



PARTNERS OF THE AMERICAS, INC.

**FINANCIAL AND FEDERAL AWARD
COMPLIANCE EXAMINATION**

FOR THE YEAR ENDED DECEMBER 31, 2023

PARTNERS OF THE AMERICAS, INC.

CONTENTS

	PAGE NO.
I. Financial Section	
Consolidated Financial Statements for Partners of the Americas, Inc. and Partners of the Americas Foundation, for the Years Ended December 31, 2023 and 2022, Including the Schedule of Partners of the Americas, Inc.'s Expenditures of Federal Awards and Schedule of Partners of the Americas, Inc.'s Findings and Questioned Costs	I-(1 - 30)
II. 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	II-(1 - 2)
III. Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	III-(1 - 3)
IV. Independent Auditor's Report on Consolidated Indirect Rate and Fringe Benefit Rate Calculations, for the Year Ended December 31, 2023	IV-(1 - 7)

CONSOLIDATED FINANCIAL STATEMENTS



PARTNERS OF THE AMERICAS, INC.

PARTNERS OF THE AMERICAS FOUNDATION

**FOR THE YEARS ENDED
DECEMBER 31, 2023 AND 2022**

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

CONTENTS

	PAGE NO.
INDEPENDENT AUDITOR'S REPORT	I-(2 - 4)
EXHIBIT A - Consolidated Statements of Financial Position, as of December 31, 2023 and 2022	I-5
EXHIBIT B - Consolidated Statement of Activities and Changes in Net Assets, for the Year Ended December 31, 2023	I-6
EXHIBIT C - Consolidated Statement of Activities and Changes in Net Assets, for the Year Ended December 31, 2022	I-7
EXHIBIT D - Consolidated Statement of Functional Expenses, for the Year Ended December 31, 2023	I-8
EXHIBIT E - Consolidated Statement of Functional Expenses, for the Year Ended December 31, 2022	I-9
EXHIBIT F - Consolidated Statements of Cash Flows, for the Years Ended December 31, 2023 and 2022	I-10
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	I-(11 - 23)
SUPPLEMENTAL INFORMATION	
SCHEDULE 1 - Consolidating Schedule of Financial Position, as of December 31, 2023	I-24
SCHEDULE 2 - Consolidating Schedule of Activities and Change in Net Assets, for the Year Ended December 31, 2023	I-(25 - 26)
SCHEDULE 3 - Schedule of Partners of the Americas, Inc.'s Expenditures of Federal Awards, for the Year Ended December 31, 2023	I-(27 - 28)
SCHEDULE 4 - Schedule of Partners of the Americas, Inc.'s Findings and Questioned Costs, for the Year Ended December 31, 2023	I-(29 - 30)



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 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, 2023 and 2022, 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, 2023 and 2022, 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.

4550 MONTGOMERY AVENUE • SUITE 800 NORTH • BETHESDA, MARYLAND 20814
(301) 951-9090 • WWW.GRFCPA.COM

MEMBER OF CPAMERICA INTERNATIONAL, AN AFFILIATE OF CROWE GLOBAL
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 consolidated 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 18, 2024, 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 18, 2024

