



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

**FINANCIAL AND FEDERAL AWARD  
COMPLIANCE EXAMINATION**

**FOR THE YEAR ENDED DECEMBER 31, 2022**

# PARTNERS OF THE AMERICAS, INC.

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS**



**PARTNERS OF THE AMERICAS, INC.**

**PARTNERS OF THE AMERICAS FOUNDATION**

**FOR THE YEARS ENDED  
DECEMBER 31, 2022 AND 2021**

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

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## INDEPENDENT AUDITOR'S REPORT

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

### Opinion

We have audited the accompanying consolidated financial statements of Partners of the Americas, Inc. (Partners) and Partners of the Americas Foundation (the Foundation), together "POA", which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of POA as of December 31, 2022 and 2021, and the consolidated changes in its net assets and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

### Responsibilities of Management for the Consolidated Financial Statements

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

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

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MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

## **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Consolidating Schedule of Financial Position and Consolidating Schedule of Activities and Change in Net Assets on pages I-(24 - 26) are presented for purposes of additional analysis and are not a required part of the financial statements. The Schedule of Partners of the Americas, Inc.'s Expenditures of Federal Awards on pages I-(27 - 28), as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated 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 July 5, 2023, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of POA's 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 POA's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Gelman Rosenberg & Freedman".

July 5, 2023

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

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2022 AND 2021**

	<b>ASSETS</b>	
	<u>2022</u>	<u>2021</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,737,733	\$ 577,589
Investments	311,214	391,555
Grants and contributions receivable	1,688,891	2,387,102
Other receivables	313,997	162,019
Program advances	1,055,363	480,165
Prepaid expenses and other assets	<u>345,888</u>	<u>305,086</u>
Total current assets	<u>5,453,086</u>	<u>4,303,516</u>
<b>FIXED ASSETS</b>		
Equipment and software	285,646	112,873
Leasehold improvements	<u>125,070</u>	<u>63,812</u>
	410,716	176,685
Less: Accumulated depreciation and amortization	<u>(212,105)</u>	<u>(169,439)</u>
Net fixed assets	<u>198,611</u>	<u>7,246</u>
<b>NONCURRENT ASSETS</b>		
Cash and cash equivalents, net of current portion	18,149,636	19,352,238
Right-of-use asset, net	1,929,685	-
Artwork	15,648	15,648
Deposits	<u>43,257</u>	<u>15,523</u>
Total noncurrent assets	<u>20,138,226</u>	<u>19,383,409</u>
<b>TOTAL ASSETS</b>	<u><b>\$ 25,789,923</b></u>	<u><b>\$ 23,694,171</b></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 2,404,046	\$ 1,367,635
Pass-through funds	583,285	291,483
Refundable advances	2,158,251	2,168,209
Operating lease liability	<u>357,199</u>	<u>-</u>
Total current liabilities	<u>5,502,781</u>	<u>3,827,327</u>
<b>NONCURRENT LIABILITIES</b>		
Refundable advances, net of current portion	18,149,636	19,352,238
Operating lease liability, net of current portion	<u>1,602,750</u>	<u>-</u>
Total noncurrent liabilities	<u>19,752,386</u>	<u>19,352,238</u>
Total liabilities	<u>25,255,167</u>	<u>23,179,565</u>
<b>NET ASSETS</b>		
Without donor restrictions:		
Undesignated	100,257	45,617
Board designated	<u>123,285</u>	<u>77,434</u>
Total net assets without donor restrictions	223,542	123,051
With donor restrictions	<u>311,214</u>	<u>391,555</u>
Total net assets	<u>534,756</u>	<u>514,606</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><b>\$ 25,789,923</b></u>	<u><b>\$ 23,694,171</b></u>

See accompanying notes to consolidated financial statements.

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

**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
U.S. Government assistance	\$ 28,116,403	\$ -	\$ 28,116,403
Corporate contributions	202,005	-	202,005
In-kind contributions	3,517,221	-	3,517,221
Fee for service	30,437	-	30,437
Individual contributions	37,176	-	37,176
Membership contributions	22,875	-	22,875
Interest and investment (loss) income	819	(61,311)	(60,492)
Other	2,635	-	2,635
Net assets released from donor restrictions	<u>19,030</u>	<u>(19,030)</u>	<u>-</u>
Total support and revenue	<u>31,948,601</u>	<u>(80,341)</u>	<u>31,868,260</u>
<b>EXPENSES</b>			
Program Services:			
Child Protection	11,899,580	-	11,899,580
Economic Development and Health	10,724,221	-	10,724,221
Education and Citizenship	<u>3,117,468</u>	<u>-</u>	<u>3,117,468</u>
Total program services	<u>25,741,269</u>	<u>-</u>	<u>25,741,269</u>
Supporting Services:			
General and Administrative	<u>6,106,841</u>	<u>-</u>	<u>6,106,841</u>
Total expenses	<u>31,848,110</u>	<u>-</u>	<u>31,848,110</u>
Changes in net assets	100,491	(80,341)	20,150
Net assets at beginning of year, as restated	<u>123,051</u>	<u>391,555</u>	<u>514,606</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 223,542</u></b>	<b><u>\$ 311,214</u></b>	<b><u>\$ 534,756</u></b>

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

**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
U.S. Government assistance	\$ 16,121,434	\$ -	\$ 16,121,434
Corporate contributions	13,768	-	13,768
In-kind contributions	1,639,144	-	1,639,144
Fee for service	399	-	399
Individual contributions	62,288	-	62,288
Membership contributions	5,307	-	5,307
Interest and investment (loss) income	-	57,947	57,947
Other	<u>(30,029)</u>	<u>-</u>	<u>(30,029)</u>
Total support and revenue	<u>17,812,311</u>	<u>57,947</u>	<u>17,870,258</u>
<b>EXPENSES</b>			
Program Services:			
Child Protection	4,930,105	-	4,930,105
Economic Development and Health	5,666,534	-	5,666,534
Education and Citizenship	<u>3,400,636</u>	<u>-</u>	<u>3,400,636</u>
Total program services	<u>13,997,275</u>	<u>-</u>	<u>13,997,275</u>
Supporting Services:			
General and Administrative	<u>3,382,844</u>	<u>-</u>	<u>3,382,844</u>
Total expenses	<u>17,380,119</u>	<u>-</u>	<u>17,380,119</u>
Changes in net assets	432,192	57,947	490,139
Net assets at beginning of year	<u>(309,141)</u>	<u>333,608</u>	<u>24,467</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 123,051</u></b>	<b><u>\$ 391,555</u></b>	<b><u>\$ 514,606</u></b>

