

**PARTNERS ASIA**  
**FINANCIAL STATEMENTS WITH**  
**INDEPENDENT AUDITORS' REPORT**  
**DECEMBER 31, 2013**



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Partners Asia  
Seattle, Washington

We have audited the accompanying financial statements of Partners Asia (a nonprofit organization), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial 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 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 Asia as of December 31, 2013, 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.

*Jones & Associates LLC, CPAs*

Jones & Associates, LLC CPAs  
August 6, 2014

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**PARTNERS ASIA**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2013**

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**ASSETS**

Cash and cash equivalents	\$ 1,714,451
Pledges receivable	1,809,175
Prepaid expenses and other	<u>34,090</u>
	<u>\$ 3,557,716</u>

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Accounts payable	\$ 11,377
Accrued payroll and related	8,538
Grants payable	<u>186,116</u>
	<u>206,031</u>

**NET ASSETS**

Unrestricted	844,747
Temporarily restricted	<u>2,506,938</u>
	<u>3,351,685</u>
	<u>\$ 3,557,716</u>

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*See accompanying notes to financial statements.*

**PARTNERS ASIA**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2013**

	Undesignated	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE</b>			
Contributions	\$ 342,744	\$ 3,240,361	\$ 3,583,105
Fundraising events, net	333,498	-	333,498
In-kind contributions	52,983	-	52,983
	<u>729,225</u>	<u>3,240,361</u>	<u>3,969,586</u>
Net asset releases			
Satisfaction of purpose requirements	1,741,329	(1,741,329)	-
	<u>2,470,554</u>	<u>1,499,032</u>	<u>3,969,586</u>
<b>EXPENSES</b>			
Program services	1,968,686	-	1,968,686
Management and general	99,470	-	99,470
Fundraising and development	117,760	-	117,760
Total expenses	<u>2,185,916</u>	<u>-</u>	<u>2,185,916</u>
CHANGE IN NET ASSETS	284,638	1,499,032	1,783,670
<b>NET ASSETS</b>			
Beginning of the year	560,109	1,007,906	1,568,015
End of the year	<u>\$ 844,747</u>	<u>\$ 2,506,938</u>	<u>\$ 3,351,685</u>

*See accompanying notes to financial statements.*

**PARTNERS ASIA**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2013**

	Program Services	Support Services		Total
		Management and General	Fundraising and Development	
Grants	\$ 1,672,225	\$ -	\$ -	\$ 1,672,225
Payroll and related	77,517	88,929	105,447	271,893
Professional services	135,204	3,606	188	138,998
Travel	37,503	1,546	4,519	43,568
Trainings and meetings	29,467	764	198	30,429
Office	3,540	2,246	536	6,322
Occupancy	5,738	277	260	6,275
Printing and mailings	119	93	5,063	5,275
Information technology	2,429	789	472	3,690
Research	2,325	-	-	2,325
Insurance	772	1,152	99	2,023
Bank fees	1,847	68	102	2,017
Event supplies	-	-	876	876
	<u>\$ 1,968,686</u>	<u>\$ 99,470</u>	<u>\$ 117,760</u>	<u>\$ 2,185,916</u>

*See accompanying notes to financial statements.*

**PARTNERS ASIA**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2013**

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash received from contributions and fundraising events	\$ 2,476,132
Cash paid to grantees, employees and suppliers	<u>(2,062,411)</u>
	<u>413,721</u>

NET CHANGE IN CASH AND CASH EQUIVALENTS 413,721

**CASH AND CASH EQUIVALENTS**

Beginning of the year	<u>1,300,730</u>
End of the year	<u><u>\$ 1,714,451</u></u>

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*See accompanying notes to financial statements.*

**Note 1 – Nature of Activities and Summary of Significant Accounting Policies**

**Nature of Activities** – Partners Asia (the Organization) was incorporated in Washington State in 2012 as a public charity and is a not-for-profit organization supporting community initiatives to improve the lives of the most vulnerable among the people of Myanmar. Many of these people live in unstable areas within Myanmar and along its borders, where they are at risk of displacement and exploitation. At Partners Asia, we build relationships with innovative organizers in these communities and with international donors, bridging the gap between local leaders and global resources.