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

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023 AND 2022**

	ASSETS	
	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 6,811,240	\$ 4,263,733
Investments	372,852	311,214
Grants and contributions receivable	1,354,498	1,688,891
Other receivables	36,148	313,997
Program advances	921,729	1,055,363
Prepaid expenses and other assets	<u>210,858</u>	<u>345,888</u>
Total current assets	<u>9,707,325</u>	<u>7,979,086</u>
FIXED ASSETS		
Equipment and software	285,646	285,646
Leasehold improvements	<u>125,070</u>	<u>125,070</u>
	410,716	410,716
Less: Accumulated depreciation and amortization	<u>(286,055)</u>	<u>(212,105)</u>
Net fixed assets	<u>124,661</u>	<u>198,611</u>
NONCURRENT ASSETS		
Cash and cash equivalents, net	11,576,485	15,623,636
Right-of-use asset, net	1,538,197	1,929,685
Artwork	15,648	15,648
Deposits	<u>44,876</u>	<u>43,257</u>
Total noncurrent assets	<u>13,175,206</u>	<u>17,612,226</u>
TOTAL ASSETS	<u>\$ 23,007,192</u>	<u>\$ 25,789,923</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 3,527,659	\$ 2,404,046
Pass-through funds	620,817	583,285
Refundable advances	5,045,899	4,684,251
Operating lease liability	<u>377,181</u>	<u>357,199</u>
Total current liabilities	<u>9,571,556</u>	<u>8,028,781</u>
NONCURRENT LIABILITIES		
Refundable advances, net	11,576,485	15,623,636
Operating lease liability, net	<u>1,221,908</u>	<u>1,602,750</u>
Total noncurrent liabilities	<u>12,798,393</u>	<u>17,226,386</u>
Total liabilities	<u>22,369,949</u>	<u>25,255,167</u>
NET ASSETS		
Without donor restrictions:		
Undesignated	109,771	100,257
Board designated	<u>205,440</u>	<u>123,285</u>
Total net assets without donor restrictions	315,211	223,542
With donor restrictions	<u>322,032</u>	<u>311,214</u>
Total net assets	<u>637,243</u>	<u>534,756</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 23,007,192</u>	<u>\$ 25,789,923</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, 2023**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
U.S. Government assistance	\$ 28,703,177	\$ -	\$ 28,703,177
Corporate contributions	22,845	-	22,845
Contributed nonfinancial assets	3,765,216	-	3,765,216
Fee for service	112,483	-	112,483
Individual and foundation contributions	28,212	-	28,212
Membership contributions	13,469	-	13,469
Net investment return	-	63,638	63,638
Other	2,525	-	2,525
Net assets released from donor restrictions	<u>52,820</u>	<u>(52,820)</u>	<u>-</u>
Total support and revenue	<u>32,700,747</u>	<u>10,818</u>	<u>32,711,565</u>
EXPENSES			
Program Services:			
Labor	6,825,047	-	6,825,047
Agriculture and Food Security	11,230,483	-	11,230,483
Education	<u>8,315,205</u>	<u>-</u>	<u>8,315,205</u>
Total program services	<u>26,370,735</u>	<u>-</u>	<u>26,370,735</u>
Supporting Services:			
General and Administrative	<u>6,238,343</u>	<u>-</u>	<u>6,238,343</u>
Total expenses	<u>32,609,078</u>	<u>-</u>	<u>32,609,078</u>
Changes in net assets	91,669	10,818	102,487
Net assets at beginning of year	<u>223,542</u>	<u>311,214</u>	<u>534,756</u>
NET ASSETS AT END OF YEAR	<u>\$ 315,211</u>	<u>\$ 322,032</u>	<u>\$ 637,243</u>

**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>
SUPPORT AND REVENUE			
U.S. Government assistance	\$ 28,116,403	\$ -	\$ 28,116,403
Corporate contributions	202,005	-	202,005
Contributed nonfinancial assets	3,517,221	-	3,517,221
Fee for service	30,437	-	30,437
Individual and foundation contributions	37,176	-	37,176
Membership contributions	22,875	-	22,875
Net investment return	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>
EXPENSES			
Program Services:			
Labor	11,899,580	-	11,899,580
Agriculture and Food Security	10,724,221	-	10,724,221
Education	<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	<u>123,051</u>	<u>391,555</u>	<u>514,606</u>
NET ASSETS AT END OF YEAR	<u>\$ 223,542</u>	<u>\$ 311,214</u>	<u>\$ 534,756</u>

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

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Program Services			Supporting Services		Total Expenses
	Labor	Agriculture and Food Security	Education	Total Program Services	General and Administrative	
Salaries and related benefits	\$ 409,871	\$ 1,545,412	\$ 722,556	\$ 2,677,839	\$ 3,512,259	\$ 6,190,098
Local salaries and benefits	2,450,923	2,400,413	1,192,529	6,043,865	-	6,043,865
Professional fees	98,736	282,484	220,428	601,648	532,614	1,134,262
Accounting	4,333	22,280	8,486	35,099	76,541	111,640
Supplies	29,471	58,956	9,501	97,928	17,478	115,406
Telephone	20,563	46,893	11,040	78,496	39,565	118,061
Postage and shipping	252	7,240	1,533	9,025	3,553	12,578
Occupancy	205,254	137,829	101,349	444,432	422,246	866,678
Equipment rental and maintenance	-	28,254	2,395	30,649	1,724	32,373
Printing and publications	73,916	16,710	2,161	92,787	6,255	99,042
Travel	412,877	1,390,785	265,444	2,069,106	305,262	2,374,368
Depreciation and amortization	-	-	-	-	73,950	73,950
Training, seminars and workshops	108,891	265,902	67,309	442,102	125,051	567,153
Other program expenses	16,238	2,033	11,883	30,154	-	30,154
Subgrants and subcontracts	1,807,977	2,229,379	3,795,352	7,832,708	-	7,832,708
Consulting services	1,043,517	474,667	253,620	1,771,804	535,015	2,306,819
Dues and subscriptions	24,060	58,681	44,647	127,388	224,400	351,788
Insurance	1,446	24,773	3,772	29,991	31,064	61,055
Other	116,722	279,991	22,952	419,665	102,199	521,864
In-kind professional services	-	1,957,801	1,578,248	3,536,049	229,167	3,765,216
TOTAL	\$ 6,825,047	\$ 11,230,483	\$ 8,315,205	\$ 26,370,735	\$ 6,238,343	\$ 32,609,078

