note 6 Grants receivable

As of December 31, 2019 and 2018, PFD outstanding contribution receivable relating to the PINEX grant amounted to \$271,972 and \$3,434,442, respectively. Amounts due in more than one year have been recorded at the present value using a discount rate of 1.9%. In September 2015, PFD and the United States Department of Agriculture (USDA) entered into an Agreement in which USDA will provide at least 18,150 metric tons of rice that PFD can monetize (sell) in order to largely fund its Pineapple Promotion for Export (PINEX) project in Benin, West Africa. Estimated proceeds on sale of this quantity of rice at time of Grant Agreement in September 2015 was \$8,982,068. In addition to this projected proceeds amount, USDA also provided cash of \$1,274,808. From 2016 to 2019, PFD made five separate sales of rice which together brought in \$9,174,562. PFD's management has revised the monetization estimate resulting in a reversal of previous reserve. As of December 31, 2019 and 2018 there were no monetization reserve.

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Note 6 Grants receivable- (continued)

Grants are due as follows at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Less than one year	\$ 1,867,383	\$ 4,584,493
One to five years	<u>-</u>	<u>243,962</u>
Total	1,867,383	4,828,455
Less: allowance to discount balance to present value	<u>-</u>	<u>(13,880)</u>
Total grants receivable	<u>\$ 1,867,383</u>	<u>\$ 4,814,575</u>

At December 31, 2019 and 2018, grants receivable consisted of the following:

	<u>2019</u>	<u>2018</u>
Cambodia program		
Global Fund to Fight AIDS, Tuberculosis and	\$ 1,086,282	\$ 1,347,887
Nigeria program		
UNICEF	-	32,286
Chemonics -Markets II	50,978	-
Benin program		
United States Department of Agriculture (net of discounts of \$0 and \$13,880 as of December 31, 2019 and 2018, respectively)	<u>730,123</u>	<u>3,434,402</u>
Total grants receivable	<u>\$ 1,867,383</u>	<u>\$ 4,814,575</u>

Note 7 Micro credit loan funds receivable

PFD had the following micro-credit loans receivable as of December 31, 2019 and 2018:

- In connection with a program funded through a credit agreement from the David and Lucile Packard Foundation, PFD was required to establish a micro-credit loan program in Nigeria. Accordingly, PFD has placed local currency with various local organizations for the express purpose of micro-lending. The funds placed with the local entities, \$225,369 and \$126,719, based upon the December 31, 2019 and 2018, respectively, exchange rates are shown as micro-credit loans receivable in the accompanying financial statements. The agreements with the local entities stipulate that over time the funds will be returned to PFD. Interest on the loans is charged using an annual interest rate of 18%. As of December 31, 2019 and 2018, a reserve of \$103,942, and \$103,942, respectively, have been record against these receivable amounts.

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Note 7 Micro credit loan funds receivable - (continued)

- During 2010 and 2011, PFD placed local currency with institutions in Nigeria using PFD unrestricted funding, to be used for a micro-credit loan program. The funds placed with the institutions totaled \$490,234 and \$504,886 at December 31, 2019 and 2018, respectively. The agreement with the institution which matures on September 9, 2017, was extended for another year ending September 9, 2018, stipulates that the funds will be returned to PFD over time. Interest on the loans is charged using an annual interest rate of 18%. To facilitate the one year extension, PFD received administrative charge of 2% of the face value of the loan. Due to exchange rates for the Naira, the local currency of Nigeria, PFD has recorded a gain of \$13,580 and a loss of \$1,639 during the year ending December 31, 2019 and 2018, respectively.
- During 2010, PFD placed local currency with an institution in Benin using unrestricted funding, to be used for a micro-credit loan program. The funds placed with the institution in Benin totaled \$66,591 and \$69,735 at both December 31, 2019 and 2018. An agreement with the institution stipulates that the funds will be returned to PFD over time. The annual interest rate on the loan was 6.5%. The outstanding amounts have been fully reserved.
- During 2011, PFD placed U.S. Dollars with a financial institution in Cambodia using unrestricted funding, to be used for a micro-credit loan program. The annual interest rate on the loans is 6.5%. The original loan was repaid in full during 2017 and a new loan agreement was entered into effective December 2, 2017. The funds placed with the institution in Cambodia totaled \$200,000 at December 31, 2019 and 2018.
- During 2017, Benin placed \$204,666 as a loan guarantee reserve for micro-credit loan program as part of the PINEX program. The amount will be reserved to cover a percentage of loan defaults, if any, through June 30, 2020.

The following is a schedule of loans receivable by country:

	<u>2019</u>	<u>2018</u>
Nigeria	\$ 729,730	\$ 661,467
Benin	630,183	644,424
Cambodia	<u>200,000</u>	<u>200,000</u>
Total micro-credit loans receivable	1,559,913	1,505,891
Less: loan loss reserve	(150,777)	(157,672)
Less: current portion	<u>(845,544)</u>	<u>(773,530)</u>
Long term portion of loans receivable	<u>\$ 563,592</u>	<u>\$ 574,689</u>

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Note 7 Micro credit loan funds receivable - (continued)

Interest and loan administration fee earned from PFD's micro-credit loan funds receivable were \$147,237 and \$168,445 for the years ended December 31, 2019 and 2018, respectively. Such amounts are included in interest, investment income and loan administration fees on the accompanying statements of activities.

