



## **Financial Statements**

For the year ended December 31, 2023  
(With comparative totals for 2022)

**PARTNERS FOR DEVELOPMENT**  
**Financial Statements**  
December 31, 2023

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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 statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year 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, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audit 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 audit. 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.

### ***Report on Summarized Comparative Information***

We have previously audited Partners for Development's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 19, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*NCheng LLP*

New York, NY  
August 9, 2024

**PARTNERS FOR DEVELOPMENT****Statement of Financial Position**

As of December 31, 2023

(With comparative totals for 2022)

	<u>2023</u>	<u>2022*</u>
<b><u>Assets</u></b>		
Cash - United States	\$ 158,742	\$ 389,783
Cash in foreign countries	181,586	205,123
Total cash and cash equivalents	<u>340,328</u>	<u>594,906</u>
Investments - Note 4	2,164,441	3,777,275
Grants receivable - Note 5	35,329	408,776
Micro-credit loan funds receivable, net - Note 7	1,040,912	1,260,501
Accounts receivable	27,645	89,616
Prepaid expenses and advances	53,031	66,224
Security deposits	20,647	9,461
Furniture and equipment, net - Note 6	172,165	98,303
Total assets	<u>\$ 3,854,498</u>	<u>\$ 6,305,062</u>
<b><u>Liabilities and Net Assets</u></b>		
Accounts payable and accrued expenses	\$ 142,133	\$ 98,374
Accrued employee benefits	89,258	103,363
Grant advances - Note 11	130,628	482,313
Total liabilities	<u>362,019</u>	<u>684,050</u>
<b><u>Net assets</u></b>		
Without donor restrictions	1,502,188	1,284,902
With donor restrictions - Note 10	1,990,291	4,336,110
Total net assets	<u>3,492,479</u>	<u>5,621,012</u>
Total liabilities and net assets	<u>\$ 3,854,498</u>	<u>\$ 6,305,062</u>

\* Reclassified for comparative purposes

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

**PARTNERS FOR DEVELOPMENT**  
**Statement of Activities**  
For the year ended December 31, 2023  
(With comparative totals for 2022)

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022* Total
<b><u>Support and revenue</u></b>				
Government grants - Note 13	\$ -	\$ 2,102,728	\$ 2,102,728	\$ 1,483,748
Contributions	34,973	-	34,973	97,565
Investment returns, net - Note 4	40,055	123,313	163,368	(71,239)
Loans interest and fees - Note 7	84,236	-	84,236	156,779
Other income	13,228	-	13,228	8,679
Total support and revenue	172,492	2,226,041	2,398,533	1,675,532
Net assets released from restrictions	4,546,231	(4,546,231)	-	-
Total support and revenue	4,718,723	(2,320,190)	2,398,533	1,675,532
<b><u>Operating expenses</u></b>				
<b>Program services</b>				
Benin Programs	1,643,998	-	1,643,998	1,371,703
Cambodia Programs	16,573	-	16,573	17,595
Nigeria Programs	1,797,228	-	1,797,228	1,199,534
Total program services expenses	3,457,799	-	3,457,799	2,588,832
<b>Supporting services</b>				
Management and general	523,165	-	523,165	391,896
Total operating expenses	3,980,964	-	3,980,964	2,980,728
Change in net assets from operations	737,759	(2,320,190)	(1,582,431)	(1,305,196)
<b><u>Non-operating activities</u></b>				
Loss on foreign currency exchange	(520,473)	(25,629)	(546,102)	(122,158)
Change in net assets	217,286	(2,345,819)	(2,128,533)	(1,427,354)
Net assets, beginning of year	1,284,902	4,336,110	5,621,012	7,048,366
Net assets, end of year	\$ 1,502,188	\$ 1,990,291	\$ 3,492,479	\$ 5,621,012

\* Reclassified for comparative purposes

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

**PARTNERS FOR DEVELOPMENT**  
**Statement of Functional Expenses**  
For the year ended December 31, 2023  
(With comparative totals for 2022)