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

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Program Services			Total Program Services	Supporting Services	Total Expenses
	Child Protection	Economic Development and Health	Education and Citizenship		General and Administrative	
Salaries and related benefits	\$ 897,634	\$ 1,170,830	\$ 622,102	\$ 2,690,566	\$ 3,222,784	\$ 5,913,350
Local salaries and benefits	2,124,471	1,797,657	-	3,922,128	-	3,922,128
Professional fees	231,605	78,721	135,931	446,257	473,379	919,636
Accounting	6,904	39,838	-	46,742	70,012	116,754
Supplies	52,757	108,586	423	161,766	242,070	403,836
Telephone	12,495	40,849	3,744	57,088	33,314	90,402
Postage and shipping	2,659	12,695	-	15,354	1,991	17,345
Occupancy	89,100	58,230	-	147,330	410,977	558,307
Equipment rental and maintenance	7,600	39,650	-	47,250	2,240	49,490
Printing and publications	76,308	14,734	345	91,387	6,244	97,631
Travel	571,849	1,552,160	103,288	2,227,297	231,553	2,458,850
Depreciation and amortization	-	-	-	-	42,667	42,667
Training, seminars and workshops	251,632	129,986	14,481	396,099	177,392	573,491
Other program expenses	200,453	234,931	-	435,384	-	435,384
Subgrants and subcontracts	5,391,867	2,585,706	85,298	8,062,871	-	8,062,871
Consulting services	1,760,958	1,081,702	167,416	3,010,076	580,542	3,590,618
Dues and subscriptions	33,651	45,385	24,270	103,306	125,174	228,480
Insurance	1,622	30,715	-	32,337	30,432	62,769
Other	184,895	401,962	18,465	605,322	181,558	786,880
In-kind professional services	1,120	1,299,884	1,941,705	3,242,709	274,512	3,517,221
<b>TOTAL</b>	<b>\$ 11,899,580</b>	<b>\$ 10,724,221</b>	<b>\$ 3,117,468</b>	<b>\$ 25,741,269</b>	<b>\$ 6,106,841</b>	<b>\$ 31,848,110</b>

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

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Program Services			Supporting Services		Total Expenses
	Child Protection	Economic Development and Health	Education and Citizenship	Total Program Services	General and Administrative	
Salaries and related benefits	\$ 1,024,060	\$ 1,314,937	\$ 634,846	\$ 2,973,843	\$ 2,008,816	\$ 4,982,659
Local salaries and benefits	1,152,444	1,073,027	-	2,225,471	-	2,225,471
Professional fees	54,443	564,250	5,862	624,555	88,416	712,971
Accounting	9,341	28,236	-	37,577	48,283	85,860
Supplies	14,161	3,358	441	17,960	65,212	83,172
Telephone	4,492	7,491	4,008	15,991	26,446	42,437
Postage and shipping	2,346	5,152	27	7,525	794	8,319
Occupancy	-	-	-	-	379,852	379,852
Equipment rental and maintenance	568	27,936	-	28,504	2,772	31,276
Printing and publications	113,354	17,141	19	130,514	2,937	133,451
Travel	140,846	268,259	3,426	412,531	31,866	444,397
Depreciation and amortization	-	-	-	-	3,040	3,040
Training, seminars and workshops	71,679	105,226	4,227	181,132	42,919	224,051
Other program expenses	108,127	864,285	-	972,412	-	972,412
Subgrants and subcontracts	1,259,359	994,636	1,108,863	3,362,858	-	3,362,858
Consulting services	824,618	263,801	112,991	1,201,410	369,979	1,571,389
Dues and subscriptions	9,577	17,913	17,306	44,796	52,449	97,245
Insurance	116	11,173	-	11,289	21,659	32,948
Interest expense	-	-	-	-	3,467	3,467
Other	136,477	62,912	11,437	210,826	132,874	343,700
In-kind professional services	4,097	36,801	1,497,183	1,538,081	101,063	1,639,144
<b>TOTAL</b>	<b>\$ 4,930,105</b>	<b>\$ 5,666,534</b>	<b>\$ 3,400,636</b>	<b>\$ 13,997,275</b>	<b>\$ 3,382,844</b>	<b>\$ 17,380,119</b>

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

**CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 20,150	\$ 490,139
Adjustments to reconcile in net assets to net cash provided by operating activities:		
Depreciation and amortization	42,667	3,040
Amortization of right-of-use asset	364,658	-
Realized and unrealized losses (gains) on investments	66,623	(53,167)
Forgiveness of debt	-	(406,547)
Decrease (increase) in:		
Grants and contributions receivable	698,211	(1,135,739)
Other receivables	(151,978)	(28,731)
Program advances	(575,198)	(318,204)
Prepaid expenses and other assets	(40,802)	(187,171)
Deposits	(27,734)	13,200
Increase (decrease) in:		
Accounts payable and accrued liabilities	1,036,411	816,631
Pass-through funds	291,802	(193,752)
Refundable advances	(1,212,560)	20,562,033
Operating lease liability	(334,394)	-
Net cash provided by operating activities	<u>177,856</u>	<u>19,561,732</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment purchases and reinvestments	(5,463)	(4,780)
Proceeds from sales of investments	19,181	-
Purchases of fixed assets	(234,032)	-
Net cash used by investing activities	<u>(220,314)</u>	<u>(4,780)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments on line of credit	-	(300,000)
Net cash used by financing activities	<u>-</u>	<u>(300,000)</u>
Net (decrease) increase in cash and cash equivalents	(42,458)	19,256,952
Cash and cash equivalents at beginning of year	<u>19,929,827</u>	<u>672,875</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 19,887,369</u></b>	<b><u>\$ 19,929,827</u></b>
<b>SUPPLEMENTAL INFORMATION:</b>		
Interest Paid	<u>\$ -</u>	<u>\$ 3,317</u>
Forgiveness of Debt	<u>\$ -</u>	<u>\$ 406,547</u>
Right-of-Use Asset	<u>\$ 2,294,343</u>	<u>\$ -</u>
Operating Lease Liability for Right-of-Use Asset	<u>\$ 2,294,343</u>	<u>\$ -</u>

See accompanying notes to consolidated financial statements.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**

Organization -

Partners of the Americas, Inc. (Partners) was formed in 1966 and was registered under the laws of the District of Columbia. Partners provides overall service and guidance to 83 Community Chapters and 7 Student Chapters and 1 Affiliate Chapter in 39 U.S. states and the District of Columbia and 23 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 and distribute funds 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 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.

