Financial Statements
June 30, 2019
(With Comparative Totals for 2018)

FINANCIAL STATEMENTS JUNE 30, 2019 (WITH COMPARATIVE TOTALS FOR 2018)

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To The Board of Directors of South Africa Partners, Inc. Boston, MA

<u>Independent Auditors' Report on the Financial Statements and on the Supplementary Schedule of Expenditures of Federal Awards</u>

Report on the Financial Statements

We have audited the accompanying financial statements of South Africa Partners, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the South Africa office, which statements reflect total assets of \$434,653 as of June 30, 2019, and total expenses of \$1,569,130 for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the South Africa office, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of South Africa Partners, Inc. as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, 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, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 19, 2020, on our consideration of South Africa Partners, Inc. internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering of South Africa Partners, Inc. internal control over financial reporting and compliance.

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GONZALEZ & ASSOCIATES, P.C. Certified Public Accountants

Stoughton, Massachusetts May 19, 2020

STATEMENT OF FINANCIAL POSITION JUNE 30, 2019 (WITH COMPARATIVE TOTALS FOR 2018)

ASSETS

	2019	2018
Current Assets		
Cash	\$ 978,134	\$ 586,115
Accounts receivable	30,437	215,050
Pledges receivable	16,000	57,085
Other receivable	874	8,662
Prepaid expenses	9,864	12,300
Total current assets	1,035,309	879,212
Property and Equipment		
Furniture and equipment	100,455	106,749
Less: accumulated depreciation	(81,029)	(72,281)
Total property and equipment	19,426	34,468
	3) 6 30 (20mm)	<i>**</i> **********************************
Other Assets	11.440	10 /07
Security deposit	11,443	10,627
Total other assets	11,443	10,627
<u>Total Assets</u>	\$ 1,066,178	\$ 924,307
LIABILITIES AND NET ASSE	<u>rs</u>	
Current Liabilities		
Accrued expenses	\$ 109,722	\$ 529,238
Accounts payable	159,560	14,188
Total current liabilities	269,282	543,426
Total correct liabilities	207,202	J43,426
Net Assets		
Without donor restrictions	413,441	282,877
With donor restrictions	383,455	98,004
Total net assets	796,896	380,881
	90 (10 to 10	
Total Limbilities and Net Assats		
Total Liabilities and Net Assets	\$ 1,066,178	\$ 924,307

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2019 (WITH COMPARATIVE TOTALS FOR 2018)

		2019		2018
	Without Donor	With Donor		
	Restrictions	Restrictions	Total	Total
Support and Revenue				
Grants and contributions	\$ 231,800	\$ 866,693	\$ 1,098,493	\$ 979,979
Released from restrictions	581,242	(581,242)		
Contract fees	1,938,080		1,938,080	4,985,796
Service fees	10,000		10,000	1,953
Inkind contributions	623		623	765
Other income	7,346		7,346	
Interest and dividends	4,441		4,441	14,909
Realized and unrealized				
gain (loss) on investments	(2,785)		(2,785)	2,768
Gain (Loss) on exchange rate				
conversion	3,381		3,381	(17,181)
(Loss) on disposal of fixed assets				(957)
Total Support and Revenue	2,774,128	285,451	3,059,579	5,968,032
<u>Expenses</u>				
Program services	2,128,576		2,128,576	5,925,169
Management and general	378,681		378,681	443,981
Fundraising	136,307		136,307	210,793
<u>Total Expenses</u>	2,643,564		2,643,564	6,579,943
				_
Change in Net Assets	130,564	285,451	416,015	(611,911)
		27 9 8 8		
Net Assets - Beginning of Year	282,877	98,004	380,881	992,792
Net Assets - End of Year	\$ 413,441	\$ 383,455	\$ 796,896	\$ 380,881

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2019 (WITH COMPARATIVE TOTALS FOR 2018)