	<b>Program services</b>				<b>Supporting services</b>	<b>Total expenses</b>	
	<u>Benin programs</u>	<u>Cambodia programs</u>	<u>Nigeria programs</u>	<u>Total programs</u>	<u>Management and general</u>	<u>2023</u>	<u>2022*</u>
Salaries	\$ 396,309	\$ 13,642	\$ 274,251	\$ 684,202	\$ 148,621	\$ 832,823	\$ 767,462
Payroll taxes and benefits	156,299	-	137,217	293,516	56,634	350,150	336,579
Total personnel services	<u>552,608</u>	<u>13,642</u>	<u>411,468</u>	<u>977,718</u>	<u>205,255</u>	<u>1,182,973</u>	<u>1,104,041</u>
Professional fees	276,191	1,500	47,879	325,570	166,502	492,072	306,594
Travel and program monitoring	154,744	-	64,007	218,751	44,946	263,697	208,931
Vehicle and transportation	25,319	-	48,900	74,219	341	74,560	67,876
Training expenses	84,818	-	78,965	163,783	8,217	172,000	105,467
Project supplies	325,481	-	950,885	1,276,366	-	1,276,366	816,012
Office and housing equipment and furniture	71,048	12	36,999	108,059	4,473	112,532	73,374
Equipment maintenance and rental	4,093	135	9,898	14,126	2,991	17,117	11,513
Depreciation	4,307	-	32,093	36,400	-	36,400	28,171
Office supplies	20,651	-	16,377	37,028	6,499	43,527	30,198
Insurance	8,715	350	22,335	31,400	11,273	42,673	31,465
Publications and printing	3,653	55	7,393	11,101	21,348	32,449	29,152
Rent	57,066	605	32,544	90,215	35,641	125,856	98,796
Utilities	27,673	-	3,217	30,890	-	30,890	18,047
Communications	12,996	240	9,702	22,938	12,019	34,957	31,801
Bad debt expense	10,800	-	23,341	34,141	-	34,141	-
Other	3,835	34	1,225	5,094	3,660	8,754	19,290
Total expenses	<u>\$ 1,643,998</u>	<u>\$ 16,573</u>	<u>\$ 1,797,228</u>	<u>\$ 3,457,799</u>	<u>\$ 523,165</u>	<u>\$ 3,980,964</u>	<u>\$ 2,980,728</u>

\* Reclassified for comparative purposes

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

**PARTNERS FOR DEVELOPMENT****Statement of Cash Flows**

For the year ended December 31, 2023

(With comparative totals for 2022)

	<u>2023</u>	<u>2022</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (2,128,533)	\$ (1,427,354)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	36,400	28,171
Realized and unrealized (gain)/loss on investments	(84,254)	107,938
Bad debt expense	34,141	-
Change in grants receivable	373,447	112,191
Change in accounts receivable	61,971	(56,453)
Change in prepaid expenses and advances	13,193	(25,301)
Change in security deposits	(11,186)	380
Change in accounts and accrued expenses payable	43,760	(36,245)
Change in grant advances	(351,685)	482,313
Change in accrued employee benefits	(14,105)	32,108
Net cash used in operating activities	<u>(2,026,851)</u>	<u>(782,252)</u>
<b>Cash flows from investing activities</b>		
Purchases of fixed assets	(110,263)	(115,668)
Collections on micro-loan program loans	204,946	824,510
Disbursements on micro-loan program loans	(543,025)	(646,547)
Loss from foreign currency exchange on micro-loans	523,527	36,800
Purchases of investments, including income reinvestment	(52,912)	(28,930)
Sales of investments	1,750,000	1,000,150
Net cash provided by investing activities	<u>1,772,273</u>	<u>1,070,315</u>
<b>Cash flows from financing activities</b>		
Repayment of PPP loan	-	(56,642)
Net cash used in financing activities	<u>-</u>	<u>(56,642)</u>
Net change in cash	(254,578)	231,421
Cash, beginning of year	<u>594,906</u>	<u>363,485</u>
Cash, end of year	<u>\$ 340,328</u>	<u>\$ 594,906</u>

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



## PARTNERS FOR DEVELOPMENT

### Notes to the Financial Statements

December 31, 2023

#### 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.

**Summarized comparative financial information.** The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the PfD’s financial statements for the year ended December 31, 2022, from which the summarized information was derived.

**Financial statements presentation.** PfD reports information regarding its financial statements of 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 PfD.

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 PfD or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

**Reclassifications.** Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financials. These reclassifications have no effect on the changes in net assets.

**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, 2023

#### **Note 2 Significant accounting policies - (continued)**

**Revenue recognition.** PfD follows the requirements of the FASB's Accounting Standards Codification (“ASC”) 958-605 for recording contributions, which are recorded when considered unconditional in nature. Contributions are recorded in one of the classes of net assets described 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. If donor restricted contributions are satisfied in the same period they are received, they are classified in the class of net assets without donor restrictions.

