

COMBINED FINANCIAL STATEMENTS

PARTNERS OF THE AMERICAS, INC.

PARTNERS OF THE AMERICAS FOUNDATION

**FOR THE YEARS ENDED
DECEMBER 31, 2010 AND 2009**

**PARTNERS OF THE AMERICAS, INC.
PARTNERS OF THE AMERICAS FOUNDATION**

CONTENTS

	PAGE NO.
INDEPENDENT AUDITORS' REPORT	2
EXHIBIT A - Combined Statements of Financial Position, as of December 31, 2010 and 2009	3 - 4
EXHIBIT B - Combined Statements of Activities and Changes in Net Assets, for the Years Ended December 31, 2010 and 2009	5 - 6
EXHIBIT C - Combined Statement of Functional Expenses, for the Year Ended December 31, 2010	7 - 8
EXHIBIT D - Combined Statement of Functional Expenses, for the Year Ended December 31, 2009	9 - 10
EXHIBIT E - Combined Statements of Cash Flows, for the Years Ended December 31, 2010 and 2009	11
NOTES TO COMBINED FINANCIAL STATEMENTS	12 - 24
INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL FINANCIAL INFORMATION	25
SCHEDULE 1 - Combining Schedule of Financial Position, as of December 31, 2010	26 - 27
SCHEDULE 2 - Combining Schedule of Activities and Change in Net Assets, for the Year Ended December 31, 2010	28 - 29



GELMAN, ROSENBERG & FREEDMAN
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Partners of the Americas, Inc.
Partners of the Americas Foundation
Washington, D.C.

We have audited the accompanying combined statements of financial position of Partners of the Americas, Inc. and Partners of the Americas Foundation (together "POA") as of December 31, 2010 and 2009, and the related combined statements of activities and changes in net assets, functional expenses and cash flows for the years then ended. These combined financial statements are the responsibility of the management of POA. Our responsibility is to express an opinion on these combined financial statements based on our audits.

We conducted our audits 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 audits to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of POA's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall combined financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of POA as of December 31, 2010 and 2009, and their combined changes in net assets and their combined cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2011 on our consideration of POA'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 POA's 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* and should be considered in assessing the results of our audit.

September 28, 2011

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**PARTNERS OF THE AMERICAS, INC.
PARTNERS OF THE AMERICAS FOUNDATION**

**COMBINED STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2010 AND 2009**

ASSETS

	2010	2009
CURRENT ASSETS		
Cash and cash equivalents (Note 4)	\$ 143,714	\$ 772,914
Investments (Notes 2 and 15)	784,365	703,636
Program advances	255,186	237,699
Grants and contracts receivable (Note 5)	6,059,225	5,429,056
Other receivables (Note 4)	71,852	213,332
Prepaid expenses and other assets (Note 4)	56,371	57,462
Total current assets	7,370,713	7,414,099
PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS		
Land and building (Note 4)	-	29,031
Furniture and equipment	251,885	195,092
Leasehold improvements	27,763	-
	279,648	224,123
Less: Accumulated depreciation and amortization	(209,199)	(185,449)
Net property, equipment and leasehold improvements	70,449	38,674
NONCURRENT ASSETS		
Microcredit loans receivable, net of allowance (Note 4)	-	969,868
Investments (Notes 3 and 15)	54,393	50,191
Grants and contracts receivable, net of current portion (Note 5)	3,819,106	2,644,696
Artwork	15,648	15,648
Security deposit	14,875	14,875
Total noncurrent assets	3,904,022	3,695,278
TOTAL ASSETS	\$ 11,345,184	\$ 11,148,051

See accompanying notes to combined financial statements.

LIABILITIES AND NET ASSETS

	<u>2010</u>	<u>2009</u>
CURRENT LIABILITIES		
Line of credit (Note 14)	\$ 125,468	\$ 350,000
Accounts payable and accrued liabilities (Notes 4 and 12)	<u>688,500</u>	<u>1,209,714</u>
Total current liabilities	<u>813,968</u>	<u>1,559,714</u>
NONCURRENT LIABILITIES		
Annuity payable (Notes 3 and 6)	<u>36,123</u>	<u>31,921</u>
Total liabilities	<u>850,091</u>	<u>1,591,635</u>
NET ASSETS		
Unrestricted:		
Undesignated	6,550	135,948
Board-designated (Notes 7 and 16)	<u>515,494</u>	<u>453,422</u>
Total unrestricted	522,044	589,370
Temporarily restricted (Note 8)	9,749,529	8,743,526
Permanently restricted (Notes 9 and 16)	<u>223,520</u>	<u>223,520</u>
Total net assets	<u>10,495,093</u>	<u>9,556,416</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 11,345,184</u>	<u>\$ 11,148,051</u>

**PARTNERS OF THE AMERICAS, INC.
PARTNERS OF THE AMERICAS FOUNDATION**

**COMBINED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

	2010			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
SUPPORT AND REVENUE				
U.S. Government grants (Notes 12 and 13)	\$ -	\$ 5,673,881	\$ -	\$ 5,673,881
U.S. Government contracts (Notes 12 and 13)	-	-	-	-
Corporate/foundation grants and contributions	-	3,033,173	-	3,033,173
In-kind contributions	2,026,618	-	-	2,026,618
Individual contributions	18,228	-	-	18,228
Membership dues	21,245	-	-	21,245
Interest and investment income (Note 2)	133,932	-	-	133,932
Other income	122,064	-	-	122,064
Net assets released from donor restrictions (Note 10)	<u>6,742,581</u>	<u>(6,742,581)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>9,064,668</u>	<u>1,964,473</u>	<u>-</u>	<u>11,029,141</u>
EXPENSES				
Program Services:				
Youth and Education	4,074,793	-	-	4,074,793
Civil Society and Governance	173,058	-	-	173,058
Agriculture and Environment	1,187,918	-	-	1,187,918
Exchanges and Fellowships	818,181	-	-	818,181
Partners of the Americas Foundation	<u>506,134</u>	<u>-</u>	<u>-</u>	<u>506,134</u>
Total program services	<u>6,760,084</u>	<u>-</u>	<u>-</u>	<u>6,760,084</u>
Supporting Services:				
General and Administrative	2,336,177	-	-	2,336,177
Fundraising	<u>35,733</u>	<u>-</u>	<u>-</u>	<u>35,733</u>
Total supporting services	<u>2,371,910</u>	<u>-</u>	<u>-</u>	<u>2,371,910</u>
Total expenses	<u>9,131,994</u>	<u>-</u>	<u>-</u>	<u>9,131,994</u>
Changes in net assets before other item	(67,326)	1,964,473	-	1,897,147
OTHER ITEM				
Results from CAC operations (Note 4)	<u>-</u>	<u>(958,470)</u>	<u>-</u>	<u>(958,470)</u>
Changes in net assets	(67,326)	1,006,003	-	938,677
Net assets at beginning of year	<u>589,370</u>	<u>8,743,526</u>	<u>223,520</u>	<u>9,556,416</u>
NET ASSETS AT END OF YEAR	<u>\$ 522,044</u>	<u>\$ 9,749,529</u>	<u>\$ 223,520</u>	<u>\$ 10,495,093</u>

See accompanying notes to combined financial statements.

