



Kelly Vitale Raffol LLC  
CERTIFIED PUBLIC ACCOUNTANTS

**SOUTH AFRICA PARTNERS, INC.**



*Financial Statements and Independent Auditors' Report and Reports  
Required by the Uniform Guidance and Government Auditing Standards*

*For the Years Ended June 30, 2022 and 2021*

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Member, Association of Fraud Examiners

**SOUTH AFRICA PARTNERS, INC.**

***Financial Statements***

***For the Years Ended June 30, 2022 and 2021***

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***Independent Auditors' Report***

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

***Opinion***

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, 2022 and 2021, the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of South Africa Partners, Inc. as of June 30, 2022 and 2021 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of South Africa Partners, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, which raise substantial doubt about South Africa Partners, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## ***Auditors' Responsibility for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists.

We did not audit the financial statements of the South Africa office, which reflect total assets of \$264,656 as of June 30, 2022, and total expenses of \$1,379,823 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.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of South Africa Partners Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, which raise substantial doubt about South Africa Partners Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### ***Supplementary 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 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 schedule of expenditures of federal awards 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 1, 2022, on our consideration of South Africa Partners, Inc.'s 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 the 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 South Africa Partners Inc.'s internal control over financial reporting and compliance.

***KellyVitaleRaffol, LLC***

Boston, Massachusetts  
December 1, 2022

**SOUTH AFRICA PARTNERS, INC.**

*Statements of Financial Position*

*As of June 30, 2022 and 2021*

<i>Assets</i>	<b>2022</b>	<b>2021</b>
Cash and cash equivalents	\$ 663,108	\$ 736,035
Grants and contracts receivable	5,883	15,325
Other receivable	6,309	9,034
Prepaid expenses	8,374	7,804
Fixed assets, net	45,697	50,730
Security deposits	9,072	10,033
	<b>\$ 738,443</b>	<b>\$ 828,961</b>
<b><i>Total assets</i></b>		
<b><i>Liabilities and Net Assets</i></b>		
<b><i>Liabilities:</i></b>		
Accrued expenses	\$ 176,948	\$ 261,071
Accounts payable	8,149	606
Deferred revenue	4,458	15,328
	<b>189,555</b>	<b>277,005</b>
<b><i>Total liabilities</i></b>		
<b><i>Net Assets:</i></b>		
Without donor restrictions	540,683	543,751
With donor restrictions	8,205	8,205
	<b>548,888</b>	<b>551,956</b>
<b><i>Total net assets</i></b>		
	<b>\$ 738,443</b>	<b>\$ 828,961</b>
<b><i>Total liabilities and net assets</i></b>		

*See accompanying notes to financial statements.*

**SOUTH AFRICA PARTNERS, INC.**

*Statement of Activities*

*For the Year Ended June 30, 2022*

	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
<b><i>Revenue and Support:</i></b>			
Contributions and grants	\$ 1,401,740	\$ 23,000	\$ 1,424,740
Contract fees	1,332,313	-	1,332,313
Service fees	169,534	-	169,534
Interest and dividends	6,774	-	6,774
Realized and unrealized gain/(loss) on investments	1,095	-	1,095
Other income	3,289	-	3,289
Net assets released from restrictions	23,000	(23,000)	-
	<b><i>Total revenue and support</i></b>	-	<b><i>2,937,745</i></b>
<b><i>Expenses:</i></b>			
Program services	2,549,361	-	2,549,361
Management and general	379,966	-	379,966
Fundraising	11,486	-	11,486
	<b><i>Total expenses</i></b>	-	<b><i>2,940,813</i></b>
	<b><i>Change in net assets</i></b>	-	<b><i>(3,068)</i></b>
	<b><i>Net Assets, beginning of year</i></b>	8,205	<b><i>551,956</i></b>
	<b><i>Net Assets, end of year</i></b>	\$ 8,205	<b><i>\$ 548,888</i></b>