PfD records unconditional promises to give as revenue in the period received at net realizable value if expected to be received within one year or at fair value using risk adjusted present value techniques if material and expected to be received after one year.

Contributions and grants may be subject to conditions which are defined as both a barrier to entitlement and a right of return of payments, or release from obligations, and are recognized as income once the conditions have been substantially met.

Government grants received by the PfD are primarily conditional, non-exchange transactions and fall under the scope of FASB ASC 958-605. 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 the conditions being met are recorded as deferred revenue.

Conditional grants that have not been recognized amounted to \$4,029,188 and \$6,109,967 as of December 31, 2023 and 2022, respectively. These grants are conditioned upon incurring qualifying expenses, at which time revenue will be recognized.

Based on a review of outstanding grants receivables, historical experience, an assessment of economic conditions and subsequent collections management expects all receivables to be collected and has not established an allowance for doubtful accounts. Write-offs, if any, will be recorded as expenses in the year they are deemed to be uncollectible.

## **PARTNERS FOR DEVELOPMENT**

### **Notes to the Financial Statements**

December 31, 2023

#### **Note 2 Significant accounting policies - (continued)**

**Concentration of credit risk.** Financial instruments which potentially subject PfD to concentration of credit risk consist of cash, money market accounts, and investment securities which are placed with financial institutions that management deems to be creditworthy. PfD maintains its cash in bank deposit accounts which, at times, may exceed the current insured amount under the Federal Deposit Insurance Corporation (FDIC). As of December 31, 2023, PfD's cash balance did not exceed the current amount insured under FDIC. As of December 31, 2022, the cash balance exceeded the amount insured under FDIC by approximately \$139,283. PfD has not experienced any losses in such accounts and believes it is not exposed to any significant financial risk therein.

The market value of investments is subject to fluctuation; however, management believes that the investment policy is prudent for the long-term welfare of PfD.

PfD had \$181,586 and \$205,123 of cash and cash equivalents held in foreign countries at December 31, 2023 and 2022, respectively. The majority of all funds held in foreign countries are uninsured. Such amounts are reflected as cash in foreign countries in the accompanying statements of financial position.

**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 \$546,102 and \$122,158 for the years ended December 31, 2023 and 2022, respectively.

**Investments.** Investments are recorded at their readily determinable fair value. Investment return is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

**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.

**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.

**Advertising.** Advertising costs are expensed as incurred.

## PARTNERS FOR DEVELOPMENT

### Notes to the Financial Statements

December 31, 2023

#### Note 2 Significant accounting policies - (continued)

**Fair value measurements.** Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities.

**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 programs and supporting services benefited. Such allocations are determined by management on a reasonable basis that is consistently and equitably applied.

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

**Income taxes.** PfD is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. PfD has analyzed tax positions taken for filing with the Internal Revenue Service and state jurisdictions where it operates. PfD does not anticipate any significant uncertain tax positions that would require recognition in the financial statements. Periods ending December 31, 2020 and subsequent remain subject to examination by the taxing authorities.

**Leases.** PfD determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (“ROU”) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities represent the present value of future minimum lease payments over the lease term. ROU assets also include any prepaid or accrued rent. The change in operating lease ROU assets and lease liabilities on the statement of cash flows includes amortization of the ROU asset, cash payments for leases and accretion of the discounted lease liability.

## PARTNERS FOR DEVELOPMENT

### Notes to the Financial Statements

December 31, 2023

#### Note 2 Significant accounting policies - (continued)

PfD recognizes operating lease expenses on a straight-line basis over the lease term and does not record ROU assets or lease liabilities for short-term leases, defined as leases with a term of 12 months or less. Lease payments for these short-term leases are reported as expenses over the lease term. Lease agreements may include options to extend or terminate, which are considered in the lease term when it is reasonably certain that PfD will exercise these options. During the years ended December 31, 2023, and 2022, PfD entered into lease agreements with terms of 12-24 months. However, these were not presented as ROU assets or liabilities due to their immateriality, short duration, and minimal impact on the financial statements and operations, including the effects of currency conversions due to exchange rate fluctuations.

**Recently adopted accounting pronouncements.** On January 1, 2023, PfD adopted Financial Accounting Standards Board (“FASB”) ASU 2016-13, *Financial Instruments – Credit Losses* (“Topic 326”). Financial assets, which potentially subject PfD to credit losses, consist primarily of microloans receivable. Expected losses are recorded to an allowance for credit losses valuation account that is net against the corresponding asset to present the net amount expected to be collected on the financial asset. The credit loss allowance is determined through analysis of the financial assets and assessments of risk that are based on historical trends and evaluation of the impact of current and projected economic conditions.

