



SOUTH AFRICA PARTNERS, INC.

Financial Statements
June 30, 2017
(With Comparative Totals for 2016)



SOUTH AFRICA PARTNERS, INC.

FINANCIAL STATEMENTS
JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR 2016)

Table of Contents

	<u>PAGE</u>
Independent Auditors' Report on the Financial Statements and the Supplementary Schedule of Expenditures of Federal Awards	1-2
<u>Financial Statements</u>	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-13
<u>Additional Information</u>	
Schedule of Expenditures of Federal Awards	14
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	15-16
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	17-18
Schedule of Findings and Questioned Costs	19

To The Board of Directors of
South Africa Partners, Inc.
Boston, MA

Independent Auditors' Report on the Financial Statements and on the Supplementary Schedule of Expenditures of Federal Awards

Report on the Financial Statements

We have audited the accompanying financial statements of South Africa Partners, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, 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 did not audit the financial statements of the South Africa office, which statements reflect total assets of \$508,940 as of June 30, 2017, and total expenses of \$1,867,810 for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the South Africa office, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 auditors' 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, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of South Africa Partners, Inc. as of June 30, 2017, 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.

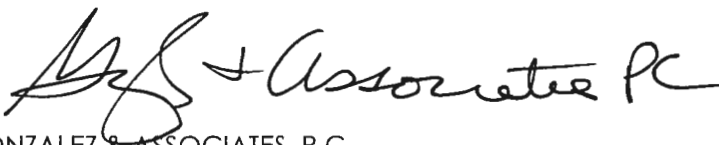
Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 6, 2017, on our consideration of South Africa Partners, Inc. internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering of South Africa Partners, Inc. internal control over financial reporting and compliance.



GONZALEZ & ASSOCIATES, P.C.
Certified Public Accountants

Stoughton, Massachusetts
December 6, 2017

SOUTH AFRICA PARTNERS, INC.

STATEMENT OF FINANCIAL POSITION
 JUNE 30, 2017
 (WITH COMPARATIVE TOTALS FOR 2016)

ASSETS

	2017	2016
<u>Current Assets</u>		
Cash	\$ 741,126	\$ 678,410
Investments	5,058	
Accounts receivable	677,665	855,552
Pledges receivable	250,480	63,392
Other receivable	17,379	52,758
Prepaid expenses	24,419	15,341
Total current assets	1,716,127	1,665,453
<u>Property and Equipment</u>		
Furniture and equipment	112,938	105,263
Less: accumulated depreciation	(61,674)	(40,932)
Total property and equipment	51,264	64,331
<u>Other Assets</u>		
Security deposit	11,307	10,818
Total other assets	11,307	10,818
<u>Total Assets</u>	\$ 1,778,698	\$ 1,740,602

LIABILITIES AND NET ASSETS

<u>Current Liabilities</u>		
Accrued expenses	\$ 747,260	\$ 924,670
Accounts payable	38,646	45,856
Total current liabilities	785,906	970,526
<u>Net Assets</u>		
Unrestricted	798,505	728,498
Temporarily restricted	194,287	41,578
Total net assets	992,792	770,076
<u>Total Liabilities and Net Assets</u>	\$ 1,778,698	\$ 1,740,602

See accompanying notes. See Independent Auditors' Report on the Financial Statements and the Supplementary Schedule of Expenditures of Federal Awards.

SOUTH AFRICA PARTNERS, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR 2016)