2009			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ -	\$ 6,377,930	\$ -	\$ 6,377,930
224,667	-	-	224,667
-	522,725	-	522,725
2,040,603	-	-	2,040,603
82,595	-	7,830	90,425
18,000	-	-	18,000
152,445	-	-	152,445
82,519	-	-	82,519
<u>8,954,924</u>	<u>(8,954,924)</u>	<u>-</u>	<u>-</u>
<u>11,555,753</u>	<u>(2,054,269)</u>	<u>7,830</u>	<u>9,509,314</u>
2,741,029	-	-	2,741,029
2,352,547	-	-	2,352,547
1,925,086	-	-	1,925,086
2,160,930	-	-	2,160,930
28,026	-	-	28,026
<u>9,207,618</u>	<u>-</u>	<u>-</u>	<u>9,207,618</u>
2,204,825	-	-	2,204,825
360	-	-	360
<u>2,205,185</u>	<u>-</u>	<u>-</u>	<u>2,205,185</u>
<u>11,412,803</u>	<u>-</u>	<u>-</u>	<u>11,412,803</u>
142,950	(2,054,269)	7,830	(1,903,489)
<u>-</u>	<u>14,865</u>	<u>-</u>	<u>14,865</u>
142,950	(2,039,404)	7,830	(1,888,624)
<u>446,420</u>	<u>10,782,930</u>	<u>215,690</u>	<u>11,445,040</u>
<u>\$ 589,370</u>	<u>\$ 8,743,526</u>	<u>\$ 223,520</u>	<u>\$ 9,556,416</u>

See accompanying notes to combined financial statements.

**PARTNERS OF THE AMERICAS, INC.
PARTNERS OF THE AMERICAS FOUNDATION**

**COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Program Services			
	Youth and Education	Civil Society and Governance	Agriculture and Environment	Exchanges and Fellowships
Salaries and related benefits (Note 6)	\$ 460,200	\$ 11,797	\$ 213,541	\$ 222,430
Local salaries and benefits	269,818	40,168	175,137	9,524
Professional fees	534,170	-	4,274	1,092
Accounting	23,810	310	-	-
Supplies	2,974	-	527	1,906
Telephone	3,595	-	1,378	2,647
Postage and shipping	1,001	-	473	516
Occupancy (Note 11)	-	-	-	-
Equipment rental and maintenance	26	30	-	-
Printing and publications	8,690	13,027	11,702	1,995
Travel	665,709	1,714	298,860	359,535
Depreciation and amortization	-	-	-	-
Training, seminars and workshops	245,788	9,266	11,950	8,637
Other program expenses	66,886	12,058	48,174	272
Subgrants and subcontracts	977,014	43,598	159,058	15,868
Consulting services	81,657	3,128	700	5,770
Dues and subscriptions	-	-	-	1,572
Insurance	4,346	-	-	-
Copying and reproduction	-	-	-	-
Interest expense	-	-	-	-
Other	17,357	-	1,562	6,941
Donated skilled labor and equipment	-	-	-	-
Subtotal	3,363,041	135,096	927,336	638,705
Allocation of management and general	711,752	37,962	260,582	179,476
TOTAL	\$ 4,074,793	\$ 173,058	\$ 1,187,918	\$ 818,181

See accompanying notes to combined financial statements.

Supporting Services					
Partners of the Americas Foundation	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total Expenses
\$ 68,554	\$ 976,522	\$ 848,314	\$ -	\$ 848,314	\$ 1,824,836
130,918	625,565	-	-	-	625,565
47,537	587,073	123,136	-	123,136	710,209
35,879	59,999	79,005	-	79,005	139,004
-	5,407	27,928	25	27,953	33,360
10	7,630	38,476	-	38,476	46,106
-	1,990	5,238	50	5,288	7,278
1,265	1,265	179,610	-	179,610	180,875
-	56	1,910	-	1,910	1,966
5,865	41,279	(1,024)	-	(1,024)	40,255
32,756	1,358,574	92,242	-	92,242	1,450,816
-	-	23,750	-	23,750	23,750
43,279	318,920	24,117	-	24,117	343,037
26,113	153,503	-	-	-	153,503
25,145	1,220,683	4,800	-	4,800	1,225,483
4,380	95,635	44,189	-	44,189	139,824
3,609	5,181	7,714	-	7,714	12,895
928	5,274	4,641	-	4,641	9,915
-	-	4,727	-	4,727	4,727
-	-	19,051	-	19,051	19,051
24,498	50,358	26,905	35,658	62,563	112,921
-	-	2,026,618	-	2,026,618	2,026,618
450,736	5,514,914	3,581,347	35,733	3,617,080	9,131,994
55,398	1,245,170	(1,245,170)	-	(1,245,170)	-
\$ 506,134	\$ 6,760,084	\$ 2,336,177	\$ 35,733	\$ 2,371,910	\$ 9,131,994

See accompanying notes to combined financial statements.