PfD provides its microloan financing services to financial institutions throughout Benin, Nigeria and Cambodia to deploy the funding as microloans to local businesses to facilitate the economic growth in those regions. The borrowers are typically provided with various payment terms depending on the domestic economic conditions of the country where funds are deployed. PfD has tracked historical loss information for its loans receivable and compiled historical credit loss percentages for different aging categories (current, 1–30 days past due, 31–60 days past due, 61–90 days past due, and more than 90 days past due). Management believes that the historical loss information it has compiled is a reasonable base on which to determine expected credit losses for loans receivable held at December 31, 2023 and 2022 because the composition of the loans receivable at those dates are consistent with that used in developing the historical credit-loss percentages (i.e., the similar risk characteristics of its customers and its lending practices have not changed significantly over time). Additionally, management has determined that the current and reasonable and supportable forecasted economic conditions are consistent with the economic conditions included in the historical information. As a result, the historical loss rates have not been adjusted for differences in current conditions or forecasted changes. Accordingly, the allowance for credit losses at December 31, 2023 and 2022 totaled \$108,024 and \$127,809, respectively.

An accounting policy election has been made to write off accrued interest receivable against the loan interest income when it is determined that the related outstanding loans are uncollectable, based on management's assessment of collectability.

**PARTNERS FOR DEVELOPMENT**  
**Notes to the Financial Statements**  
December 31, 2023

**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:

	2023	2022
Cash and cash equivalent	\$ 340,328	\$ 594,906
Investments	2,164,441	3,777,275
Grants receivable	35,329	408,776
Micro-credit loan funds receivable - current portion	788,136	907,505
Accounts receivable	27,645	89,616
Total financial assets	3,355,879	5,778,078
Adjustments: amounts not available to be used within one year		
Less: net assets with donor restrictions	<u>(1,990,291)</u>	<u>(4,336,110)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,365,588</u>	<u>\$ 1,441,968</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.

**Note 4 Investments and fair value measurement**

The 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, 2023 and 2022.

*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.

**PARTNERS FOR DEVELOPMENT**  
**Notes to the Financial Statements**  
December 31, 2023

**Note 4 Investments and fair value measurement - (continued)**

*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.

The table below summarizes, by level within the fair value hierarchy, PFD’s investments as of December 31, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Investments</b>				
Cash and bank sweeps	\$ 657,397	\$ -	\$ -	\$ 657,397
Money market funds (non-sweep)	644,985	-	-	644,985
Fixed income	-	814,897	-	814,897
Equities	47,162	-	-	47,162
Total	<u>\$ 1,349,544</u>	<u>\$ 814,897</u>	<u>\$ -</u>	<u>\$ 2,164,441</u>

The table below summarizes, by level within the fair value hierarchy, PFD’s investments as of December 31, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Investments</b>				
Cash and bank sweeps	\$ 1,111,337	\$ -	\$ -	\$ 1,111,337
Money market funds (non-sweep)	427,044	-	-	427,044
Fixed income	-	2,190,222	-	2,190,222
Equities	48,672	-	-	48,672
Total	<u>\$ 1,587,053</u>	<u>\$ 2,190,222</u>	<u>\$ -</u>	<u>\$ 3,777,275</u>

The investment mentioned above includes funds designated specifically for the PINEX program in Benin. These funds are withdrawn from the investment accounts to cover program-related expenses and support the microloan program.

For the years ended December 31, 2023 and 2022 investment returns were as follows:

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 82,789	\$ 40,024
Unrealized gain/(loss)	84,254	(107,938)
Investment fees	(3,675)	(3,325)
Investment return, net	<u>\$ 163,368</u>	<u>\$ (71,239)</u>

**PARTNERS FOR DEVELOPMENT**  
**Notes to the Financial Statements**  
December 31, 2023

**Note 5 Grants receivable**

Grants receivable consist of the following at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
<b>Nigeria program</b>		
Creative Associates International, Inc.	\$ -	\$ 142,319
4Life Solutions	5,333	9,738
Wildlife Conservation Society	16,689	-
Global Water Challenge	13,307	-
<b>Benin program</b>		
United States Department of Agriculture	-	256,719
Total grants receivable	<u>\$ 35,329</u>	<u>\$ 408,776</u>

**Note 6 Furniture and equipment**

Furniture and equipment consist of the following at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Furniture	\$ 22,553	\$ 22,553
Equipment	380,155	269,893
Total	402,708	292,446
Less: accumulated depreciation	<u>(230,543)</u>	<u>(194,143)</u>
Furniture and equipment, net	<u>\$ 172,165</u>	<u>\$ 98,303</u>

**Note 7 Micro credit loan funds receivable**

PfD had the following micro-credit loans receivable as of December 31, 2023 and 2022:

- PfD has placed local currency with various local organizations in Nigeria for the express purpose of micro-lending. For the years ended December 31, 2023 and 2022, the funds placed with the local entities amounted to \$37,514 and \$45,063, respectively. 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, 2023 and 2022, a reserve of \$37,514, and \$45,063, respectively, have been recorded against these loans.