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

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

	Program Services			Supporting Services		Total Expenses
	Labor	Agriculture and Food Security	Education	Total Program Services	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
TOTAL	\$ 11,899,580	\$ 10,724,221	\$ 3,117,468	\$ 25,741,269	\$ 6,106,841	\$ 31,848,110

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

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 102,487	\$ 20,150
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization	73,950	42,667
Amortization of right-of-use asset	391,488	364,658
Realized and unrealized (gains) losses on investments	(54,097)	66,623
Decrease (increase) in:		
Grants and contributions receivable	334,393	698,211
Other receivables	277,849	(151,978)
Program advances	133,634	(575,198)
Prepaid expenses and other assets	135,030	(40,802)
Deposits	(1,619)	(27,734)
Increase (decrease) in:		
Accounts payable and accrued liabilities	1,123,613	1,036,411
Pass-through funds	37,532	291,802
Refundable advances	(3,685,503)	(1,212,560)
Operating lease liability	<u>(360,860)</u>	<u>(334,394)</u>
Net cash (used) provided by operating activities	<u>(1,492,103)</u>	<u>177,856</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment purchases and reinvestments	(7,541)	(5,463)
Proceeds from sales of investments	-	19,181
Purchases of fixed assets	<u>-</u>	<u>(234,032)</u>
Net cash used by investing activities	<u>(7,541)</u>	<u>(220,314)</u>
Net decrease in cash and cash equivalents	(1,499,644)	(42,458)
Cash and cash equivalents at beginning of year	<u>19,887,369</u>	<u>19,929,827</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 18,387,725</u>	<u>\$ 19,887,369</u>
SUPPLEMENTAL INFORMATION:		
Right-of-Use Asset	<u>\$ -</u>	<u>\$ 2,294,343</u>
Operating Lease Liability for Right-of-Use Asset	<u>\$ -</u>	<u>\$ 2,294,343</u>

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

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.

Principles of consolidation -

The accounts of Partners of the Americas, Inc. have been consolidated with Partners of the Americas Foundation (collectively, "POA") in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) which require that financially interrelated organizations be consolidated. All intercompany transactions and balances have been eliminated in consolidation.

Program services descriptions -

Labor: POA promotes decent work and acceptable conditions of work by building the capacity of key stakeholders — including government institutions, civil society, workers' organizations, and the private sector — in its countries of operations to prevent and combat the worst forms of child labor, forced labor, human trafficking, and other labor violations. With a vast experience in the implementation of labor projects across Latin America and the Caribbean, and a deep technical understanding of labor issues particular to each country, POA promotes a locally-led approach to actively engage with local partners to build sustainable, dynamic, and creative approaches to address the most complex labor problems in the region. POA's experience reflects a nuanced understanding of labor issues, including union activities and participation, and a strong capacity for awareness-raising, capacity-building, and public-private-civil society organizations' engagement activities. Moreover, POA's projects strive to incorporate gendered perspectives and women's rights into their activities. The Labor Unit serves as the solid base for our labor-focused projects providing technical, operational, and financial backstopping to ensure their high-quality and timely implementation. Participants of POA's projects become agents of change and develop knowledge and tools to generate positive changes in their societies.

Agriculture and Food Security: POA's Agriculture & Food Security programs contribute to global nutrition security and livelihood development by strengthening organizational and individual capacity. POA's expansive network of specialized volunteers, development experts, collaborating organizations, and local leaders helps us increase food production and diversify income, promote improved nutrition, reinforce resilience to shocks and stresses, and support sustainable economic growth and environmental conservation.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

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

Program services descriptions (continued) -

Education: POA promotes education by encouraging people to develop the knowledge, skills, and values needed to effectively engage with the world. The Education Unit provides capacity building to local partners to improve access and education quality, strengthen social networks to support learning, and improve learning environments to be safe, inclusive, and responsive to the needs of children and youth. Through sports for development, POA has partnered with the private sector to provide youth with market-driven skills and job placement opportunities. POA partners with higher education institutions to provide connections, financial support mechanisms, and meaningful international experiences to create sustainable community-based initiatives, personal and professional development, and increased cultural awareness throughout the Western Hemisphere.

Basis of presentation -

The accompanying consolidated financial statements are presented on the accrual basis of accounting, and in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) related to nonprofit 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". Net assets set aside 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** - Net assets may be subject to donor-imposed stipulations that are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. 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.

Cash and cash equivalents -

For financial statement presentation, most cash on hand and in banks with maturities of three months or less are considered to be current cash equivalents (see next paragraph below). 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.

