



Community Partners International

Financial Statements

***For the Year Ended
December 31, 2018***
With Independent Auditors' Report Thereon

COMMUNITY PARTNERS INTERNATIONAL

(A California Not-For-Profit Corporation)
December 31, 2018

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 |
| Stanley Sze | President |
| John P. McGonigle | Vice-Chairman |
| James Baker | Director |
| Jill Lervold | Director |
| Adam Richards | Director |
| Linda Smith | 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, 2018

CONTENTS

| | <u>Page</u> |
|--|-------------|
| Independent Auditors' Report | 1 |
| Financial Statements: | |
| Statements of Financial Position | 2 |
| Statement of Activities and Changes in Net Assets | 3 |
| Statements of Cash Flows | 4 |
| Statements of Functional Expenses | 5 - 6 |
| Notes to Financial Statements | 7 - 16 |
| Uniform Guidance Single Audit: | |
| Schedule of Expenditures of Federal Awards | 17 |
| 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 <i>Government Auditing Standards</i> | 18 - 19 |
| Independent Auditors' Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance Required by <i>The Uniform Guidance</i> | 20 - 22 |
| Schedule of Findings and Questioned Costs | 23 |



Regalia &
Associates

OFFICE: 925.314.0390
WEB: WWW.MRCPA.COM

CERTIFIED PUBLIC ACCOUNTANTS
103 TOWN & COUNTRY DRIVE, SUITE K, DANVILLE, CALIFORNIA 94526
DOUGLAS REGALIA, CPA
LISA PARKER, CPA [inactive]
JEANNINE REGALIA, CPA
LISA CLOVEN, CPA
JENNY SO, CPA
JENNIFER JENSEN
ANITA EVANS
DANA CHAVARRIA, CPA
TRICIA WILSON
VALERIE REGALIA, CPA
WENDY THOMAS, CPA
SUSAN REGALIA, CPA
RACHEL BERGER, CPA
ROELEN JOOSTE, CPA

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, 2018 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, 2018 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.

(continued)

INDEPENDENT AUDITORS' REPORT

(continued)

Other Matters

Prior Year Summarized Comparative Information

We have previously audited Community Partners International's December 31, 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 5, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 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.

Report on Other Legal and Regulatory Requirements

In accordance with Government Auditing Standards, we have also issue our report dated November 1, 2019, on our consideration of Community Partners International'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 Community Partners International'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 Community Partners International's internal control over financial reporting and compliance.

Danville, California
November 1, 2019

Regalia & Associates

COMMUNITY PARTNERS INTERNATIONAL

Statements of Financial Position December 31, 2018 and 2017

Assets

| | <u>2018</u> | <u>2017</u> |
|---|-------------------------|-------------------------|
| Current Assets: | | |
| Cash and cash equivalents | \$ 3,980,634 | \$ 3,771,475 |
| Grants, contracts, and contributions receivable | 1,726,869 | 952,627 |
| Other receivables | 56,232 | 136,494 |
| Prepaid expenses and partner advances | 465,193 | 835,618 |
| Total current assets | <u>6,228,928</u> | <u>5,696,214</u> |
| Total assets | <u>\$ 6,228,928</u> | <u>\$ 5,696,214</u> |

Liabilities and Net Assets

| | | |
|--|-------------------------|-------------------------|
| Current Liabilities: | | |
| Accounts payable and accrued liabilities | \$ 988,060 | \$ 346,606 |
| Grants payable | 1,114,275 | 88,821 |
| Total liabilities | <u>2,102,335</u> | <u>435,427</u> |
| Net Assets: | | |
| Without donor restrictions | 3,500,798 | 2,612,195 |
| With donor restrictions | 625,795 | 2,648,592 |
| Total net assets | <u>4,126,593</u> | <u>5,260,787</u> |
| Total liabilities and net assets | <u>\$ 6,228,928</u> | <u>\$ 5,696,214</u> |

COMMUNITY PARTNERS INTERNATIONAL

Statement of Activities and Changes in Net Assets For the Year Ended December 31, 2018

