



Community Partners International

Financial Statements

*For the Year Ended
December 31, 2017
With Independent Auditors' Report Thereon*

COMMUNITY PARTNERS INTERNATIONAL

(A California Not-For-Profit Corporation)
December 31, 2017

Our mission is to work with local partners to improve health and education, led by and for the people of Myanmar.

Partnership with local organizations is the core of our work: We listen to local leaders and through training and mentoring, we build local capacity to serve communities where mothers, children and families are deprived of essential health services. Our long-term partnerships develop the trust and experience vital to positive lasting change, and our extensive network encompasses diverse ethnicities, religions and languages.

After decades of isolation and devastating repression, Myanmar is undergoing extraordinary and heartening change. Yet there is continuing community strife, deep poverty and a lack of health care for the vast majority.

Community Partners International strongly affirms our deep commitment to the universal humanitarian principles of impartiality and independence, and the right to life with dignity regardless of race, religion, nationality, sexual orientation, or membership in a particular social group or political opinion.

Board of Directors and Staff

Name	Office
Dr. Thomas J. Lee	Chairman
John P. McGonigle	Vice-Chairman
James Baker	Director
Michael Johnson	Director
Jill Lervold	Director
Parveen Parmar	Director
Adam Richards	Director
Stanley Sze	Director

Dr. Si Thura
Executive Director

COMMUNITY PARTNERS INTERNATIONAL OFFICE

2560 Ninth Street, Suite 315-B
Berkeley, California 94710
510-225-9676

Web Site Address: www.cpintl.org

REGALIA and ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

COMMUNITY PARTNERS INTERNATIONAL

(A California Not-For-Profit Corporation)
December 31, 2017

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CERTIFIED PUBLIC ACCOUNTANTS
103 TOWN & COUNTRY DRIVE, SUITE K, DANVILLE, CALIFORNIA 94526
DOUGLAS REGALIA, CPA
MARIANNE RYAN
JANICE TAYLOR, CPA
LISA CLOVEN, CPA
JENNY SO, CPA
JENNIFER JENSEN
WEB : WWW.MRCPA.COM
OFFICE : 925.314.0390
DANA CHAVARRIA, CPA
TRICIA WILSON
WENDY THOMAS, CPA
LISA PARKER, CPA [inactive]
JEANNINE REGALIA, CPA
VALERIE REGALIA
FAX : 925.314.0469

INDEPENDENT AUDITORS' REPORT

The Board of Directors Community Partners International

We have audited the accompanying financial statements of Community Partners International (a nonprofit organization) which comprise the statement of financial position as of December 31, 2017 and the related statements of activities and changes in net assets, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 auditor's 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, the financial statements referred to above present fairly, in all material respects, the financial position of Community Partners International as of December 31, 2017 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

We have previously audited Community Partners International's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 10, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Regalia & Associates

***Danville, California
October 5, 2018***

COMMUNITY PARTNERS INTERNATIONAL

Statements of Financial Position December 31, 2017 and 2016

Assets

	2017	2016
Current Assets:		
Cash and cash equivalents	\$ 3,771,475	\$ 1,957,433
Grants, contracts, and pledges receivable	952,627	527,887
Other receivables	136,494	70,696
Prepaid expenses and partner advances	835,618	271,211
Total current assets	<u>5,696,214</u>	<u>2,827,227</u>
Noncurrent Assets:		
Property and equipment, net	-	400
Total assets	<u>\$ 5,696,214</u>	<u>\$ 2,827,627</u>

Liabilities and Net Assets

Current Liabilities:		
Accounts payable and accrued liabilities	\$ 346,606	\$ 186,678
Grants payable	88,821	173,415
Total current liabilities	<u>435,427</u>	<u>360,093</u>
Net Assets:		
Unrestricted	2,612,195	1,356,133
Temporarily restricted	2,648,592	1,111,401
Total net assets	<u>5,260,787</u>	<u>2,467,534</u>
Total liabilities and net assets	<u>\$ 5,696,214</u>	<u>\$ 2,827,627</u>

COMMUNITY PARTNERS INTERNATIONAL

Statement of Activities and Changes in Net Assets

For the Year Ended December 31, 2017

(with Summarized Financial Information for the Year Ended December 31, 2016)

