



Financial Statements

For the years ended December 31, 2021 and 2020

PARTNERS FOR DEVELOPMENT
Financial Statements
December 31, 2021 and 2020

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Independent Auditor's Report

To the board of directors of
Partners for Development
Silver Spring, Maryland

Opinion

We have audited the accompanying financial statements of Partners for Development (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Partners for Development as of December 31, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Partners for Development and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Partners for Development's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Partners for Development's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Partners for Development's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

New York, NY
May 25, 2022

NChing LLP

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

	<u>2021</u>	<u>2020</u>
<u>Assets</u>		
Current assets		
Cash - United States	\$ 162,313	\$ 93,024
Cash in foreign countries	201,172	384,465
Total cash and cash equivalents	<u>363,485</u>	<u>477,489</u>
Investments (Notes 4 and 5)	4,856,433	2,503,736
Grants receivable – current (Note 6)	520,967	465,665
Micro-credit loan funds receivable – current, net of loan loss provision (Note 7)	330,325	544,843
Pledges receivable	19,743	60,965
Prepaid expenses and advances	54,328	46,774
Total current assets	<u>6,145,281</u>	<u>4,099,472</u>
Furniture and equipment		
Furniture and equipment	176,777	176,777
Less: accumulated depreciation	(165,972)	(131,313)
Net, furniture and equipment	<u>10,805</u>	<u>45,464</u>
Other assets		
Micro-credit loan funds receivable, – long term (Note 7)	1,144,954	584,942
Security deposit	9,841	10,381
Total other assets	<u>1,154,795</u>	<u>595,323</u>
Total assets	<u>\$ 7,310,881</u>	<u>\$ 4,740,259</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>2021</u>	<u>2020</u>
<u>Liabilities and Net Assets</u>		
Current liabilities		
Accounts payable and accrued expenses	\$ 134,618	\$ 108,058
Accrued employee benefits	71,255	95,934
PPP Loan Payable (Note 8)	56,642	-
Total current liabilities	<u>262,515</u>	<u>203,992</u>
Net assets		
Without donor restrictions	1,020,806	962,755
With donor restrictions (Note 9)	6,027,560	3,573,512
Total net assets	<u>7,048,366</u>	<u>4,536,267</u>
Total liabilities and net assets	<u><u>\$ 7,310,881</u></u>	<u><u>\$ 4,740,259</u></u>

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

PARTNERS FOR DEVELOPMENT
Statement of Activities
For the year ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
<u>Support and revenue</u>			
Grants	\$ -	\$ 4,888,004	\$ 4,888,004
Contributions	95,886	-	95,886
Interest, investment income/(loss) and loan administration fees (Notes 4 and 7)	101,836	24,281	126,117
Other	23,509	-	23,509
Total support and revenue	221,231	4,912,285	5,133,516
Net assets released from restrictions	2,425,422	(2,425,422)	-
Total support and revenue	2,646,653	2,486,863	5,133,516
<u>Operating expenses</u>			
Program services			
Benin Programs	1,691,402		1,691,402
Cambodia Programs	53,593		53,593
Nigeria Programs	448,896		448,896
Total program services expenses	2,193,891		2,193,891
Supporting services			
Management and general	335,482		335,482
Total operating expenses	2,529,373		2,529,373
Change in net assets before non-operating activities	117,280	2,486,863	2,604,143
Non-operating activities			
Loss on foreign currency exchange	(59,229)	(32,815)	(92,044)
Change in net assets	58,051	2,454,048	2,512,099
Net assets, beginning of year	962,755	3,573,512	4,536,267
Net assets, end of year	\$ 1,020,806	\$ 6,027,560	\$ 7,048,366