**SOUTH AFRICA PARTNERS, INC.**

*Statement of Activities*

*For the Year Ended June 30, 2021*

	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
<b><i>Revenue and Support:</i></b>			
Contributions and grants	\$ 1,648,827	\$ 16,575	\$ 1,665,402
Contract fees	1,465,569	-	1,465,569
Service fees	10,502	-	10,502
Interest and dividends	4,242	-	4,242
Translation adjustment	(516)	-	(516)
Other income	15,665	-	15,665
Net assets released from restrictions	15,800	(15,800)	-
	<b><i>Total revenue and support</i></b>	<b><i>775</i></b>	<b><i>3,160,864</i></b>
<b><i>Expenses:</i></b>			
Program services	2,794,430	-	2,794,430
Management and general	328,902	-	328,902
Fundraising	5,942	-	5,942
	<b><i>Total expenses</i></b>	<b><i>-</i></b>	<b><i>3,129,274</i></b>
	<b><i>Change in net assets</i></b>	<b><i>775</i></b>	<b><i>31,590</i></b>
<b><i>Net Assets, beginning of year</i></b>	<b><i>512,936</i></b>	<b><i>7,430</i></b>	<b><i>520,366</i></b>
<b><i>Net Assets, end of year</i></b>	<b><i>\$ 543,751</i></b>	<b><i>\$ 8,205</i></b>	<b><i>\$ 551,956</i></b>

*See accompanying notes to financial statements.*



**SOUTH AFRICA PARTNERS, INC.**

*Statements of Cash Flows*

*For the Years Ended June 30, 2022 and 2021*

	<b>2022</b>	<b>2021</b>
<b><i>Cash Flows from Operating Activities:</i></b>		
Change in net assets	\$ (3,068)	\$ 31,590
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	15,629	17,785
Loss on disposal of fixed assets	1,437	2,358
Changes in:		
Accounts receivable	9,442	30,927
Other receivable	2,725	(6,664)
Prepaid expenses	(570)	(555)
Security deposits	961	3,905
Accrued expenses	(84,123)	223,629
Accounts payable	7,543	(76,999)
Deferred revenue	(10,870)	(7,780)
	<b>(60,894)</b>	<b>218,196</b>
<b><i>Cash Flows from Investing Activities:</i></b>		
Purchase of fixed assets	(12,033)	(54,758)
	<b>(12,033)</b>	<b>(54,758)</b>
<b><i>(Increase) decrease in cash and cash equivalents</i></b>	<b>(72,927)</b>	<b>163,438</b>
<b><i>Cash and cash equivalents, beginning of year</i></b>	<b>736,035</b>	<b>572,597</b>
<b><i>Cash and cash equivalents, end of year</i></b>	<b>\$ 663,108</b>	<b>\$ 736,035</b>

See accompanying notes to financial statements.

**SOUTH AFRICA PARTNERS, INC.**

***Statement of Functional Expenses***

***For the Year Ended June 30, 2022***

	<b><i>Program Services</i></b>	<b><i>Management and General</i></b>	<b><i>Fundraising</i></b>	<b><i>Total</i></b>
Salaries	\$ 2,587	\$ 40,420	\$ 456	\$ 43,463
Salaries - South Africa	662,756	162,032	-	824,788
Payroll taxes	11,478	8,653	35	20,166
Employee benefits	161,140	85,297	-	246,437
<b><i>Total personnel</i></b>	837,961	296,402	491	1,134,854
Advertising	168	-	-	168
Automobile expenses	5,397	-	-	5,397
Bank and credit card fees	1,910	2,123	4,647	8,680
Consultants	-	5,060	6,348	11,408
Depreciation	-	15,629	-	15,629
Dues and subscriptions	546	-	-	546
Equipment rental	2,810	2,963	-	5,773
Grant disbursements	1,392,471	727	-	1,393,198
Insurance	3,902	2,289	-	6,191
Meetings and conferences	11,714	670	-	12,384
Miscellaneous expense	-	10,773	-	10,773
Payroll processing	-	790	-	790
Postage and delivery	996	22	-	1,018
Printing and copying	30,859	1,576	-	32,435
Professional development	4,167	-	-	4,167
Professional fees	37,628	30,517	-	68,145
Rent	31,708	3,568	-	35,276
Repairs and maintenance	617	-	-	617
Security	470	-	-	470
Storage	2,214	-	-	2,214
Supplies	37,398	-	-	37,398
Technology	13,554	1,096	-	14,650
Telephone and internet	16,745	2,500	-	19,245
Travel	105,523	429	-	105,952
Utilities	8,853	1,437	-	10,290
Website	1,750	1,395	-	3,145
<b><i>Total expenses</i></b>	<b><u>\$ 2,549,361</u></b>	<b><u>\$ 379,966</u></b>	<b><u>\$ 11,486</u></b>	<b><u>\$ 2,940,813</u></b>