The financial statements of the organizations have been consolidated as Partners of the Americas Foundation is a supporting organization to Partners of the Americas, Inc., and they are under common control. Together, the organizations are referred to as "POA". All intercompany transactions have been eliminated in consolidation.

Basis of presentation -

The financial statements of the two entities have been consolidated in accordance with FASB ASC 958-810, *Not-for-Profit Entities, Consolidation*. The accompanying consolidated financial statements are also presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions.

Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board designated and are also reported as net assets without donor restrictions.
- **Net Assets With Donor Restrictions** - Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in "net assets with donor restrictions", depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Consolidated Statements of Activities and Changes in Net Assets as net assets released from donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

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

New accounting pronouncements adopted -

During the year ended December 31, 2022, POA adopted ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which improves generally accepted accounting principles in the United States (U.S. GAAP) by increasing the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this Update address certain stakeholders' concerns about the lack of transparency relating to the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in a NFP's programs and other activities. The ASU was adopted retrospectively and did not change the recognition and measurement requirements for those contributed nonfinancial assets.

During the year ended December 31, 2022, POA adopted ASU 2019-01, *Leases (Topic 842)*, which changed the accounting treatment for operating leases by requiring recognition of a lease asset and lease liability at the present value of the lease payments in the Consolidated Statements of Financial Position and disclosure of key information about leasing arrangements. POA applied the new standard on January 1, 2022 using the modified retrospective approach and adopted the practical expedient package to not reassess at adoption (i) expired or existing contracts for whether they are or contain a lease, (ii) the lease classification of any existing leases or (iii) initial indirect costs for existing leases. See Note 8 for further details.

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.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, POA maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Investments -

Investments are recorded at their readily determinable fair value. Realized and unrealized gains and losses are included in interest and investment (loss) income in the accompanying Consolidated Statements of Activities and Changes in Net Assets.

Receivables and advances -

Receivables approximate fair value. Management considers all receivables and advances to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

Program advances represents funds advanced to branches (including local partners in foreign countries working on behalf of POA). Funds transferred to branches and its partners are reported as an advance until the expenses are incurred.

Fixed assets -

Furniture and equipment acquisitions in excess of \$5,000 are recorded at cost and are depreciated over an estimated useful life of 42 months.

**PARTNERS OF THE AMERICAS, INC.  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)**

Fixed assets (continued) -

Leasehold improvements are recorded at cost and amortized over the term of the lease or life of the assets (whichever is less). Expenditures for major repairs and improvements are capitalized; expenditures for minor repairs and maintenance costs are expensed when incurred.

Artwork -

Artwork is recorded at cost, unless there is an impairment in the value, at which time the artwork would be written-down to a new carrying value.

Support and revenue recognition -

The majority of POA's support and revenue is received from awards from the U.S. Government, foundations, individuals, corporations, and other entities. Contributions and grants are recognized in the appropriate category of net assets in the period received. POA performs an analysis of each award to determine if the revenue streams follow the contribution rules or if considered an exchange transaction depending on whether the transaction is reciprocal or nonreciprocal.

For awards qualifying under the contribution rules, support is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Awards qualifying as contributions that are unconditional that have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying consolidated financial statements.

Awards qualifying as conditional contributions contain a right of return or right of release from obligation provision and a defined barrier (or barriers), and the entity has limited discretion over how funds transferred should be spent. Accordingly, support is recognized when the condition or conditions are satisfied (when the related barrier has been overcome; generally, when qualifying expenditures are incurred); these transactions are nonreciprocal and treated as conditional contributions, which are recognized when the support becomes unconditional. POA considers all awards from the U.S. Government to be conditional contributions, and accordingly have been recognized in the accompanying consolidated financial statements as contributions (without donor restrictions) at such time when the conditions have been met. As of December 31, 2022 and 2021, POA had received commitments from donors (under conditional assistance awards) totaling approximately \$94,000,000 and \$121,000,000, respectively, which have not yet been recognized as support in the accompanying consolidated financial statements.

Funds received in advance of the incurrence of qualifying expenditures are recorded as refundable advances; total refundable advances recognized in the accompanying consolidated financial statements as of December 31, 2022 and 2021 aggregated \$20,307,887 and \$21,520,447, respectively. It should be noted that \$19,149,636 and \$20,340,967 (of the aforementioned balances as of December 31, 2022 and 2021, respectively) represents funds advanced to POA under USDA monetization programs (whereby the proceeds from sales of surplus commodity are received in full at the commencement of the multi-year program); the refundable advances also include accumulated earnings on funds held in financial institutions.

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

Support and revenue recognition (continued) -

Amounts received from individuals for memberships represent a contribution to POA as there are no substantial benefits received in exchange for the support received. Accordingly, memberships are accounted for in accordance with the "Contributions and grants" policy above.

Revenue treated as exchange transactions follow ASU 2014-09, *Revenue from Contracts With Customers*, and is recorded when the performance obligations are met; the transaction price is based on the criteria stipulated in the agreements. POA receives fees under various pass-through assistance agreements, and are reported as Fee for Service income in the accompanying consolidated financial statements. POA receives a flat fee for funds passed to recipients under these agreements, and fees are recorded as revenue during the financial period the pass-through funds are distributed to the recipient entities (at which time the fee income is deemed to be earned). Any funds received in advance of meeting performance obligations would be recorded as deferred revenue.