The ending balances of micro-credit loan funds receivable are individually evaluated for impairment. A loan loss reserve is established based on prior collection experience and current economic factors which, in management's judgment, could influence the ability of loan recipients to repay the amounts per the loan terms. Loan balances are written-off only when they are deemed to be permanently uncollectable.

Changes in the loan loss reserve on micro credit loans receivable for the years ended December 31, are as follows:

	<u>2019</u>	<u>2018</u>
Loan loss reserve at the beginning of the year	\$ 157,672	\$ 204,666
Exchange rate adjustment	-	(11,165)
Current year bad debt (recovery) expense	<u>(6,895)</u>	<u>(35,829)</u>
Long term portion of loans receivable	<u>\$ 150,777</u>	<u>\$ 157,672</u>

The credit quality indicator for micro credit loans receivable is performance determined by repayment status and delinquency status. The following table presents the recorded investment by credit quality indicator as of December 31,

	<u>2019</u>	<u>2018</u>
Payment status, current	\$ 1,253,826	\$ 1,279,575
Payment status, paying but behind	<u>306,087</u>	<u>226,316</u>
Total loans receivable	<u>\$ 1,559,913</u>	<u>\$ 1,505,891</u>

The aging of the micro-credit loans receivable as of December 31, is as follows:

	<u>2019</u>	<u>2018</u>
Current	\$ 1,253,826	\$ 1,279,575
Greater than 90 days	<u>306,087</u>	<u>226,316</u>
Total loans receivable	<u>\$ 1,559,913</u>	<u>\$ 1,505,891</u>

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Note 8 Net assets with donor restrictions

Net assets with donor restrictions consisted of the following at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Cambodia programs		
Global Fund to Fight AIDS, Tuberculosis and Malaria	\$ 1,007,984	\$ 1,207,633
IPC	187,445	348,882
Benin programs		
United States Department of Agriculture	4,996,248	6,388,376
CRS	56,866	-
Technoserve	249,995	-
Nigeria programs		
JSI (USAID)	-	901
WADA (USAID)	-	76,231
UNICEF	-	9,928
Total net assets with donor restrictions	<u>\$ 6,498,538</u>	<u>\$ 8,031,951</u>

Note 9 Retirement benefit plan

PFD has a defined contribution retirement plan, which covers all employees who meet certain eligibility requirements. The plan requires that PFD contribute seven percent of each eligible employee's annual salary to the plan. Contributions to the plan are immediately vested. Total retirement plan expense was \$20,620 and \$22,316 in 2019 and 2018, respectively.

Note 10 Contingencies

Government funding. PFD receives grants from various agencies of the United States Government. For fiscal years through December 31, 2019, such grants were subject to audit under the provisions of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Such grants are subject to audit under the provisions of the Uniform Guidance. The ultimate determination of amounts received under United States Government grants is based upon allowance of costs reported to and accepted by the United States Government as a result of audits. Audits in accordance with the applicable provisions have been completed for all required fiscal years through 2019. Until such audits have been accepted by the United States Government, there exist a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

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Note 10 Contingencies- (continued)

Foreign operations. PFD provides capital assistance, technical assistance, and training in numerous third world countries through its field offices in each of those countries. PFD also maintains cash accounts as well as loan portfolios in some of those countries. The future results of those programs could be adversely affected by a number of potential factors, such as currency devaluations or changes in the political climate.

As of December 31, 2019 and 2018, PFD had cash, property and equipment and loans receivable in various countries in Africa, Europe and Southeast Asia totaling \$3,716,323 and \$2,918,954, respectively. This represents approximately 49% and 31% of PFD's total assets as of December 31, 2019 and 2018, respectively.

Note 11 Concentration of revenue

There was no grant awarded by agencies of the United States Government for the year ended December 31, 2019 while approximately 21% of PFD's revenue was awarded for the year ended December 31, 2018. PFD has no reason to believe that relationships with these agencies will be discontinued in the foreseeable future. However, any interruption of these relationships (i.e., the failure to renew grant agreements or withholding of funds) would adversely affect PFD's ability to finance ongoing operations.

Note 12 Lease commitment

In January 2017, PFD moved to a new office location, signing a lease that ends March 31, 2019. The lease was amended to extend the term lease from April 1, 2019 to March 31, 2021. PFD also leases office space (under short-term rental agreements) in the various countries in which it conducts its activities. The following is a schedule of the future minimum lease payments:

Year ending December 31,	
2020	\$ 43,584
2021	<u>10,626</u>
Total	<u>54,210</u>

Rent expense (including the rent paid on short-term rental agreements in foreign countries) for the years ended December 31, 2019 and 2018 were \$133,802 and \$136,205, respectively.

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Note 13 Performance grants

On December 1, 2016, PFD entered into a grant agreement amounting to \$2 million in performance base funding. For the period ending December 31, 2019 and 2018, PFD has recognized \$20,534 and \$1,207,441, respectively, of revenue from this grant in the statement of activities.

Note 14 Subsequent events

PFD has evaluated events and transactions for potential recognition or disclosure through May 26, 2020, which is the date the financial statements were available to be issued and has concluded that except as set forth below, no subsequent events occurred that requires an adjustment to or disclosure in the financial statements.

In January 2020, the World Health Organization declared a Public Health Emergency of international concern as a result of the spread of a new virus – corona virus (COVID-19). This contagious disease outbreak, which has continued to spread to many countries, and any related adverse public health developments, could adversely affect PFD. The outbreak could affect workforces, customers, economies and financial markets globally, potentially leading to an economic downturn. The effects of an economic downturn on PFD cannot be determined at this time.