



PARTNERS ASIA

Financial Statements **With Independent Auditors' Report Thereon**

*For the Years Ended
December 31, 2018 and 2017*



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C E R T I F I E D P U B L I C A C C O U N T A N T S
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INDEPENDENT AUDITORS' REPORT

The Board of Directors Partners Asia

We have audited the accompanying financial statements of Partners Asia (a nonprofit organization headquartered in the state of Washington) which comprise the statements of financial position as of December 31, 2018 and 2017 and the related statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, 2018 and 2017, 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.

Danville, California
June 18, 2019

Regalia & Associates

PARTNERS ASIA

Statements of Financial Position December 31, 2018 and 2017

Assets

	2018	2017
Assets:		
Cash and cash equivalents	\$ 1,847,570	\$ 2,102,179
Grants and contributions receivable	470,000	836,009
Other receivables	71,944	40,432
Prepaid expenses and other assets	21,004	7,809
Total current assets	<u>2,410,518</u>	<u>2,986,429</u>
Noncurrent Assets:		
Right of use asset-premises	109,887	-
Deposits	4,504	3,111
Total assets	<u>\$ 2,524,909</u>	<u>\$ 2,989,540</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 173,582	\$ 251,439
Grants payable	72,305	43,500
Lease payable - current portion	39,790	-
Total current liabilities	<u>285,677</u>	<u>294,939</u>
Lease payable - noncurrent portion	<u>70,097</u>	-
Total liabilities	<u>355,774</u>	<u>294,939</u>
Net Assets:		
Without donor restrictions	1,173,131	1,137,098
With donor restrictions	996,004	1,557,503
Total net assets	<u>2,169,135</u>	<u>2,694,601</u>
Total liabilities and net assets	<u>\$ 2,524,909</u>	<u>\$ 2,989,540</u>

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Statements of Activities and Changes in Net Assets For the Years Ended December 31, 2018 and 2017

<i>Changes in net assets without donor restrictions:</i>	<u>2018</u>	<u>2017</u>
Individual contributions	\$ 64,235	\$ 714,419
Foundations and other contributions	660,089	67,390
Interest and investment income	3,217	5,147
Other income	683	954
Total revenue	<u>728,224</u>	<u>787,910</u>
Net assets released from restrictions:		
Satisfaction of program/timing restrictions	<u>2,332,420</u>	<u>3,285,533</u>
Total revenue and support	<u>3,060,644</u>	<u>4,073,443</u>
Expenses:		
Program expenses	2,697,637	3,512,127
Fundraising	185,652	143,262
General and administrative	164,653	396,492
Total expenses	<u>3,047,942</u>	<u>4,051,881</u>
Increase (decrease) in net assets without donor restrictions before currency gain (loss)	12,702	21,562
Currency gain (loss)	(1,669)	865
Increase (decrease) in net assets without donor restrictions	<u>11,033</u>	<u>22,427</u>
<i>Changes in net assets with donor restrictions:</i>		
Grants and contributions	1,795,921	4,079,382
Net assets released from restrictions	(2,332,420)	(3,285,533)
Increase (decrease) in net assets with donor restrictions	<u>(536,499)</u>	<u>793,849</u>
Increase (decrease) in net assets	(525,466)	816,276
Net assets at beginning of period	2,694,601	1,878,325
Net assets at end of period	<u>\$2,169,135</u>	<u>\$ 2,694,601</u>

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Statements of Cash Flows For the Years Ended December 31, 2018 and 2017