In-kind contributions -

In-kind contributions consist of donated professional fees and skilled labor. In-kind contributions are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by POA. The value of these contributions is recorded at fair market value as of the date the services were provided.

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. Neither entity is a private foundation. Partners of the Americas Foundation is a supporting organization to Partners of the Americas, Inc.

Uncertain tax positions -

For the years ended December 31, 2022 and 2021, POA has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the consolidated financial statements.

Use of estimates -

The preparation of the consolidated 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 consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Consolidated Statements of Activities and Changes in Net Assets.

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

Functional allocation of expenses (continued) -

Accordingly, certain costs have been allocated among the programs and supporting services benefited based on employee time records and ratios determined by management.

The consolidated 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 related benefits, occupancy, supplies, and postage and shipping, which are allocated on the basis of time and effort (as reported in employee timesheets).

Functional currency -

The U.S. Dollar ("dollar") is the functional currency for POA's worldwide operations. Transactions in currencies other than 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 Consolidated Statements of Financial Position.

Investment risks and uncertainties -

POA invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the consolidated financial statements.

Fair value measurement -

POA adopted the provisions of FASB ASC 820, *Fair Value Measurement*. 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.

New accounting pronouncement (not yet adopted) -

ASU 2016-13, *Financial Instruments – Credit Losses* (Topic 326), replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The ASU is effective for POA for the year ending December 31, 2023. The ASU can be applied at the beginning of the period of adoption using a modified retrospective approach.

POA plans to adopt the new ASU at the required implementation date and management is currently in the process of evaluating the adoption method and the impact of the new standard on its accompanying consolidated financial statements.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**2. INVESTMENTS**

Investments consisted of the following at December 31, 2022 and 2021:

	<b>2022</b>		<b>2021</b>	
	<b>Cost</b>	<b>Fair Value</b>	<b>Cost</b>	<b>Fair Value</b>
Mutual funds	\$ 263,950	\$ 298,052	\$ 263,950	\$ 364,675
Money market funds	<u>13,162</u>	<u>13,162</u>	<u>26,880</u>	<u>26,880</u>
<b>TOTAL INVESTMENTS (CURRENT)</b>	<b>\$ <u>277,112</u></b>	<b>\$ <u>311,214</u></b>	<b>\$ <u>290,830</u></b>	<b>\$ <u>391,555</u></b>

Included in interest and investment (loss) income are the following at December 31, 2022 and 2021:

	<b>2022</b>	<b>2021</b>
Interest and dividends	\$ 6,281	\$ 4,930
Realized and unrealized (losses) gains on investments	(66,623)	53,167
Investment fees	<u>(150)</u>	<u>(150)</u>
<b>TOTAL INTEREST AND INVESTMENT (LOSS) INCOME, NET OF INVESTMENT EXPENSES</b>	<b>\$ <u>(60,492)</u></b>	<b>\$ <u>57,947</u></b>

**3. PAYCHECK PROTECTION PROGRAM (PPP) LOAN**

On May 1, 2020, POA received loan proceeds in the amount of \$406,547 under the Paycheck Protection Program (PPP). The promissory note required monthly principal and interest payments amortized over the two year term of the promissory note. Under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the promissory note qualified for forgiveness by the Small Business Administration (SBA) in whole or in part.

During the year ended December 31, 2020, POA used the proceeds for purposes consistent with the Paycheck Protection Program, and management has asserted that POA has met the conditions (and applied) for forgiveness of the loan. During 2021, the full value of the loan was forgiven, and accordingly, the extinguishment of debt was recognized as "U.S. Government assistance" in the 2021 Consolidated Statement of Activities and Change in Net Assets.

**4. 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 (see also Note 14).

As of December 31, 2022 and 2021, the aggregate balance in its Board designated net assets was \$123,285 and \$77,434, respectively.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**5. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consist of the following at December 31, 2022 and 2021:

	<b>2022</b>	<b>2021</b>
Endowments to be invested in perpetuity (Note 14)	\$ 223,520	\$ 223,520
Accumulated earnings on endowments (Note 14)	87,694	168,035
<b>TOTAL NET ASSETS WITH DONOR RESTRICTIONS</b>	<b>\$ 311,214</b>	<b>\$ 391,555</b>

During the year ended December 31, 2022, a total of \$19,030 was released from donor restrictions within the donor restricted endowments (Note 14).

**6. LIQUIDITY AND AVAILABILITY**

Financial assets available for use for general expenditures within one year of the Consolidated Statements of Financial Position date comprise the following:

	<b>2022</b>	<b>2021</b>
Cash and cash equivalents	\$ 1,737,733	\$ 577,589
Investments	311,214	391,555
Grants and contributions receivable	1,688,891	2,387,102
Other receivables	313,997	162,019
Program advances	1,055,363	480,165
Subtotal financial assets available within one year	5,107,198	3,998,430
Less: Current refundable advances (specific to USDA project)	(1,000,000)	(1,000,000)
Less: Donor restricted funds	(311,214)	(391,555)
Less: Board designated funds	(123,285)	(77,434)
<b>FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR EXPENDITURES WITHIN ONE YEAR</b>	<b>\$ 3,672,699</b>	<b>\$ 2,529,441</b>

POA has a policy to structure its financial assets to be available and liquid as its obligations become due. In addition, POA has access to financial assets through its line of credit agreement (as further discussed in Note 12) which allows for borrowings up to \$600,000.