	2017			2016
	Unrestricted	Temporarily Restricted	Total	Total
<u>Support and Revenue</u>				
Grants and contributions	\$ 242,628	\$ 605,395	\$ 848,023	\$ 1,390,217
Released from restrictions	452,686	(452,686)		
Special events	128,293		128,293	220,245
Contract fees	6,382,441		6,382,441	5,492,304
Service fees	2,221		2,221	10,710
Inkind contributions	9,847		9,847	
Interest and dividends	3,901		3,901	5,015
Realized and unrealized gain (loss) on investments	(570)		(570)	1,547
(Loss) on exchange rate conversion	(27,344)		(27,344)	(27,918)
(Loss) on disposal of fixed assets	(1,007)		(1,007)	
<u>Total Support and Revenue</u>	7,193,096	152,709	7,345,805	7,092,120
<u>Expenses</u>				
Program services	6,574,989		6,574,989	6,692,172
Management and general	431,172		431,172	372,479
Fundraising	116,928		116,928	344,956
<u>Total Expenses</u>	7,123,089		7,123,089	7,409,607
<u>Change in Net Assets</u>	70,007	152,709	222,716	(317,487)
<u>Net Assets - Beginning of Year</u>	728,498	41,578	770,076	1,087,563
<u>Net Assets - End of Year</u>	<u>\$ 798,505</u>	<u>\$ 194,287</u>	<u>\$ 992,792</u>	<u>\$ 770,076</u>

See accompanying notes. See Independent Auditors' Report on the Financial Statements and the Supplementary Schedule of Expenditures of Federal Awards.

SOUTH AFRICA PARTNERS, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR 2016)

	2017			2016	
	Program Services	Management and General	Fundraising	Total	Total
Salaries	\$ 330,480	\$ 167,762	\$ 42,572	\$ 540,814	\$ 518,053
Salaries - South Africa	976,821	23,944		1,000,765	798,691
Payroll taxes	40,792	16,549	4,935	62,276	54,370
Employee benefits	157,449	15,872	3,881	177,202	130,207
Total salaries and related expenses	1,505,542	224,127	51,388	1,781,057	1,501,321
Advertising	4,102			4,102	2,125
Automobile expenses	4,550			4,550	1,404
Bank and credit card fees		5,186		5,186	4,186
Consultants	261,046	36,808	17,895	315,749	441,792
Depreciation	20,430	417		20,847	14,982
Dues and subscriptions	269	6,484	11,156	17,909	16,292
Equipment rental	15,601	4,699		20,300	19,100
Event expenses	32,087		13,752	45,839	103,463
Fees					25
Grant disbursements	217,348			217,348	257,664
Inkind expense		9,847		9,847	
Insurance	16,807	5,316	1,248	23,371	17,584
Meetings and conferences	126,279	9,293	1,753	137,325	107,914
Payroll processing		1,212		1,212	1,145
Postage and delivery	3,617	4,211	1,592	9,420	7,634
Printing and copying	28,516	1,248	10,487	40,251	22,586
Professional development	10,563	50		10,613	13,969
Professional fees		35,262		35,262	61,453
Rent	69,896	12,595	3,003	85,494	84,599
Repairs and maintenance	13,348	490	58	13,896	11,302
Security	1,933	201		2,134	1,782
Storage	316	948		1,264	1,264
Subcontractors	3,906,707	27,024		3,933,731	4,226,571
Supplies	18,376	12,723	476	31,575	64,537
Technology	19,819	5,521		25,340	12,284
Telephone	27,054	8,090	15	35,159	29,675
Travel	255,272	17,042	3,853	276,167	371,033
Utilities	9,889	1,141	252	11,282	9,039
Website	5,622	1,237		6,859	2,882
Total expenses	<u>\$ 6,574,989</u>	<u>\$ 431,172</u>	<u>\$ 116,928</u>	<u>\$ 7,123,089</u>	<u>\$ 7,409,607</u>

See accompanying notes. See Independent Auditors' Report on the Financial Statements and the Supplementary Schedule of Expenditures of Federal Awards.

SOUTH AFRICA PARTNERS, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR 2016)