## **PARTNERS FOR DEVELOPMENT**

### **Notes to the Financial Statements**

December 31, 2023

#### **Note 7 Micro credit loan funds receivable - (continued)**

- During 2010 and 2011, PfD placed local currency with a financial institution in Nigeria using PfD unrestricted funding, to be used for a micro-credit loan program. The funds placed with the institution totaled \$40,589 and \$103,556 at December 31, 2023 and 2022, respectively. Interest on the loans is charged at an annual interest rate of 15% and the maturity date of the loan is August 31, 2024. The outstanding amounts have been reserved at 50% as uncollectible.
- During 2022 and 2021, PfD placed local currency with financial institutions 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 \$477,593 and \$1,089,384 for the years ended December 31, 2023 and 2022, respectively. The agreements with the institutions stipulate 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 principal amount. No reserve was established for these loans.
- 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 \$50,215 for both years ended December 31, 2023 and 2022. 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 2022, 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 and \$100,092 at December 31, 2023 and 2022, respectively.
- During 2023, PfD placed local currency with financial institutions in Benin to be used for a micro-credit loan program to support lending activities of actors in Benin's pineapple value chain, specifically targeting producers in the Allada region. The funds placed with the institutions in Benin are intended to support economic development in specific sectors within Benin, with a significant focus on the pineapple industry and totaled approximately \$443,025 for the year ended December 31, 2023. The agreements with the institutions stipulate that the funds will be returned to PfD within 24 months from the loan disbursement date and charged interest at 7% per annum. Payments of interest only are required for the first five quarters of loan outstanding. The loans mature through December 2025. The loans also incurred administrative fees of 2% of loan amount.

## PARTNERS FOR DEVELOPMENT

### Notes to the Financial Statements

December 31, 2023

#### Note 7 Micro credit loan funds receivable - (continued)

Due to currency devaluation of the Naira, the local currency of Nigeria, Pfd has recorded exchange rate losses on the outstanding loans of approximately \$520,473 and \$52,356 during the years ended December 31, 2023 and 2022, respectively, which is presented as a component of the total exchange rate losses on the statement of activities.

The following is a schedule of loans receivable by country:

	2023	2022
Nigeria	\$ 555,696	\$ 1,238,003
Benin	493,240	50,215
Cambodia	100,000	100,092
Total micro-credit loans receivable	1,148,936	1,388,310
Less: current portion	(788,136)	(907,505)
Less: loan loss reserve	(108,024)	(127,809)
Micro-credit loan funds receivable, long-term, net	<u>\$ 252,776</u>	<u>\$ 352,996</u>

For the years ended December 31, 2023 and 2022, the organization recognized interest income of \$84,236 and \$156,779, respectively.

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

	2023	2022
Payment status, current	\$ 1,020,618	\$ 1,438,003
Payment status, paying but behind	128,318	50,215
Total loans receivable	<u>\$ 1,148,936</u>	<u>\$ 1,488,218</u>

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

	2023	2022
Current	\$ 1,020,618	\$ 1,438,003
Greater than 90 days	128,318	50,215
Total loans receivable	<u>\$ 1,148,936</u>	<u>\$ 1,488,218</u>

**PARTNERS FOR DEVELOPMENT**  
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December 31, 2023

**Note 8 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 \$25,753 and \$21,161 in 2023 and 2022, respectively.

**Note 9 Significant concentrations**

PfD received grants from United States Government for the programs in Nigeria and Benin extending to 2026. Approximately 88% of revenue has been provided by those grants for both years ended December 31, 2023 and 2022. 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 10 Net assets with donor restrictions**

Net assets with donor restrictions consist of the following at December 31, 2023 and 2022:

	Beginning Balance 1/1/23	Additions and investment income/(loss)	Releases	Ending Balance 12/31/23
<b>Purpose restricted:</b>				
<b>Benin programs</b>				
United States Department of Agriculture	\$ 4,326,968	\$ 97,344	\$ (2,442,727)	\$ 1,981,585
<b>Nigeria programs</b>				
Global Water Challenge	-	20,113	(15,693)	4,420
Wildlife Conservation Society	-	577,595	(577,595)	-
Creative Associates	-	81,899	(81,899)	-
USAID WISE	-	1,422,078	(1,422,078)	-
4Life Solutions	9,142	1,383	(6,239)	4,286
Total net assets with donor restrictions	<u>\$ 4,336,110</u>	<u>\$ 2,200,412</u>	<u>\$ (4,546,231)</u>	<u>\$ 1,990,291</u>

	Beginning Balance 1/1/22	Additions and investment income/(loss)	Releases	Ending Balance 12/31/22
<b>Purpose restricted:</b>				
<b>Benin programs</b>				
United States Department of Agriculture	\$ 6,027,560	\$ (98,308)	\$ (1,602,284)	\$ 4,326,968
<b>Nigeria programs</b>				
Wildlife Conservation Society	-	104,512	(104,512)	-
Creative Associates	-	241,972	(241,972)	-
USAID WISE	-	1,122,100	(1,122,100)	-
4Life Solutions	-	15,832	(6,690)	9,142
Total net assets with donor restrictions	<u>\$ 6,027,560</u>	<u>\$ 1,386,108</u>	<u>\$ (3,077,558)</u>	<u>\$ 4,336,110</u>

**PARTNERS FOR DEVELOPMENT**  
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**Note 11 Grant advances**

The following table provides information about significant changes in grant advances for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Grant advances, beginning of year	\$ 482,313	\$ -
Increases in grant advances during the year		
Advances from Wildlife Conservation Services	179,224	473,768
Advances from USAID WISE	1,450,000	1,234,727
Less: revenue recognized due to satisfaction of grant conditions	<u>(1,980,909)</u>	<u>(1,226,182)</u>
Grant advances, end of year	<u>\$ 130,628</u>	<u>\$ 482,313</u>

**Note 12 Contingencies**

**Government funding.** PfD receives grants from various agencies of the United States Government. For fiscal years through December 31, 2023, 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). Government supported projects are subject to audit by the applicable granting agency. Management is of the opinion that any disallowed costs would not be material and has not recorded a reserve for this. Any disallowed expenses will be recorded when they become known and probable of payment.

**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, 2023 and 2022, PfD had cash, furniture and equipment and loans receivable in various countries in Africa and Southeast Asia totaling \$1,329,992 and \$1,772,611, respectively. This represents approximately 34% and 28% of PfD's total assets as of December 31, 2023 and 2022, respectively.

## **PARTNERS FOR DEVELOPMENT**

### **Notes to the Financial Statements**

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#### **Note 13 Federal grants**

On September 1, 2022, PfD entered into a grant agreement for a total estimated amount of \$4 million with USAID through Wildlife Conservation Society. \$1,042,159 of this grant has been obligated to by USAID. The funding provided to support the construction and rehabilitation of water sanitation and hygiene facilities and structures under the Economic Growth and Environment program. The agreement is effective through September 2026. PfD has recognized \$565,169 and \$104,512 of revenue from this grant in the statement of activities for the years ended December 31, 2023 and 2022, respectively.

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 was effective through May 9, 2023 and contingent upon meeting certain conditions and performance obligations as described in the related grant agreement. PfD has recognized \$83,181 and \$241,819 of revenue from this grant based on meeting of specific conditions and milestones for the years ended December 31, 2023 and 2022, respectively.

On August 4, 2021, PfD entered into a grant agreement for a total estimated amount of \$3.5 million with USAID. \$2.7 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 \$1,432,429 and \$1,121,669 of revenue from this grant in the statement of activities for the years ended December 31, 2023 and 2022, respectively.

#### **Note 14 Leases**

PfD occupies office space under a lease agreement which ended on March 31, 2023; however, PfD continues to occupy the space on a month-to-month basis. Additionally, PfD leases office space and employee residential units under short-term rental agreements in various countries where it conducts its activities.

Rent expense, including the rent paid on short-term rental agreements in foreign countries, for the years ended December 31, 2023 and 2022 were \$125,856 and \$98,796, respectively.

#### **Note 15 Subsequent events**

PfD has evaluated events and transactions for potential recognition or disclosure through August 9, 2024, which is the date the financial statements were available to be issued and has concluded no subsequent events occurred that requires an adjustment to or disclosure in the financial statements.