**7. IN-KIND CONTRIBUTIONS**

During the years ended December 31, 2022 and 2021, POA was the beneficiary of donated professional services which allowed it to provide greater resources toward various programs. There were no donor-imposed restrictions associated with the in-kind contributions during the years ended December 31, 2022 and 2021. The contributions were valued at their fair market value as of the date of the gift. The following in-kind contributions have been included in support revenue (and the related functional expenses) during the years ended December 31, 2022 and 2021:

	<b>2022</b>	<b>2021</b>
<b>Professional Services</b>	<b>\$ 3,517,221</b>	<b>\$ 1,639,144</b>

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**7. IN-KIND CONTRIBUTIONS (Continued)**

The aforementioned contributions have been recorded in the following categories in the accompanying Consolidated Statements of Functional Expenses:

	<b>2022</b>	<b>2021</b>
Child Protection	\$ 1,120	\$ 4,097
Economic Development and Health	1,299,884	36,801
Education and Citizenship	1,941,705	1,497,183
General and Administrative	274,512	101,063
<b>TOTAL</b>	<b>\$ 3,517,221</b>	<b>\$ 1,639,144</b>

**8. LEASE COMMITMENT**

On POA leases office space at 1424 K Street, Washington D.C., including the entire seventh floor, the penthouse, and Suite 403. The agreement is currently set to expire on November 30, 2027. Included in the lease is an escalation provision equal to 4% of the prior year's required base rent payment. Additionally, POA is obliged to pay its proportionate share of the building's real estate taxes and operating expenses.

During the year ended December 31, 2022, POA adopted ASU 2019-01, *Leases* (Topic 842), which changed the accounting treatment for operating leases by requiring recognition of a lease asset and lease liability at the present value of the lease payments in the Consolidated Statements of Financial Position and disclosure of key information about leasing arrangements. POA applied the new standard on January 1, 2022, using the modified retrospective approach and adopted the practical expedient package to not reassess at adoption (i) expired or existing contracts for whether they are or contain a lease, (ii) the lease classification of any existing leases or (iii) initial indirect costs for existing leases. POA also elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and are applying this expedient to all relevant asset classes. POA adopted the package of practical expedients to not perform any lease reclassification, did not re-evaluate embedded leases and did not reassess initial direct costs. As a result, POA recorded a right-of-use asset in the amount of \$2,294,343. POA recorded an operating lease liability in the amount of \$2,294,343 by calculating the present value using the discount rate of 1.30%.

Future minimum payments required under the lease are as follows:

<b><u>Year Ending December 31,</u></b>	
	\$ 380,103
2023	395,307
2024	411,119
2025	427,564
2026	406,257
2027	2,020,350
Less: Imputed interest	(60,401)
	1,959,949
Less: Current portion	(357,199)
<b>NONCURRENT PORTION</b>	<b>\$ 1,602,750</b>

Occupancy expense for the years ended December 31, 2022 and 2021 totaled \$558,307 and \$379,852, respectively.

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**8. LEASE COMMITMENT (Continued)**

POA also leases office space in several foreign countries under short-term lease agreements. Occupancy expense under such agreements totaled \$98,988 and \$113,492 during the years ended December 31, 2022 and 2021, respectively, and is included in "Other Program Expenses" in the accompanying Consolidated Statements of Functional Expenses.

**9. RETIREMENT PLAN**

POA's U.S. based employees are covered by a contributory tax-sheltered annuity plan. Those employees who have completed at least one year of service and 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, 2022 and 2021, total contributions were \$320,345 and \$248,815, respectively.

**10. CONTINGENCY**

POA receives assistance from various agencies of the United States Government; such awards are subject to audit under the provisions of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (the Uniform Guidance)*. The ultimate determination of amounts received under the United States Government awards 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 applicable provisions of the Uniform Guidance have been completed for all required fiscal years through 2022. 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.

**11. ECONOMIC DEPENDENCY**

The majority of POA's support and revenue (excluding in-kind contributions) for the years ended December 31, 2022 and 2021, respectively, was derived from awards received directly by agencies of the United States Government and/or 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.

**12. LINE OF CREDIT**

POA maintains a \$600,000 line of credit with a local financial institution. Borrowings on the line of credit bear interest of 6.00% at December 31, 2022 and 2021. The line of credit is secured by POA's receivables and equipment. The line of credit is set to expire on July 31, 2023. As of December 31, 2022 and 2021, there were no outstanding borrowings on the line of credit.

**13. FAIR VALUE MEASUREMENT**

In accordance with FASB ASC 820, *Fair Value Measurement*, POA has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy.

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**13. FAIR VALUE MEASUREMENT (Continued)**

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 Consolidated 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 for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

**Level 3.** These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used at December 31, 2022 and 2021.

- *Mutual funds* - Valued at the daily closing price as reported by the fund. Mutual funds held by POA are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by POA are deemed to be actively traded.
- *Money Market funds* - Valued at the daily closing price as reported by the fund. The money market fund is an open-end mutual fund that is registered with the Securities and Exchange Commission. This fund is required to publish its daily net asset value (NAV) and to transact at that price. The money market fund is deemed to be actively traded.

The table below summarizes, by level within the fair value hierarchy, POA's investments as of December 31, 2022:

<b>Asset Class</b>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 298,052	\$ -	\$ -	\$ 298,052
Money market funds	<u>13,162</u>	<u>-</u>	<u>-</u>	<u>13,162</u>
<b>TOTAL</b>	<b><u>\$ 311,214</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 311,214</u></b>

The table below summarizes, by level within the fair value hierarchy, POA's investments as of December 31, 2021:

<b>Asset Class</b>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 364,675	\$ -	\$ -	\$ 364,675
Money market funds	<u>26,880</u>	<u>-</u>	<u>-</u>	<u>26,880</u>
<b>TOTAL</b>	<b><u>\$ 391,555</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 391,555</u></b>

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**14. ENDOWMENTS**

Endowments with donor restrictions which are invested in perpetuity at December 31, 2022 and 2021 totaled \$223,520. Earnings on these endowments are recorded as "without donor restrictions" if those earnings are consumed in the same fiscal year period. Following is a summary of POA's endowments invested in perpetuity:

- 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 in support of the Pixote Literacy Fund. Under the 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.
- POA has received \$46,852 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.

POA's endowments consist of assets which are donor restricted to be invested in perpetuity as well as funds designated by the Board of Directors to function as endowments (which is comprised of the entire Foundation net assets without donor restrictions). As required by generally accepted accounting principals (GAAP), net assets associated with endowments invested in perpetuity, and 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 District of Columbia 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 endowments absent explicit donor stipulations to the contrary.

As a result of this interpretation, POA classifies as endowments (a) the original value of gifts donated to the endowments, (b) the original value of subsequent gifts to the endowments, and (c) accumulations to the endowments.