	2018	2017
<i>Cash flows from operating activities:</i>		
Increase (decrease) in net assets	\$ (525,466)	\$ 816,276
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Change in discount on long-term receivables	-	(11,706)
Changes in:		
Grants and pledges receivable	366,009	(824,303)
Other receivables	(31,512)	17,568
Prepaid expenses and other assets	(13,195)	28,690
Deposits	(1,393)	-
Accounts payable and accrued liabilities	(77,857)	181,205
Grants payable	28,805	(169,127)
Net cash (used for) provided by operating activities	(254,609)	38,603
Increase (decrease) in cash and cash equivalents	(254,609)	38,603
Cash and cash equivalents at beginning of year	2,102,179	2,063,576
Cash and cash equivalents at end of year	\$ 1,847,570	\$ 2,102,179
 <i>Supplemental Disclosures:</i>		
Interest expense	\$ -	\$ -
Taxes paid	\$ 150	\$ 150

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Statements of Functional Expenses For the Years Ended December 31, 2018 and 2017

	Year Ended December 31, 2018				Year Ended December 31, 2017			
	Program	Fund-raising	General and Administrative	2018 Total	Program	Fund-raising	General and Administrative	2017 Total
Bank charges/processing fees	\$ 65	\$ 9	\$ 6,777	\$ 6,851	\$ -	\$ -	\$ 8,490	\$ 8,490
Yangon Office operations	-	-	-	-	202,640	-	250,860	453,500
Grants	1,764,218	-	-	1,764,218	2,626,410	-	-	2,626,410
Grant expenses	610,934	531	500	611,965	369,558	360	72	369,990
Information technology	5,643	5,950	737	12,330	8,126	3,292	304	11,722
Insurance	1,283	740	1,037	3,060	983	157	1,167	2,307
Miscellaneous	4,155	565	759	5,479	479	1,057	446	1,982
Occupancy	30,190	3,838	3,838	37,866	24,857	1,523	1,269	27,649
Postage & Printing	3,503	9,312	412	13,227	1,780	8,513	1,909	12,202
Professional services	52,717	13,717	89,804	156,238	56,696	3,799	89,690	150,185
Salaries, payroll taxes and benefits	192,291	143,805	55,045	391,141	196,607	118,038	38,456	353,101
Supplies and office	12,850	3,603	2,365	18,818	11,168	3,211	1,576	15,955
Trainings and meetings	11,560	758	1,872	14,190	4,458	758	1,872	7,088
Travel	8,228	2,824	1,507	12,559	8,365	2,554	381	11,300
Totals	\$ 2,697,637	\$ 185,652	\$ 164,653	\$ 3,047,942	\$ 3,512,127	\$ 143,262	\$ 396,492	\$ 4,051,881

See accompanying auditors' report and notes to financial statements.

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Notes to Financial Statements
December 31, 2018 and 2017

1. Organization

Partners Asia is a not-for-profit organization supporting community initiatives to improve the lives of the most marginalized people in Myanmar and regionally. Many of these people live in unstable areas within Myanmar and along its borders, where they risk displacement and exploitation. Partners Asia builds relationships with innovative community leaders and with international donors to help bridge the gap between local leaders and global resources.

Partners Asia works with local groups and informal networks of community organizations all around Myanmar (Burma), supporting projects with the shared goal of strengthening civil society among the most marginalized.

Opportunities, risks, and needs vary greatly in different communities, so Partners Asia backs trusted local partners who identify appropriate solutions, with projects addressing formal and non-formal education, women and child health, gender equality, village infrastructure, and legal rights for the disadvantaged. Partners Asia also funds community-led research, supports network building, and offers training and one-on-one assistance to help partners take their organizations to the next level.

In addition, Partners Asia directly engages local leaders and community-based 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's partners works with people who fled poverty and/or fighting in Myanmar, tailoring projects given their unique local knowledge that include: formal and non-formal schooling for Myanmar and stateless children; humanitarian emergency support to communities severely affected by fighting; assistance for migrants to obtain work permits and legal documentation; 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.

2. Summary of Significant Accounting Policies

Basis of presentation -The financial statements of Partners Asia have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles ("US GAAP").

Measure of operations - The statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to Partners Asia's ongoing program. Nonoperating activities are limited to resources that generate return from interest-bearing deposits and other activities considered to be of a more unusual or nonrecurring nature.