	2019				2018
	Program	Management			
	Services	and General	Fundraising	Total	Total
Salaries	\$ 173,905	\$ 191,689	\$ 94,371	\$ 459,965	\$ 586,725
Salaries - South Africa	638,777	3,501		642,278	957,317
Payroll taxes	24,594	18,064	8,372	51,030	67,224
Employee benefits	92,093	22,227	7,691	122,011	199,094
Total salaries and related			, , , , , , , , , , , , , , , , , , ,		
expenses	929,369	235,481	110,434	1,275,284	1,810,360
Advertising					2,532
Automobile expenses	2,079	60		2,139	2,772
Bank and credit card fees		3,291		3,291	4,629
Consultants	120,891	22,822	3,750	147,463	293,532
Contract reimbursement					69,322
Depreciation	13,412			13,412	16,663
Dues and subscriptions		2,528	4,836	7,364	15,080
Equipment rental	12,113	2,253	•	14,366	18,076
Grant disbursements	64,264			64,264	162,532
Inkind expense		623		623	765
Insurance	8,873	6,661	3,158	18,692	23,063
Meetings and conferences	40,021	69	1,012	41,102	106,965
Moving expenses	1,850	173		2,023	
Payroll processing		1,084		1,084	1,222
Postage and delivery	1,213	3.82	519	2,114	6,670
Printing and copying	12,386	523	2,872	15,781	63,779
Professional development				20 SCOM 2 SHOT (H)	1,071
Professional fees		62,746		62,746	32,839
Rent	49,102	17,974	8,399	75,475	79,050
Repairs and maintenance	10,416	105		10,521	11,216
Security	331	45		376	1,124
Storage	8,248	184		8,432	1,909
Subcontractors	718,868			718,868	3,513,103
Supplies	6,285	2,970	62	9,317	15,288
Technology	4,906	5,136		10,042	20,132
Telephone	23,068	6,552		29,620	37,175
Travel	73,596	4,102	547	78,245	216,322
Utilities	10,980	894	376	12,250	11,573
Website	16,305	2,023	342	18,670	41,179
Total expenses	\$ 2,128,576	\$ 378,681	\$ 136,307	\$ 2,643,564	\$ 6,579,943

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2019 (WITH COMPARATIVE TOTALS FOR 2018)

	2019		2018	
Cash Flows From Operating Activities				
Change in net assets	\$	416,015	\$	(611,911)
Adjustments to reconcile change in net assets to cash				
provided by operating activities:				
Depreciation		13,412		16,663
Donated investments included in contributions		(103,240)		(99,003)
Change in value of fixed assets due to		1 400		0.500
currency conversion		1,630		2,598
Loss on disposal of fixed asset				957
(Increase) decrease in:		104 (10		440 415
Accounts receivable		184,613		462,615
Pledges receivable Other receivable		41,085		193,395
		7,788		8,717
Prepaid expenses		2,436		12,119
Security deposits Increase (decrease) in:		(816)		680
Accrued expenses		(410 517)		(010,000)
Accounts payable		(419,516)		(218,022)
Accounts payable		145,372	-	(24,458)
Net Cash Provided (Used) by Operating Activities		288,779		(255,650)
Cook Floure Evens Investing Astinities				
Cash Flows From Investing Activities Purchase of investments				10.7.101
		100.040		(2,769)
Redemption of investments Purchase of fixed assets		103,240		106,830
Purchase of fixed assets			-	(3,422)
Net Cash Provided by Investing Activities		103,240		100,639
To Cash To Viada by HIVesining Activities		100,240		100,037
Cash Flows From Financing Activities		0	1	. 0
Increase (Decrease) in Cash and Cash Equivalents		392,019		(155,011)
Cash and Cash Equivalents - Beginning of Year		586,115		741,126
Cash and Cash Equivalents - End of Year	\$	978,134	\$	586,115
SUPPLEMENTAL INFORMATION:				_
Interest paid	\$	0	\$	0
Write off of fully depreciated equipment	\$	0	\$	3,888
Donated stock	\$	103,240	\$	99,003
	<u> </u>			

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

Note 1. Organization

South Africa Partners, Inc. (SA Partners) was organized in the Commonwealth of Massachusetts as a not-for-profit corporation on July 23, 1997. SA Partners is dedicated to the establishment of mutually beneficial institutional partnerships between the United States and South Africa, in the areas of health and education. Serving as a catalyst of innovative approaches, South Africa Partners links people, strengthens communities, promotes social justice and fosters leadership in both countries.