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**14. ENDOWMENTS (Continued)**

In accordance with UPMIFA, POA considers the following factors in making a determination to appropriate or accumulate its 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.

Endowment net asset composition by type of fund as of December 31, 2022:

	<u>Board Designated Net Assets</u>	<u>Endowments Invested in Perpetuity</u>	<u>Accumulated Earnings on Endowments</u>
Donor-Restricted Endowment Funds	\$ -	\$ 223,520	\$ 87,694
Board Designated Endowment Funds	<u>123,285</u>	<u>-</u>	<u>-</u>
<b>TOTAL FUNDS</b>	<b><u>\$ 123,285</u></b>	<b><u>\$ 223,520</u></b>	<b><u>\$ 87,694</u></b>

Endowment net asset composition by type of fund as of December 31, 2021:

	<u>Board Designated Net Assets</u>	<u>Endowments Invested in Perpetuity</u>	<u>Accumulated Earnings on Endowments</u>
Donor-Restricted Endowment Funds	\$ -	\$ 223,520	\$ 168,035
Board Designated Endowment Funds	<u>77,434</u>	<u>-</u>	<u>-</u>
<b>TOTAL FUNDS</b>	<b><u>\$ 77,434</u></b>	<b><u>\$ 223,520</u></b>	<b><u>\$ 168,035</u></b>

Changes in endowment net assets for the years ended December 31, 2022 and 2021:

	<u>Board Designated Net Assets</u>	<u>Endowments Invested in Perpetuity</u>	<u>Accumulated Earnings on Endowments</u>
Endowment net assets, December 31, 2020	\$ 612,615	\$ 223,520	\$ 110,088
Contributions and other income	15,868	-	-
Investment income	-	-	57,947
Funds used during the year	<u>(551,049)</u>	<u>-</u>	<u>-</u>
Endowment net assets, December 31, 2021	77,434	223,520	168,035
Contributions and other income	32,415	-	-
Investment loss	-	-	(61,311)
Appropriations	19,030	-	(19,030)
Funds used during the year	<u>(5,594)</u>	<u>-</u>	<u>-</u>
<b>ENDOWMENT NET ASSETS, DECEMBER 31, 2022</b>	<b><u>\$ 123,285</u></b>	<b><u>\$ 223,520</u></b>	<b><u>\$ 87,694</u></b>

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**14. ENDOWMENTS (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 POA to retain as fund of perpetual duration. No deficiencies existed at December 31, 2022 and 2021.

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 the care, skill, prudence and diligence under the circumstances then prevailing, that a prudent person, acting in a like capacity and familiar with such matters, would use in the management of an asset of a like character with 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.

**15. SUBSEQUENT EVENTS**

In preparing these consolidated financial statements, POA has evaluated events and transactions for potential recognition or disclosure through July 5, 2023, the date the consolidated financial statements were issued.

## **SUPPLEMENTAL INFORMATION**

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

**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2022**

	ASSETS			
	Partners of the Americas, Inc.	Partners of the Americas Foundation	Eliminations	Total
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 1,085,771	\$ 651,962	\$ -	\$ 1,737,733
Investments	-	311,214	-	311,214
Grants and contributions receivable	1,688,891	-	-	1,688,891
Other receivables	313,997	-	-	313,997
Due from Partners of the Americas, Inc.	-	57,092	(57,092)	-
Program advances	1,055,363	-	-	1,055,363
Prepaid expenses and other assets	<u>345,888</u>	<u>-</u>	<u>-</u>	<u>345,888</u>
Total current assets	<u>4,489,910</u>	<u>1,020,268</u>	<u>(57,092)</u>	<u>5,453,086</u>
<b>FIXED ASSETS</b>				
Equipment and software	285,646	-	-	285,646
Leasehold improvements	<u>125,070</u>	<u>-</u>	<u>-</u>	<u>125,070</u>
	410,716	-	-	410,716
Less: Accumulated depreciation and amortization	<u>(212,105)</u>	<u>-</u>	<u>-</u>	<u>(212,105)</u>
Net fixed assets	<u>198,611</u>	<u>-</u>	<u>-</u>	<u>198,611</u>
<b>NONCURRENT ASSETS</b>				
Cash and cash equivalents, net of current portion	18,149,636	-	-	18,149,636
Right-of-use asset	1,929,685	-	-	1,929,685
Artwork	15,648	-	-	15,648
Deposits	<u>43,257</u>	<u>-</u>	<u>-</u>	<u>43,257</u>
Total noncurrent assets	<u>20,138,226</u>	<u>-</u>	<u>-</u>	<u>20,138,226</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>24,826,747</u></b>	<b>\$ <u>1,020,268</u></b>	<b>\$ <u>(57,092)</u></b>	<b>\$ <u>25,789,923</u></b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 2,401,562	\$ 2,484	\$ -	\$ 2,404,046
Pass-through funds	-	583,285	-	583,285
Refundable advances	2,158,251	-	-	2,158,251
Due to Partners of the Americas Foundation	57,092	-	(57,092)	-
Operating lease liability	<u>357,199</u>	<u>-</u>	<u>-</u>	<u>357,199</u>
Total current liabilities	<u>4,974,104</u>	<u>585,769</u>	<u>(57,092)</u>	<u>5,502,781</u>
<b>NONCURRENT LIABILITIES</b>				
Refundable advances, net of current portion	18,149,636	-	-	18,149,636
Operating lease liability, net of current portion	<u>1,602,750</u>	<u>-</u>	<u>-</u>	<u>1,602,750</u>
Total noncurrent liabilities	<u>19,752,386</u>	<u>-</u>	<u>-</u>	<u>19,752,386</u>
Total liabilities	<u>24,726,490</u>	<u>585,769</u>	<u>(57,092)</u>	<u>25,255,167</u>
<b>NET ASSETS</b>				
Without donor restrictions:				
Undesignated	100,257	-	-	100,257
Board designated	<u>-</u>	<u>123,285</u>	<u>-</u>	<u>123,285</u>
Total net assets without donor restrictions	100,257	123,285	-	223,542
With donor restrictions	<u>-</u>	<u>311,214</u>	<u>-</u>	<u>311,214</u>
Total net assets	<u>100,257</u>	<u>434,499</u>	<u>-</u>	<u>534,756</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u>24,826,747</u></b>	<b>\$ <u>1,020,268</u></b>	<b>\$ <u>(57,092)</u></b>	<b>\$ <u>25,789,923</u></b>