	2017	2016
<u>Cash Flows From Operating Activities</u>		
Change in net assets	\$ 222,716	\$ (317,487)
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	20,847	14,982
Donated investments included in contributions	(155,329)	(105,706)
Change in value of fixed assets due to currency conversion	(8,787)	5,803
Unrealized loss on investments	385	
Loss on disposal of fixed asset	1,007	
(Increase) decrease in:		
Accounts receivable	177,887	(395,128)
Pledges receivable	(187,088)	(59,772)
Other receivable	35,379	(13,618)
Prepaid expenses	(9,078)	28,648
Increase (decrease) in:		
Accrued expenses	(184,620)	398,776
Service fee advance		(360,177)
<u>Net Cash (Used) by Operating Activities</u>	(86,681)	(803,679)
<u>Cash Flows From Investing Activities</u>		
Purchase of investments	(20)	(1,547)
Redemption of investments	149,906	107,253
Purchase of fixed assets		(55,037)
Application (payment) of security deposit	(489)	(3,658)
<u>Net Cash Provided by Investing Activities</u>	149,397	47,011
<u>Cash Flows From Financing Activities</u>	0	0
<u>Increase (Decrease) in Cash and Cash Equivalents</u>	62,716	(756,668)
<u>Cash and Cash Equivalents - Beginning of Year</u>	678,410	1,435,078
<u>Cash and Cash Equivalents - End of Year</u>	\$ 741,126	\$ 678,410
SUPPLEMENTAL INFORMATION:		
Interest paid	\$ 0	\$ 0
Write off of fully depreciated equipment	\$ 6,105	\$ 0
Donated stock	\$ 155,329	\$ 105,706

See accompanying notes. See Independent Auditors' Report on the Financial Statements and the Supplementary Schedule of Expenditures of Federal Awards.

SOUTH AFRICA PARTNERS, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017

Note 1. Organization

South Africa Partners, Inc. (SA Partners) was organized in the Commonwealth of Massachusetts as a not-for-profit corporation on July 23, 1997. SA Partners is dedicated to the establishment of mutually beneficial institutional partnerships between the United States and South Africa, in the areas of health and education. Serving as a catalyst of innovative approaches, South Africa Partners links people, strengthens communities, promotes social justice and fosters leadership in both countries.

Throughout our work we strive to:

- Facilitate meaningful partnerships that build the capacity of South African organizations
- Nurture strategic collaborations and the sharing of best practices between the United States and South Africa
- Strengthen people-to-people relationships between those living in South Africa and the United States to promote justice and democracy

SA Partners headquarters are in Boston, Massachusetts, U.S.A and it has program and administrative offices in Johannesburg, Port Elizabeth and East London, South Africa. The financial statements include activity from all offices.

Note 2. Summary of Significant Accounting Policies

a. Standards of Accounting and Reporting

The Organization follows standards of accounting and financial reporting as described in the American Institute of Certified Public Accountants' Audit and Accounting Guide for "Not-for-Profit Organizations."

The accompanying schedule of expenditures of federal awards includes the federal grant activity of South Africa Partners, Inc. under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance. Because the Schedule presents only a selected portion of the operations of South Africa Partners, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of South Africa Partners, Inc.

b. Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities according to the three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted - Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily Restricted - Net assets whose use by the Organization is subject to donor-imposed restrictions that can be fulfilled by actions of the Organization pursuant to those restrictions or that expire by the passage of time.

SOUTH AFRICA PARTNERS, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

(Continued)

Note 2. Summary of Significant Accounting Policies (Continued)

b. Financial Statement Presentation (continued)

Permanently Restricted - Net assets subject to donor-imposed restrictions that they be maintained permanently by the Organization. No permanently restricted assets were received or held during 2017 and 2016 and accordingly, these financial statements do not reflect any activity related to this class of net assets for 2017 and 2016.

c. Property and Equipment

These assets are recorded at cost when purchased, or if donated, at their estimated fair value at date of donation. All acquisitions of property and equipment in excess of \$5,000 and all expenditures that materially prolong the useful lives of assets are capitalized.

d. Depreciation

Provisions for depreciation are made in the accounts using the straight-line method. Equipment is being depreciated over 3-6 years.

e. Allocation of Expenses

Expenses are allocated among program and supporting services directly or on the basis of time records and utilization estimates made by the Organization's management. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

f. Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

g. Promise to Give

Unconditional promises to give are recorded as revenues or gains in the period received and as assets, decreases in liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

h. Use of Estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

SOUTH AFRICA PARTNERS, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

(Continued)

Note 2. Summary of Significant Accounting Policies (Continued)

- i. Restricted and Unrestricted Revenue and Support
The Organization accounts for its contributions received are recorded as unrestricted, temporarily restricted or permanently restricted net assets support depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified and reported in the statement of activities as net assets released from restriction.
- j. Contracts
Financial awards from the federal government in the form of grants are subject to special audit. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.
- k. Grants Made
Grants are made from available resources in accordance with donor and program committee recommendations. Liabilities for grants made are recognized when approved by the Board of Directors and payment is generally made shortly thereafter.
- l. Donated Goods and Services
In-kind contributions are reflected as contributions at their fair value at date of donation and are reported as unrestricted support. The Organization recognizes the fair value of contributed services received if such services 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 contributed.