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

PARTNERS FOR DEVELOPMENT
Statement of Activities
For the year ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
<u>Support and revenue</u>			
Grants	\$ -	\$ 1,375	\$ 1,375
Contributions	112,555	-	112,555
Interest, investment income and loan administration fees (Notes 4 and 7)	81,635	(138,673)	(57,038)
Other	85,808	-	85,808
Total support and revenue	279,998	(137,298)	142,700
Net assets released from restrictions	2,291,438	(2,291,438)	-
Total support and revenue	2,571,436	(2,428,736)	142,700
<u>Operating expenses</u>			
Program services			
Nigeria Programs	1,308,640		1,308,640
Benin Programs	638,641		638,641
Cambodia Programs	147,769		147,769
Total program services expenses	2,095,050		2,095,050
Supporting services			
Management and general	317,632		317,632
Total operating expenses	2,412,682		2,412,682
Change in net assets before nonoperating activities	158,754	(2,428,736)	(2,269,982)
Nonoperating activities			
(Loss)/gain on foreign currency exchange	(91,853)	45,571	(46,282)
Change in net assets before cumulative effect of change in accounting principle	66,901	(2,383,165)	(2,316,264)
Change in net assets before cumulative effect of change in accounting principle	-	(541,861)	(541,861)
Change in net assets	66,901	(2,925,026)	(2,858,125)
Net assets, beginning of year	895,854	6,498,538	7,394,392
Net assets, end of year	\$ 962,755	\$ 3,573,512	\$ 4,536,267

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

PARTNERS FOR DEVELOPMENT
Statement of Functional Expenses
For the year ended December 31, 2021

	Program services				Supporting services	Total program and supporting services
	Benin programs	Cambodia programs	Nigeria programs	Total programs	Management and general	
Salaries	\$ 406,045	\$ 37,196	\$ 113,483	\$ 556,724	\$ 127,792	\$ 684,516
Payroll taxes and benefits	130,400	3	69,280	199,683	49,024	248,707
Total personnel services	<u>536,445</u>	<u>37,199</u>	<u>182,763</u>	<u>756,407</u>	<u>176,816</u>	<u>933,223</u>
Consulting fees	281,446	1,348	14,660	297,454	45,631	343,085
Travel and program monitoring	127,759	492	34,642	162,893	7,212	170,105
Vehicle and transportation	5,014	294	19,800	25,108	-	25,108
Training expenses	178,891	-	33,199	212,090	-	212,090
Project equipment, supplies and micro- credit loan programs	324,880	742	30,130	355,752	-	355,752
Office and housing equipment and furniture	10,177	-	59,076	69,253	1,916	71,169
Equipment maintenance and rental	9,862	-	8,526	18,388	1,691	20,079
Accounting and legal	38,188	3,001	6,536	47,725	21,590	69,315
Depreciation	19,676	-	10,380	30,056	-	30,056
Office supplies	6,028	170	7,290	13,488	2,305	15,793
Insurance	14,538	2,565	2,506	19,609	8,104	27,713
Publications and printing	3,483	170	8,071	11,724	6,789	18,513
Temporary help	57,692	-	1,531	59,223	-	59,223
Rent	34,764	1,353	17,181	53,298	40,376	93,674
Utilities	16,367	123	1,043	17,533	-	17,533
Communications	10,612	1,803	5,511	17,926	17,355	35,281
Bad debt expense	-	-	-	-	2,477	2,477
Other	15,580	4,333	6,051	25,964	3,220	29,184
Total expenses	<u>\$ 1,691,402</u>	<u>\$ 53,593</u>	<u>\$ 448,896</u>	<u>\$ 2,193,891</u>	<u>\$ 335,482</u>	<u>\$ 2,529,373</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, 2020