	Unrestricted	Temporarily Restricted	2017 Total	2016 Total
<i>Changes in net assets:</i>				
Revenue and support:				
Individual contributions	\$ 61,865	\$ 410,482	\$ 472,347	\$ 114,469
Foundation contributions	1,757,500	602,326	2,359,826	1,515,073
Government and foreign agency grants	-	5,868,932	5,868,932	2,570,302
In-kind contributions	-	63,377	63,377	49,894
Interest and investment income	761	-	761	1,064
Other income	28,158	-	28,158	31,009
Net assets released from restrictions	5,407,926	(5,407,926)	-	-
Total revenue and support	7,256,210	1,537,191	8,793,401	4,281,811
Expenses:				
Total programs	5,359,186	-	5,359,186	3,696,534
Fundraising	162,344	-	162,344	170,760
General and administrative	478,618	-	478,618	369,946
Total expenses	6,000,148	-	6,000,148	4,237,240
Increase in net assets	1,256,062	1,537,191	2,793,253	44,571
Net assets at beginning of year	1,356,133	1,111,401	2,467,534	2,422,963
Net assets at end of year	\$2,612,195	\$2,648,592	\$ 5,260,787	\$ 2,467,534

COMMUNITY PARTNERS INTERNATIONAL

Statements of Cash Flows For the Years Ended December 31, 2017 and 2016

	2017	2016
<i>Cash flows from operating activities:</i>		
Increase in net assets	\$ 2,793,253	\$ 44,571
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation	400	400
Uncollectible grants receivable	-	16,500
Changes in:		
Grants, contracts, and pledges receivable	(424,740)	(135,765)
Other receivables	(65,798)	111,050
Prepaid expenses and advances	(564,407)	(284,871)
Accounts payable and accrued liabilities	159,928	139,603
Grants payable	(84,594)	100,351
Net cash provided by (used for) operating activities	1,814,042	(8,161)
Increase (decrease) in cash and cash equivalents	1,814,042	(8,161)
Cash and cash equivalents at beginning of year	1,957,433	1,965,594
Cash and cash equivalents at end of year	\$ 3,771,475	\$ 1,957,433
 <i>Supplemental Disclosures:</i>		
Interest expense	\$ -	\$ -
Taxes paid to Secretary of State	\$ 150	\$ 150

COMMUNITY PARTNERS INTERNATIONAL

**Statement of Functional Expenses
For the Year Ended December 31, 2017**

	Maternal & Child Health				Infectious Diseases				Health	Trauma	Emergency Response	HIV/AIDS	Research	Admini- stration	Fund- raising	Totals
	SDC MCH (MS)	MCH	MCH (YGN)	Total MCH	ID Yangon	ID GF Yangon	3MDG	Total ID	HSS	MS	Bangladesh					
Personnel	\$ 256,066	\$ -	\$ 129,243	\$ 385,309	\$ 6,372	\$ 141,656	\$ 233,404	\$ 381,432	\$ 140,060	\$ -	\$ 11,086	\$ 357,578	\$ 111,688	\$ 279,428	\$ 78,498	\$ 1,745,079
Services	36,935	5,327	6,419	48,681	-	36,822	23,628	60,450	17,560	-	36,509	-	4,533	102,513	37,990	308,236
Operating	26,104	-	22,905	49,009	-	41,058	29,681	70,739	19,118	-	1,490	120,527	10,557	48,200	23,228	342,868
Program [1]	73,356	1,486	45,244	120,086	-	63,232	54,300	117,532	152,910	-	22,510	113,616	3,313	-	6,850	536,817
Travel & Conferences	52,095	1,744	28,333	82,172	-	35,838	57,883	93,721	30,979	-	21,681	26,555	13,125	43,950	7,894	320,077
Fundraising	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,568	7,568
Subgrant Programs [2]	475,599	-	100,876	576,475	230,970	243,476	443,835	918,281	277,072	5,941	26,904	856,434	-	-	-	2,661,107
Other	5	-	-	5	-	2,410	60,967	63,377	5,086	-	-	5,085	-	4,527	316	78,396
Total expenses	\$ 920,160	\$ 8,557	\$ 333,020	\$ 1,261,737	\$ 237,342	\$ 564,492	\$ 903,698	\$ 1,705,532	\$ 642,785	\$ 5,941	\$ 120,180	\$ 1,479,795	\$ 143,216	\$ 478,618	\$ 162,344	\$ 6,000,148

[1] Program expenses represent an accumulation of expenditures made by Community Partners International for work-related travel, donor meetings, program materials and equipment, medical supplies, and other related costs.