POA also classifies certain cash and cash equivalents as noncurrent assets in the accompanying Consolidated Statements of Financial Position; such amounts represent bank deposits under a USDA monetization program (initially received in 2021) that is expected to be used for programmatic purposes beyond one year of the accompanying Consolidated Statements of Financial Position dates.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

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

Investments -

Investments are recorded at their readily determinable fair value. Interest, dividends, realized and unrealized gains and losses are included in investment return, which is presented net of investment expenses paid to external investment advisors, in the accompanying Consolidated Statements of Activities and Changes in Net Assets.

Grants and contributions receivable -

Grants and contributions receivable include unconditional promises to give that are expected to be collected within one year of the Consolidated Statements of Financial Position date. All amounts are deemed collectible by management, accordingly, and allowance has not been established.

Other receivables and advances -

Receivables and advances approximate fair value and include travel advances and various amounts due from sub-awardees. 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 on a straight-line basis over the estimated useful lives of the related assets, generally 42 months. Leasehold improvements are amortized over the lesser of the useful life of the asset or the remaining life term of the lease. The cost of maintenance and repairs is recorded as expenses are incurred.

Depreciation and amortization expense totaled \$73,950 and \$42,667 during the years ended December 31, 2023 and 2022.

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.

Income taxes -

Partners of the Americas, Inc. and Partners of the Americas Foundation are exempt from Federal income tax under Section 501(a) of the Internal Revenue Code ("IRC"), as an organization described in IRC Section 501(c)(3). Accordingly, no provision for income taxes has been made in the accompanying consolidated financial statements. Neither entity is a private foundation. Partners of the Americas Foundation is a supporting organization to Partners of the Americas, Inc.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

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

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 the individual contribution agreement to determine if the funding stream follows the contribution rules or if it should be recorded as an exchange transaction depending upon whether the transaction is deemed reciprocal or nonreciprocal in accordance with ASC Topic 958.

For grants 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. Contributions, including grants qualifying as contributions, that are unconditional but 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. Contributions with donor restrictions either in excess of expenses incurred or with time restrictions are shown as net assets with donor restrictions in the accompanying consolidated financial statements. Contributions that are both received and released from restrictions in the same year are classified as without donor restrictions.

Conditional contributions contain a right of return and a measurable barrier. Contributions are recognized when conditions have been satisfied. Most Federal grants are for direct and indirect program costs and are considered to be conditional contributions which are recognized as contributions when the amounts become unconditional. Conditional contributions received in advance of meeting specified conditions established by donors are recorded as refundable advances. As of December 31, 2023 and 2022, POA had received commitments from donors (under conditional assistance awards) totaling approximately \$124,000,000 and \$94,000,000, 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, 2023 and 2022 aggregated \$16,622,384 and \$20,307,887, respectively. It should be noted that \$15,996,485 and \$19,149,636 (of the aforementioned balances as of December 31, 2023 and 2022, 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. A portion of such funds are also classified as noncurrent liabilities in the accompanying Consolidated Statements of Financial Position as they are expected to be used for programmatic purposes beyond one year of the Consolidated Statements of Financial Position dates.

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.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

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

Contributed nonfinancial assets -

Contributed nonfinancial assets 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.

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. 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.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

2. INVESTMENTS AND FAIR VALUE MEASUREMENTS

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. 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, 2023 and 2022.

- *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* - This is an open-end mutual fund that is registered with the Securities and Exchange Commission.

The table below summarizes, by level within the fair value hierarchy, POA's investments as of December 31, 2023:

	Level 1	Level 2	Level 3	Total
Asset Class				
Mutual funds	\$ 359,690	\$ -	\$ -	\$ 359,690
Money market funds	13,162	-	-	13,162
TOTAL	\$ 372,852	\$ -	\$ -	\$ 372,852

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

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

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

2. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

Included in net investment return are the following at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 9,691	\$ 6,131
Realized and unrealized gains (losses) on investments	54,097	(66,623)
Investment fees	<u>(150)</u>	<u>-</u>
NET INVESTMENT RETURN	<u>\$ 63,638</u>	<u>\$ (60,492)</u>

3. 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 12). As of December 31, 2023 and 2022, the aggregate balance in its Board designated net assets was \$205,440 and \$123,285, respectively.

4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Endowments to be invested in perpetuity (Note 12)	\$ 170,700	\$ 223,520
Accumulated earnings on endowments (Note 12)	<u>151,332</u>	<u>87,694</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 322,032</u>	<u>\$ 311,214</u>

During the year ended December 31, 2023, \$52,820 of endowments restricted in perpetuity were released from donor restrictions; during the year ended December 31, 2022, \$19,030 of endowment earnings were released from restrictions and transferred to operations (Note 12).