	Program services				Supporting services	Total program and supporting services
	Benin programs	Cambodia programs	Nigeria programs	Total programs	Management and general	
Salaries	\$ 412,843	\$ 202,985	\$ 65,556	\$ 681,384	\$ 117,208	\$ 798,592
Payroll taxes and benefits	148,937	160,857	24,718	334,512	56,081	390,593
Total personnel services	<u>561,780</u>	<u>363,842</u>	<u>90,274</u>	<u>1,015,896</u>	<u>173,289</u>	<u>1,189,185</u>
Consulting fees	89,225	2,269	23	91,517	39,593	131,110
Travel and program monitoring	27,800	101,193	3,048	132,041	13,083	145,124
Vehicle and transportation	11,031	3,699	7,158	21,888	218	22,106
Training expenses	150,022	83,196	500	233,718	201	233,919
Project equipment, supplies and micro-credit loan programs	267,855	9,566	49	277,470	-	277,470
Office and housing equipment and furniture	11,459	35	2,463	13,957	-	13,957
Equipment maintenance and rental	5,987	2,397	1,155	9,539	48	9,587
Accounting and legal	18,231	5,000	6,162	29,393	20,536	49,929
Depreciation	19,676	-	14,982	34,658	-	34,658
Office supplies	6,696	8,927	1,604	17,227	3,323	20,550
Insurance	10,615	2,927	4,172	17,714	8,695	26,409
Publications and printing	5,053	100	181	5,334	7,212	12,546
Temporary help	32,017	-	3,198	35,215	-	35,215
Rent	44,366	35,384	8,942	88,692	34,652	123,344
Utilities	12,480	4,218	472	17,170	-	17,170
Communications	23,651	9,551	2,829	36,031	13,400	49,431
Other	10,696	6,337	557	17,590	3,382	20,972
Total expenses	<u>\$ 1,308,640</u>	<u>\$ 638,641</u>	<u>\$ 147,769</u>	<u>\$ 2,095,050</u>	<u>\$ 317,632</u>	<u>\$ 2,412,682</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>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets	\$ 2,512,099	\$ (2,858,125)
Adjustments to reconcile change in net assets to net cash provided by/(used in) operating activities:		
Depreciation	34,659	34,658
Unrealized loss/(gain) on investments	17,682	199,529
Realized loss on investments	2,362	2,799
Bad debt expense	2,477	-
Change in grants receivable	(57,779)	1,401,718
Change in pledges receivable	41,222	(29,480)
Change in advances and employee receivables	14,978	1,325
Change in prepaid expenses	(18,259)	6,053
Change in security deposits	540	75
Change in accounts and accrued expenses payable	22,287	(179,711)
Change in accrued employee benefits	(24,679)	(59,688)
Net cash provided by/(used in) operating activities	<u>2,547,589</u>	<u>(1,480,847)</u>
Cash flows from investment activities		
Collections on micro-loan program loans	974,435	279,351
Disbursements on micro-loan program loans	(1,319,929)	-
Purchases of investments, including income reinvestment	(4,222,947)	(1,174,947)
Sales of investments	1,850,206	2,129,031
Net cash (used in)/provided by investment activities	<u>(2,718,235)</u>	<u>1,233,435</u>
Cash flows from financing activities		
Proceeds from PPP loan	56,642	-
Net cash provided by financing activities	<u>56,642</u>	<u>-</u>
Net decrease in cash and cash equivalents	(114,004)	(247,412)
Cash, beginning of year	<u>477,489</u>	<u>724,901</u>
Cash, end of year	<u>\$ 363,485</u>	<u>\$ 477,489</u>

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

PARTNERS FOR DEVELOPMENT

Notes to the Financial Statements

December 31, 2021 and 2020

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.

Pfd is exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code.

Note 2 Significant accounting policies

Basis of accounting. 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.

- 1) Effective January 1, 2020, Pfd adopted the requirements of the Financial Accounting Standards Board’s (“FASB”) Accounting Standards Update (“ASU”) No. 2014-09, Revenue from Contracts with Customers, and all subsequent amendments to the ASU (collectively, “Topic 606”). This provides the framework for recognizing revenue by highlighting the identification of performance obligations of a contract, determining the price, and then allocating the price to each of the performance obligations so that revenue is recognized as each of those performance obligations are satisfied. Analysis of the various provisions of this standard resulted in no significant changes to the Pfd’s revenue recognition standard.
- 2) Effective January 1, 2020, Pfd adopted ASU No. 2018-08 Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (“Topic 605”). Key provisions of this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions, and improved guidance for conditional versus unconditional contributions. In accordance with this new standard, Pfd evaluates whether a transfer of assets is an exchange transaction in which a resource provider is receiving a commensurate value in return for the transfer of resources or whether it is non-reciprocal. If the transaction is determined to be an exchange transaction, Pfd applies guidance under Topic 606. If the transaction is determined to be non-reciprocal, it is treated as a contribution under Topic 605.