Throughout our work we strive to:

- Facilitate meaningful partnerships that build the capacity of South African organizations
- Nurture strategic collaborations and the sharing of best practices between the United States and South Africa
- Strengthen people-to-people relationships between those living in South Africa and the United States to promote justice and democracy

SA Partners headquarters are in Boston, Massachusetts, U.S.A and it has program and administrative offices in Johannesburg, South Africa. The financial statements include activity from both offices.

Note 2. Summary of Significant Accounting Policies

a. <u>Standards of Accounting and Reporting</u>

The Organization follows standards of accounting and financial reporting as described in the American Institute of Certified Public Accountants' Audit and Accounting Guide for "Not-for-Profit Organizations."

The accompanying schedule of expenditures of federal awards includes the federal grant activity of South Africa Partners, Inc. under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance. Because the Schedule presents only a selected portion of the operations of South Africa Partners, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of South Africa Partners, Inc.

b. <u>Basis of presentation</u>

The financial statements of South Africa Partners, Inc. have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require South Africa Partners, Inc. to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of South Africa Partners, Inc.'s management and the board of directors.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

(Continued)

Note 2. Summary of Significant Accounting Policies (Continued)

b. <u>Basis of presentation</u> (continued)

Net assets with donor restrictions

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

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

c. Property and Equipment

These assets are recorded at cost when purchased, or if donated, at their estimated fair value at date of donation. All acquisitions of property and equipment in excess of \$5,000 and all expenditures that materially prolong the useful lives of assets are capitalized.

d. <u>Depreciation</u>

Provisions for depreciation are made in the accounts using the straight-line method. Equipment is being depreciated over 3-6 years.

e. <u>Functional Expenses</u>

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

f. Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

g. Promise to Give

Unconditional promises to give are recorded as revenues or gains in the period received and as assets, decreases in liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

(Continued)

Note 2. Summary of Significant Accounting Policies (Continued)

h. <u>Use of Estimates</u>

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

i. Contributions

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

j. <u>Contracts</u>

Financial awards from the federal government in the form of grants are subject to special audit. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

k. Grants Made

Grants are made from available resources in accordance with donor and program committee recommendations. Liabilities for grants made are recognized when approved by the Board of Directors and payment is generally made shortly thereafter.

I. New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. South Africa Partners, Inc. has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

(Continued)

Note 2. Summary of Significant Accounting Policies (Continued)

m. Donated Goods and Services

In-kind contributions are reflected as contributions at their fair value at date of donation and are reported as unrestricted support. The Organization recognizes the fair value of contributed services received if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed.

In-kind contributions for the year ending June 30, 2019 totaled \$623 for travel expenses.

n. <u>Investments</u>

Investments are presented in the financial statements at fair market value. South Africa Partners, Inc. maintains an investment account in order to receive stock donations. Donated stock is sold shortly after it is received. There was no balance in the account at June 30, 2019.

o. <u>Summarized Comparative Financial Statements</u>

The financial information shown for 2018 in the accompanying financial statements is included to provide a basis for comparison with 2019 and presents summarized totals only. Such information does not include sufficient data to constitute a presentation in conformity with generally accepted accounting principles. Certain accounts in the prior year financial statements may have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

p. Foreign Currency

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

Note 3. Tax Status

South Africa Partners, Inc. is exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code and accordingly, no provision for income taxes is included in the financial statements. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(a) and has been classified as an organization that is not a private foundation under Section 509(a)(1).

The office in South Africa is a non-profit organization incorporated under section 21 A of the Companies Act of South Africa, and therefore, it is exempt from tax.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

(Continued)

Note 4. Availability and Liquidity

The following represents South Africa Partners, Inc.'s financial assets at June 30, 2019 and 2018:

Financial assets at year end:	 2019		2018
Cash and cash equivalents	\$ 978,134		\$ 586,115
Accounts receivable	30,437		215,050
Pledges receivable	16,000		57,085
Other receivable	874		8,662
Total financial assets available to meet general expenditures			
over the next twelve months	\$ 1,025,445	_	\$ 866,912

South Africa Partners, Inc.'s goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$660,900). As part of its liquidity plan, excess cash is invested in money market accounts.