5. 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:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 6,811,240	\$ 1,737,733
Investments	372,852	311,214
Grants and contributions receivable	1,354,498	1,688,891
Other receivables	36,148	313,997
Program advances	<u>921,729</u>	<u>1,055,363</u>
Subtotal financial assets available within one year	9,496,467	5,107,198
Less: Current refundable advances (specific to USDA project)	(4,420,000)	(3,526,000)
Less: Donor restricted funds	(322,032)	(311,214)
Less: Board designated funds	<u>(205,440)</u>	<u>(123,285)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR EXPENDITURES WITHIN ONE YEAR	<u>\$ 4,548,995</u>	<u>\$ 1,146,699</u>

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

5. LIQUIDITY AND AVAILABILITY (Continued)

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 11) which allows for borrowings up to \$600,000.

6. CONTRIBUTED NONFINANCIAL ASSETS

During the years ended December 31, 2023 and 2022, 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 contributions during the years ended December 31, 2023 and 2022. The contributions were valued at their fair market value as of the date of the gift.

The following contributed nonfinancial assets have been included in support revenue (and the related functional expenses) during the years ended December 31, 2023 and 2022:

	2023	2022
Professional Services	\$ <u>3,765,216</u>	\$ <u>3,517,221</u>

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

	2023	2022
Labor	\$ -	\$ 1,120
Agriculture and Food Security	1,957,801	1,299,884
Education	1,578,248	1,941,705
General and Administrative	229,167	274,512
TOTAL CONTRIBUTED NONFINANCIAL ASSETS	\$ <u>3,765,216</u>	\$ <u>3,517,221</u>

7. LEASES

POA follows FASB ASC 842 for leases. POA has elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and is applying this expedient to all relevant asset classes. POA has also elected to use a risk-free rate as the lease discount rate for all leases as allowed under FASB ASC 842.

POA has an operating lease for office space in Washington, D.C. that expires 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.

For the years ended December 31, 2023 and 2022, total lease cost was \$403,239. For the years ended December 31, 2023 and 2022, total cash paid was \$380,103 and \$365,484, respectively. The risk-free rate applied was 1.30%.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

7. LEASES (Continued)

Future minimum payments required under the lease are as follows:

<u>Year Ending December 31,</u>			
	2024	\$	395,307
	2025		411,119
	2026		427,564
	2027		<u>406,257</u>
			1,640,247
Less: Imputed interest			<u>(41,158)</u>
			1,599,089
Less: Current portion			<u>(377,181)</u>
NONCURRENT PORTION			<u>\$ 1,221,908</u>

Occupancy expense for the years ended December 31, 2023 and 2022 totaled \$866,678 and \$558,307, respectively.

POA also leases office space in several foreign countries under short-term lease agreements. Occupancy expense under such agreements totaled \$4,824 and \$98,988 during the years ended December 31, 2023 and 2022, respectively, and is included in "Other Program Expenses" in the accompanying Consolidated Statements of Functional Expenses.

8. 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, 2023 and 2022, total contributions were \$361,621 and \$320,345, respectively.

9. 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 2023. 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.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

10. ECONOMIC DEPENDENCY

The majority of POA's support and revenue (excluding in-kind contributions) for the years ended December 31, 2023 and 2022, 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.

11. 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 8.50% and 6.00% at December 31, 2023 and 2022, respectively. The line of credit is secured by POA's receivables and equipment. The line of credit is set to expire on July 31, 2024. As of December 31, 2023 and 2022, there were no outstanding borrowings on the line of credit.

12. ENDOWMENTS

Endowments with donor restrictions which are invested in perpetuity at December 31, 2023 and 2022 totaled \$170,700 and \$223,520, respectively. 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. During the year ended December 31, 2023, POA received approval to release funds restricted in perpetuity to be used for specific programmatic purposes. Accordingly, the entire amount of these net assets have been released from donor restrictions.
- 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.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

12. ENDOWMENTS (Continued)

- 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. During the year ended December 31, 2023, POA received approval to release funds restricted in perpetuity to be used for specific programmatic purposes. Accordingly, the entire amount of these net assets have been released from donor restrictions.
- 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. During the year ended December 31, 2023, POA received approval to release funds restricted in perpetuity to be used for specific programmatic purposes. Accordingly, the entire amount of these net assets have been released from donor restrictions.

POA's endowments consist of assets with 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 principles (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.

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.

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, 2023 and 2022.

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.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

12. ENDOWMENTS (Continued)

Return Objectives and Risk Parameters (continued) -

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.