[2] Subgrant program expenses represent grants authorized by the Board of Directors which were then disbursed to partner organizations in Myanmar and Thailand. These funds include expenditures for programs encompassing health care, medical care, education, training, and the other important initiatives sponsored by Community Partners International.

COMMUNITY PARTNERS INTERNATIONAL

**Statement of Functional Expenses
For the Year Ended December 31, 2016**

	Maternal & Child Health				Infectious Diseases				Health	Trauma	Research	Education	Admini- stration	Fund- raising	Totals
	SDC MCH (MS)	MCH	MCH (YGN)	Total MCH	ID Yangon	ID GF Yangon	3MDG	Total ID	HSS	MS					
Personnel	\$ 228,128	\$ 4,573	\$ 60,685	\$ 293,386	\$ 23,977	\$ 165,754	\$ 264,182	\$ 453,913	\$ 152,086	\$ -	\$ 25,778	\$ 320	\$ 209,935	\$ 130,031	\$ 1,265,449
Services	36,813	-	1,500	38,313	1,099	167,615	15,071	183,785	24,542	-	36	3,810	72,236	7,794	330,516
Operating	25,776	5	2,636	28,417	5,287	35,253	28,940	69,480	17,184	-	222	17	37,786	7,415	160,521
Program [1]	207,989	3,139	35,471	246,599	3,221	106,466	75,798	185,485	138,660	-	631	-	6,946	7,294	585,615
Travel & Conferences	54,190	2,603	11,581	68,374	5,277	63,687	61,083	130,047	36,127	-	2,254	209	41,170	13,201	291,382
Fundraising	-	-	-	-	-	-	-	-	-	-	-	-	-	254	254
Subgrant Programs [2]	406,308	-	29,963	436,271	167,783	274,339	442,913	885,035	270,872	4,681	-	-	-	-	1,596,859
Other	-	-	-	-	-	-	-	-	-	-	-	-	1,873	4,771	6,644
Total expenses	\$ 959,204	\$ 10,320	\$ 141,836	\$ 1,111,360	\$ 206,644	\$ 813,114	\$ 887,987	\$ 1,907,745	\$ 639,471	\$ 4,681	\$ 28,921	\$ 4,356	\$ 369,946	\$ 170,760	\$ 4,237,240

[1] Program expenses represent an accumulation of expenditures made by Community Partners International for work-related travel, donor meetings, program materials, medical supplies, and other related costs.

[2] Subgrant program expenses represent grants authorized by the Board of Directors which were then disbursed to partner organizations in Myanmar and Thailand. These funds include expenditures for programs encompassing health care, medical care, education, training, and the other important initiatives sponsored by Community Partners International.

Notes to Financial Statements
December 31, 2017 and 2016

1. Organization

Community Partners International (CPI) was organized in 2000 (originally as the Foundation for the People of Burma) as a nonprofit corporation under the laws of the State of California. CPI's projects and community-based programs provide direct assistance to communities that have been severely affected by injustice and decades of neglect. CPI engages in compassionate, creative and strategic interventions, which facilitate positive, long-lasting change for those who face scarcity and entrenched poverty in remote and low resource settings.

CPI's mission is to work with local partners to improve health and education, led by and for the people of Myanmar. Partnership with local organizations is the core of CPI's work: Listening to local leaders and through training and mentoring, building local capacity to serve communities where mothers, children and families are deprived of essential health services. CPI's long-term partnerships develop the trust and experience vital to positive lasting change, and the organization's extensive network encompasses diverse ethnicities, religions and languages.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of CPI have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and, accordingly, reflect all significant receivables, payables and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) 958.205, *Presentation of Financial Statements of Not-for-Profit Entities*. Under ASC 958.205, CPI is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. CPI had no permanently restricted net assets at December 31, 2017 and 2016.