*See accompanying notes to financial statements.*

**SOUTH AFRICA PARTNERS, INC.**

***Statement of Functional Expenses***

***For the Year Ended June 30, 2021***

	<b><i>Program Services</i></b>	<b><i>Management and General</i></b>	<b><i>Fundraising</i></b>	<b><i>Total</i></b>
Salaries	\$ 10,752	\$ 36,569	\$ 3,000	\$ 50,321
Salaries - South Africa	842,013	78,947	-	920,960
Payroll taxes	12,176	6,586	230	18,992
Employee benefits	80,553	119,125	-	199,678
<b><i>Total personnel</i></b>	<b>945,494</b>	<b>241,227</b>	<b>3,230</b>	<b>1,189,951</b>
Automobile expenses	186	818	-	1,004
Bad debt expense	71	6,902	-	6,973
Bank and credit card fees	1,856	1,329	-	3,185
Consultants	9,596	2,045	-	11,641
Depreciation	17,785	-	-	17,785
Dues and subscriptions	359	293	-	652
Equipment rental	3,626	3,566	-	7,192
Grant disbursements	1,443,652	-	-	1,443,652
Insurance	10,757	2,517	1,105	14,379
Meetings and conferences	23,357	397	-	23,754
Miscellaneous expense	2,839	6,927	-	9,766
Moving expenses	194	17	-	211
Payroll processing	-	748	-	748
Postage and delivery	2,048	39	1,607	3,694
Printing and copying	18,774	3,771	-	22,545
Professional fees	35,772	40,801	-	76,573
Rent	28,664	2,774	-	31,438
Repairs and maintenance	2,197	-	-	2,197
Security	421	-	-	421
Storage	268	190	-	458
Subcontractors	28,097	-	-	28,097
Supplies	66,155	6,623	-	72,778
Technology	11,705	2,343	-	14,048
Telephone and internet	17,128	2,536	-	19,664
Travel	113,149	29	-	113,178
Utilities	7,651	737	-	8,388
Website	2,629	2,273	-	4,902
<b><i>Total expenses</i></b>	<b>\$ 2,794,430</b>	<b>\$ 328,902</b>	<b>\$ 5,942</b>	<b>\$ 3,129,274</b>

See accompanying notes to financial statements.

# **SOUTH AFRICA PARTNERS, INC.**

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

### ***For the Years Ended June 30, 2022 and 2021***

#### ***Note 1. Organization***

South Africa Partners, Inc. (the Organization) was organized in the Commonwealth of Massachusetts as a not-for-profit corporation on July 23, 1997. The Organization 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, the Organization links people, strengthens communities, promotes social justice, and fosters leadership in both countries.

Throughout its work, the Organization strives 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; and
- Strengthen people-to-people relationships between those living in South Africa and the United States to promote justice and democracy.

The Organization's headquarters are in Boston, Massachusetts, and it has program and administrative offices in Johannesburg, South Africa. These financial statements include activity from both offices.

#### ***Note 2. Summary of Significant Accounting Policies***

##### ***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 (the Schedule) includes the federal grant activity of the Organization under programs of the federal government for the year ended June 30, 2022. The information in the Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the Organization's operations, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

##### ***Basis of Presentation***

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

*Net assets without donor restrictions:* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

# SOUTH AFRICA PARTNERS, INC.

## *Notes to Financial Statements*

### *For the Years Ended June 30, 2022 and 2021*

#### **Note 2. Summary of Significant Accounting Policies (Continued)**

*Net assets with donor restrictions:* Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Statements of Activities.

#### ***New Accounting Pronouncements***

ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, gives donors better information without causing nonprofits to incur too much cost to provide the information. The updated standard will provide more prominent presentation of gifts-in-kind by requiring nonprofits to show contributed nonfinancial assets as a separate line item in the Statements of Activities, apart from contributions of cash and other financial assets. It also calls for enhanced disclosures about the valuation of those contributions and their use in programs and other activities. Nonprofits will be required to split out the amount of contributed nonfinancial assets it receives by category and in footnotes to financial statements. For each category, the nonprofit will be required to disclose:

- Qualitative information about whether contributed nonfinancial assets were either monetized or used during the reporting period and, if used, a description of the programs or other activities in which those assets were used;
- The nonprofit's policy (if any) for monetizing rather than using contributed nonfinancial assets;
- A description of any associated donor restrictions;
- A description of the valuation techniques and inputs used to arrive at a fair value measure, in accordance with the requirements in Topic 820, *Fair Value Measurement*, at initial recognition; and
- The principal market (or most advantageous market) used to arrive at a fair value measurement if it is a market in which the recipient nonprofit is prohibited by donor restrictions from selling or using the contributed nonfinancial asset.

