



DAVISKELLY CERTIFIED
PUBLIC
ACCOUNTANTS
CREATING VALUE FROM NUMBERS

SOUTH AFRICA PARTNERS, INC.



**SOUTH AFRICA
PARTNERS**

Financial Statements

For the Years Ended June 30, 2021 and 2020

*A Certified Women-Owned Business Enterprise
in the Commonwealth of Massachusetts and City of New York
4238 Washington Street, Suite 307, Boston, Massachusetts 02131
687 West 204th Street, New York, New York 10034
Member, American Institute of Certified Public Accountants
Member, Association of Fraud Examiners
www.daviskellycpas.com*

SOUTH AFRICA PARTNERS, INC.

Financial Statements

For the Years Ended June 30, 2021 and 2020

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Independent Auditors' Report

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

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, 2021 and 2020, the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

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 reflect total assets of \$246,783 as of June 30, 2021, and total expenses of \$1,575,877 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 auditors consider 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.

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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, 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the basic 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 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 January 24, 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 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.

Report on Summarized Comparative Information

We have previously audited South Africa Partners, Inc.'s 2020 financial statements, and our report dated April 24, 2021 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

DavisKelly LLC

Boston, Massachusetts
January 24, 2022

SOUTH AFRICA PARTNERS, INC.

Statements of Financial Position

As of June 30, 2021 and 2020

<i>Assets</i>	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 736,035	\$ 572,597
Grants and contracts receivable	15,325	46,252
Other receivable	9,034	2,370
Prepaid expenses	7,804	7,249
Fixed assets, net	50,730	16,115
Security deposits	10,033	13,938
 <i>Total assets</i>	 <u>\$ 828,961</u>	 <u>\$ 658,521</u>
 <i>Liabilities and Net Assets</i>		
<i>Liabilities:</i>		
Accrued expenses	\$ 261,071	\$ 37,442
Accounts payable	606	77,605
Deferred revenue	15,328	23,108
 <i>Total liabilities</i>	 <u>277,005</u>	 <u>138,155</u>
 <i>Net Assets:</i>		
Without donor restrictions	543,751	512,936
With donor restrictions	8,205	7,430
 <i>Total net assets</i>	 <u>551,956</u>	 <u>520,366</u>
 <i>Total liabilities and net assets</i>	 <u>\$ 828,961</u>	 <u>\$ 658,521</u>

See accompanying notes to financial statements.

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>
<i>Revenue and Support:</i>			
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)	-
	<i>Total revenue and support</i>	<i>775</i>	<i>3,160,864</i>
<i>Expenses:</i>			
Program services	2,794,430	-	2,794,430
Management and general	328,902	-	328,902
Fundraising	5,942	-	5,942
	<i>Total expenses</i>	<i>-</i>	<i>3,129,274</i>
	<i>Change in net assets</i>	<i>775</i>	<i>31,590</i>
<i>Net Assets, beginning of year</i>	<i>512,936</i>	<i>7,430</i>	<i>520,366</i>
<i>Net Assets, end of year</i>	<i>\$ 543,751</i>	<i>\$ 8,205</i>	<i>\$ 551,956</i>

See accompanying notes to financial statements.

SOUTH AFRICA PARTNERS, INC.

Statement of Activities

For the Year Ended June 30, 2020

	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
<i>Revenue and Support:</i>			
Contributions and grants	\$ 1,080,959	\$ 61,800	\$ 1,142,759
Contract fees	998,292	-	998,292
Service fees	5,210	-	5,210
Interest and dividends	7,830	-	7,830
Translation adjustment	6,132	-	6,132
Other income	912	-	912
Net assets released from restrictions	437,825	(437,825)	-
	<i>Total revenue and support</i>	<i>(376,025)</i>	<i>2,161,135</i>
<i>Expenses:</i>			
Program services	2,086,756	-	2,086,756
Management and general	295,155	-	295,155
Fundraising	55,754	-	55,754
	<i>Total expenses</i>	<i>-</i>	<i>2,437,665</i>
	<i>Change in net assets</i>	<i>(376,025)</i>	<i>(276,530)</i>
<i>Net Assets, beginning of year</i>	<i>413,441</i>	<i>383,455</i>	<i>796,896</i>
<i>Net Assets, end of year</i>	<i>\$ 512,936</i>	<i>\$ 7,430</i>	<i>\$ 520,366</i>

SOUTH AFRICA PARTNERS, INC.