Revenue Recognition

CPI records contributions in accordance with the recommendations of ASC 958.605, *Revenue Recognition of Not-for-Profit Entities*. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Cash and Cash Equivalents

CPI considers all highly liquid investments with a deposit commitment of 90 days or less (when initially acquired) to be cash equivalents. CPI maintains its cash balances in high quality financial institutions, which at times may exceed federally insured limits. CPI has not experienced any losses in such accounts.

(continued)

Notes to Financial Statements

2. Summary of Significant Accounting Policies *(continued)*

Fair Value Measurements

CPI follows the provisions of ASC 820, *Fair Value Measurements and Disclosures*, and has estimated the fair value of its current assets using available market information and other valuation methodologies. Accordingly, the estimates presented are not necessarily indicative of the amounts that CPI could realize in a current market exchange. The use of different assumptions and/or estimation methods may have a material effect on the estimated fair value amounts. The estimates are based on pertinent information available to management as of December 31, 2017 and 2016. Although management is not aware of any factors that would significantly affect the estimated fair value amounts, current estimates of fair value may differ significantly from the statements presented.

Foreign Currency

Many of CPI's disbursements are converted to local currency because CPI funds its programs by transferring cash from the United States to certain foreign countries so that program expenses can be paid in local denominations (usually in the monetary currency of the countries of Myanmar and Thailand). All operating results reflected in the financial statements are reported in United States currency. This process requires management to convert amounts expended in other denominations into United States dollars utilizing an estimated exchange rate. This process is performed by the accounting department on a regular basis throughout the year and results in certain gains and losses on currency conversion which are included in program expenses.

Income Taxes

Financial statement presentation follows the recommendations of ASC 740, *Income Taxes*. Under ASC 740, CPI is required to report information regarding its exposure to various tax positions taken by the organization and requires a two-step process that separates recognition from measurement. The first step is determining whether a tax position has met the recognition threshold; the second step is measuring a tax position that meets the recognition threshold. Management believes that CPI has adequately evaluated its current tax positions and has concluded that as of December 31, 2017 and 2016, CPI does not have any uncertain tax positions for which a reserve or an accrual for a tax liability would be necessary.

CPI has received notification from the Internal Revenue Service and the State of California that it qualifies for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. This exemption is subject to periodic review by the federal and state taxing authorities and management is confident that the organization continues to satisfy all federal and state statutes in order to qualify for continued tax exemption status. CPI may periodically receive unrelated business income requiring the organization to file separate tax returns under federal and state statutes. Under such conditions, CPI calculates and accrues the applicable taxes payable.

Functional Allocation of Expenses

The costs of providing CPI's various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Notes to Financial Statements

2. Summary of Significant Accounting Policies *(continued)*

Contributed Services and Costs

Contributed services and costs are reflected at the fair value of the contribution received. The contributions of services and costs are recognized if they (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 provided by donation. CPI recognized \$63,377 and \$49,894 of in-kind donations during the years ended December 31, 2017 and 2016, respectively.

Net Assets

In accordance with accounting principles generally accepted in the United States of America, financial statements must present classes of net assets based on the following categories: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Grants and contributions are classified in the appropriate net asset category based on the absence or existence of donor-imposed restrictions that limit the use of the donated assets if they are designated as support for future periods or future projects when they are received.

CPI reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets or if they are designated as support for future periods. When a donor's intended purpose is met or a time restriction expires, the temporarily restricted net asset is transferred to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions where restrictions are met in the same reporting period in which they are contributed are reported as unrestricted support.

Unrestricted net assets include all of those donated assets that have no restrictions or limitations imposed on their use. The Board of Directors may elect certain unrestricted funds to be set aside as Board designated funds, which may not be spent without approval by the Board. At December 31, 2017 and 2016, there were no Board-designated funds.

Use of Estimates

The preparation of 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenues, and expenses during the reporting period. Actual results could differ from those estimates.

Advertising and Promotion

Advertising and promotion costs are expensed as incurred and amounted to \$4,771 for the year ended December 31, 2016. There were no such expenses for the year ended December 31, 2017.

Reclassifications

Certain reclassifications have been made to the 2016 financial statements in order to conform to the presentation used in 2017.