However, the new rule will not change the recognition and measurement requirements for those assets. ASU 2020-07 takes effect for annual periods after June 15, 2021, and interim periods within fiscal years after June 15, 2022. Retrospective application is required and early application is permitted.

# SOUTH AFRICA PARTNERS, INC.

## *Notes to Financial Statements*

### *For the Years Ended June 30, 2022 and 2021*

#### **Note 2. Summary of Significant Accounting Policies (Continued)**

ASU 2016-02, *Leases (Topic 842)*, sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e., lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today.

The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. The ASU was set to be effective on January 1, 2021, with early adoption permitted. The effective date was extended to fiscal years beginning after December 15, 2021. The Organization is currently evaluating the impact the adoption of this new standard will have on its financial statements.

#### ***Fixed Assets***

Fixed assets are recorded at cost when purchased or, if donated, at their estimated fair value at the 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.

#### ***Depreciation***

Provisions for depreciation are made in the accounts using the straight-line method. The estimated useful lives of fixed assets are as follows:

Furniture and fixtures	6 years
Motor vehicles	5 years
Office equipment	5 years
IT equipment	3 years

#### ***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.

#### ***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.

# **SOUTH AFRICA PARTNERS, INC.**

## *Notes to Financial Statements*

*For the Years Ended June 30, 2022 and 2021*

### **Note 2. Summary of Significant Accounting Policies (Continued)**

#### ***Functional Expenses***

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, payroll taxes, benefits, insurance, rent, repairs and maintenance, and utilities, which are allocated on the basis of estimates of time and effort.

The following functional expenses are directly allocated to the programs, projects and departments as they are utilized:

- Meeting expenses
- Program expenses
- Travel expenses
- Postage and delivery
- Printing

The following functional expenses are allocated depending on time and effort:

- Office supplies
- Rent
- Telephone
- Salary
- Payroll taxes and benefits
- Program fees

#### ***Use of Estimates***

The presentation of financial statements in conformity with U.S. GAAP 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.

#### ***Revenue Recognition***

#### ***Contributions***

Contributions: The Organization recognizes contributions when cash, securities, other assets, an unconditional promise to give, or notification of a beneficial interest are received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

# **SOUTH AFRICA PARTNERS, INC.**

## *Notes to Financial Statements*

### *For the Years Ended June 30, 2022 and 2021*

#### **Note 2. Summary of Significant Accounting Policies (Continued)**

Unconditional contributions may or may not be subject to donor-imposed restrictions. Donor-imposed restrictions limit the use of the donated assets but are less specific than donor-imposed conditions. Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations about the use of the donated assets, or if they are designated as support for future periods.

Exchange transactions: Reciprocal transfers in which each party receives and sacrifices goods or services with approximate commensurate value are recognized as exchange transactions. The Organization adopted Accounting Standards Codification ("ASC") Topic 606, Revenue from Contracts with Customers ("Topic 606") on July 1, 2020 using the modified retrospective method applied to all contracts not completed as of the date of the adoption. The core principle is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, an entity should apply the following steps: (i) identify the contract(s) with a customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract and (v) recognize revenue when (or as) the entity satisfies a performance obligation.

#### ***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.

#### ***Grants Expense***

Grants are allocated from available resources in accordance with donor and program committee recommendations. Liabilities for grants are recognized when approved by the Board of Directors and subsequently disbursed.

#### ***Donated Goods and Services***

In-kind contributions are reflected as contributions at their fair value at the 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.



# SOUTH AFRICA PARTNERS, INC.

## *Notes to Financial Statements*

*For the Years Ended June 30, 2022 and 2021*

### **Note 2. Summary of Significant Accounting Policies (Continued)**

#### **Foreign Currency**

The currency of the Organization's South Africa office is the South African Rand. Assets and liabilities recorded in foreign currencies are translated into U.S. dollars using the exchange rate in effect at the Statement of Financial Position date. Translation adjustments resulting from this process are charged or credited to income. Revenue and expenses are translated at average rates of exchange prevailing during the year. Gains and losses on foreign currency transactions are included in income.