Statements of Cash Flows

For the Years Ended June 30, 2021 and 2020

	<i>2021</i>	<i>2020</i>
<i>Cash Flows from Operating Activities:</i>		
Change in net assets	\$ 31,590	\$ (276,530)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	17,785	9,684
Loss on disposal of fixed assets	2,358	-
Changes in:		
Accounts receivable	30,927	(24,479)
Pledges receivable	-	16,000
Other receivable	(6,664)	(1,496)
Prepaid expenses	(555)	2,615
Security deposits	3,905	(2,495)
Accrued expenses	223,629	(113,454)
Accounts payable	(76,999)	(32,117)
Deferred revenue	(7,780)	23,108
	218,196	(399,164)
<i>Net cash (used in) provided by operating activities</i>		
<i>Cash Flows from Investing Activities:</i>		
Purchase of fixed assets	(54,758)	(6,373)
	(54,758)	(6,373)
	<i>Net cash used in investing activities</i>	
	163,438	(405,537)
	<i>(Increase) decrease in cash and cash equivalents</i>	
<i>Cash and Cash Equivalents, beginning of year</i>	572,597	978,134
<i>Cash and Cash Equivalents, end of year</i>	\$ 736,035	\$ 572,597

See accompanying notes to financial statements.

SOUTH AFRICA PARTNERS, INC.

Statement of Functional Expenses

For the Year Ended June 30, 2021

	<i>Program Services</i>	<i>Management and General</i>	<i>Fundraising</i>	<i>Total</i>
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
<i>Total personnel</i>	945,494	241,227	3,230	1,189,951
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	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
<i>Total expenses</i>	\$ 2,794,430	\$ 328,902	\$ 5,942	\$ 3,129,274

See accompanying notes to financial statements.

SOUTH AFRICA PARTNERS, INC.

Statement of Functional Expenses

For the Year Ended June 30, 2020

	<i>Program Services</i>	<i>Management and General</i>	<i>Fundraising</i>	<i>Total</i>
Salaries	\$ 62,955	\$ 67,926	\$ 34,791	\$ 165,672
Salaries - South Africa	550,026	5,556	-	555,582
Payroll taxes	10,819	7,889	3,832	22,540
Employee benefits	76,547	18,371	7,144	102,062
<i>Total personnel</i>	700,347	99,742	45,767	845,856
Automobile expenses	755	23	-	778
Bad debt expense	-	996	-	996
Bank and credit card fees	-	2,801	-	2,801
Consultants	25,549	4,674	935	31,158
Depreciation	9,684	-	-	9,684
Dues and subscriptions	-	216	419	635
Equipment rental	6,280	1,196	-	7,476
Grant disbursements	979,015	-	-	979,015
Insurance	7,524	5,763	2,722	16,009
Meetings and conferences	6,469	-	200	6,669
Miscellaneous expense	-	24,045	-	24,045
Moving expenses	2,755	273	-	3,028
Payroll processing	-	956	-	956
Postage and delivery	1,033	326	453	1,812
Printing and copying	2,801	144	646	3,591
Professional fees	-	128,871	-	128,871
Rent	21,036	7,767	3,560	32,363
Repairs and maintenance	6,533	66	-	6,599
Security	161	22	-	183
Storage	766	8	-	774
Subcontractors	223,441	-	-	223,441
Supplies	16,627	7,941	248	24,816
Technology	1,838	1,913	-	3,751
Telephone	13,913	3,924	-	17,837
Travel	53,173	2,828	566	56,567
Utilities	4,058	315	135	4,508
Website	2,998	345	103	3,446
<i>Total expenses</i>	\$ 2,086,756	\$ 295,155	\$ 55,754	\$ 2,437,665

See accompanying notes to financial statements.

SOUTH AFRICA PARTNERS, INC.