**PARTNERS OF THE AMERICAS, INC.
PARTNERS OF THE AMERICAS FOUNDATION**

**COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Program Services</u>			
	<u>Youth and Education</u>	<u>Civil Society and Governance</u>	<u>Agriculture and Environment</u>	<u>Exchanges and Fellowships</u>
Salaries and related benefits (Note 6)	\$ 42,736	\$ 306,741	\$ 210,601	\$ 522,539
Local salaries and benefits	529,988	546,859	300,431	4,586
Professional fees	-	-	-	-
Accounting	33,030	8,893	-	-
Legal (Note 12)	1,060	12,804	-	-
Supplies	18,580	15,368	7,671	6,184
Telephone	14,101	51,114	11,770	13,325
Postage and shipping	-	-	53	1,958
Occupancy (Note 11)	37,876	26,058	11,126	-
Equipment rental and maintenance	6,805	1,426	26,037	-
Printing and publications	-	-	14,525	-
Travel	18,664	31,087	240,274	788,276
Depreciation and amortization	-	-	-	-
Training, seminars and workshops	126,161	44,713	10,141	27,396
Other program expenses	104,088	391,323	136,600	131,708
Subgrants and subcontracts	1,262,593	334,115	534,082	137,647
Consulting services	61,937	75,171	2,030	49,886
Dues and subscriptions	-	-	-	-
Insurance	-	-	397	6,727
Copying and reproduction	-	-	-	-
Interest expense	-	-	-	-
Other	-	-	-	-
Loss on disposal of equipment	-	-	-	-
Donated skilled labor and equipment	-	-	-	-
	<u>2,257,619</u>	<u>1,845,672</u>	<u>1,505,738</u>	<u>1,690,232</u>
Subtotal				
Allocation of management and general	<u>483,410</u>	<u>506,875</u>	<u>419,348</u>	<u>470,698</u>
TOTAL	<u>\$ 2,741,029</u>	<u>\$ 2,352,547</u>	<u>\$ 1,925,086</u>	<u>\$ 2,160,930</u>

Partners of the Americas Foundation	Supporting Services				
	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total Expenses
\$ -	\$ 1,082,617	\$ 1,033,886	\$ -	\$ 1,033,886	\$ 2,116,503
-	1,381,864	-	-	-	1,381,864
-	-	19,653	-	19,653	19,653
-	41,923	84,466	-	84,466	126,389
-	13,864	5,178	-	5,178	19,042
-	47,803	39,112	-	39,112	86,915
-	90,310	15,448	360	15,808	106,118
-	2,011	3,792	-	3,792	5,803
-	75,060	186,828	-	186,828	261,888
-	34,268	7,597	-	7,597	41,865
-	14,525	28,302	-	28,302	42,827
-	1,078,301	115,350	-	115,350	1,193,651
-	-	8,207	-	8,207	8,207
-	208,411	154,646	-	154,646	363,057
27,598	791,317	-	-	-	791,317
-	2,268,437	102,489	-	102,489	2,370,926
-	189,024	200,441	-	200,441	389,465
-	-	1,456	-	1,456	1,456
-	7,124	16,186	-	16,186	23,310
-	-	1,294	-	1,294	1,294
-	-	11,680	-	11,680	11,680
428	428	-	-	-	428
-	-	8,542	-	8,542	8,542
-	-	<u>2,040,603</u>	-	<u>2,040,603</u>	<u>2,040,603</u>
28,026	7,327,287	4,085,156	360	4,085,516	11,412,803
-	<u>1,880,331</u>	<u>(1,880,331)</u>	-	<u>(1,880,331)</u>	-
<u>\$ 28,026</u>	<u>\$ 9,207,618</u>	<u>\$ 2,204,825</u>	<u>\$ 360</u>	<u>\$ 2,205,185</u>	<u>\$ 11,412,803</u>

See accompanying notes to combined financial statements.

**PARTNERS OF THE AMERICAS, INC.
PARTNERS OF THE AMERICAS FOUNDATION**

**COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 938,677	\$ (1,888,624)
Adjustments to reconcile changes in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization	23,750	8,207
Loss on disposal of property and equipment	-	8,542
Transfer of building to CAC	29,031	-
Unrealized gain on investments	(33,110)	(115,302)
Realized gain on sales of investments	(25,178)	-
Contributions restricted for long-term investment	-	(7,830)
(Increase) decrease in noncurrent investments	(4,202)	6,025
Stock donations	(1,056)	-
(Increase) decrease in:		
Program advances	(17,487)	49,490
Grants and contracts receivable	(1,804,579)	1,828,599
Other receivables	141,480	16,826
Prepaid expenses and other assets	1,091	10,025
Security deposit	-	(14,875)
Increase (decrease) in:		
Accounts payable and accrued liabilities	(521,214)	623,348
Annuity payable	<u>4,202</u>	<u>(6,025)</u>
Net cash (used) provided by operating activities	<u>(1,268,595)</u>	<u>518,406</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment purchases and reinvestments	(769,854)	(16,840)
Proceeds from sales of investments	748,469	-
Purchase of property and equipment	(84,556)	(3,758)
Net decrease (increase) in microcredit loans receivable	<u>969,868</u>	<u>(251,072)</u>
Net cash provided (used) by investing activities	<u>863,927</u>	<u>(271,670)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments on line of credit	(224,532)	-
Contributions restricted for long-term investment	<u>-</u>	<u>7,830</u>
Net cash (used) provided by financing activities	<u>(224,532)</u>	<u>7,830</u>
Net (decrease) increase in cash and cash equivalents	(629,200)	254,566
Cash and cash equivalents at beginning of year	<u>772,914</u>	<u>518,348</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 143,714</u>	<u>\$ 772,914</u>
SUPPLEMENTAL INFORMATION:		
Interest Paid	<u>\$ 19,051</u>	<u>\$ 11,680</u>

See accompanying notes to combined financial statements.

PARTNERS OF THE AMERICAS, INC.
PARTNERS OF THE AMERICAS FOUNDATION
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

Partners of the Americas, Inc. (Partners) provides overall service and guidance to 60 "partnerships" between volunteer groups in 45 U.S. states and the District of Columbia and 31 Latin American and Caribbean countries. These partnerships constitute the means through which people-to-people programs involving technical assistance projects and exchanges between the United States, Latin America, and the Caribbean in the areas of social and economic development, training, democratic society, natural resources and agriculture, education and culture, and health are carried out.

During 1983, the Board of Directors of Partners of the Americas, Inc. established Partners of the Americas Foundation (the Foundation). The Foundation is a separate legal entity whose purpose is to maintain a fund or funds and apply and distribute sums there from to promote the purposes and goals of Partners of the Americas, Inc. The Board of Directors of the Foundation consists of the chair, vice chair, and treasurer of the Partners of the Americas, Inc.'s Board of Directors and four additional directors who are elected by the Foundation Board. The seven directors elect their own officers.