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient support and revenue to cover general expenditures not covered by donor-restricted resources.

Note 5. Foreign Bank Accounts

The Organization's cash balance includes \$378,886 deposited in a local bank in South Africa. An exchange rate of 14.086 South African rands per United States dollar, was utilized at June 30, 2019.

Note 6. Deposits

Deposits consist of the following:

Office rental – Boston	\$ 2,000
Office rental – South Africa	9,443
Total Deposits	\$ 11,443

Note 7. Line of Credit

The Organization has a line of credit with a limit of up to \$50,000. The line of credit is provided on a demand basis. At June 30, 2019, there is no outstanding balance.

Note 8. Concentrations of Credit Risk

The Organization maintains its cash balances in one financial institution. The financial institution's balance is insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2019 the Organization's uninsured cash balances at the financial institutions totaled \$355,311. Management believes it is not exposed to any significant credit risks on its cash balances.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

(Continued)

Note 9. Foreign Operations

South Africa Partners, Inc. maintains facilities in South Africa. As of June 30, 2019, account balances in South Africa included: cash on hand and in banks totaling \$378,886; receivables totaling \$26,471; deposits totaling \$9,443; property and equipment, net of accumulated depreciation, amounting to \$19,426; and liabilities totaling \$145,656. Support and revenue for the foreign office is raised and distributed by South Africa Partners, Inc. Account balances relating to foreign operations are reflected in the financial statements in United States dollars.

Note 10. Net Assets

Net assets with donor restrictions were as follows for the years ended June 30, 2019 and 2018:

	2019		2018	
Specific Purpose				
Donor Advised Programs	\$	39,736	\$	10,445
Innovation Fund Albertina Sisulu Executive Leadership		87,559		87,559
Programme in Public Health (ASELPH)		256,160		
Total	\$	383,455	\$	98,004

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30, 2019 and 2018:

	2019	 2018
Satisfaction of Purpose Restrictions		
Donor Advised Programs	\$ 49,721	\$ 123,053
ASELPH	510,461	552,576
Albertina Sisulu Centenary Lecture	21,060	
Early Childhood Education		43,243
Innovation Fund		59,401
Mandela Centenary		35,500
HIV Project		 15,875
Total	\$ 581,242	\$ 829,648

Note 11. Related Organization

South Africa Partners, Inc. (SAP) maintains a relationship with Masibumbane Development Organization (MDO), an exempt organization under South Africa charities law. SAP and MDO share one board member. Generally Accepted Accounting Principles (GAAP) requires combined/consolidated financial statements when there is a majority interest in the board; because the one board member doesn't constitute a majority, these financial statements are not required to be combined.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

(Continued)

Note 12. Occupancy

The Organization rents office space located at 89 South Street, Boston, Massachusetts. In September 2018 the lease was extended for an additional year, with a new expiration date of October 2019 at the cost of \$3,803 per month. The lease was terminated as of June 14, 2019 in exchange for other office space as a tenant at will.

In addition, the Organization rents office and program space for one office in South Africa. The lease for the Johannesburg office was extended to December 2019. Rent expense in South Africa totaled \$33,478 and \$38,079 for fiscal years ended June 30, 2019 and 2018, respectively.

Rent expense for both the Boston and South Africa offices totaled \$75,475 and \$79,050 for the fiscal years ended June 30, 2019 and 2018, respectively.

South Africa's future minimum lease payments for fiscal years ending June 30 are as follows:

2020

\$ 9,494

Note 13. Equipment Lease

The Organization entered into a new lease for a copy machine beginning January 2017 for five years. Monthly payments under the lease are \$221 plus overages. Equipment rental expense for the fiscal years ended June 30, 2019 and 2018 respectively, was \$2,602 and \$4,393.