Notes to Financial Statements

For the Years Ended June 30, 2021 and 2020

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, 2021. 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, 2021 and 2020

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

The Organization has adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, as amended. ASU 2014-09 eliminated the transaction and industry-specific revenue recognition guidance under previous U.S. GAAP and replaced it with a principle-based approach for determining revenue recognition. The core principle of ASU 2014-09 is that an entity should recognize revenue to depict the transfer of 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. The standard improves the usefulness and understandability of the Organization's financial reporting. Analysis of various provisions of ASU 2014-09 resulted in no significant changes in the way the Organization recognizes revenue, and therefore, no changes to the previously issued audited financial statements were required. The presentation and disclosures of revenue have been enhanced in accordance with the standards.

The Organization has adopted ASU 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)*, as amended. ASU 2018-08 was issued to make it easier for not-for-profit organizations to evaluate whether gifts, grants or contracts should be accounted for as contributions or as reciprocal (exchange) transactions accounted for under ASU 2014-09. Under the new guidance, all organizations are required to evaluate whether the resource provider (i.e., federal agency, foundation, corporation, etc.) is receiving commensurate value in a transfer of resources (i.e., assets or reduction/settlement of liabilities) and whether contributions are conditional or unconditional. If commensurate value is received by the resource provider, the transaction is to be accounted for as an exchange transaction by applying ASU 2014-09. If commensurate value is not received by the resource provider (i.e., the transaction is nonexchange), the recipient organization would determine the transaction to be a contribution and determine whether the contribution is unconditional or conditional. The standard improves the usefulness and understandability of the Organization's financial reporting.

SOUTH AFRICA PARTNERS, INC.

Notes to Financial Statements

For the Years Ended June 30, 2021 and 2020

Note 2. Summary of Significant Accounting Policies (Continued)

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.

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.

SOUTH AFRICA PARTNERS, INC.

Notes to Financial Statements

For the Years Ended June 30, 2021 and 2020

Note 2. Summary of Significant Accounting Policies (Continued)

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. Equipment is being depreciated over three to six 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.

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

SOUTH AFRICA PARTNERS, INC.

Notes to Financial Statements

For the Years Ended June 30, 2021 and 2020

Note 2. Summary of Significant Accounting Policies (Continued)

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

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

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.

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.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions.

SOUTH AFRICA PARTNERS, INC.

Notes to Financial Statements

For the Years Ended June 30, 2021 and 2020

Note 2. Summary of Significant Accounting Policies (Continued)

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.

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.

SOUTH AFRICA PARTNERS, INC.

Notes to Financial Statements

For the Years Ended June 30, 2021 and 2020

Note 4. Availability and Liquidity

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

	<u>2021</u>	<u>2020</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 736,035	\$ 572,597
Grants and contracts receivable	15,325	46,252
Other receivable	9,034	2,370
	<hr/>	<hr/>
<i>Total financial assets</i>	760,394	621,219
Less: net assets with donor restrictions	8,205	7,430
	<hr/>	<hr/>
<i>Total financial assets available to meet general expenditures over the next 12 months</i>	<u>\$ 752,189</u>	<u>\$ 613,789</u>

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.

Note 5. Fixed Assets, Net

Fixed assets consist of the following as of June 30:

Motor vehicles	\$ 52,446	\$ 29,729
Furniture and fixtures	17,707	14,639
Office equipment	20,336	12,032
	<hr/>	<hr/>
	90,489	56,400
Less: accumulated depreciation	(39,759)	(40,285)
	<hr/>	<hr/>
<i>Fixed assets, net</i>	<u>\$ 50,730</u>	<u>\$ 16,115</u>

Depreciation expense for the years ended June 30, 2021 and 2020 was \$17,785 and \$9,684, 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, 2021 and 2020.

SOUTH AFRICA PARTNERS, INC.

Notes to Financial Statements

For the Years Ended June 30, 2021 and 2020

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, 2021 and 2020, 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, 2021 and 2020, account balances in South Africa included cash on hand and in banks totaling \$177,035 and \$129,210, respectively; receivables totaling \$9,056 and \$21,748, respectively; property and equipment, net of accumulated depreciation, amounting to \$50,730 and \$16,115, respectively; and liabilities totaling \$171,915 and \$75,497, 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.

