

Community Partners International
LOCAL LEADERS GLOBAL SUPPORT

Community Partners International

Financial Statements

*For the Year Ended
December 31, 2013*

COMMUNITY PARTNERS INTERNATIONAL

(A California Not-For-Profit Corporation)
December 31, 2013

Community Partners International is dedicated to serving the most vulnerable people in Myanmar's remote villages, underserved townships and border regions where there is little to no access to health care or education. Led by an international team of health professionals, educators and management experts with more than a decade of on-the-ground experience in Myanmar, CPI develops local-global partnerships to improve the health and wellbeing of Myanmar's women, children, families and communities.

Together with our partners, in 2013 CPI provided access to community based health and education services to more than 930,000 people in Myanmar and along its borders. Our long term relationships develop the trust and experience vital to positive lasting change, and our extensive network encompasses diverse ethnicities, religions and languages.

Board of Directors and Staff

Name	Office
Stan Sze	Chairman
Tom Lee, M.D., M.H.S.	President
Bob Condon, M.B.A.	Vice President
Scott McDonald	Secretary
Michael Johnson, M.S.	Treasurer
Kelley Currie, J.D.	Director
Yin Yin Maw, M.Div	Director
John McGonigle, M.B.A.	Director
Adam Richards, M.D., M.P.H.	Director

Sandee Pyne
Chief Executive Officer

COMMUNITY PARTNERS INTERNATIONAL OFFICE

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COMMUNITY PARTNERS INTERNATIONAL

(A California Not-For-Profit Corporation)
December 31, 2013

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INDEPENDENT AUDITORS' REPORT

**The Board of Directors
Community Partners International**

We have audited the accompanying financial statements of Community Partners International (a nonprofit organization) which comprise the statement of financial position as of December 31, 2013 and the related statements of activities and changes in net assets, cash flows and functional expenses 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.

Auditor's 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 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 Community Partners International as of December 31, 2013 and the results of its operations and its cash flows for the year then ended.

Other Matters

The prior year summarized comparative information has been derived from Community Partners International's December 31, 2012 financial statements. In our report dated July 26, 2013, we expressed an unqualified opinion on those financial statements.

Regalia & Associates

**Danville, California
August 15, 2014**

COMMUNITY PARTNERS INTERNATIONAL

Statements of Financial Position December 31, 2013 and 2012

Assets

	<u>2013</u>	<u>2012</u>
Current Assets:		
Cash and cash equivalents	\$1,270,543	\$ 1,021,376
Grants, pledges and accounts receivable	729,850	383,029
Other receivables	258,183	59,700
Prepaid expenses	9,048	1,665
Total current assets	<u>2,267,624</u>	<u>1,465,770</u>
Noncurrent Assets:		
Property and equipment, net	<u>825</u>	<u>1,243</u>
Total assets	<u>\$2,268,449</u>	<u>\$ 1,467,013</u>

Liabilities and Net Assets

Current Liabilities:		
Accounts payable and accrued liabilities	\$ 140,810	\$ 16,075
Grants payable	-	3,556
Total current liabilities	<u>140,810</u>	<u>19,631</u>
Net Assets:		
Unrestricted	708,078	841,361
Temporarily restricted	<u>1,419,561</u>	<u>606,021</u>
Total net assets	<u>2,127,639</u>	<u>1,447,382</u>
Total liabilities and net assets	<u>\$2,268,449</u>	<u>\$ 1,467,013</u>

COMMUNITY PARTNERS INTERNATIONAL

Statement of Activities and Changes in Net Assets

For the Year Ended December 31, 2013

(with Summarized Financial Information for the Year Ended December 31, 2012)