In-kind contributions were recorded as follows:

	2017
Travel	<u>\$ 9,847</u>
Total in kind contributions	<u>\$ 9,847</u>

- m. Investments
Investments are presented in the financial statements at fair market value. South Africa Partners, Inc. maintains an investment account in order to receive stock donations. Donated stock is sold shortly after it is received. As of June 30, 2017, the Organization held investments ready to be sold with a fair market value of \$5,058.
- n. Fair Value
The Organization follows the Financial Accounting Standards Board's (FASB) Accounting Standards Codification (ASC) Topic 820 "Fair Value Measurements and Disclosures", for assets and liabilities that are measured at fair value on a recurring basis, and to determine fair value disclosures. The standard defines fair

SOUTH AFRICA PARTNERS, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

(Continued)

Note 2. Summary of Significant Accounting Policies (Continued)

n. Fair Value (continued)

value and it establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. The standard applies to certain other existing pronouncements that require or permit fair value measurements. It does not establish or change any existing requirements for fair value accounting.

Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The fair value accounting standard established a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. The three tiers are defined as:

- Level 1 – Observable inputs such as quoted prices in active markets.
- Level 2 – Inputs other than Level 1 inputs that are observable, whether directly or indirectly, 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 markets.
- Level 3 – Unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions and are significant to the fair measurement.

The Organization's investments are valued based on Level 1 inputs within the fair value hierarchy.

o. Summarized Comparative Financial Statements

The financial information shown for 2016 in the accompanying financial statements is included to provide a basis for comparison with 2017 and presents summarized totals only. Such information does not include sufficient data to constitute a presentation in conformity with generally accepted accounting principles. Certain accounts in the prior year financial statements may have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

Note 3. Tax Status

South Africa Partners, Inc. is exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code and accordingly, no provision for income taxes is included in the financial statements. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(a) and has been classified as an organization that is not a private foundation under Section 509(a)(1).

The office in South Africa is a non-profit organization incorporated under section 21 A of the Companies Act of South Africa, and therefore, it is exempt from tax.

SOUTH AFRICA PARTNERS, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

(Continued)

Note 4. Compensated Absences

The Organization records vacation and sick pay as expenses when paid. No accrual has been recorded in the accompanying financial statements for sick time.

Note 5. Rental Space

The Organization rents office space located at 89 South Street, Boston, Massachusetts. In June 2017, they extended their lease effective November 2012 for an additional year, with a new expiration date of October 2018 at the cost of \$3,557 per month.

In addition, the Organization rents office and program space for three offices in South Africa. The lease for East London, South Africa was effective from October 2015 through December 2016. A lease for additional space in Port Elizabeth, South Africa was entered into in April 2015 and was effective from May 1, 2015 through April 30, 2017. In July 2015, the Johannesburg office entered into a new lease and is effective from August 1, 2015 through August 31, 2018. Rent expense in South Africa totaled \$47,958 and \$47,063 for fiscal years ended June 30, 2017 and 2016 respectively.

Rent expense for both the Boston and South Africa offices totaled \$85,494 and \$84,599 for the fiscal years ended June 30, 2017 and 2016 respectively.

Boston's future minimum lease payments for fiscal years ending June 30 are as follows:

2018	\$ 40,971
2019	14,229

South Africa's future minimum lease and parking payments for fiscal years ending June 30, are as follows:

2018	\$ 41,709
2019	7,049

Note 6. Equipment Lease

The Organization entered into a new lease for for a copy machine beginning January 2017 for five years. Monthly payments under the lease are \$221 plus overages. Equipment rental expense for the fiscal years ended June 30, 2017 and 2016 respectively, was \$4,305 and \$7,200.