### **Note 3. Tax Status**

The Organization 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 21A of the Companies Act of South Africa, and therefore, it is exempt from tax.

### **Note 4. Availability and Liquidity**

The following represents the Organization's financial assets at June 30:

Financial assets at year-end:	
Cash and cash equivalents	\$ 663,108
Grants and contracts receivable	5,883
Other receivable	<u>6,309</u>
<b>Total financial assets</b>	<b>675,300</b>
Less: net assets with donor restrictions	<u>8,205</u>
<b>Total financial assets available to meet general expenditures over the next 12 months</b>	<b><u><u>\$ 667,095</u></u></b>

The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses. In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue and support to cover general expenditures not covered by donor-restricted resources.

## SOUTH AFRICA PARTNERS, INC.

### *Notes to Financial Statements*

#### *For the Years Ended June 30, 2022 and 2021*

##### **Note 5. Fixed Assets, Net**

Fixed assets consist of the following as of June 30:

	<u>2022</u>	<u>2021</u>
Motor vehicles	\$ 58,025	\$ 52,446
Furniture and fixtures	16,088	17,707
Office equipment	21,934	20,336
	96,047	90,489
Less: accumulated depreciation	<u>(50,350)</u>	<u>(39,759)</u>
<b>Fixed assets, net</b>	<u>\$ 45,697</u>	<u>\$ 50,730</u>

Depreciation expense for the years ended June 30, 2022 and 2021 was \$15,629 and \$17,785, respectively.

##### **Note 6. Line of Credit**

The Organization has a \$50,000 line of credit with no outstanding balance for the years ended June 30, 2022 and 2021.

##### **Note 7. Concentrations of Credit Risk**

The Organization maintains its cash balance in one financial institution. The financial institution's balance is insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2022 and 2021, there was no excess of uninsured cash balance at the financial institution. Management believes it is not exposed to any significant credit risk on its cash balance.

##### **Note 8. Foreign Operations**

The Organization maintains facilities in South Africa. As of June 30, 2022 and 2021, account balances in South Africa included cash on hand and in banks totaling \$204,172 and \$177,035, respectively; receivables totaling \$6,309 and \$9,056, respectively; property and equipment, net of accumulated depreciation, amounting to \$45,697 and \$50,730, respectively; other assets totaling \$8,478, and \$0, respectively; and liabilities totaling \$153,093 and \$171,915, respectively. Revenue and support for the foreign office is raised and distributed by the Organization. Account balances relating to foreign operations are reflected in the financial statements in U.S. dollars.

# SOUTH AFRICA PARTNERS, INC.

## *Notes to Financial Statements*

### *For the Years Ended June 30, 2022 and 2021*

#### **Note 9. Net Assets**

Net assets with donor restrictions were as follows for the years ended June 30:

	<u>2022</u>	<u>2021</u>
Specific purpose:		
LEAP Program	\$ 3,125	\$ 3,125
Sinomlando Kids Care Funds	600	600
ECD Program	4,405	4,405
Innovation Fund	75	75
<b>Total</b>	<u>\$ 8,205</u>	<u>\$ 8,205</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30:

	<u>2022</u>	<u>2021</u>
Satisfaction of purpose restrictions:		
Donor-advised programs	\$ 6,000	\$ 15,200
Sinomlando Kids Care Funds	-	600
Ascarol	17,000	-
<b>Total</b>	<u>\$ 23,000</u>	<u>\$ 15,800</u>

#### **Note 10. Occupancy**

The Organization rents office and program space for one office in South Africa. Rent expense in South Africa totaled \$28,612 and \$24,774 for the years ended June 30, 2022 and 2021, respectively.

Rent expense for both the Boston and South Africa offices totaled \$35,276 and \$31,438 for the years ended June 30, 2022 and 2021, respectively. Future minimum payments for the South Africa rent are \$2,335 per month. The current lease expires in January 2023. The commitment for the next 7 months will be \$16,345.

#### **Note 11. Retirement Plan**

The Organization 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 \$28,123 and \$26,795 for the years ended June 30, 2022 and 2021, respectively. In the U.S., the Organization matched up to 2% of an eligible employee's salary. The Organization's retirement expense for the U.S. totaled \$0 for the years ended June 30, 2022 and 2021.