Endowment net asset composition by type of fund as of December 31, 2023:

	<u>Board Designated Net Assets</u>	<u>Endowments Invested in Perpetuity</u>	<u>Accumulated Earnings on Endowments</u>	<u>Total</u>
Donor-Restricted Endowment Funds	\$ -	\$ 170,700	\$ 151,332	\$ 322,032
Board Designated Endowment Funds	<u>205,440</u>	<u>-</u>	<u>-</u>	<u>205,440</u>
TOTAL FUNDS	<u>\$ 205,440</u>	<u>\$ 170,700</u>	<u>\$ 151,332</u>	<u>\$ 527,472</u>

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>	<u>Total</u>
Donor-Restricted Endowment Funds	\$ -	\$ 170,700	\$ 87,694	\$ 258,394
Board Designated Endowment Funds	<u>123,285</u>	<u>-</u>	<u>-</u>	<u>123,285</u>
TOTAL FUNDS	<u>\$ 123,285</u>	<u>\$ 170,700</u>	<u>\$ 87,694</u>	<u>\$ 381,679</u>

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

12. ENDOWMENTS (Continued)

Changes in endowment net assets for the years ended December 31, 2023 and 2022:

	<u>Board Designated Net Assets</u>	<u>Endowments Invested in Perpetuity</u>	<u>Accumulated Earnings on Endowments</u>	<u>Total</u>
Endowment net assets, December 31, 2021	\$ 77,434	\$ 223,520	\$ 168,035	\$ 468,989
Contributions and other income	32,415	-	-	32,415
Net investment return	-	-	(61,311)	(61,311)
Transfer to operations (released from restriction)	19,030	-	(19,030)	-
Funds used during the year	<u>(5,594)</u>	<u>-</u>	<u>-</u>	<u>(5,594)</u>
Endowment net assets, December 31, 2022	123,285	223,520	87,694	434,499
Contributions and other income	119,915	-	-	119,915
Net investment return	-	-	63,638	63,638
Endowments released from restrictions	52,820	(52,820)	-	-
Funds used during the year	<u>(90,580)</u>	<u>-</u>	<u>-</u>	<u>(90,580)</u>
ENDOWMENT NET ASSETS, DECEMBER 31, 2023	<u>\$ 205,440</u>	<u>\$ 170,700</u>	<u>\$ 151,332</u>	<u>\$ 527,472</u>

13. SUBSEQUENT EVENTS

In preparing these consolidated financial statements, POA has evaluated events and transactions for potential recognition or disclosure through July 18, 2024, 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, 2023**

	ASSETS			
	Partners of the Americas, Inc.	Partners of the Americas Foundation	Eliminations	Total
CURRENT ASSETS				
Cash and cash equivalents	\$ 5,182,716	\$ 1,628,524	\$ -	\$ 6,811,240
Investments	-	372,852	-	372,852
Grants and contributions receivable	1,279,498	75,000	-	1,354,498
Other receivables	36,148	-	-	36,148
Due from Partners of the Americas, Inc.	-	162	(162)	-
Program advances	921,729	-	-	921,729
Prepaid expenses and other assets	<u>210,858</u>	<u>-</u>	<u>-</u>	<u>210,858</u>
Total current assets	<u>7,630,949</u>	<u>2,076,538</u>	<u>(162)</u>	<u>9,707,325</u>
FIXED ASSETS				
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>(286,055)</u>	<u>-</u>	<u>-</u>	<u>(286,055)</u>
Net fixed assets	<u>124,661</u>	<u>-</u>	<u>-</u>	<u>124,661</u>
NONCURRENT ASSETS				
Cash and cash equivalents, net	11,576,485	-	-	11,576,485
Right-of-use asset, net	1,538,197	-	-	1,538,197
Artwork	15,648	-	-	15,648
Deposits	<u>44,876</u>	<u>-</u>	<u>-</u>	<u>44,876</u>
Total noncurrent assets	<u>13,175,206</u>	<u>-</u>	<u>-</u>	<u>13,175,206</u>
TOTAL ASSETS	<u>\$ 20,930,816</u>	<u>\$ 2,076,538</u>	<u>\$ (162)</u>	<u>\$ 23,007,192</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable and accrued liabilities	\$ 2,599,410	\$ 928,249	\$ -	\$ 3,527,659
Pass-through funds	-	620,817	-	620,817
Refundable advances	5,045,899	-	-	5,045,899
Due to Partners of the Americas Foundation	162	-	(162)	-
Operating lease liability	<u>377,181</u>	<u>-</u>	<u>-</u>	<u>377,181</u>
Total current liabilities	<u>8,022,652</u>	<u>1,549,066</u>	<u>(162)</u>	<u>9,571,556</u>
NONCURRENT LIABILITIES				
Refundable advances, net	11,576,485	-	-	11,576,485
Operating lease liability, net	<u>1,221,908</u>	<u>-</u>	<u>-</u>	<u>1,221,908</u>
Total noncurrent liabilities	<u>12,798,393</u>	<u>-</u>	<u>-</u>	<u>12,798,393</u>
Total liabilities	<u>20,821,045</u>	<u>1,549,066</u>	<u>(162)</u>	<u>22,369,949</u>
NET ASSETS				
Without donor restrictions:				
Undesignated	109,771	-	-	109,771
Board designated	<u>-</u>	<u>205,440</u>	<u>-</u>	<u>205,440</u>
Total net assets without donor restrictions	109,771	205,440	-	315,211
With donor restrictions	<u>-</u>	<u>322,032</u>	<u>-</u>	<u>322,032</u>
Total net assets	<u>109,771</u>	<u>527,472</u>	<u>-</u>	<u>637,243</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 20,930,816</u>	<u>\$ 2,076,538</u>	<u>\$ (162)</u>	<u>\$ 23,007,192</u>