Pfd evaluates whether contributions are conditional or unconditional. Contributions are considered to be conditional when both a barrier must be overcome and a right of return of the asset or right of release from the obligation exists. Accordingly, during the year ended December 31, 2020, Pfd’s grants receivable and net assets with donor restrictions decreased by \$541,861 due to management’s evaluation of Pfd’s conditional grants in accordance with the adoption of ASU 2018-08.

PARTNERS FOR DEVELOPMENT

Notes to the Financial Statements

December 31, 2021 and 2020

Note 2 Significant accounting policies - (continued)

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, whereby the donor has stipulated the funds be maintained in perpetuity.

Revenue recognition. Government and other grants revenues are nonexchange transactions in which no commensurate value is exchanged. Accordingly, contribution accounting is applied under ASC Topic 605, Not-for-Profit Entities. Government and other grants contracts are evaluated for contributions that are conditional. Factors indicating the existence of a conditional contribution include the presence of a barrier that must be overcome and either a right of return of assets transferred or a right of release of a funder's obligation to transfer the assets. Government and other grant revenues are recognized when the conditions are satisfied, which is generally when the expenditures for each contract are incurred. Government and other grant funds received in excess of revenue earned are recorded as deferred revenue.

Revenue from non-exchange transactions may be subject to conditions which are defined under ASU No. 2018-08 as both a barrier to entitlement and a right of return of payments or release from obligations.

PfD's grants are primarily conditional non-exchange transactions and fall under the scope of Topic 605. Revenue from these transactions is recognized when qualifying expenditures are incurred, performance related outcomes are achieved and other conditions under the agreements are met. Payments received in advance of conditions being met are recorded as deferred revenue.

Contributions are recognized at the earlier of when cash is received or at the time a pledge becomes unconditional in nature. Contributions are recorded in the net asset classes outlined above depending on the existence and/or nature of any donor-imposed restriction. When a 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.

PARTNERS FOR DEVELOPMENT

Notes to the Financial Statements

December 31, 2021 and 2020

Note 2 Significant accounting policies - (continued)

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 \$201,172 and \$384,465 of cash and cash equivalents held in foreign countries at December 31, 2021 and 2020, 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 PfD. 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 \$92,044 for the year ended December 31, 2021 and \$46,282 for the year ended December 31, 2020.

Uncertain tax positions. For the years ended December 31, 2021 and 2020, 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, 2018 and subsequent years remain subject to examination by the tax authorities.

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, 2021 and 2020

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	Direct program benefited, then time and effort
Payroll taxes and benefits	Direct program benefited, then time and effort
Occupancy expenses	Direct program benefited, then 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. The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the least priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that PfD has the ability to access.

Level 2: Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the assets or liabilities;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

PARTNERS FOR DEVELOPMENT

Notes to the Financial Statements

December 31, 2021 and 2020

Note 2 Significant accounting policies - (continued)

Operating risk. The coronavirus outbreak may have an adverse effect on the results of operations. Given the uncertainty around the extent and timing of the potential future spread or mitigation of the coronavirus and around the imposition or relaxation of protective measures, PfD cannot reasonably estimate the impact to future results of operations.

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>2021</u>	<u>2020</u>
Cash and cash equivalent	\$ 363,485	\$ 477,489
Investments	4,856,433	2,503,736
Grant receivable - current	520,967	465,665
Micro-credit loan funds receivable - current	330,325	544,843
Pledges and other receivable	<u>74,071</u>	<u>107,739</u>
Total financial assets	6,145,281	4,099,472
Adjustments: amounts not available to be used within one year		
Less: net assets with donor restrictions	<u>(6,027,560)</u>	<u>(3,573,512)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 117,721</u>	<u>\$ 525,960</u>

PfD regularly monitors liquidity to meet its operating needs. PfD attempts to operate with a balanced budget, and part of the liquidity management, includes a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. Excess cash is invested in short-term investments, including money market accounts and other marketable securities. Accordingly, the related resources have been included in the quantitative information detailing the financial assets available to meet general expenditures within one year.