(with Summarized Financial Information for the Year Ended December 31, 2017)

| | Without Donor Restrictions | With Donor Restrictions | 2018 Total | 2017 Total |
|---|-------------------------------|----------------------------|---------------|---------------|
| <i>Changes in net assets:</i> | | | | |
| Revenue and support: | | | | |
| Foundation and individual contributions | \$ 1,853,624 | \$ 982,544 | \$ 2,836,168 | \$ 2,832,173 |
| Government and foreign agency grants | - | 7,488,069 | 7,488,069 | 5,868,932 |
| In-kind contributions | - | 2,171 | 2,171 | 63,377 |
| Interest and investment income | 1,388 | 2,813 | 4,201 | 761 |
| Other income | 92,307 | - | 92,307 | 28,158 |
| Net assets released from restrictions | 10,498,394 | (10,498,394) | - | - |
| Total revenue and support | 12,445,713 | (2,022,797) | 10,422,916 | 8,793,401 |
| Expenses: | | | | |
| Total programs | 10,694,259 | - | 10,694,259 | 5,359,186 |
| Fundraising | 130,333 | - | 130,333 | 162,344 |
| General and administrative | 732,518 | - | 732,518 | 478,618 |
| Total expenses | 11,557,110 | - | 11,557,110 | 6,000,148 |
| Increase (decrease) in net assets | 888,603 | (2,022,797) | (1,134,194) | 2,793,253 |
| Net assets at beginning of year | 2,612,195 | 2,648,592 | 5,260,787 | 2,467,534 |
| Net assets at end of year | \$ 3,500,798 | \$ 625,795 | \$ 4,126,593 | \$ 5,260,787 |

COMMUNITY PARTNERS INTERNATIONAL

Statements of Cash Flows For the Years Ended December 31, 2018 and 2017

| | 2018 | 2017 |
|---|-----------------------|--------------|
| <i>Cash flows from operating activities:</i> | | |
| Increase (decrease) in net assets | \$ (1,134,194) | \$ 2,793,253 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | - | 400 |
| Uncollectible grants receivable | 48,220 | - |
| Changes in: | | |
| Grants, contracts, and contributions receivable | (822,462) | (424,740) |
| Other receivables | 80,262 | (65,798) |
| Prepaid expenses and partner advances | 370,425 | (564,407) |
| Accounts payable and accrued liabilities | 641,454 | 159,928 |
| Grants payable | 1,025,454 | (84,594) |
| Net cash provided by operating activities | 209,159 | 1,814,042 |
| | | |
| Increase in cash and cash equivalents | 209,159 | 1,814,042 |
| Cash and cash equivalents at beginning of year | 3,771,475 | 1,957,433 |
| | | |
| Cash and cash equivalents at end of year | \$ 3,980,634 | \$ 3,771,475 |
| <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, 2018**

| | Maternal & Child Health | | | Infectious Diseases | | | Health | Trauma | Emergency Response | HIV/AIDS | Gender Based Violence | Research | Community Based Health and Development | Admini- stration | Fund- raising | Totals |
|-----------------------|-------------------------|-------------------|---------------------|---------------------|---------------------|---------------------|-------------------|------------------|---------------------|--------------------|-----------------------|-------------------|--|-------------------|-------------------|----------------------|
| | SDC MCH (MS) | MCH (MS) | Total MCH | ID Yangon | 3MDG | Total ID | HSS | MS | Bangladesh | | | | | | | |
| Personnel | \$ 385,594 | \$ - | \$ 385,594 | \$ 8,895 | \$ 284,016 | \$ 292,911 | \$ 166,601 | \$ - | \$ 234,504 | \$ 567,025 | \$ 149,417 | \$ 119,920 | \$ - | \$ 477,713 | \$ 86,430 | \$ 2,480,115 |
| Services | 107,008 | - | 107,008 | 18 | 86,993 | 87,011 | 11,954 | - | 129,413 | 29,496 | 7,499 | 6,478 | - | 108,493 | 274 | 487,626 |
| Operating | 76,073 | - | 76,073 | 2,289 | 40,894 | 43,183 | 26,512 | - | 24,464 | 70,111 | 21,770 | 10,682 | - | 49,007 | 7,017 | 328,819 |
| Program [1] | 224,049 | - | 224,049 | 44 | 158,699 | 158,743 | 143,304 | - | 49,042 | 187,166 | 35,663 | 14,184 | 119,815 | 7,208 | 9,353 | 948,527 |
| Travel & Conferences | 63,389 | - | 63,389 | 783 | 79,283 | 80,066 | 49,255 | - | 48,515 | 63,279 | 27,185 | 14,452 | - | 84,119 | 25,689 | 455,949 |
| Subgrant Programs [2] | 262,530 | 785,385 | 1,047,915 | 1,603 | 1,087,285 | 1,088,888 | - | 25,113 | 525,914 | 3,737,975 | 127,716 | 200 | 221,762 | - | - | 6,775,483 |
| Other | 6,328 | - | 6,328 | 7,612 | 2,624 | 10,236 | 631 | - | 11,347 | 1,309 | 41,450 | 1,742 | - | 5,978 | 1,570 | 80,591 |
| Total expenses | \$ 1,124,971 | \$ 785,385 | \$ 1,910,356 | \$ 21,244 | \$ 1,739,794 | \$ 1,761,038 | \$ 398,257 | \$ 25,113 | \$ 1,023,199 | \$4,656,361 | \$ 410,700 | \$ 167,658 | \$ 341,577 | \$ 732,518 | \$ 130,333 | \$ 11,557,110 |

[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, Thailand, and Bangladesh. 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, 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, Thailand, and Bangladesh. 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, 2018 and 2017**

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 Presentation – The financial statements of CPI have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles ("US GAAP").