Notes to Financial Statements

3. Cash and Cash Equivalents

Cash and cash equivalents include all funds in banks (checking and savings) at the time of purchase that have a maturity date of three months or less. The components of cash and cash equivalents are as follows at December 31:

	2017	2016
U.S. checking accounts	\$ 1,389,687	\$ 772,601
U.S. savings account	2,016,737	1,116,218
Foreign bank accounts	364,650	68,213
Cash in hand (U.S.)	401	401
Total cash and cash equivalents	\$ 3,771,475	\$ 1,957,433

CPI maintains cash in foreign bank accounts in Myanmar and Thailand. The amounts held in these accounts are not insured, and are subject to risk as well as the rules and regulations of local governments in those countries. CPI attempts to minimize the amount of funds held in these foreign bank accounts to amounts that are needed to meet the immediate financial demands of the operations in those locations.

CPI attempts to limit its credit risk associated with U.S. cash balances by utilizing financial institutions that are well capitalized and highly rated. Cash balances in savings earned interest at 0.06% as of December 31, 2017.

4. Grants, Contracts, and Pledges Receivable

Grants, contracts, and pledges receivable consist of the following at December 31:

	2017	2016
Grants and contracts receivable	\$ 311,373	\$ 372,265
Pledges receivable	641,254	155,622
Total grants, contracts, and pledges receivable	\$ 952,627	\$ 527,887

All receivables at December 31, 2017 and 2016 represent amounts principally due within one year. Management believes all amounts are fully collectible. Accordingly, no reserve for uncollectible amounts has been established at December 31, 2017. During the year ended December 31, 2016, uncollectible grants written off amounted to \$16,500, and are included with other expense on the statement of activities and changes in net assets. There were no uncollectible grants receivable during the year ended December 31, 2017.

5. Other Receivables

Other receivables of \$136,494 and \$70,696 at December 31, 2017 and 2016, respectively, include amounts advanced to foreign locations. Such funds represent advances for future program expenditures which will be transferred to expenses and then reflected on the statement of activities and changes in net assets during the subsequent fiscal year.

Notes to Financial Statements

6. Property and Equipment

Property and equipment consist of the following at December 31:

	2017	2016
Computers and equipment	\$ 8,734	\$ 8,734
Office furniture	2,002	2,002
Web site	5,151	5,151
Subtotal	15,887	15,887
Accumulated depreciation	(15,887)	(15,487)
Property and equipment, net	\$ -	\$ 400

Depreciation expense amounted to \$400 for the years ended December 31, 2017 and 2016.

7. Fair Value Measurements

Composition of assets utilizing fair value measurements at December 31, 2017 is as follows:

	Total	Level 1	Level 2	Level 3
Grants, contracts, and pledges receivable	\$ 952,627	\$ -	\$ 952,627	\$ -
Other receivables	136,494	-	136,494	-
Totals	\$ 1,089,121	\$ -	\$ 1,089,121	\$ -

Composition of investments utilizing fair value measurements at December 31, 2016 is as follows:

	Total	Level 1	Level 2	Level 3
Grants, contracts, and pledges receivable	\$ 527,887	\$ -	\$ 527,887	\$ -
Other receivables	70,696	-	70,696	-
Totals	\$ 598,583	\$ -	\$ 598,583	\$ -

Fair value measurements establish a fair value hierarchy that prioritizes the input used to measure fair value. This hierarchy consists of three broad levels: (a) Level 1 measurement reflects the value of the investments at quoted prices in active markets for identical assets, generally without any adjustments, (b) Level 2 assets and liabilities are valued based on "observable inputs" other than quoted active market prices, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, and interest rates and yield curves, and (c) Level 3 assets and liabilities are valued based on "unobservable inputs," such as a company's own estimates and pricing models. CPI had no investments classified as Level 1 or Level 3 at December 31, 2017 and 2016.

8. Grants Payable

Grants payable of \$88,821 and \$173,415 at December 31, 2017 and 2016, respectively, represent amounts approved by the Board of Directors to fund future program activities. Such amounts were disbursed during the subsequent fiscal year.