	Unrestricted	Temporarily Restricted	2013 Total	2012 Total
<i>Changes in net assets:</i>				
Revenue and support:				
Individual contributions	\$ 237,128	\$ 80,430	\$ 317,558	\$ 343,556
Foundation contributions	248,131	1,229,349	1,477,480	2,233,962
Government grants	-	1,515,511	1,515,511	-
In-kind contributions	42,218	-	42,218	7,424
Interest and investment income	647	-	647	335
Other income	3,578	-	3,578	5,141
Net assets released from restrictions	2,011,750	(2,011,750)	-	-
Total revenue and support	<u>2,543,452</u>	<u>813,540</u>	<u>3,356,992</u>	<u>2,590,418</u>
Expenses:				
Maternal and child health	350,366	-	350,366	538,628
Infectious Diseases	608,047	-	608,047	934,768
Health Systems Strengthening	560,799	-	560,799	862,132
Health General	623,473	-	623,473	958,483
Education	191,742	-	191,742	294,770
Total programs	<u>2,334,427</u>	<u>-</u>	<u>2,334,427</u>	<u>3,588,781</u>
Fundraising	226,650	-	226,650	101,159
General and administrative	115,658	-	115,658	253,161
Total expenses	<u>2,676,735</u>	<u>-</u>	<u>2,676,735</u>	<u>3,943,101</u>
Increase (decrease) in net assets	(133,283)	813,540	680,257	(1,352,683)
Net assets at beginning of year	<u>841,361</u>	<u>606,021</u>	<u>1,447,382</u>	<u>2,800,065</u>
Net assets at end of year	<u>\$ 708,078</u>	<u>\$ 1,419,561</u>	<u>\$ 2,127,639</u>	<u>\$ 1,447,382</u>

COMMUNITY PARTNERS INTERNATIONAL

Statements of Cash Flows For the Years Ended December 31, 2013 and 2012

	2013	2012
<i>Cash flows from operating activities:</i>		
Increase (decrease) in net assets	\$ 680,257	\$ (1,352,683)
Adjustments to reconcile change in net assets to net cash provided by (sed for) operating activities:		
Depreciation	793	2,587
Adjustment to equity from merger	-	-
Changes in:		
Grants and pledges receivable	(346,821)	629,911
Other receivables	(198,483)	170,744
Prepaid expenses	(7,383)	4,036
Accounts payable and accrued liabilities	124,735	(39,338)
Grants payable	(3,556)	(3,675)
Net cash provided by (used for) operating activities	249,542	(588,418)
 <i>Cash flows from investing activities:</i>		
Acquisition of property and equipment	(375)	-
Net cash used for investment activities	(375)	-
 Increase (decrease) in cash and cash equivalents	 249,167	 (588,418)
Cash and cash equivalents at beginning of year	1,021,376	1,609,794
 Cash and cash equivalents at end of year	 \$1,270,543	 \$ 1,021,376
 <i>Supplemental Disclosures:</i>		
 Interest expense	 \$ -	 \$ -
 Taxes paid to Secretary of State	 \$ 150	 \$ 150

COMMUNITY PARTNERS INTERNATIONAL

**Statement of Functional Expenses
For the Year Ended December 31, 2013**

	Maternal & Child Health	Infectious Diseases			Health Systems Strengthening					Health General	Education	Admini- stration	Fund- raising	Totals
	RMCH - Y/M	ID Yang /MS	CLEAR 3MDG YGN	Total ID	HSS- Yang/MS	Trauma	PHI	59% Partner Programs	Total HSS	Shared Yang/MS	41% Partner Prgms			
Personnel	\$ 30,641	\$ 52,743	\$ 9,613	\$ 62,356	\$ 88,555	\$ 2,956	\$ 12,638	\$ 2,870	\$ 107,018	\$ 285,366	\$ 1,994	\$171,333	\$ 89,702	\$ 748,410
Services	-	-	-	-	4,715	-	6,325	-	11,040	4,515	-	14,720	728	31,004
Operating	319	121	6,942	7,063	5,062	-	306	-	5,367	67,706	-	12,448	6,829	99,732
Program	319,406	293,108	241,971	535,079	143,019	17,904	2,253	272,455	435,631	163,470	189,333	-	(481)	1,642,439
Travel & Conferences	-	-	138	138	40	-	-	-	40	12,404	-	8,217	11,714	32,514
Fundraising	-	-	-	-	-	-	-	-	-	-	-	-	2,266	2,266
Other	-	1,395	2,016	3,410	78	-	1,025	-	1,103	5,481	-	5,622	3,372	18,987
Allocation of Shared Costs	-	-	-	-	-	-	-	598	598	84,531	415	14,311	1,528	101,384
Total expenses	\$ 350,366	\$ 347,367	\$ 260,679	\$ 608,046	\$ 241,468	\$ 20,860	\$ 22,547	\$ 275,922	\$ 560,797	\$ 623,473	\$191,743	\$226,651	\$115,659	\$2,676,735

Notes to Financial Statements
December 31, 2013 and 2012

1. Organization

Community Partners International (CPI) was organized in 1999 (originally as the Foundation for the People of Burma) as a nonprofit corporation under the laws of the State of California. CPI's projects and community-based programs provide direct assistance to communities that have been severely affected by injustice and decades of neglect. CPI engages in compassionate, creative and strategic interventions, which facilitate positive, long-lasting change for those who face scarcity and entrenched poverty in remote and low resource settings.