PARTNERS FOR DEVELOPMENT
Notes to the Financial Statements
December 31, 2021 and 2020

Note 4 Investments

Investments consist of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalent	\$ 1,335,521	\$ 1,535,292
Money market funds	994,041	249,060
Fixed Income	1,991,883	170,134
Mutual funds (bonds)	416,557	363,434
Equities	<u>118,431</u>	<u>185,816</u>
Total investments	<u>\$ 4,856,433</u>	<u>\$ 2,503,736</u>

Interest, investment income and loan administration fees include the following investment income for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 44,325	\$ 63,655
Realized gain/(loss)	(2,362)	(2,799)
Unrealized (loss)	<u>(17,682)</u>	<u>(199,529)</u>
Total investment income/(loss)	<u>\$ 24,281</u>	<u>\$ (138,673)</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, 2021 and 2020.

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 traded on a major exchange. The fair value of mutual funds is 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, 2021 and 2020

Note 5 Fair value measurement- (continued)

The table below summarizes, by level within the fair value hierarchy, Pfd's investments as of December 31, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Cash and cash equivalent	\$ 1,335,521	\$ -	\$ -	\$ 1,335,521
Money market funds	-	994,041	-	994,041
Fixed Income	-	1,991,883	-	1,991,883
Mutual Funds (Bond)	416,557	-	-	416,557
Equities	118,431	-	-	118,431
Total	<u>\$ 1,870,509</u>	<u>\$ 2,985,924</u>	<u>\$ -</u>	<u>\$ 4,856,433</u>

The table below summarizes, by level within the fair value hierarchy, Pfd's investments as of December 31, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Cash and cash equivalent	\$ 1,535,292	\$ -	\$ -	\$ 1,535,292
Money market funds	-	249,060	-	249,060
Fixed Income	-	170,134	-	170,134
Mutual Funds (Bond)	363,434	-	-	363,434
Equities	185,816	-	-	185,816
Total	<u>\$ 2,084,542</u>	<u>\$ 419,194</u>	<u>\$ -</u>	<u>\$ 2,503,736</u>

Note 6 Grants receivable

Grants receivable consist of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Cambodia program		
Global Fund to Fight AIDS, Tuberculosis and Malaria	\$ -	\$ 14,609
Nigeria program		
Creative Associates	75,000	-
United States Agency for International Development	167,633	-
Benin program		
United States Department of Agriculture	278,334	451,056
Total grants receivable	<u>\$ 520,967</u>	<u>\$ 465,665</u>

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Note 7 Micro credit loan funds receivable

PfD had the following micro-credit loans receivable as of December 31, 2021 and 2020:

- 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, \$52,833 and \$100,750, based upon the December 31, 2021 and 2020, 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 at 18% per annum. As of December 31, 2021 and 2020, a reserve of \$88,394, and \$88,394, respectively, have been record against these loans.
- 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 \$112,486 and \$396,082 at December 31, 2021 and 2020, respectively. The amount placed with the institution which was reduced, and extended to October 8, 2021. Interest on the loans is charged at an annual interest rate of 15%. To facilitate the one-year extension, PfD received administrative charge at 1% of the face value of the loan. The amount returned to PfD was issued to another institution which matures on August 31, 2024. A grant of \$14,700 was provided to them for Year One. Due to exchange rates for the Naira, the local currency of Nigeria, PfD has recorded losses of \$55,318 and \$91,853 during the years ended December 31, 2021 and 2020, respectively.
- During 2021, PfD placed local currency with institution in Nigeria using unrestricted funding, to be used for a micro-credit loan program to support lending activities to micro and small entrepreneurs in Nigeria and fish producers/hatcheries/fish feed distributors under the Investment in Delta State Aquaculture (IDSA) Project. The funds placed with the institutions in Nigeria totaled approximately \$1,219,928 at December 31, 2021. An agreement with the institution stipulates that the funds will be returned to PfD within 2 years from the loan disbursement date and charged interest at 14-15% per annum. The loans also incurred administrative fees of 2% of loan amount The annual interest rate on the loans was 14-15%.
- 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 \$66,192 and \$66,810 as of December 31, 2021 and 2020, respectively. 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.