Basis of presentation -

The accompanying combined financial statements are presented on the accrual basis of accounting, and in accordance with FASB ASC 958-810, *Not-for-Profit Entities, Consolidation*.

All significant intercompany transactions between Partners of the Americas, Inc. and Partners of the Americas Foundation (together "POA") have been eliminated in combination.

Recently issued accounting standards -

In June 2009, the Financial Accounting Standards Board (FASB) issued FASB ASC 105, Generally Accepted Accounting Principles, which establishes the FASB Accounting Standards Codification as the sole source of authoritative generally accepted accounting principles. Pursuant to the provisions of FASB ASC 105, POA has updated references to GAAP in its combined financial statements issued for the years ended December 31, 2010 and 2009. The adoption of FASB ASC 105 did not impact POA's combined financial position or results of operations.

Net asset classification -

The net assets of POA are reported in three self-balancing groups as follows:

- **Unrestricted net assets** include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of POA and include both internally designated and undesignated resources.
- **Temporarily restricted net assets** include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of POA and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Combined Statements of Activities and Changes in Net Assets as net assets released from restrictions.

PARTNERS OF THE AMERICAS, INC.
PARTNERS OF THE AMERICAS FOUNDATION
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

Net asset classification (continued) -

- **Permanently restricted net assets** represent funds restricted by donors in-perpetuity.

Revenue recognition -

Grants that are awarded to POA from U.S. Government agencies, pass-through entities (and private corporations/foundations) are accounted for as contributions. Contributions are recorded as revenue in the year notification is received from the donor. Contributions are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Contributions and grants received in excess of expenses incurred are shown as temporarily restricted net assets in the Combined Statements of Activities and Changes in Net Assets.

Contracts that are awarded to POA from U.S. Government agencies and pass-through entities are accounted for as exchange transactions and, accordingly, revenue is recognized when the qualifying expenditures are incurred. Any funds received in advance of incurring qualifying expenditures are recorded as refundable advances.

POA reports gifts of cash and other assets as permanently restricted if the donor stipulates that the principal remain in-perpetuity with investment income to be used for operations or other specific purposes.

Cash and cash equivalents -

For financial statement presentation, cash on hand and deposits in U.S. and foreign banks with maturities of three months or less are considered to be cash equivalents.

At times during the year, POA maintains cash balances at financial institutions in excess of Federal Deposit Insurance Corporation (FDIC) insurance limits. Management believes the risk in these situations to be minimal.

Investments -

Investments are recorded at fair value. Unrealized and realized gains and losses are included in investment income in the accompanying Combined Statements of Activities and Changes in Net Assets.

Property, equipment and leasehold improvements -

Furniture and equipment purchased with unrestricted funds are recorded at cost and are depreciated over an estimated useful life of 42 months. Any vehicles purchased with unrestricted funds are recorded at cost and are depreciated over an estimated useful life of 36 months. Leasehold improvements are recorded at cost and amortized over the life of the lease. Expenditures for major repairs and improvements are capitalized; expenditures for minor repairs and maintenance costs are expensed when incurred.

**PARTNERS OF THE AMERICAS, INC.
PARTNERS OF THE AMERICAS FOUNDATION**

**NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Property, equipment and leasehold improvements (continued) -

POA purchases equipment for its overseas programs with funding received from the U.S. Government and other donors. Under the terms of these agreements, title to equipment remains with POA, but the donor generally retains control of the equipment disposition at the end of the award period. In most cases (and under the direction of the donor), POA donates this equipment to local charitable organizations at the end of the award period. Therefore, equipment purchased under these programs are expensed when incurred and such assets are not reflected as capital assets in the accompanying Combined Statements of Financial Position.

Income taxes -

Partners of the Americas, Inc. and Partners of the Americas Foundation are exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying combined financial statements. Neither is a private foundation.

Uncertain tax positions -

In June 2006, the Financial Accounting Standards Board (FASB) released FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes. For the years ended December 31, 2010 and 2009, POA has documented its consideration of FASB ASC 740-10 and determined that no material uncertain tax positions qualify for either recognition or disclosure in the combined financial statements.

In-kind contributions -

In-kind contributions consist of donated skilled labor and equipment. The value of these contributions is recorded at fair market value as of the date the services were provided. Contributions of \$2,026,618 and \$2,040,603 representing the fair value of the use of these services and equipment have been recorded as revenue and expense in the accompanying combined financial statements for the years ended December 31, 2010 and 2009, respectively. POA also receives additional contributed services and equipment for which an estimate of the fair value is not determinable.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Combined Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on employee time records and ratios determined by management.

Use of estimates -

The preparation of the combined financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the combined financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**PARTNERS OF THE AMERICAS, INC.
PARTNERS OF THE AMERICAS FOUNDATION**

**NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Reclassification -

Certain amounts in the prior year's combined financial statements have been reclassified to conform to the current year's presentation.

Program advances -

When POA provides a subrecipient or subcontractor with a cash advance for future program costs, the amount is reported as a program advance. After the subrecipient or subcontractor expends the advance and submits the required documentation, the program advance account is cleared, and an appropriate program expense account is charged.

Functional currency -

The dollar ("dollars") is the functional currency for POA's worldwide operations. Transactions in currencies other than U.S. dollars are translated into dollars at the rate of exchange in effect during the month of the transaction. Current assets and liabilities denominated in non-U.S. currency are translated into dollars at the exchange rate in effect at the date of the Combined Statements of Financial Position.

Fair value measurements -

POA adopted the provisions of FASB ASC 820, Fair Value Measurements and Disclosures. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. POA accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

2. INVESTMENTS (CURRENT)

Investments consisted of the following at December 31, 2010 and 2009:

	<u>2010</u>		<u>2009</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Mutual funds	\$ 756,392	\$ 773,909	\$ 247,752	\$ 236,677
Equities	-	-	471,453	466,934
Money market funds	<u>10,456</u>	<u>10,456</u>	<u>25</u>	<u>25</u>
TOTAL INVESTMENTS (CURRENT)	<u>\$ 766,848</u>	<u>\$ 784,365</u>	<u>\$ 719,230</u>	<u>\$ 703,636</u>

Included in interest and investment income are the following at December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Interest and dividends	\$ 75,644	\$ 37,143
Unrealized gain on investments	33,110	115,302
Realized gain on sales of investments	<u>25,178</u>	<u>-</u>
TOTAL INTEREST AND INVESTMENT INCOME	<u>\$ 133,932</u>	<u>\$ 152,445</u>

**PARTNERS OF THE AMERICAS, INC.
PARTNERS OF THE AMERICAS FOUNDATION**

**NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

3. INVESTMENTS (NONCURRENT)

POA owns 3.4% of a limited partnership which controls a mobile home park located in Virginia. POA has recorded its partnership interest at fair value, which totaled \$18,270 as of December 31, 2010 and 2009. Additionally, noncurrent investments as of December 31, 2010 and 2009 also include \$36,123 and \$31,921, respectively, of tax-sheltered annuity contracts for former employees (see Note 6); these investments are also recorded at fair value. Total noncurrent investments as of December 31, 2010 and 2009 aggregated \$54,393 and \$50,191, respectively.