Measure of Operations – The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to CPI's ongoing operations which include a variety of programmatic activities. Nonoperating activities are limited to resources that generate return from interest-bearing deposits and other activities considered to be of a more unusual or nonrecurring nature.

Cash and Cash Equivalents – CPI's cash consists of cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase.

Grants, Contracts, and Contributions Receivable – CPI records contributions receivable that are expected to be collected within one year at net realizable value. When material, contributions receivable expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset.

In subsequent years, amortization of the discounts (when applicable) will be included in contribution revenue in the statement of activities. Any allowance for uncollectible receivables is based on historical experience, an assessment of economic conditions, and a review of subsequent collections.

Notes to Financial Statements**2. Summary of Significant Accounting Policies** *(continued)*

Concentrations of Credit Risk – Financial instruments that potentially subject CPI to concentrations of credit risk consist principally of cash and cash equivalents and deposits. CPI maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. CPI manages deposit concentration risk by placing cash and money market accounts with financial institutions believed to be creditworthy.

To date, CPI has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and grants receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from reputable organizations and individuals supportive of CPI's mission.

Property and Equipment – CPI's policy is to record acquisitions of property and equipment at cost or, if donated, at fair market value on the date of donation. Depreciation expense is calculated using the straight-line method over the estimated useful lives of the assets.

Costs of maintenance and repairs are expensed currently. CPI reviews the carrying values of all assets for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated economic utility and/or future cash flows expected to result from its use and eventual disposition.

Fair Value Measurements – Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions.

The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). CPI groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1 – Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

Level 2 – Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets/liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable for the asset/liability; and,
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3 – Unobservable inputs that cannot be corroborated by observable market data.

(continued)

Notes to Financial Statements**2. Summary of Significant Accounting Policies** *(continued)*

Fair Value Measurements *(continued)* – In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing model of the asset and does not necessarily correspond to our assessment of the quality, risk or liquidity profile of the asset or liability.

Net Assets – Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Thus, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions

Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has the ability to designate, from net assets without donor restrictions, net assets for specific purposes or for a board-designated endowment, and has opted to do so as shown in Note 11.

Net Assets With Donor Restrictions

Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions can be 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 when the assets are placed in service. Donor-imposed restrictions are released when a 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. Donor-restricted contributions where restrictions are met in the same reporting period in which they are contributed are reported as net assets without donor restrictions.

Estimates – The preparation 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 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, and those differences could be material.

Foreign Currency Many of CPI's disbursements are converted to local currency because CPI funds its programs by transferring cash from the U.S. to certain foreign countries so that program expenses can be paid in local denominations (usually in the currency of the countries of Myanmar, Bangladesh 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 U.S. 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.

Notes to Financial Statements**2. Summary of Significant Accounting Policies** *(continued)*

Revenue and Revenue Recognition – Contributions are recognized when cash, securities, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. When applicable, revenue earned under a contractual arrangement (an “exchange transaction”) is recognized when earned and therefore measured as services are provided.

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.

Donated Services and In-Kind Contributions – 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. During the years ended December 31, 2018 and 2017, CPI recognized \$2,171 and \$63,377 respectively, of in-kind donations. Such amounts, which are based upon information from the providers, are recorded at their estimated fair value determined on the date of contribution and are reported as in-kind contributions on the accompanying statement of activities and as other expenses on the accompanying statement of functional expenses.

Volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles.

Functional Expenses – The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among CPI’s core services and the supporting services benefited. Such allocations are determined by management on an equitable basis. Certain expenses (such as personnel, services, operating and program) have been allocated based on time and effort using CPI’s payroll allocations. Other expenses (such as subgrant programs, travel & conferences and other) have been allocated in accordance with the specific services received from vendors.

Income Taxes – 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. The exemptions are subject to periodic review by the federal and state taxing authorities and management is confident that CPI 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 CPI to file separate tax returns under federal and state statutes. Under such conditions, CPI calculates and accrues the applicable taxes.

(continued)

Notes to Financial Statements**2. Summary of Significant Accounting Policies** *(continued)*

Income Taxes *(continued)* – 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 CPI 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, 2018 and 2017, CPI does not have any uncertain tax positions for which a reserve or an accrual for a tax liability would be necessary.