Future minimum lease payments for fiscal years ending June 30 are as follows:

2018	\$ 2,652
2019	2,652
2020	2,652
2021	2,652
2022 and thereafter	1,326

SOUTH AFRICA PARTNERS, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

(Continued)

Note 7. Line of Credit

The Organization has a line of credit with a limit of up to \$250,000. The line of credit is provided on a demand basis. At June 30, 2017, there is no outstanding balance.

Note 8. Foreign Bank Accounts

The Organization's cash balance includes \$109,829 deposited in a local bank in South Africa. An exchange rate of 12.74 South African rands per United States dollar, was utilized at June 30, 2017.

Note 9. Foreign Operations

South Africa Partners, Inc. maintains facilities in South Africa. As of June 30, 2017 account balances in South Africa included: cash on hand and in banks totaling \$110,168; receivables totaling \$338,201; deposits totaling \$9,307; property and equipment, net of accumulated depreciation, amounting to \$51,264; and liabilities totaling \$83,789. Support and revenue for the foreign office is raised and distributed by South Africa Partners, Inc. Account balances relating to foreign operations are reflected in the financial statements in United States dollars.

Note 10. Temporarily Restricted Assets

The current temporarily restricted net assets balance represents the following restrictions:

Donor Advised Programs	\$	29,589
Early Childhood Education		8,612
ASELPH Project		3,663
Innovation Fund		136,548
HIV Project		15,875
Total Temporarily Restricted	\$	<u>194,287</u>

Note 11. Deposits

Deposits consist of the following:

Office rental – Boston	\$	2,000
Office rental – South Africa		9,307
Total Deposits	\$	<u>11,307</u>

Note 12. Related Organization

South Africa Partners, Inc. (SAP) maintains a relationship with Masibumbane Development Organization (MDO), an exempt organization under South Africa charities law. SAP and MDO have 30% overlap amongst the boards. Generally Accepted Accounting Principles (GAAP) requires combined/consolidated financial statements when there is a majority interest in the board; because the 30% interest does not constitute a majority, these financial statements are not required to be combined.

SOUTH AFRICA PARTNERS, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

(Continued)

Note 13. Substantial Support

The Organization received substantial support under the following service agreements and 5 private funders:

Centers for Disease Control and Prevention (CDC)	\$	5,141,437
U.S. Agency for International Development (USAID)		797,045
Aurum Institute		443,960
Private funders		491,255
Total	\$	<u>6,873,697</u>
Percentage of total revenue		<u>94%</u>

Note 14. Concentrations of Credit Risk

The Organization maintains its cash balances in one financial institution. The financial institution's balance is insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2017 the Organization's uninsured cash balances at the financial institutions totaled \$405,710. Management believes it is not exposed to any significant credit risks on its cash balances.

Note 15. Joint Costs

The Organization achieves some of its programmatic goals through an annual fundraising event that includes requests for contributions. In fiscal year 2017, the costs of conducting the annual fundraising event included a total of \$45,839 of joint costs that are not directly attributed to either program or the fund-raising components of the activities. Those joint costs were allocated as follows:

	2017			
	Event	Postage	Printing	Total
Program Service	\$ 27,325	\$ 713	\$ 4,049	\$ 32,087
Fundraising	11,711	306	1,735	13,752
Total	<u>\$ 39,036</u>	<u>\$ 1,019</u>	<u>\$ 5,784</u>	<u>\$ 45,839</u>

Note 16. Retirement Plan

South Africa Partners, Inc. maintains two separate retirement plans for employees in each office. In South Africa, the Organization contributes 3% of an employee's salary. New employees are required to join the plan. Retirement expense for South Africa totaled \$8,774 and \$7,647 for fiscal years ended 2017 and 2016, respectively. In the US, the Organization matched up to 5% of an eligible employee's salary. The Organization's retirement expense for the US totaled \$10,850 and \$0 for fiscal years ended 2017 and 2016, respectively.

Note 17. Subsequent Events

Subsequent events were evaluated through December 6, 2017, which is the date the financial statements were available to be issued.