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December 31, 2021 and 2020

Note 7 Micro credit loan funds receivable - (continued)

- 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 6.72%. The funds placed with the institution in Cambodia totaled \$100,000 at December 31, 2021 and 2020.

The following is a schedule of loans receivable by country:

	<u>2021</u>	<u>2020</u>
Nigeria	\$ 1,398,022	\$ 505,842
Benin	105,066	651,752
Cambodia	<u>100,000</u>	<u>100,000</u>
Total micro-credit loans receivable	1,603,088	1,257,594
Less: loan loss reserve	(127,809)	(127,809)
Less: current portion	<u>(330,325)</u>	<u>(544,843)</u>
Long term portion of loans receivable	<u><u>\$ 1,144,954</u></u>	<u><u>\$ 584,942</u></u>

Interest and loan administration fee earned from PfD's micro-credit loan funds receivable were \$101,836 and \$81,635 for the years ended December 31, 2021 and 2020, respectively. These amounts are included in interest, investment income and loan administration fees on the accompanying financials statements.

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>2021</u>	<u>2020</u>
Loan loss reserve at the beginning of the year	\$ 127,809	\$ 150,777
Exchange rate adjustment	<u>-</u>	<u>(22,968)</u>
Long term portion of loans receivable	<u><u>\$ 127,809</u></u>	<u><u>\$ 127,809</u></u>

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Notes to the Financial Statements

December 31, 2021 and 2020

Note 7 Micro credit loan funds receivable - (continued)

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>2021</u>	<u>2020</u>
Payment status, current	\$ 1,535,082	\$ 1,145,234
Payment status, paying but behind	<u>68,006</u>	<u>112,360</u>
Total loans receivable	<u>\$ 1,603,088</u>	<u>\$ 1,257,594</u>

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

	<u>2021</u>	<u>2020</u>
Current	\$ 1,535,082	\$ 1,081,024
Greater than 90 days	<u>68,006</u>	<u>176,570</u>
Total loans receivable	<u>\$ 1,603,088</u>	<u>\$ 1,257,594</u>

Note 8 PPP Loans payable

During 2020, the federal government established the Paycheck Protection Program (“PPP”), administered by the Small Business Administration to provide relief efforts to nonprofits and other small businesses with certain qualified business expenses pursuant to the Coronavirus Aid Relief and Economic Security Act (“CARES Act”). During the year ended December 31, 2020, PfD received funding of \$56,563 under the Paycheck Protection Program (“PPP”). On February 2, 2021, the PPP loan was officially forgiven in the full amount of \$56,643. Accordingly, management recognized it as a grant for the year ended December 31, 2020.

In March 2021, PfD obtained a \$52,642 loan under the PPP. The loan accrues interest at 1% per annum and matures in April 8, 2026. Payments are not required for the first six months after the funding of the loan. The loan is uncollateralized and may be forgiven if certain requirements are met.

In March 2022, PfD repaid the outstanding PPP loan in full.