**SOUTH AFRICA PARTNERS, INC.**

*Notes to Financial Statements*

*For the Years Ended June 30, 2022 and 2021*

**Note 12. Subsequent Events**

The Organization evaluated events subsequent to June 30, 2022 to December 1, 2022 which is the date the financial statements were available to be issued. There were no material events noted during this period that would impact the results in this report.



***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***

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

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., which comprise the statement of financial position as of June 30, 2022, the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 1, 2022.

***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 South Africa Partners, Inc.'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 South Africa Partners, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering South Africa Partners, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

***KellyVitaleRaffol, LLC***

Boston, Massachusetts  
December 1, 2022



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

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

***Report on Compliance for Each Major Federal Program***

***Opinion on Each Major Federal Program***

We have audited South Africa Partners, Inc.'s compliance with the types of compliance requirements identified as subject to audit 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, 2022. South Africa Partners, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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, 2022.

***Basis for Opinion on Each Major Federal Program***

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the South Africa Partners, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of South Africa Partners, Inc.'s compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to South Africa Partners, Inc.'s federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on South Africa Partners, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about South Africa Partners, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding South Africa Partners, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances
- Obtain an understanding of South Africa Partners, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 South Africa Partners, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.



## ***Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

***KellyVitaleRaffol, LLC***

Boston, Massachusetts  
December 1, 2022

**SOUTH AFRICA PARTNERS, INC.**

***Schedule of Findings and Questioned Costs***

***For the Year Ended June 30, 2022***

***Summary of Auditors' Results***

***Financial Statements***

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ Yes \_\_\_\_\_ X No

Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_\_\_ Yes \_\_\_\_\_ X None reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes \_\_\_\_\_ X No

***Federal Awards***

Internal control over major programs:

Material weakness(es) identified? \_\_\_\_\_ Yes \_\_\_\_\_ X No

Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_\_\_ Yes \_\_\_\_\_ X None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings that are required to be disclosed in accordance with 2 CFR Section 200.516(a)? \_\_\_\_\_ Yes \_\_\_\_\_ X No

Identification of major programs:

<b><i>Name of Federal Program or Cluster</i></b>	<b><i>Contract No.</i></b>	<b><i>AL Number</i></b>	<b><i>Expenditures</i></b>
<b><i>U.S. Department of Health and Human Services – Centers for Disease Control and Prevention</i></b>			
Global AIDS	19NU2GGH002190	93.067	\$1,332,313

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ X Yes \_\_\_\_\_ No

**SOUTH AFRICA PARTNERS, INC.**

***Schedule of Findings and Questioned Costs***

***For the Year Ended June 30, 2022***

***Section II Findings – Financial Statement Audit***

No findings were noted for the year ended June 30, 2022.

***Section III Findings and Questioned Costs – Major Federal Award Programs Audit***

No findings were noted for the year ended June 30, 2022.

***Summarized Schedule of Prior Year Findings***

***Section II Findings – Financial Statement Audit***

No findings were noted for the year ended June 30, 2021.

***Section III Findings and Questioned Costs – Major Federal Award Programs Audit***

No findings were noted for the year ended June 30, 2021.

**SOUTH AFRICA PARTNERS, INC.**

*Schedule of Expenditures of Federal Awards*

*For the Year Ended June 30, 2022*

<i><u>Grantor/Pass-Through Agency</u></i>	<i><u>Grant Number</u></i>	<i><u>AL Number</u></i>	<i><u>Federal Expenditures</u></i>
<i>United States Department of Health and Human Services</i>			
<i>Centers for Disease Control and Prevention</i>			
Strengthening combination prevention and testing services among inmates to reduce HIV infections and reduce morbidity and mortality in the Republic of South Africa under PEPFAR	19NU2GGH002190	93.067*	<u>\$ 1,332,313</u>
<i>Total United States Department of Health and Human Services Centers for Disease Control and Prevention</i>			<u><u>\$ 1,332,313</u></u>

\* Major Program

## **SOUTH AFRICA PARTNERS, INC.**

### ***Notes to Schedule of Expenditures of Federal Awards***

***For the Year Ended June 30, 2022***

#### ***Note 1. Basis of Presentation***

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of South Africa Partners, Inc. (the Organization) under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

#### ***Note 2. Summary of Significant Accounting Policies***

- (a) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (b) Pass-through entity identifying numbers are presented where available.

#### ***Note 3. Indirect Cost Rate***

The Organization has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.