4. MICROCREDIT LOAN FUND

POA received an award from the United States Agency for International Development (USAID), which included a loan component for the purposes of microcredit lending in Colombia. The original value of this loan fund was \$690,000, and was intended to be administered by POA (through its local branch in Colombia, "Colombianos Apoyando Colombianos", referred to as "CAC") and two other local non-governmental organizations. During the year ended December 31, 2010, the CAC was determined to be a separate, uncontrolled entity as POA no longer exercised significant influence (as its Board was no longer comprised of POA staff) and it did not have any future economic interest in CAC. The assets and liabilities were transferred to CAC and have been removed from POA's combined financial statements as of December 31, 2010.

The loan fund was comprised of the following assets and liabilities: cash, loans receivable, amounts due from third party lenders, land and building, other assets, various payables and other employee obligations. The assets and liabilities were classified in the aforementioned categories in the accompanying Combined Statements of Financial Position, and the net value of the loan fund was classified as temporarily restricted net assets; all net changes from CAC operations were recorded as an "Other Item" in the accompanying Combined Statements of Activities and Changes in Net Assets. As of December 31, 2009, the value of this loan fund (including cumulative earnings, net of an estimated 3% allowance for doubtful accounts) totaled \$958,470.

Following is a breakdown of the microcredit loan fund assets and liabilities as they appear in the accompanying Combined Statements of Financial Position:

	2010	2009
Cash and cash equivalents	\$ -	\$ 40,755
Other receivables	-	635
Land and building	-	29,031
Microcredit loans receivable, net of allowance	-	969,868
TOTAL ASSETS	\$ -	\$ 1,040,289
	2010	2009
Accounts payable and accrued liabilities	\$ -	\$ 81,819
Temporarily restricted net assets	-	958,470
TOTAL LIABILITIES AND NET ASSETS	\$ -	\$ 1,040,289

**PARTNERS OF THE AMERICAS, INC.
PARTNERS OF THE AMERICAS FOUNDATION
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

5. GRANTS AND CONTRACTS RECEIVABLE

Grants and contracts receivable reflect commitments made to POA by the U.S. Government and other organizations. The following amounts comprise the balance as of December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
United States Agency for International Development and pass-through agencies	\$ 4,468,934	\$ 3,543,176
United States Department of State and pass-through agencies	2,889,892	2,450,000
United States Department of Labor	58,912	1,758,912
Checchi and Company Consulting, Inc. (contract)	-	119,810
Inter-American Development Bank	<u>2,625,462</u>	<u>302,022</u>
	<u>\$ 10,043,200</u>	<u>\$ 8,173,920</u>

Grants and contracts for which payments are to be received in future years have been discounted to their present value using an effective interest at the time of award. The following is a summary of grants receivable, by years, as of December 31, 2010 and 2009, respectively:

<u>Year Ended December 31,</u>	<u>2010</u>	<u>2009</u>
2010	-	\$ 5,429,056
2011	\$ 6,059,225	2,744,864
2012	2,689,442	-
2013	<u>1,294,533</u>	<u>-</u>
Total grants receivable	10,043,200	8,173,920
Less: Current maturities	<u>6,059,225</u>	<u>5,429,056</u>
	3,983,975	2,744,864
Less: Present value discount	<u>(164,869)</u>	<u>(100,168)</u>
TOTAL NONCURRENT GRANTS RECEIVABLE	<u>\$ 3,819,106</u>	<u>\$ 2,644,696</u>

6. RETIREMENT PLAN

POA employees are covered by a contributory tax-sheltered annuity plan. Employees with two or more years of service and who are at least 21 years of age are eligible to participate in the plan, and are fully vested upon entry. POA's contributions to the plan are based on length of service, and range from ten to fifteen percent of the employee's salary. For the years ended December 31, 2010 and 2009, total contributions were \$107,779 and \$128,248, respectively.

POA has a separate tax-sheltered annuity plan covering certain former executives. POA is the owner of the annuity contracts, which totaled \$36,123 and \$31,921 at December 31, 2010 and 2009, respectively. This amount is reflected in "Noncurrent Investments" (Note 3) and as "Annuities Payable" in the accompanying Combined Statements of Financial Position.

**PARTNERS OF THE AMERICAS, INC.
PARTNERS OF THE AMERICAS FOUNDATION**

**NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

7. BOARD-DESIGNATED NET ASSETS

Board-designated net assets represent funds set aside by the Foundation's Board of Directors for grant-making and funding of future programs. As of December 31, 2010 and 2009, the balance in Board-designated net assets were \$515,494 and \$453,422, respectively.

8. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
United States Agency for International Development - Civil Society and Governance/Exchanges and Fellowships /Training /Youth and Education /Agriculture and Environment	\$ 4,218,296	\$ 3,219,950
United States Department of State - Exchanges and Fellowships	2,757,027	2,445,677
United States Department of Labor - Youth and Education	136,034	1,692,625
Nike Foundation	155,823	419,956
Inter-American Development Bank - Youth and Education	2,482,349	-
CAC restricted net assets (Note 4)	-	958,470
Scholarships	-	6,848
	<u>\$ 9,749,529</u>	<u>\$ 8,743,526</u>

9. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets at December 31, 2010 and 2009 totaled \$223,520 and \$223,520, respectively. Following is a summary of POA's permanently restricted net assets as of December 31, 2010:

- POA has received \$15,425 in support of the Jerry Perpich Fund. Under the terms of the award, the funds are to be invested in-perpetuity and the investment income is to be used to support outstanding youth leadership development programs developed by a Partners chapter.
- POA has received \$16,260 in support of the Ron Padgett Fund. Under the terms of the award, the funds are to be invested in-perpetuity and the investment income is to be used to support the activities of the Kentucky/Ecuador POA chapter.
- POA has received \$92,338 (and \$92,038 through December 31, 2009) in support of the Pixote Literacy Fund. Under terms of the award, the funds are to be invested in-perpetuity and the investment income is to be used to supplement youth programs implemented by local faith-based organizations in conjunction with POA chapters.
- POA has received \$16,085 from Dr. Homer D. and Maurine H. Venters to fund a scholarship endowment. Under the terms of the awards, the funds are to be invested in-perpetuity and the investment income is to be used for annual scholarships to individuals or partnerships within the health sector, as selected by POA.