**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, 2023**

	<u>Partners of the Americas, Inc.</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
U.S. Government assistance	\$ 28,703,177	\$ -	\$ 28,703,177
Corporate contributions	15,413	-	15,413
Contributed nonfinancial assets	3,765,216	-	3,765,216
Fee for service	-	-	-
Individual and foundation contributions	85,142	-	85,142
Membership contributions	13,469	-	13,469
Net investment return	-	-	-
Other	2,525	-	2,525
Net assets released from donor restrictions	-	-	-
Total support and revenue	<u>32,584,942</u>	<u>-</u>	<u>32,584,942</u>
EXPENSES			
Program Services:			
Labor	6,825,047	-	6,825,047
Agriculture and Food Security	11,230,483	-	11,230,483
Education	8,315,205	-	8,315,205
Total program services	<u>26,370,735</u>	<u>-</u>	<u>26,370,735</u>
Supporting Services:			
General and Administrative	6,204,693	-	6,204,693
Total expenses	<u>32,575,428</u>	<u>-</u>	<u>32,575,428</u>
Change in net assets	9,514	-	9,514
Net assets at beginning of year	100,257	-	100,257
NET ASSETS AT END OF YEAR	<u>\$ 109,771</u>	<u>\$ -</u>	<u>\$ 109,771</u>

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, 2023

	Partners of the Americas Foundation			Eliminations	Consolidated Total
	Without Donor Restrictions	With Donor Restrictions	Total		
SUPPORT AND REVENUE					
U.S. Government assistance	\$ -	\$ -	\$ -	\$ -	\$ 28,703,177
Corporate contributions	7,432	-	7,432	-	22,845
Contributed nonfinancial assets	-	-	-	-	3,765,216
Fee for service	112,483	-	112,483	-	112,483
Individual and foundation contributions	-	-	-	(56,930)	28,212
Membership contributions	-	-	-	-	13,469
Net investment return	-	63,638	63,638	-	63,638
Other	-	-	-	-	2,525
Net assets released from donor restrictions	52,820	(52,820)	-	-	-
Total support and revenue	<u>172,735</u>	<u>10,818</u>	<u>183,553</u>	<u>(56,930)</u>	<u>32,711,565</u>
EXPENSES					
Program Services:					
Labor	-	-	-	-	6,825,047
Agriculture and Food Security	-	-	-	-	11,230,483
Education	-	-	-	-	8,315,205
Total program services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,370,735</u>
Supporting Services:					
General and Administrative	90,580	-	90,580	(56,930)	6,238,343
Total expenses	<u>90,580</u>	<u>-</u>	<u>90,580</u>	<u>(56,930)</u>	<u>32,609,078</u>
Change in net assets	82,155	10,818	92,973	-	102,487
Net assets at beginning of year	<u>123,285</u>	<u>311,214</u>	<u>434,499</u>	<u>-</u>	<u>534,756</u>
NET ASSETS AT END OF YEAR	<u>\$ 205,440</u>	<u>\$ 322,032</u>	<u>\$ 527,472</u>	<u>\$ -</u>	<u>\$ 637,243</u>

PARTNERS OF THE AMERICAS, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

<u>Federal Agency and Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass-Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT (USAID)			
Foreign Assistance for Programs Overseas	98.001	\$ 3,444,574	\$ 8,198,009
John Ogonowski Farmer-to-Farmer Program & AVOP	98.009	1,852,500	6,699,407
U.S. DEPARTMENT OF LABOR			
International Labor Programs	17.401	1,794,977	8,516,295
U.S. DEPARTMENT OF STATE			
Professional and Cultural Exchange Programs - Citizen Exchanges	19.415	-	290,385
Bureau of Western Hemisphere Affairs (WHA) Grant Programs (including Energy and Climate Partnership for the Americas)	19.750	-	11,027
Public Diplomacy Programs	19.040	226,156	482,449
100,000 Strong in the Americas Innovation Fund	19.777	-	421,241
International Programs to Support Diplomacy	19.345	-	150,430
International Programs to Combat Human Trafficking	19.019	-	65,857
U.S. DEPARTMENT OF AGRICULTURE			
Food for Progress	10.606	187,531	3,753,028
Technical Agricultural Assistance	10.960	<u>89,871</u>	<u>115,049</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$ 7,595,609</u>	<u>\$ 28,703,177</u>

PARTNERS OF THE AMERICAS, INC.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023**

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, 2023. 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, 2023

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
17.401	International Labor Programs

8). Dollar threshold used to distinguish between Type A and Type B programs: \$861,095

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, 2023**

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, 2023, 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 18, 2024.