Notes to Financial Statements

9. Compensated Absences (Accrued Payroll and Related Benefits)

Financial statement presentation follows the recommendations of ASC 710.25, *Compensated Absences*. Under ASC 710.25, CPI is required to record a liability for the estimated amounts of compensation for future absences. Employees are permitted to accrue a specific number of hours of vacation which is payable upon termination of the employee. Sick leave is not paid upon termination. Annual leave accruals are recorded in the financial statements as an accrued liability on the statement of financial position based on hourly rates in effect at the end of the year. Accrued payroll liabilities amounted to \$146,447 and \$100,286 as of December 31, 2017 and 2016, respectively.

10. Net Assets

Net assets consist of the following at December 31:

	<u>2017</u>	<u>2016</u>
Unrestricted	<u>\$ 2,612,195</u>	<u>\$ 1,356,133</u>
Temporarily Restricted:		
Clinic Support	153,741	15,141
Emergency Response	382,220	145,645
Health Programs	20,000	138,086
HIV/AIDS	1,049,880	-
Infectious Diseases	55,122	104,129
Reproductive Health and Child Immunization Programs	563,146	314,984
Research Initiative-Health Programming	292,262	367,966
Trauma	26,883	15,866
Universal Health Coverage	88,838	-
Public Health Institute	16,500	9,584
Total temporarily restricted	<u>2,648,592</u>	<u>1,111,401</u>
Total net assets	<u>\$ 5,260,787</u>	<u>\$ 2,467,534</u>

During the years ended December 31, 2017 and 2016, contributions to temporarily restricted net assets amounted to \$6,945,117 and \$3,305,203, respectively. During the years ended December 31, 2017 and 2016, net assets released from restrictions amounted to \$5,407,926 and \$3,584,969, respectively, and such amounts were transferred to unrestricted net assets.

11. Line of Credit

Through March 10, 2017, CPI had a line of credit with Wells Fargo Bank, unsecured, with a credit limit of up to \$100,000. When used, borrowings under the line of credit bore interest at 10% per annum. No amounts have been drawn on the line of credit during the years ended December 31, 2017 and 2016. Accordingly, there was no interest expense related to the line of credit for the years ended December 31, 2017 and 2016.

Notes to Financial Statements

12. Lease Commitments

CPI leases its corporate office premises in Berkeley under an operating lease agreement which expires November 15, 2018. As of December 31, 2017, the lease requires a monthly rental payment of \$1,829 with a minimum future lease payment of \$21,034 due in the year ending December 31, 2018. Rent expense for the corporate office amounted to \$22,183 and \$21,228 for the years ended December 31, 2017 and 2016, respectively.

CPI also leases certain rooms/apartments located in Myanmar and Thailand under separate operating lease agreements which have terms generally lasting one year. As of December 31, 2017, the lease agreements require monthly or annual (in advance) rental payments made with local currency of Baht (Thailand) and MMK (Myanmar Kyat). Total rent expense for foreign locations amounted to \$151,482 and \$55,498 for the years ended December 31, 2017 and 2016, respectively.

13. In-Kind Contributions

A substantial number of unpaid volunteers have made significant contributions of time to various departments or programs of CPI. The value of this contributed time is not reflected in the financial statements because it is not susceptible to objective measurement or valuation and therefore did not meet the criteria for recognition under ASC 958.30 *Gifts in Kind*.

14. Commitments and Contingencies

In the normal course of business there are outstanding various commitments and contingent liabilities, such as commitments to enter into and/or renew contracts related to ongoing operations, which are not reflected in the financial statements. Such commitments and contingencies also include risks associated with various economic and operating factors, which include (a) Contractual restrictions and donor conditions which obligate CPI to fulfill certain requirements as set forth in legal instruments, (b) Funding levels which vary based on factors beyond CPI's control, such as general economic conditions, (c) Employment and service agreements with key management personnel, and (d) Financial risks associated with funds on deposit in accounts at financial institutions. Management believes that such commitments, contingencies and risks will not have a material adverse effect on the financial statements.

15. Subsequent Events

In compliance with ASC 855, *Subsequent Events*, CPI has evaluated subsequent events through October 5, 2018, the date the financial statements were available to be issued and, in the opinion of management, there are no subsequent events which need to be disclosed.