**PARTNERS OF THE AMERICAS, INC.
PARTNERS OF THE AMERICAS FOUNDATION**

**NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

9. PERMANENTLY RESTRICTED NET ASSETS (Continued)

- POA has received \$46,852 (and \$43,352 through December 31, 2009) to fund an endowment in the name of Madelyn L. Laschober. Under the terms of the awards, the funds are to be invested in-perpetuity and the investment income is to be used for small grants to any partnership in the areas of youth, education or small business/microenterprise development.
- POA has received \$32,230 from various donors to fund an endowment. Under the terms of the award, the funds are to be invested in-perpetuity and the investment income is to be used to help street children in the Americas, specifically youth in Brazil.
- POA has received \$4,330 from a donor to fund an endowment. Under the terms of the award, the funds are to be invested in-perpetuity and the investment income is to be used in accordance with the donor's restricted purpose.

10. NET ASSETS RELEASED FROM RESTRICTIONS

The following temporarily restricted net assets were released from donor restrictions by incurring expenses (or through the passage of time), satisfying the donor-specified restrictions during the years ended December 31, 2010 and 2009:

	2010	2009
United States Agency for International Development - Civil Society and Governance/Exchanges and Fellowships /Training /Youth and Education /Agriculture and Environment	\$ 1,903,302	\$ 3,850,998
United States Department of State - Exchanges and Fellowships	2,529,924	2,419,819
United States Department of Labor - Youth and Education	1,556,591	1,732,673
Nike Foundation	264,133	457,973
Inter-American Development Bank - Youth and Education	481,783	489,137
SEEP - Practitioner Learning Program	-	4,324
Scholarships	6,848	-
	<u>\$ 6,742,581</u>	<u>\$ 8,954,924</u>

11. LEASE COMMITMENT

On June 29, 2009, POA amended its existing lease for its principal office space in Washington, D.C. The amended lease term is for an additional eleven years, commencing on December 1, 2009 and expiring on November 30, 2020. Included in the lease is an escalation provision equal to 3% of the prior year's required base rent payment, except for the sixth lease year and thereafter (at which time the rental payment will increase by \$2.50 per square foot). Additionally, POA is obliged to pay its proportionate share of the building's real estate taxes and operating expenses.

POA has entered into short-term sublease agreements with three unrelated organizations which ended during 2009.

**PARTNERS OF THE AMERICAS, INC.
PARTNERS OF THE AMERICAS FOUNDATION**

**NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

11. LEASE COMMITMENT (Continued)

POA also leases office space in several foreign countries under short-term lease agreements. Occupancy expense under such agreements totaled \$72,785 and \$75,060 during the years ended December 31, 2010 and 2009, respectively.

Future minimum payments required under the operating lease are as follows:

Year Ended December 31,

2011	\$ 264,337
2012	272,267
2013	280,435
2014	288,848
2015	295,094
Thereafter	<u>1,360,161</u>
	<u>\$ 2,761,142</u>

Occupancy expense (worldwide) during the years ended December 31, 2010 and 2009 totaled \$432,035 and \$261,888 (net of sublease income of \$121,023), respectively.

12. CONTINGENCIES

U.S. Government funding -

POA receives grants and contracts from various agencies of the United States Government. Such grants are subject to audit under the provisions of OMB Circular A-133. The ultimate determination of amounts received under the United States Government grants and contracts is based upon the allowance of costs reported to and accepted by the United States Government as a result of the audits. Audits in accordance with the provisions of OMB Circular A-133 have been completed for all required fiscal years through 2010. Until such audits have been accepted by the United States Government, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

Legal issue -

During 2003, POA received notice that a former employee (in Brazil) had filed legal action against the local branch of POA, and during 2006, the courts ruled in favor of the Plaintiff. The estimated amount of the loss was determined to be \$400,000 and was accrued during 2006 (\$100,000) and 2007 (\$300,000). As of December 31, 2010, the total liability was satisfied in full.

13. ECONOMIC DEPENDENCY

Approximately 63% and 88% of POA's support and revenue (excluding in-kind contributions) for the years ended December 31, 2010 and 2009, respectively, was derived from grants and contracts awarded directly by agencies of the United States Government or from pass-through entities. POA has no reason to believe that relationships with these agencies will be discontinued in the foreseeable future. However, any interruption of these relationships (i.e., the failure to renew agreements or withholding of funds) would adversely affect POA's ability to finance ongoing operations.

**PARTNERS OF THE AMERICAS, INC.
PARTNERS OF THE AMERICAS FOUNDATION**

**NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

14. LINE OF CREDIT

POA maintains a \$500,000 unsecured line of credit with a local financial institution. As of December 31, 2010 and 2009, outstanding borrowings on the line of credit aggregated \$125,468 and \$350,000, respectively.

Borrowings on the line of credit bear interest at the prime rate (3.25% at December 31, 2010 and 2009).

15. FAIR VALUE MEASUREMENTS

In accordance with FASB ASC 820, Fair Value Measurements and Disclosures, POA has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Combined Statements of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market POA has the ability to access.

Level 2. These are investments where values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect assumptions of management about assumptions market participants would use in pricing the investments. These investments include non-readily marketable securities that do not have an active market.