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.

4550 MONTGOMERY AVENUE · SUITE 800 NORTH · BETHESDA, MARYLAND 20814
(301) 951-9090 · WWW.GRFCPA.COM

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

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 18, 2024



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, 2023. 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, 2023.

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.

4550 MONTGOMERY AVENUE · SUITE 800 NORTH · BETHESDA, MARYLAND 20814
(301) 951-9090 · WWW.GRFCPA.COM

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

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.

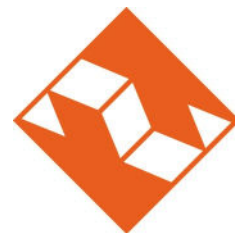
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant 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 18, 2024



PARTNERS OF THE AMERICAS, INC.

PARTNERS OF THE AMERICAS FOUNDATION

**INDIRECT RATE AND
FRINGE BENEFIT RATE CALCULATIONS**

FOR THE YEAR ENDED DECEMBER 31, 2023

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

CONTENTS

	PAGE NO.
INDEPENDENT AUDITOR'S REPORT	IV-(3 - 4)
EXHIBIT A - Consolidated Statement of Indirect Rate Calculation, for the Year Ended December 31, 2023	IV-5
EXHIBIT B - Consolidated Statement of Fringe Benefit Rate Calculation, for the Year Ended December 31, 2023	IV-6
NOTES TO CONSOLIDATED STATEMENTS OF INDIRECT RATE AND FRINGE BENEFIT RATE CALCULATIONS	IV-7



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, 2023, 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, 2023, 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.

4550 MONTGOMERY AVENUE • SUITE 800 NORTH • BETHESDA, MARYLAND 20814
(301) 951-9090 • WWW.GRFCPA.COM

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

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 18, 2024

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

**CONSOLIDATED STATEMENT OF INDIRECT RATE CALCULATION
FOR THE YEAR ENDED DECEMBER 31, 2023**

INDIRECT (GENERAL AND ADMINISTRATIVE) EXPENSES

Salaries and related benefits	\$ 3,512,259
Professional fees	532,614
Accounting	76,541
Supplies	17,478
Telephone	39,565
Postage and shipping	3,553
Occupancy	422,246
Equipment rental and maintenance	1,724
Printing and publications	6,255
Travel	305,262
Depreciation and amortization	73,950
Training, seminars and workshops	125,051
Consulting services	535,015
Dues and subscriptions	224,400
Insurance	31,064
Other	102,199
In-kind professional services	<u>229,167</u>

Subtotal 6,238,343

Adjustments:

In-kind professional services	(229,167)
Unallowable indirect expenses reclassified as direct expenses	<u>(61,373)</u>

TOTAL ADJUSTED INDIRECT EXPENSES **\$ 5,947,803**

DIRECT EXPENSES

Total program expenses per consolidated financial statements \$ 26,370,735

Adjustments:

In-kind professional services	(3,536,049)
Agricultural Volunteer Opportunity Project (AVOP) sub-awards (Note 2)	(1,627,460)
Unallowable indirect expenses reclassified as direct expenses	<u>61,373</u>

TOTAL ADJUSTED DIRECT EXPENSES **\$ 21,268,599**

INDIRECT RATE CALCULATION

$$\frac{\text{Total Adjusted Indirect Expenses}}{\text{Total Adjusted Direct Expenses}} = \frac{\$5,947,803}{\$21,268,599} \times 100 = \underline{\underline{27.97\%}}$$

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, 2023**

FRINGE BENEFITS

Payroll taxes	\$	378,728
Medical insurance		431,404
Life insurance		4,779
Disability insurance		12,281
Retirement expense		361,621
Other benefits		<u>13,882</u>
Subtotal fringe benefits		1,202,695
Less: fringe benefit expenses directly charged to programs		<u>(36,025)</u>
TOTAL FRINGE BENEFITS	\$	<u>1,166,670</u>

SALARIES EXPENSE RECONCILIATION

Total salaries and benefits per audited consolidated financial statements	\$	6,190,098
Less: Fringe benefits (above)		<u>(1,166,670)</u>
TOTAL SALARIES EXPENSE	\$	<u>5,023,428</u>

FRINGE BENEFIT RATE CALCULATION

<u>Total Fringe Benefits</u>	=	\$	<u>1,166,670</u>	x 100 =	<u><u>23.22%</u></u>
Total Salaries Expense		\$	<u>5,023,428</u>		

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

**NOTES TO CONSOLIDATED STATEMENTS OF INDIRECT RATE AND
FRINGE BENEFIT RATE CALCULATIONS
DECEMBER 31, 2023**

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, 2023.