Future minimum lease payments for fiscal years ending June 30 are as follows:

2020	\$ 2,652
2021	2,652
2022	1,326

Note 14. Substantial Support

The Organization received substantial support under the following service agreements and 5 private funders:

Centers for Disease Control and Prevention (CDC)	\$ 1,441,000
U.S. Agency for International Development (USAID)	189,519
Aurum Institute	247,321
Elma Philanthropies	780,543
Private funders	98,236
Total	\$ 2,756,619
Percentage of total revenue	90%

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

(Continued)

Note 15. Retirement Plan

South Africa Partners, Inc. maintains two separate retirement plans for employees in each office. In South Africa, the Organization contributes 3% of an employee's salary. New employees are required to join the plan. Retirement expense for South Africa totaled \$19,478 and \$27,839 for fiscal years ended 2019 and 2018, respectively. In the US, the Organization matched up to 2% of an eligible employee's salary. The Organization's retirement expense for the US totaled \$8,223 and \$16,090 for fiscal years ended 2019 and 2018, respectively.

Note 16. Subsequent Events

Subsequent events were evaluated through May 19, 2020, which is the date the financial statements were available to be issued.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2019

	CFDA No.	Grant Number	Federal Award	Passed Through to Subrecipients	Total Federal Expenditures
<u>Department of Health and Human</u> <u>Disease Control and Prevention</u>	<u>Services</u>				
<u>Direct</u> TA and Supp for the Dev and Implem of Key Aspects of HIV/AIDS Care and Supp Serv 4/1/2018-9/30/2019	93.067	6NU2GGH001554-04-03	\$ 2,250,000 Subtotal	\$ 105,053	\$ 1,441,000 1,441,000
Pass Through Aurum Institute Comprehensive HIV & TB Prev, Care and Treatment Svcs 4/1/2018-9/30/2019	s 93.067	NU2GGH001175-05-00	435,105 Subtotal		247,321 247,321
Total Department of Health and Hu Service for Disease Control and F					1,688,321
U.S. Agency for the International De	evelopment				
<u>Direct</u> South Africa Executive Leadershi Program in Health 11/23/2012-9/30/2018	ip 98.001	AID-674-A-13-00002	5,600,000	184,177	189,519
Total U.S. Agency for International	<u>Developmer</u>	<u>nt</u>			189,519
<u>Total Expenditures of Federal Awar</u>	ds				\$ 1,877,840
			93.067 98.001		TOTAL \$ 1,688,321 189,519 \$ 1,877,840



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

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of South Africa Partners, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 19, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered South Africa Partners, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of South Africa Partners, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether South Africa Partners, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Associates PC

Very truly yours,

GONZALEZ & ASSOCIATES, P.C. Certified Public Accountants

Stoughton, Massachusetts May 19, 2020



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

<u>Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance</u>

Report on Compliance for Each Major Federal Program

We have audited South Africa Partners, Inc.'s compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of South Africa Partners, Inc.'s major federal programs for the year ended June 30, 2019. South Africa Partners, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of South Africa Partners, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about South Africa Partners, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of South Africa Partners, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, South Africa Partners, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of South Africa Partners, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered South Africa Partners, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of South Africa Partners, Inc.'s internal control over compliance.

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

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

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.

I Associate PC

GONZALEZ & ASSOCIATES, P.C. Certified Public Accountants

Stoughton, Massachusetts May 19, 2020

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2019

SUMMARY OF AUDITORS' RESULTS

- 1. The auditors' report expresses an unmodified opinion on whether the financial statements of South Africa Partners, Inc. were prepared in accordance with GAAP.
- 2. No significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
- 3. No instances of noncompliance material to the financial statements of South Africa Partners, Inc. which would be required to be reported in accordance with Government Auditing Standards were disclosed during the audit.
- 4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.
- 5. The auditors' report on compliance for the major federal award programs for South Africa Partners, Inc. expresses an unqualified opinion.
- 6. Not applicable.
- 7. The programs tested as a major program includes:

HIV Prevention in Eastern Cape Correctional Services Facilities

93.067

Technical Assistance and Support for the Development and Implementation of Key Aspects of HIV/AIDS Care and Support Services in South Africa 93.067

- 8. The threshold used for distinguishing between Type A and B programs was \$750,000.
- 9. South Africa Partners, Inc. qualified as a low-risk auditee.

FINDINGS - FINANCIAL STATEMENT AUDIT

NONE

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

NONE