Financial assets recorded in the Combined Statements of Financial Position are categorized based on the inputs to the valuation technique as follows for the years ended December 31, 2010 and 2009:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total December 31, 2010</u>
Asset Category: Investments				
Current	\$ 784,365	\$ -	\$ -	\$ 784,365
Noncurrent	<u>-</u>	<u>-</u>	<u>54,393</u>	<u>54,393</u>
TOTAL	<u>\$ 784,365</u>	<u>\$ -</u>	<u>\$ 54,393</u>	<u>\$ 838,758</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total December 31, 2009</u>
Asset Category: Investments				
Current	\$ 703,636	\$ -	\$ -	\$ 703,636
Noncurrent	<u>-</u>	<u>-</u>	<u>50,191</u>	<u>50,191</u>
TOTAL	<u>\$ 703,636</u>	<u>\$ -</u>	<u>\$ 50,191</u>	<u>\$ 753,827</u>

**PARTNERS OF THE AMERICAS, INC.
PARTNERS OF THE AMERICAS FOUNDATION**

**NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

15. FAIR VALUE MEASUREMENTS (Continued)

Level 3 Financial Assets

The following table provides a summary of changes in fair value of POA's financial assets for the years ended December 31, 2010 and 2009:

	<u>Investments</u>
Balance as of December 31, 2008	\$ 43,039
Unrealized gain	7,152
Balance as of December 31, 2009	50,191
Unrealized gain	4,202
BALANCE AS OF DECEMBER 31, 2010	\$ <u>54,393</u>

16. ENDOWMENTS

POA's endowment consists of donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principals (GAAP), net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary

As a result of this interpretation, POA classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by POA in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, POA considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purpose of the organization and the donor-restricted endowment fund;
- General economic conditions and the possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments; and
- Investment policies of the organization.

**PARTNERS OF THE AMERICAS, INC.
PARTNERS OF THE AMERICAS FOUNDATION
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

16. ENDOWMENT (Continued)

Endowment net asset composition by type of fund as of December 31, 2010 and 2009:

	<u>2010</u>	
	<u>Board- Designated Net Assets</u>	<u>Permanently Restricted Endowment</u>
Donor-Restricted Endowment Funds	\$ -	\$ 223,520
Board-Designated Endowment Funds	<u>515,494</u>	<u>-</u>
TOTAL FUNDS	<u>\$ 515,494</u>	<u>\$ 223,520</u>
	<u>2009</u>	
	<u>Board- Designated Net Assets</u>	<u>Permanently Restricted Endowment</u>
Donor-Restricted Endowment Funds	\$ -	\$ 223,520
Board-Designated Endowment Funds	<u>453,422</u>	<u>-</u>
TOTAL FUNDS	<u>\$ 453,422</u>	<u>\$ 223,520</u>

Changes in endowment net assets for the years ended December 31, 2010 and 2009:

	<u>Board- Designated Net Assets</u>	<u>Permanently Restricted Endowment</u>
Endowment net assets, December 31, 2008	\$ 348,956	\$ 215,690
Investment income	132,292	51,727
Transfer of investment loss	-	(51,727)
Transfers to cash	(27,826)	-
Contributions	<u>-</u>	<u>7,830</u>
Endowment net assets, December 31, 2009	453,422	223,520
Contributions	<u>62,072</u>	<u>-</u>
ENDOWMENT NET ASSETS, DECEMBER 31, 2010	<u>\$ 515,494</u>	<u>\$ 223,520</u>

PARTNERS OF THE AMERICAS, INC.
PARTNERS OF THE AMERICAS FOUNDATION
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

16. ENDOWMENT (Continued)

Funds with Deficiencies -

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the organization to retain as fund of perpetual duration. No deficiencies existed at December 31, 2010 and 2009.

Return Objectives and Risk Parameters -

POA has adopted investment and spending policies for endowment assets that attempt to provide a long-term growth of principal consistent with reasonable income. POA attempts to preserve the capital by minimizing the probability of loss of principal over the investment horizon. Emphasis is placed on minimizing return volatility rather than maximizing total return. POA shall manage the assets with care, skill, prudence and diligence under the circumstances then prevailing, that a prudent person, acting in a like capacity and familiar with such matter would use in the conduct of an entity of a like character with the like aims.

Strategies Employed for Achieving Objectives -

To satisfy its long-term rate-of-return objectives, POA relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). POA targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy -

Currently, POA does not have a spending policy. Spending is in accordance with any donor imposed restrictions. Accordingly, over the long-term, POA expects the current spending policy to allow its endowment to grow annually. This is consistent with POA's objective to maintain the purchasing power of the endowment assets held in-perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

17. SUBSEQUENT EVENTS

In preparing these combined financial statements, POA has evaluated events and transactions for potential recognition or disclosure through September 28, 2011, the date the combined financial statements were issued.



GELMAN, ROSENBERG & FREEDMAN
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT ON
SUPPLEMENTAL FINANCIAL INFORMATION**

To the Board of Directors
Partners of the Americas, Inc.
Partners of the Americas Foundation
Washington, D.C.

Our report on our audit of the basic financial statements of Partners of the Americas, Inc. appears on page 2. Our audit was conducted for the purpose of forming an opinion on the basic combined financial statements taken as a whole. The information in Schedule 1 and Schedule 2 is presented for the purpose of additional analysis of the basic combined financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic combined financial statements taken as a whole.

Gelman Rosenberg & Freedman

September 28, 2011

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MEMBER OF CPAMERICA INTERNATIONAL, AN AFFILIATE OF HORWATH INTERNATIONAL
MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

**PARTNERS OF THE AMERICAS, INC.
PARTNERS OF THE AMERICAS FOUNDATION
COMBINING SCHEDULE OF FINANCIAL POSITION
AS OF DECEMBER 31, 2010**

ASSETS				
	<u>Partners of the Americas, Inc.</u>	<u>Partners of the Americas Foundation</u>	<u>Eliminations</u>	<u>Total</u>
CURRENT ASSETS				
Cash and cash equivalents	\$ 91,527	\$ 52,187	\$ -	\$ 143,714
Investments	-	784,365	-	784,365
Program advances	255,186	-	-	255,186
Grants and contracts receivable	5,074,677	984,548	-	6,059,225
Other receivables	71,852	-	-	71,852
Due from Partners of the Americas Foundation	57,796	-	(57,796)	-
Prepaid expenses and other assets	<u>56,371</u>	<u>-</u>	<u>-</u>	<u>56,371</u>
Total current assets	<u>5,607,409</u>	<u>1,821,100</u>	<u>(57,796)</u>	<u>7,370,713</u>
PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS				
Furniture and equipment	251,885	-	-	251,885
Leasehold improvements	<u>27,763</u>	<u>-</u>	<u>-</u>	<u>27,763</u>
	279,648	-	-	279,648
Less: Accumulated depreciation and amortization	<u>(209,199)</u>	<u>-</u>	<u>-</u>	<u>(209,199)</u>
Net property, equipment and leasehold improvements	<u>70,449</u>	<u>-</u>	<u>-</u>	<u>70,449</u>
NONCURRENT ASSETS				
Investments	54,393	-	-	54,393
Grants and contracts receivable, net of current portion	2,289,521	1,529,585	-	3,819,106
Artwork	15,648	-	-	15,648
Security deposit	<u>14,875</u>	<u>-</u>	<u>-</u>	<u>14,875</u>
Total noncurrent assets	<u>2,374,437</u>	<u>1,529,585</u>	<u>-</u>	<u>3,904,022</u>
TOTAL ASSETS	<u>\$ 8,052,295</u>	<u>\$ 3,350,685</u>	<u>\$ (57,796)</u>	<u>\$11,345,184</u>