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

**CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGE IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Partners of the Americas, Inc.</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
U.S. Government assistance	\$ 28,116,403	\$ -	\$ 28,116,403
Corporate contributions	202,005	-	202,005
In-kind contributions	3,517,221	-	3,517,221
Fee for service	1,446	-	1,446
Individual contributions	34,076	-	34,076
Membership contributions	22,875	-	22,875
Interest and investment income (loss)	819	-	819
Other	2,311	-	2,311
Net assets released from donor restrictions	<u>-</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>31,897,156</u>	<u>-</u>	<u>31,897,156</u>
<b>EXPENSES</b>			
Program Services:			
Child Protection	11,899,580	-	11,899,580
Economic Development and Health	10,724,221	-	10,724,221
Education and Citizenship	<u>3,117,468</u>	<u>-</u>	<u>3,117,468</u>
Total program services	<u>25,741,269</u>	<u>-</u>	<u>25,741,269</u>
Supporting Services:			
General and Administrative	<u>6,101,247</u>	<u>-</u>	<u>6,101,247</u>
Total expenses	<u>31,842,516</u>	<u>-</u>	<u>31,842,516</u>
Change in net assets	54,640	-	54,640
Net assets at beginning of year	<u>45,617</u>	<u>-</u>	<u>45,617</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 100,257</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 100,257</u></b>

<u>Partners of the Americas Foundation</u>				
<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Eliminations</u>	<u>Consolidated Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 28,116,403
-	-	-	-	202,005
-	-	-	-	3,517,221
28,991	-	28,991	-	30,437
3,100	-	3,100	-	37,176
-	-	-	-	22,875
-	(61,311)	(61,311)	-	(60,492)
324	-	324	-	2,635
<u>19,030</u>	<u>(19,030)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>51,445</u>	<u>(80,341)</u>	<u>(28,896)</u>	<u>-</u>	<u>31,868,260</u>
-	-	-	-	11,899,580
-	-	-	-	10,724,221
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,117,468</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,741,269</u>
<u>5,594</u>	<u>-</u>	<u>5,594</u>	<u>-</u>	<u>6,106,841</u>
<u>5,594</u>	<u>-</u>	<u>5,594</u>	<u>-</u>	<u>31,848,110</u>
45,851	(80,341)	(34,490)	-	20,150
<u>77,434</u>	<u>391,555</u>	<u>468,989</u>	<u>-</u>	<u>514,606</u>
<u>\$ 123,285</u>	<u>\$ 311,214</u>	<u>\$ 434,499</u>	<u>\$ -</u>	<u>\$ 534,756</u>

## PARTNERS OF THE AMERICAS, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2022

<u>Federal Agency and Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass-Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
<b>AGENCY FOR INTERNATIONAL DEVELOPMENT (USAID)</b>			
Foreign Assistance for Programs Overseas	98.001	\$ 3,988,051	\$ 9,349,268
John Ogonowski Farmer-to-Farmer Program & AVOP	98.009	2,533,362	8,599,281
<b>DEPARTMENT OF LABOR</b>			
International Labor Programs	17.401	1,271,634	6,237,258
<b>DEPARTMENT OF STATE</b>			
Professional and Cultural Exchange Programs - Citizen Exchanges	19.415	14,868	493,342
Bureau of Western Hemisphere Affairs (WHA) Grant Programs (including Energy and Climate Partnership for the Americas)	19.750	100,000	144,519
Public Diplomacy Programs	19.040	24,089	539,897
Alumni Workshop and Capacity Bldg.	19.452	-	30,797
Academic Exchange Programs - Undergraduate Programs	19.009	-	128,197
Our Sunrise (Paraguay)	19.019	132,182	490,831
<b>DEPARTMENT OF AGRICULTURE</b>			
Food for Progress Colombia	10.606	-	2,103,013
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>		<b>\$ <u>8,064,186</u></b>	<b>\$ <u>28,116,403</u></b>

**PARTNERS OF THE AMERICAS, INC.**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the Federal award activity of Partners of the Americas, Inc. under programs of the Federal Government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of Partners of the Americas, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Partners of the Americas, Inc.

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

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Partners of the Americas, Inc. has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance (see *Consolidated Indirect Rate and Fringe Benefit Rate Calculations*).

PARTNERS OF THE AMERICAS, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2022

Section I - Summary of Audit Results

Financial Statements

1). Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP on the accrual basis of accounting: Unmodified

2). Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None Reported

3). Noncompliance material to financial statements noted?  Yes  No

Federal Awards

4). Internal control over major federal programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None Reported

5). Type of auditor's report issued on compliance for major federal programs: Unmodified

6). Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?  Yes  No

7). Identification of major federal programs:

Assistance Listing Number	Federal Program Title
98.009	John Ogonowski Farmer-to-Farmer Program & AVOP
10.606	Food for Progress Colombia

8). Dollar threshold used to distinguish between Type A and Type B programs: \$846,492

9). Auditee qualified as a low-risk auditee?  Yes  No

**PARTNERS OF THE AMERICAS, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

**Section II - Financial Statement Findings**

There were no reportable findings.

**Section III - Federal Award Findings and Questioned Costs (2 CFR 200.516(a))**

There were no reportable findings.



CPAs & ADVISORS

**INDEPENDENT AUDITOR'S 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  
Partners of the Americas, Inc.  
Washington, D.C.

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 Partners of the Americas, Inc. as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise Partners of the Americas, Inc.'s financial statements, and have issued our report thereon dated July 5, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Partners of the Americas, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances, for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Partners of the Americas, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Partners of the Americas, Inc.'s internal control.

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

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

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## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Partners of the Americas, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Partners of the Americas, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Gelman Rosenberg & Friedman".