CPI has had the privilege of collaborating with community-based partners to bring a wide range of services to tens of thousands of people inside Myanmar and refugees in neighboring countries. Services include reproductive health, infectious disease, health system strengthening, and education. CPI respects each community's desire for self-determination by listening sensitively in order to facilitate effective, human-scale improvements without ethnic or religious discrimination.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of CPI have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and, accordingly, reflect all significant receivables, payables and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) 958.205, *Presentation of Financial Statements of Not-for-Profit Entities*. Under ASC 958.205, CPI is required to 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. CPI had no permanently restricted net assets at December 31, 2013 and 2012.

Revenue Recognition

CPI records contributions in accordance with the recommendations of ASC 958.605, *Revenue Recognition of Not-for-Profit Entities*. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Cash and Cash Equivalents

CPI considers all highly liquid investments with a deposit commitment of 90 days or less (when initially acquired) to be cash equivalents. CPI maintains its cash balances in high quality financial institutions, which at times may exceed federally insured limits. CPI has not experienced any losses in such accounts.

(continued)

Notes to Financial Statements

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

Fair Value Measurements

CPI follows the provisions of ASC 820, *Fair Value Measurements and Disclosures*, and has estimated the fair value of its current assets using available market information and other valuation methodologies. Accordingly, the estimates presented are not necessarily indicative of the amounts that CPI could realize in a current market exchange. The use of different assumptions and/or estimation methods may have a material effect on the estimated fair value amounts. The estimates are based on pertinent information available to management as of December 31, 2013. Although management is not aware of any factors that would significantly affect the estimated fair value amounts, current estimates of fair value may differ significantly from the statements presented.

Foreign Currency

Many of CPI's disbursements are converted to local currency because CPI 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 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 included in program expenses.

Income Taxes

Financial statement presentation follows the recommendations of ASC 740, *Income Taxes*. Under ASC 740, CPI is required to report information regarding its exposure to various tax positions taken by the organization and requires a two-step process that separates recognition from measurement. The first step is determining whether a tax position has met the recognition threshold; the second step is measuring a tax position that meets the recognition threshold. Management believes that CPI has adequately evaluated its current tax positions and has concluded that as of December 31, 2013, CPI does not have any uncertain tax positions for which a reserve or an accrual for a tax liability would be necessary.

CPI 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. This exemption is 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. CPI may periodically receive unrelated business income requiring the organization to file separate tax returns under federal and state statutes. Under such conditions, CPI calculates and accrues the applicable taxes payable.

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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenues, and expenses during the reporting period. Actual results could differ from those estimates.

Notes to Financial Statements

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

Contributed Services and Costs

Contributed services and costs are reflected at the fair value of the contribution received. The contributions of services and costs are recognized if they (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. CPI recognized \$42,218 and \$7,424 of in-kind donations during the years ended December 31, 2013 and 2012, respectively.

Net Assets

In accordance with accounting principles generally accepted in the United States of America, financial statements must present classes of net assets based on the following categories: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Grants and contributions are classified in the appropriate net asset category based on the absence or existence of donor-imposed restrictions that limit the use of the donated assets if they are designated as support for future periods or future projects when they are received.

CPI reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets or if they are designated as support for future periods. When a donor's intended purpose is met or a time restriction expires, the temporarily restricted net asset is transferred to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions where restrictions are met in the same reporting period in which they are contributed are reported as unrestricted support.

Permanently restricted net assets include those net assets that must be maintained in perpetuity in accordance with donor restrictions. There were no permanently restricted net assets at December 31, 2013 and 2012.

Unrestricted net assets include all of those donated assets that have no restrictions or limitations imposed on their use. The Board of Directors may elect certain unrestricted funds to be set aside as Board designated funds, which may not be spent without approval by the Board. At December 31, 2013 and 2012, there were no Board-designated funds.

Functional Allocation of Expenses

The costs of providing CPI's various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising and Promotion

Advertising and promotion costs are expensed as incurred and amounted to \$4,523 for the year ended December 31, 2012. There were no advertising and promotion costs for the year ended December 31, 2013.

Reclassifications

Certain reclassifications have been made to the 2012 financial statements in order to conform to the presentation used in 2013.