(continued)

Notes to Financial Statements

2. Summary of Significant Accounting Policies *(continued)*

Cash and cash equivalents – Partners Asia's cash consists of cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase.

Foreign Currency

Many of Partners Asia's disbursements are converted to local currency because Partners Asia funds its programs by transferring cash from the United States to certain foreign countries so that program expenses can be paid in local denominations (usually in the monetary currency of the countries of Myanmar and Thailand). All operating results reflected in the financial statements are reported in United States currency. This process requires management to convert amounts expended in other denominations into United States dollars utilizing an estimated exchange rate. This process is performed by the accounting department on a regular basis throughout the year and results in certain gains and losses on currency conversion which are reported separately on the statement of activities and changes in net assets.

Concentrations of credit risk – Financial instruments that potentially subject Partners Asia to concentrations of credit risk consist principally of cash and cash equivalents. Partners Asia maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. Partners Asia's cash and cash equivalent accounts have been placed with high credit quality financial institutions.

To date, Partners Asia has not experienced losses in any of these accounts. Credit risk associated with grants and contributions receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from individuals and foundations supportive of our mission.

Grants and contributions receivable – Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization, if applicable, is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

Use of estimates – The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates, and those differences could be material.

(continued)

Notes to Financial Statements

2. Summary of Significant Accounting Policies *(continued)*

Fair value measurements – Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions.

The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). Partners Asia groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

These levels are:

- Level 1 Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.
- Level 2 Other observable inputs, either directly or indirectly, including:
 - Quoted prices for similar assets/liabilities in active markets;
 - Quoted prices for identical or similar assets in non-active markets;
 - Inputs other than quoted prices that are observable for the asset/liability; and,
 - Inputs that are derived principally from or corroborated by other observable market data.
- Level 3 Unobservable inputs that cannot be corroborated by observable market data.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk or liquidity profile of the asset or liability.

Reclassifications – Certain prior year amounts have been reclassified to conform to the current year presentation.

Donated Services and In-Kind Contributions - Volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles.

Notes to Financial Statements

2. Summary of Significant Accounting Policies *(continued)*

Net Assets - Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Thus, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions

Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has the ability to designate, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment, but it has opted not to do so as of December 31, 2018 or 2017.

Net Assets With Donor Restrictions

Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions can be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both

Revenue and Revenue Recognition - Contributions are recognized when cash, securities, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized.

Functional expenses - The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited. Such allocations are determined by management on an equitable basis. A majority of expenses (such as salaries and wages, rent and utilities, insurance and other overhead) has been allocated based on time and effort using Partners Asia's payroll allocations. Other expenses (such as professional services and other direct costs) have been allocated in accordance with the specific services received from vendors.

(continued)

Notes to Financial Statements

2. Summary of Significant Accounting Policies *(continued)*

Income taxes – Partners Asia is exempt from income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. Partners Asia has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. Partners Asia has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Partners Asia Fund has received notification from the Internal Revenue Service and the State of California that it qualifies for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. The exemptions are subject to periodic review by the federal and state taxing authorities and management is confident that the organization continues to satisfy all federal and state statutes in order to qualify for continued tax exemption status.

Recent and Relevant Accounting Pronouncements – The following pronouncements became effective for fiscal years beginning subsequent to December 15, 2017:

In August 2016, the FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Partners Asia has adjusted the presentation of these statements accordingly.

In August 2014, the FASB issued ASU 2014-15, Presentation of Financial Statements—Going Concern (Subtopic 205-40) *Disclosure of Uncertainties about an Entity’s Ability to Continue as a Going Concern*, which requires an organization’s management to evaluate whether there are conditions and events, considered in the aggregate, that raise substantial doubt about an entity’s ability to continue as a going concern within one year after the date that the financial statements are issued (or within one year after the date that the financial statements are available to be issued, when applicable). As of June 18, 2019 (the date of the Independent Auditors’ Report), Partners Asia’s management has made this evaluation and has determined that Partners Asia has the ability to continue as a going concern.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842) *Accounting for Leases*, which requires lessees to recognize leases on-balance sheet and disclose key information about leasing arrangements. Topic 842 was subsequently amended by ASU No. 2018-01, ASU No. 2018-10, and ASU No. 2018-11. This new pronouncement is effective for fiscal years beginning after December 15, 2019, but Partners Asia has elected early implementation.