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Notes to the Financial Statements

December 31, 2021 and 2020

Note 9 Net assets with donor restrictions

Net assets with donor restrictions consist of the following at December 31, 2021 and 2020:

	Beginning Balance 1/1/21	Additions and investment income/(loss)	Releases	Ending Balance 12/31/21
Cambodia programs				
Global Fund to Fight AIDS, Tuberculosis and Malaria	\$ 6,805	\$ -	\$ (6,805)	\$ -
IPC	2,893	-	(2,893)	-
World Perspective	1,157	-	(1,157)	-
Benin programs				
United States Department of Agriculture	3,390,180	4,439,881	(1,802,501)	6,027,560
CRS	29,834	-	(29,834)	-
Technoserve	142,643	-	(142,643)	-
Nigeria programs				
RTI	-	50,371	(50,371)	-
Creative Associates	-	175,000	(175,000)	-
USAID WISE	-	247,033	(247,033)	-
Total net assets with donor restrictions	<u>\$ 3,573,512</u>	<u>\$ 4,912,285</u>	<u>\$ (2,458,237)</u>	<u>\$ 6,027,560</u>

	Beginning Balance 1/1/20	Additions and investment income/(loss)	Releases	Ending Balance 12/31/20
Cambodia programs				
Global Fund to Fight AIDS, Tuberculosis and Malaria	\$ 1,008,064	\$ 44	\$ (1,001,303)	\$ 6,805
IPC	187,445	2	(184,554)	2,893
World Perspective	-	1,375	(218)	1,157
Benin programs				
United States Department of Agriculture	4,996,168	(139,939)	(1,466,049)	3,390,180
CRS	56,866	-	(27,032)	29,834
Technoserve	249,995	-	(107,352)	142,643
Nigeria programs				
Chemonics -Markets II	-	1,220	(1,220)	-
Total net assets with donor restrictions	<u>\$ 6,498,538</u>	<u>\$ (137,298)</u>	<u>\$ (2,787,728)</u>	<u>\$ 3,573,512</u>

Note 10 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 \$21,161 and \$23,586 in 2021 and 2020, respectively.

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December 31, 2021 and 2020

Note 11 Contingencies

Government funding. PfD receives grants from various agencies of the United States Government. For fiscal years through December 31, 2021, 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 2021. 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.

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, 2021 and 2020, PfD had cash, property and equipment and loans receivable in various countries in Africa and Southeast Asia totaling \$2,208,223 and \$2,025,379, respectively. This represents approximately 30% and 43% of PfD's total assets as of December 31, 2021 and 2020, respectively.

Note 12 Concentration of revenue

In 2021, PfD received grants from United States Government for the programs in Nigeria and Benin extending to 2024. Approximately, 95% of revenue has been provided by those grants for the year ended December 31, 2021. There were no grants awarded by agencies of the United States Government for the year ended December 31, 2020. 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.

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Notes to the Financial Statements

December 31, 2021 and 2020

Note 13 Lease commitment

PfD occupies office space under a lease agreement which has been extended to March 31, 2022. 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,	
2021	\$ 43,804
2022	<u>10,626</u>
Total	<u>\$ 54,430</u>

Rent expense (including the rent paid on short-term rental agreements in foreign countries) for the years ended December 31, 2021 and 2020 were \$93,674 and \$123,344, respectively.

Note 14 Federal grants

On May 6, 2021, PfD entered into a performance grant agreement with United States Agency for International Development (“USAID”) through West Africa Trade and Investment Hub and Creative Associates International, Inc. for a total amount of \$500,000 to support the Investment in Delta State Aquaculture (IDSA) Project in Nigeria. The performance period is effective through May 9, 2023 and contingent upon meeting certain conditions and performance obligations as described in the related grant agreement. PfD has recognized \$175,000 of revenue from this grant based on meeting of specific conditions and milestones for the year ended December 31, 2021.

On August 4, 2021, PfD entered into a grant agreement a total estimated amount of \$3.5 million with USAID. \$1.7 million of this grant has been obligated to by USAID. The funding provided to support the activities in Nigeria under the Water Improvement and Sanitation Enhancement (“WISE”) program. The agreement is effective through August of 2024. PfD has recognized \$247,033 of revenue from this grant in the statement of activities for the year ended December 31, 2021.

Note 15 Subsequent events

PfD has evaluated events and transactions for potential recognition or disclosure through May 25, 2022, which is the date the financial statements were available to be issued and has concluded that no subsequent events occurred that requires an adjustment to or disclosure in the financial statements.