LIABILITIES AND NET ASSETS

	<u>Partners of the Americas, Inc.</u>	<u>Partners of the Americas Foundation</u>	<u>Eliminations</u>	<u>Total</u>
CURRENT LIABILITIES				
Line of credit	\$ 125,468	\$ -	\$ -	\$ 125,468
Accounts payable and accrued liabilities	686,015	2,485	-	688,500
Due to Partners of the Americas, Inc.	<u>-</u>	<u>57,796</u>	<u>(57,796)</u>	<u>-</u>
Total current liabilities	<u>811,483</u>	<u>60,281</u>	<u>(57,796)</u>	<u>813,968</u>
NONCURRENT LIABILITIES				
Annuity payable	<u>36,123</u>	<u>-</u>	<u>-</u>	<u>36,123</u>
Total liabilities	<u>847,606</u>	<u>60,281</u>	<u>(57,796)</u>	<u>850,091</u>
NET ASSETS				
Unrestricted:				
Undesignated	6,550	-	-	6,550
Board-designated	<u>-</u>	<u>515,494</u>	<u>-</u>	<u>515,494</u>
Total unrestricted	6,550	515,494	-	522,044
Temporarily restricted	7,198,139	2,551,390	-	9,749,529
Permanently restricted	<u>-</u>	<u>223,520</u>	<u>-</u>	<u>223,520</u>
Total net assets	<u>7,204,689</u>	<u>3,290,404</u>	<u>-</u>	<u>10,495,093</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 8,052,295</u>	<u>\$ 3,350,685</u>	<u>\$ (57,796)</u>	<u>\$11,345,184</u>

**PARTNERS OF THE AMERICAS, INC.
PARTNERS OF THE AMERICAS FOUNDATION**

**COMBINING SCHEDULE OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Partners of the Americas, Inc.			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE				
U.S. Government grants	\$ -	\$ 5,673,881	\$ -	\$ 5,673,881
Corporate/foundation grants and contributions	-	-	-	-
In-kind contributions	2,026,618	-	-	2,026,618
Individual contributions	15,973	-	-	15,973
Membership dues	21,245	-	-	21,245
Interest and investment income	56,612	-	-	56,612
Other income	122,064	-	-	122,064
Net assets released from donor restrictions	<u>6,253,950</u>	<u>(6,253,950)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>8,496,462</u>	<u>(580,069)</u>	<u>-</u>	<u>7,916,393</u>
EXPENSES				
Program Services:				
Youth and Education	4,074,793	-	-	4,074,793
Civil Society and Governance	173,058	-	-	173,058
Agriculture and Environment	1,187,918	-	-	1,187,918
Exchanges and Fellowships	818,181	-	-	818,181
Partners of the Americas Foundation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total program services	<u>6,253,950</u>	<u>-</u>	<u>-</u>	<u>6,253,950</u>
Supporting Services:				
General and Administrative	2,336,177	-	-	2,336,177
Fundraising	<u>35,733</u>	<u>-</u>	<u>-</u>	<u>35,733</u>
Total supporting services	<u>2,371,910</u>	<u>-</u>	<u>-</u>	<u>2,371,910</u>
Total expenses	<u>8,625,860</u>	<u>-</u>	<u>-</u>	<u>8,625,860</u>
Change in net assets before other item	(129,398)	(580,069)	-	(709,467)
OTHER ITEM				
Results from CAC operations	<u>-</u>	<u>(958,470)</u>	<u>-</u>	<u>(958,470)</u>
Change in net assets	(129,398)	(1,538,539)	-	(1,667,937)
Net assets at beginning of year	<u>135,948</u>	<u>8,736,678</u>	<u>-</u>	<u>8,872,626</u>
NET ASSETS AT END OF YEAR	<u>\$ 6,550</u>	<u>\$ 7,198,139</u>	<u>\$ -</u>	<u>\$ 7,204,689</u>

<u>Partners of the Americas Foundation</u>					
<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>Eliminations</u>	<u>Combined Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,673,881
-	3,033,173	-	3,033,173	-	3,033,173
-	-	-	-	-	2,026,618
2,255	-	-	2,255	-	18,228
-	-	-	-	-	21,245
77,320	-	-	77,320	-	133,932
-	-	-	-	-	122,064
<u>488,631</u>	<u>(488,631)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>568,206</u>	<u>2,544,542</u>	<u>-</u>	<u>3,112,748</u>	<u>-</u>	<u>11,029,141</u>
-	-	-	-	-	4,074,793
-	-	-	-	-	173,058
-	-	-	-	-	1,187,918
-	-	-	-	-	818,181
<u>506,134</u>	<u>-</u>	<u>-</u>	<u>506,134</u>	<u>-</u>	<u>506,134</u>
<u>506,134</u>	<u>-</u>	<u>-</u>	<u>506,134</u>	<u>-</u>	<u>6,760,084</u>
-	-	-	-	-	2,336,177
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,733</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,371,910</u>
<u>506,134</u>	<u>-</u>	<u>-</u>	<u>506,134</u>	<u>-</u>	<u>9,131,994</u>
62,072	2,544,542	-	2,606,614	-	1,897,147
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(958,470)</u>
62,072	2,544,542	-	2,606,614	-	938,677
<u>453,422</u>	<u>6,848</u>	<u>223,520</u>	<u>683,790</u>	<u>-</u>	<u>9,556,416</u>
<u>\$ 515,494</u>	<u>\$ 2,551,390</u>	<u>\$ 223,520</u>	<u>\$ 3,290,404</u>	<u>\$ -</u>	<u>\$ 10,495,093</u>