Note 9. Net Assets

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

	<i>2021</i>	<i>2020</i>
Specific purpose:		
LEAP Program	\$ 3,125	\$ 3,025
Sinomlando Kids Care Funds	600	-
ECD Program	4,405	4,405
Innovation Fund	75	-
	<i>Total</i>	<i>Total</i>
	\$ 8,205	\$ 7,430

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:

	<i>2021</i>	<i>2020</i>
Satisfaction of purpose restrictions:		
Donor-advised programs	\$ 15,200	\$ 269,466
Sinomlando Kids Care Funds	600	-
Innovation Fund	-	87,559
Ascarol	-	80,800
	<i>Total</i>	<i>Total</i>
	\$ 15,800	\$ 437,825

SOUTH AFRICA PARTNERS, INC.

Notes to Financial Statements

For the Years Ended June 30, 2021 and 2020

Note 10. Occupancy

The Organization rents office and program space for one office in South Africa. Rent expense in South Africa totaled \$24,774 and \$12,619 for the years ended June 30, 2021 and 2020, respectively.

Rent expense for both the Boston and South Africa offices totaled \$31,438 and \$32,363 for the years ended June 30, 2021 and 2020, 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 12 months will be \$28,015.

Note 11. Equipment Lease

The Organization entered into a new lease for a copy machine beginning in January 2017 for five years. Monthly payments under the lease are \$221 plus overages. Equipment rental expense for the years ended June 30, 2021 and 2020 was \$2,602 for each year. A final lease payment of \$2,602 is expected for the year ending June 30, 2022.

Note 12. 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 \$26,795 and \$17,042 for the years ended June 30, 2021 and 2020, 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 and \$3,436 for the years ended June 30, 2021 and 2020, respectively.

Note 13. Subsequent Events

The Organization evaluated subsequent events through January 24, 2022, which is the date the financial statements were available to be issued.



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***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. (a nonprofit organization) (the Organization), which comprise the statement of financial position as of June 30, 2021, 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 January 24, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 the Organization'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.

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Member, American Institute of Certified Public Accountants
Member, Association of Fraud Examiners
www.daviskellycpas.com*

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 the Organization'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.

Davis Kelly LLC

Boston, Massachusetts
January 24, 2022



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***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

We have audited South Africa Partners, Inc.'s (the Organization) compliance with the types of compliance requirements described in the Office of Management and Budget Compliance Supplement that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2021. The Organization'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 the Organization'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 the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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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 the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization 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, 2021.

Report on Internal Control over Compliance

Management of the Organization 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 the Organization'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 the Organization'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 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 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.

Purpose of this Report

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.

DavisKelly LLC

Boston, Massachusetts

January 24, 2022

SOUTH AFRICA PARTNERS, INC.

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2021

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:

<i>Name of Federal Program or Cluster</i>	<i>Contract No.</i>	<i>AL Number</i>	<i>Expenditures</i>
<i>U.S. Department of Health and Human Services – Centers for Disease Control and Prevention</i>			
Global AIDS	19NU2GGH002190	93.067	\$1,463,177

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, 2021

Findings – Financial Statement Audit

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

Findings and Questioned Costs – Major Federal Award Programs Audit

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

Summarized Schedule of Prior Year Findings

Findings – Financial Statement Audit

No findings were noted for the year ended June 30, 2020.

Findings and Questioned Costs – Major Federal Award Programs Audit

No findings were noted for the year ended June 30, 2020.

SOUTH AFRICA PARTNERS, INC.

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2021

<u><i>Grantor/Pass-Through Agency</i></u>	<u><i>Grant Number</i></u>	<u><i>AL Number</i></u>	<u><i>Federal Expenditures</i></u>
<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>1,463,177</u>
<i>Total United States Department of Health and Human Services Centers for Disease Control and Prevention</i>			<u>\$ 1,463,177</u>

* Major Program

SOUTH AFRICA PARTNERS, INC.

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2021

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, 2021. 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.