Notes to Financial Statements

3. Cash and Cash Equivalents

Cash and cash equivalents of \$1,270,543 and \$1,021,376 at December 31, 2013 and 2012, respectively, consists of funds on deposit in various checking and savings accounts with local financial institutions. Deposits in savings Interest is earned at the rate of 0.1% per annum on the average outstanding balance. At December 31, 2013, deposits exceeded the federally insured limit of \$250,000. CPI attempts to limit its credit risk associated with cash balances by utilizing financial institutions that are well capitalized and highly rated.

4. Grants, Pledges and Accounts Receivable

Grants, pledges and accounts receivable of \$729,850 and \$383,029 at December 31, 2013 and 2012, respectively, represent amounts principally due within one year. Management believes all amounts are fully collectible. Accordingly, no reserve for uncollectible amounts has been established.

5. Other Receivables

Other receivables of \$258,183 and \$59,700 at December 31, 2013 and 2012, 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.

6. Property and Equipment

Property and equipment consist of the following at December 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Computers and equipment	\$ 7,535	\$ 7,535
Office furniture	2,002	2,002
Web site	5,526	5,151
Subtotal	<u>15,063</u>	14,688
Accumulated depreciation	<u>(14,238)</u>	(13,445)
Property and equipment, net	<u>\$ 825</u>	<u>\$ 1,243</u>

Depreciation expense amounted to \$793 and \$2,587 for the years ended December 31, 2013 and 2012, respectively.

7. Grants Payable

Grants payable of \$3,556 December 31, 2012 represent amounts approved by the Board of Directors to fund future program activities. Such amounts were disbursed during the subsequent fiscal year. There were no grants payable at December 31, 2013.

Notes to Financial Statements

8. Net Assets

Net assets consist of the following at December 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Unrestricted	<u>\$ 708,078</u>	<u>\$ 841,361</u>
Temporarily Restricted:		
Basic Health Care	97,371	112,759
Child Health and Infectious Diseases	9,952	30,280
Education Support	-	9,000
Infectious Diseases	-	15,530
Health Programs	1,129,563	-
Mae Tao Clinic Support	-	18,040
Medical Action Myanmar	-	52,000
Other	6,063	-
Reproductive Health and Child Immunization Programs	75,706	161,462
Operating/Staffing	-	150,000
Trauma, Clinic Support and Feeding Programs	5,000	56,950
Public Health Institute	95,906	-
Total temporarily restricted	<u>1,419,561</u>	<u>606,021</u>
Total net assets	<u>\$ 2,127,639</u>	<u>\$ 1,447,382</u>

During the years ended December 31, 2013 and 2012, contributions to temporarily restricted net assets amounted to \$2,825,290 and \$1,863,620, respectively. During the years ended December 31, 2013 and 2012, net assets released from restrictions amounted to \$2,011,750 and \$3,117,692, respectively, and such amounts were transferred to unrestricted net assets.

9. Compensated Absences (Accrued Payroll and Related Benefits)

Financial statement presentation follows the recommendations of ASC 710.25, *Compensated Absences*. Under ASC 710.25, CPI 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 \$37,346 and \$9,682 as of December 31, 2013 and 2012, respectively.

Notes to Financial Statements

10. Lease Commitments

CPI leases its corporate office premises in Berkeley under an operating lease agreement which expires November 30, 2015. As of December 31, 2013, the lease requires a monthly rental payment of \$2,300. Effective March 14, 2014, the monthly rental payment is reduced to \$1,667. Future minimum lease payments are as follows: \$21,587 for the year ending December 31, 2014 and \$25,300 for the year ending December 31, 2015. Rent expense for the corporate office amounted to \$29,675 and \$27,674 for the years ended December 31, 2013 and 2012, respectively.

CPI also leases certain rooms/apartments located in Myanmar and Thailand under separate operating lease agreements which have terms generally lasting one year. As of December 31, 2013, the lease agreements require monthly rental payments made with local currency of Baht (Thailand) and MMK (Myanmar Kyat). Total rent expense for foreign locations amounted to \$32,339 and \$11,271 for the years ended December 31, 2013 and 2012, respectively.

11. 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 CPI to fulfill certain requirements as set forth in legal instruments, (b) Funding levels which vary based on factors beyond CPI'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.

12. In-Kind Contributions

A substantial number of unpaid volunteers have made significant contributions of time to various departments or programs of CPI. The value of this contributed time is not reflected in the financial statements because it is not susceptible to objective measurement or valuation and therefore did not meet the criteria for recognition under ASC 958.30 *Gifts in Kind*.

13. Subsequent Events

In compliance with ASC 855, *Subsequent Events*, CPI has evaluated subsequent events through August 15, 2014, 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.