July 5, 2023



CPAs & ADVISORS

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

### Report on Compliance for Each Major Federal Program

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

We have audited Partners of the Americas, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Partners of the Americas, Inc.'s major federal programs for the year ended December 31, 2022. Partners of the Americas, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Partners of the Americas, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

#### *Responsibilities of Management for Compliance*

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Partners of the Americas, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Partners of the Americas, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Partners of the Americas, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

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

## **Report on Internal Control over Compliance**

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

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

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

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

*Gelman Rosenberg & Freedman*

July 5, 2023



**PARTNERS OF THE AMERICAS, INC.**

**PARTNERS OF THE AMERICAS FOUNDATION**

**INDIRECT RATE AND  
FRINGE BENEFIT RATE CALCULATIONS**

**FOR THE YEAR ENDED DECEMBER 31, 2022**

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

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## CPAs & ADVISORS

### INDEPENDENT AUDITOR'S REPORT

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

#### Opinion

We have audited the accompanying consolidated statements of indirect rate calculation and fringe benefit rate calculation of Partners of the Americas, Inc. (Partners) and Partners of the Americas Foundation (the Foundation), together "POA", for the year ended December 31, 2022, and the related notes to the consolidated statements of indirect rate calculation and fringe benefit rate calculation.

In our opinion, the consolidated statements of indirect rate calculation and fringe rate calculation referred to above present fairly, in all material respects, the consolidated indirect rate and fringe rate of POA as of December 31, 2022, in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Statements of Indirect and Fringe Benefit Rate Calculation section of our report. We are required to be independent of POA and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Responsibilities of Management for the Consolidated Statements of Indirect and Fringe Benefit Rate Calculation

Management is responsible for the preparation and fair presentation of the consolidated statements of indirect rate calculation and fringe benefit rate calculation in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated statements of indirect rate calculation and fringe benefit rate calculation that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated statements of indirect rate calculation and fringe benefit rate calculation, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about POA's ability to continue as a going concern within one year after the date that the consolidated statements indirect rate calculation and fringe benefit rate calculation are available to be issued.

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## **Auditor's Responsibilities for the Audit of the Consolidated Indirect and Fringe Benefit Rate Calculation**

Our objectives are to obtain reasonable assurance about whether the consolidated statements of indirect rate calculation and fringe benefit rate calculation as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated statements of indirect rate calculation and fringe benefit rate calculation.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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



July 5, 2023

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

**CONSOLIDATED STATEMENT OF INDIRECT RATE CALCULATION  
FOR THE YEAR ENDED DECEMBER 31, 2022**

**INDIRECT (GENERAL AND ADMINISTRATIVE) EXPENSES**

Salaries	\$ 3,222,784
Professional fees	473,379
Accounting	70,012
Supplies	242,070
Telephone	33,314
Postage and shipping	1,991
Occupancy	410,977
Equipment rental and maintenance	2,240
Printing and publications	6,244
Travel	231,553
Depreciation and amortization	42,667
Training, seminars and workshops	177,392
Consulting services	580,542
Dues and subscriptions	125,174
Insurance	30,432
Other	181,558
In-kind professional services	274,512

Subtotal	6,106,841
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Adjustments:

Donated skilled labor and equipment	(274,512)
Unallowable indirect expenses reclassified as direct expenses	(37,945)

<b>TOTAL ADJUSTED INDIRECT EXPENSES</b>	<b><u><u>\$ 5,794,384</u></u></b>
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**DIRECT EXPENSES**

Total program expenses per consolidated financial statements	\$ 25,741,269
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Adjustments:

In-kind contributions	(3,242,709)
Agricultural Volunteer Opportunity Project (AVOP) sub-awards (Note 2)	(1,457,025)
Unallowable direct expenses	(172)
Unallowable indirect expenses reclassified as direct expenses	37,945

<b>TOTAL ADJUSTED DIRECT EXPENSES</b>	<b><u><u>\$ 21,079,308</u></u></b>
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**INDIRECT RATE CALCULATION**

<u>Total Adjusted Indirect Expenses</u>	=	<u>\$5,794,384</u>	x 100 =	<u><u>27.49%</u></u>
Total Adjusted Direct Expenses		\$21,079,308		

See accompanying notes to consolidated statements of indirect rate  
and fringe benefit rate calculations.

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

**CONSOLIDATED STATEMENT OF FRINGE BENEFIT RATE CALCULATION  
FOR THE YEAR ENDED DECEMBER 31, 2022**

**FRINGE BENEFITS**

Payroll taxes	\$	358,989
Medical insurance		422,233
Life insurance		6,767
Disability insurance		13,352
Retirement expense		320,345
Other benefits		9,574
		<u>9,574</u>
<b>TOTAL FRINGE BENEFITS</b>	<b>\$</b>	<b><u>1,131,260</u></b>

**SALARIES EXPENSE RECONCILIATION**

Total salaries and benefits per audited consolidated financial statements	\$	5,913,350
Less: Fringe benefits (above)		(1,131,260)
		<u>(1,131,260)</u>
<b>TOTAL SALARIES EXPENSE</b>	<b>\$</b>	<b><u>4,782,090</u></b>

**FRINGE BENEFIT RATE CALCULATION**

Total Fringe Benefits	=	\$	1,131,260	x 100 =	<b>23.66%</b>
Total Salaries Expense		\$	4,782,090		<b>23.66%</b>

See accompanying notes to consolidated statements of indirect rate  
and fringe benefit rate calculations.

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

**NOTES TO CONSOLIDATED STATEMENTS OF INDIRECT RATE AND  
FRINGE BENEFIT RATE CALCULATIONS  
DECEMBER 31, 2022**

**1. BASIS OF PRESENTATION**

The accompanying consolidated statements of indirect rate calculation and fringe benefit rate calculation have been prepared in accordance with accounting principles generally accepted in the United States of America, and the cost principles contained in *Title 2 U.S. Code of Federal Regulations Part (CFR) 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*.

**2. AGRICULTURAL VOLUNTEER OPPORTUNITY PROJECT (AVOP) SUB-AWARDS**

In accordance with its Farmer-to-Farmer Program Agricultural Volunteer Opportunity Project (AVOP) associate award cooperative agreement, POA has excluded all sub-awards from its direct cost pool during the year ended December 31, 2022.