Partners Asia works with groups implementing projects all around Myanmar (Burma), as well as informal networks of dozens of community organizations, with the shared goal to strengthen civil society among the most vulnerable. Opportunities, risks, and needs vary greatly in different communities, so Partners Asia backs trusted local partners to identify and build appropriate solutions, with projects addressing formal children's education; women and child health; adolescent health; village infrastructure; legal rights for the disadvantaged. Partners Asia also funds networks and offers training and one-on-one assistance to help local groups take their organizations to the next level.

In addition, Partners Asia directly engages local leaders and community organizations all along the Thailand-Myanmar border and migrants in urban centers. As in Myanmar, opportunities, risks, and needs differ depending on community. In Thailand, Partners Asia partners work with communities who fled poverty and/or fighting in Myanmar, tailoring projects given their unique local knowledge that include: accessing Thai public schooling for Myanmar and stateless children; humanitarian emergency support to communities severely affected by recent fighting; free medical care for poor migrants unrecognized as refugees. Partners Asia offers individual support to local group leaders to improve programs and operations, and is building networks across the border into Myanmar.

Partners Asia's Participatory Action and Learning (PAL) program encompasses activities promoting research, training, monitoring and evaluation of successes in community resilience. By utilizing PAL skills, community groups can weave research practices into their daily project work, collecting and analyzing data to help them improve their own programs as well as inform larger policy changes.

**Basis of Accounting and Presentation** – The financial statements of the Organization have been prepared on the accrual basis of accounting and report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. There are no permanently restricted net assets at December 31, 2013.

**Cash and Cash Equivalents** – For purposes of the statements of cash flows, the Organization considers all checking and savings accounts and unrestricted highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents. At times cash balances may exceed the federally insured limit. The Organization has not experienced a loss due to this risk.

**PARTNERS ASIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**Note 1 – Nature of Activities and Summary of Significant Accounting Policies (Continued)**

**Pledges Receivable** – Pledges receivable consist of outstanding promises to give. Promises to give are unconditional promises to give and are recognized as contributions in the period the promise is made and as assets, decreases in liabilities, or expenses depending on the form of the benefits received. Pledges receivable that are expected to be collected in more than one year are recorded at the present value of estimated cash flows. No allowance for uncollectible accounts has been established by management based upon the Organization’s historical experience in the collection of balances due.

**Grants Payable** – Grants payable include amounts the Organization has committed to providing for grants at year-end, but has not yet remitted the full grant payment.

**Revenue Recognition** – Contributions and grants are recorded as increases in unrestricted or temporarily restricted net assets, depending on the existence and/or nature of donor or grantor restrictions. When a restriction expires, that is when a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**Donated Services** – Donated goods are recorded as contributions at their estimated value at the date of donation. Donated services are recognized as contributions and corresponding expenses when the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated. Donated services of \$52,983 for the Executive Director’s salary were recorded for the year ended December 31, 2013.

**Expense Allocation** – The costs of providing various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Estimates** – Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

**Income Tax Status** – The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization other than a private foundation under Section 509(a)(1).

The Organization files information and tax returns in the U.S. federal jurisdiction, and state and local jurisdictions. The Organization is subject to U.S. federal, state and local examinations by tax authorities for the current year and certain prior years based on applicable laws and regulations.

**Subsequent Events** – Subsequent events were evaluated through the independent auditors’ report date, which is the date the financial statements were available to be issued.

Due in less than one year	\$ 1,072,690
Due in one to five years	736,485
	\$ 1,809,175

No discount to present value has been recorded as the amount is considered to be insignificant.

**Note 4 – Concentrations**

During the year ended December 31, 2013, approximately 62% of the Organization’s total support and revenue was from two funders. At December 31, 2013, approximately 77% of pledges receivable are due from two funders.