(continued)

Notes to Financial Statements

2. Summary of Significant Accounting Policies *(continued)*

The new standard establishes a right-of-use model (ROU) that requires a lessee to recognize a ROU asset and lease liability on the statements of financial position for all leases with a term longer than 12 months. Leases are required to be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the statements of activities and changes in net assets.

3. Cash and Cash Equivalents

Cash and cash equivalents consists of funds on deposit in various financial institutions. The composition of cash and cash equivalents is as follows at December 31:

	2018	2017
Funds on deposit in domestic banks (non-interest bearing)	\$ 905,667	\$ 822,060
Funds on deposit in sweep account (interest bearing)	912,596	1,232,127
Funds on deposit in foreign banks	29,307	47,992
Total	<u>\$ 1,847,570</u>	<u>\$ 2,102,179</u>

At December 31, 2018 and 2017, domestic deposits exceeded the federally insured limit of \$250,000. Partners Asia attempts to limit its credit risk associated with cash balances by utilizing financial institutions that are well capitalized and highly rated. Funds in interest bearing accounts earn interest at 0.25% as of December 31, 2018.

4. Grants and Contributions Receivable

Grants and contributions receivable of \$470,000 and \$836,009 at December 31, 2018 and 2017, respectively, consist of amounts principally due within one year from foundations and high net worth individuals.

5. Other Receivables

Other receivables of \$71,944 and \$40,432 at December 31, 2018 and 2017, respectively, represent amounts advanced to foreign locations. Such funds represent advances for future program expenditures which will be transferred to expenses and then reflected on the statement of activities and changes in net assets during the subsequent fiscal year.

Notes to Financial Statements

6. Liquidity and Availability

Partners Asia regularly monitors the liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the safeguarding of its available funds. Partners Asia has various sources of liquidity at its disposal, including cash and equivalents, other receivables, and other sources (including the future collection of grants and contributions receivable.)

For purposes of analyzing resources available to meet general expenditures over a 12-month period, Partners Asia considers all expenditures related to its ongoing activities in support of community initiatives in Myanmar and regionally to be general expenditures.

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:

Cash and cash equivalents	\$ 1,847,570
Grants and contributions receivable	470,000
Other receivables	<u>71,944</u>
Total financial assets	2,389,514
Less: amounts not available to be used within one year:	
Net assets with donor restrictions for programs	<u>(971,004)</u>
Financial assets available to meet general expenditures over the next year	<u>\$ 1,418,510</u>

Partners Asia receives a substantial amount of support by way of restricted contributions. Because donor restrictions require resources to be used in a particular manner or in a future period, Partners Asia must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year.

As part of Partners Asia's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. Partners Asia's goal is generally to maintain financial assets to meet 90 days of operating expenses.

7. Grants Payable

Grants payable of \$72,305 and \$43,500 at December 31, 2018 and 2017, respectively, represent amounts approved by the Board of Directors to fund future program activities. Such amounts are to be disbursed during the subsequent fiscal year.

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Notes to Financial Statements

8. Compensated Absences (Accrued Payroll and Related Benefits)

Financial statement presentation follows the recommendations of ASC 710.25, *Compensated Absences*. Under ASC 710.25, Partners Asia is required to record a liability for the estimated amounts of compensation for future absences. Employees are permitted to accrue a specific number of hours of vacation which is payable upon termination of the employee. Sick leave is not paid upon termination. Annual leave accruals are recorded in the financial statements as an accrued liability on the statement of financial position based on hourly rates in effect at the end of the year. Accrued payroll liabilities amounted to \$45,219 and \$33,961 as of December 31, 2018 and 2017, respectively, and are included with accounts payable and accrued liabilities.