SOUTH AFRICA PARTNERS, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

<u>CFDA No.</u>	<u>Grant Number</u>	<u>Federal Award</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
<u>Department of Health and Human Services</u>				
<u>Disease Control and Prevention</u>				
<u>Direct</u>				
TA and Supp for the Dev and Implem of Key Aspects of HIV/AIDS Care and Supp Serv	93.067			
4/1/2017-3/31/2018		5NU2GGH001554-03-00	\$ 3,500,000	\$ 1,013,270
4/1/2016-3/31/2017		6NU2GGH001554-02-01	5,227,682	3,732,433
		Subtotal		<u>4,745,703</u>
<u>Direct</u>				
HIV Prevention in Eastern Cape Correctional Services Facilities	93.067			
9/30/2015-3/31/2017		6NU2GGH000250-05-02	1,000,000	395,733
<u>Pass Through Aurum Institute Comprehensive HIV & TB Prev, Care and Treatment Svcs</u>				
4/1/2017-3/31/2018	93.067	5U2GGH001175-04	224,136	121,565
4/1/2016-3/31/2017		5NU2GGH001175-03	432,005	322,395
		Subtotal		<u>443,960</u>
<u>Total Department of Health and Human Service for Disease Control and Prevention</u>				<u>5,585,396</u>
<u>U.S. Agency for the International Development</u>				
<u>Direct</u>				
South Africa Executive Leadership Program in Health	98.001			
11/23/2012-9/30/2017		AID-674-A-13-00002	4,800,000	594,472
				<u>797,045</u>
<u>Total U.S. Agency for International Development</u>				<u>797,045</u>
<u>Total Expenditures of Federal Awards</u>				<u>\$ 6,382,441</u>
		<u>CFDA</u>		<u>TOTAL</u>
		93.067		5,585,396
		98.001		797,045
				<u>\$ 6,382,441</u>

See accompanying notes. See Independent Auditors' Report on the Financial Statements and the Supplementary Schedule of Expenditures of Federal Awards.

To the Board of Directors of
South Africa Partners, Inc.
Boston, Massachusetts

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of South Africa Partners, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 6, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered South Africa Partners, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of South Africa Partners, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether South Africa Partners, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Very truly yours,



GONZALEZ & ASSOCIATES, P.C.
Certified Public Accountants

Stoughton, Massachusetts
December 6, 2017

To the Board of Directors of
South Africa Partners, Inc.
Boston, Massachusetts

Independent Auditors' Report on Compliance for Each Major Program and on Internal Control
Over Compliance Required by the Uniform Guidance

Report on Compliance for Each Major Federal Program

We have audited South Africa Partners, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of South Africa Partners, Inc.'s major federal programs for the year ended June 30, 2017. South Africa Partners, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of South Africa Partners, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about South Africa Partners, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of South Africa Partners, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, South Africa Partners, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

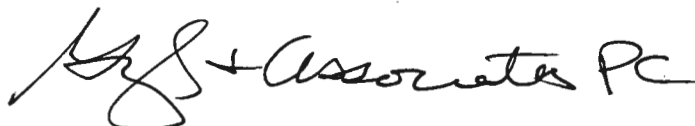
Report on Internal Control Over Compliance

Management of South Africa Partners, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered South Africa Partners, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of South Africa Partners, Inc.'s internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



GONZALEZ & ASSOCIATES, P.C.
Certified Public Accountants

Stoughton, Massachusetts
December 6, 2017

SOUTH AFRICA PARTNERS, INC.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017**

SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on whether the financial statements of South Africa Partners, Inc. we prepared in accordance with GAAP.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of South Africa Partners, Inc. which would be required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditors' report on compliance for the major federal award programs for South Africa Partners, Inc. expresses an unqualified opinion.
6. Not applicable.
7. The programs tested as a major program includes:

HIV Prevention in Eastern Cape Correctional Services Facilities	93.067
Technical Assistance and Support for the Development and Implementation of Key Aspects of HIV/AIDS Care and Support Services in South Africa	93.067
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. South Africa Partners, Inc. qualified as a low-risk auditee.

FINDINGS - FINANCIAL STATEMENT AUDIT

NONE

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

NONE