9. Net Assets

Net assets consist of the following:

	2018	2017
Without donor restrictions	<u>\$ 1,173,131</u>	<u>\$ 1,137,098</u>
With donor restrictions:		
Advocacy/Peace	17,363	223,848
Community Development	92,140	252,228
Education	51,870	251,289
Future periods	25,000	50,000
Gender	768,827	756,000
Leadership	30,804	24,138
Other	10,000	-
Total with donor restrictions	<u>996,004</u>	<u>1,557,503</u>
Total net assets	<u><u>\$ 2,169,135</u></u>	<u><u>\$ 2,694,601</u></u>

Net assets without donor restrictions of \$1,173,131 and \$1,137,098 as of December 31, 2018 and 2017, respectively, represent the cumulative net surpluses since the inception of Partners Asia.

During the years ended December 31, 2018 and 2017, contributions to net assets with donor restrictions amounted to \$1,795,921 and \$4,079,382 respectively. During the years ended December 31, 2018 and 2017, net assets released from restrictions amounted to \$2,332,420 and \$3,285,533, respectively, and such amounts were transferred to net assets without donor restrictions.

Notes to Financial Statements

10. Right of Use Asset and Leases

Partners Asia leases its corporate office premises in Oakland under two separate operating lease agreements which expire June 30, 2021 and November 30, 2021. As of December 31, 2018, the leases require combined monthly rental payments of \$3,551.

In accordance with ASU 2016-02, *Leases*, Partners Asia is required to reflect the present value of future operating lease payments (discounted at an appropriate borrowing rate) as a "Right of Use" asset and a corresponding lease liability. Accordingly, Partners Asia has recorded a total lease liability in the amount of \$109,887 for its Oakland offices (split between current amount of \$39,790 and noncurrent amount of \$70,097) and a corresponding right of use asset for the premises in the amount of \$109,887. The weighted average discount rate associated with the calculation of the present value of the future lease payments as of December 31, 2018 was 4.0%.

At December 31, 2018, future minimum lease payments are as follows:

Year ending December 31, 2019	\$ 43,093
Year ending December 31, 2020	44,386
Year ending December 31, 2021	28,175

During the year ended December 31, 2016, Partners Asia also leased space located in Myanmar and Thailand under separate operating lease agreements which had terms generally lasting one year. Total rent expense for all locations amounted to \$35,349 and \$26,698 for the years ended December 31, 2018 and 2017, respectively.

12. Commitments and Contingencies

In the normal course of business there are outstanding various commitments and contingent liabilities, such as commitments to enter into and/or renew contracts related to ongoing operations, which are not reflected in the financial statements. Such commitments and contingencies also include risks associated with various economic and operating factors, which include (a) Contractual restrictions and donor conditions which obligate Partners Asia to fulfill certain requirements as set forth in legal instruments, (b) Funding levels which vary based on factors beyond Partners Asia's control, such as general economic conditions, (c) Employment and service agreements with key management personnel, and (d) Financial risks associated with funds on deposit in accounts at financial institutions. Management believes that such commitments, contingencies and risks will not have a material adverse effect on the financial statements.

13. Grant and Related Expenses

Total grants and related expenses of \$2,376,183 and \$2,996,400 for the years ended December 31, 2018 and 2017, respectively, represent funds disbursed both domestically and internationally for the organization's primary program activities, which include research, education, gender issues, community development, advocacy/peace, rule of law, and other community assistance to needy and at-risk residents of Myanmar and Thailand.

Notes to Financial Statements

14. Subsequent Events

In compliance with ASC 855, *Subsequent Events*, Partners Asia has evaluated subsequent events through June 18, 2019, the date the financial statements were available to be issued and, in the opinion of management, there are no subsequent events which need to be disclosed.