Recent and Relevant Accounting Pronouncements – The following pronouncements became effective for fiscal years beginning subsequent to December 15, 2017:

In August 2016, the 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. CPI has adjusted the presentation of these statements accordingly.

In August 2014, the FASB issued *ASU 2014-15, Presentation of Financial Statements—Going Concern (Subtopic 205-40) Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*, which requires an organization's management to evaluate whether there are conditions and events, considered in the aggregate, that raise substantial doubt about an entity's ability to continue as a going concern within one year after the date that the financial statements are issued (or within one year after the date that the financial statements are available to be issued, when applicable). As of November 1, 2019 (the date of the Independent Auditors' Report), CPI's management has made this evaluation and has determined that CPI has the ability to continue as a going concern.

In June 2018, the FASB issued *ASU 2018-08, Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The FASB issued this update to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this Update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. Accordingly, CPI has incorporated these clarifying standards within the audited financial statements.

Reclassifications – Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented.

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:

| | 2018 | 2017 |
|---------------------------------|---------------------|--------------|
| U.S. checking accounts | \$ 2,058,671 | \$ 1,389,687 |
| U.S. savings account | 1,517,923 | 2,016,737 |
| Foreign bank accounts | 403,707 | 364,650 |
| Cash in hand (U.S.) | 333 | 401 |
| Total cash and cash equivalents | \$ 3,980,634 | \$ 3,771,475 |

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, 2018.

4. Grants, Contracts, and Contributions Receivable

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

| | 2018 | 2017 |
|---|---------------------|-------------|
| Grants and contracts receivable | \$ 726,849 | \$ 311,373 |
| Contributions receivable | 1,000,020 | 641,254 |
| Total grants, contracts, and pledges receivable | \$ 1,726,869 | \$ 952,627 |

All receivables at December 31, 2018 and 2017 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, 2018. During the year ended December 31, 2018, uncollectible receivables written off amounted to \$48,220, and are included with other expense on the statement of functional expenses. There were no uncollectible grants receivable during the year ended December 31, 2017.

5. Other Receivables

Other receivables of \$56,232 and \$136,494 at December 31, 2018 and 2017, 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. Liquidity

CPI regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the safeguarding of its available funds. CPI has various sources of liquidity at its disposal, including cash and cash equivalents and the future collection of receivables. For purposes of analyzing resources available to meet general expenditures over a 12-month period, CPI considers all expenditures related to its ongoing work with local partners to improve health and education, led by and for the people of Myanmar, to be general expenditures.

In addition to the financial assets available to meet general expenditures over the next 12 months, CPI operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the statement of cash flows which identifies the sources and uses of CPI's cash and shows positive cash generated by operations for the year ended December 31, 2018.

The following table shows the total financial assets held by CPI and the amounts of those financial assets readily available within one year of the balance sheet date to meet general expenditures:

| | |
|---|--------------|
| Cash and cash equivalents | \$ 3,980,634 |
| Grants, contracts, and contributions receivable | 1,726,869 |
| Other receivables | 56,232 |
| Less: amounts not available to be used within one year: | |
| Net assets with donor restrictions for programs | (625,795) |
| Financial assets available to meet general expenditures over the next twelve months | \$ 5,137,940 |

Some of the support that CPI receives is restricted by donors. Because donor restrictions require resources to be used in a particular manner or in a future period, CPI must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of CPI's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

7. Fair Value Measurements

Composition of assets utilizing fair value measurements at December 31, 2018 is as follows:

| | Total | Level 1 | Level 2 | Level 3 |
|---|--------------|---------|--------------|---------|
| Grants, contracts, and contributions receivable | \$ 1,726,869 | \$ - | \$ 1,726,869 | \$ - |
| Other receivables | 56,232 | - | 56,232 | - |
| Totals | \$ 1,783,101 | \$ - | \$ 1,783,101 | \$ - |

(continued)

Notes to Financial Statements

7. Fair Value Measurements *(continued)*

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

| | Total | Level 1 | Level 2 | Level 3 |
|---|---------------------|----------------|---------------------|----------------|
| Grants, contracts, and contributions receivable | \$ 952,627 | \$ - | \$ 952,627 | \$ - |
| Other receivables | 136,494 | - | 136,494 | - |
| Totals | <u>\$ 1,089,121</u> | <u>\$ -</u> | <u>\$ 1,089,121</u> | <u>\$ -</u> |

CPI had no assets classified as Level 1 or Level 3 at December 31, 2018 and 2017.

8. Grants Payable

Grants payable of \$1,114,275 and \$88,821 at December 31, 2018 and 2017, respectively, represent amounts approved by the Board of Directors to fund future program activities. Such amounts are to be disbursed during the subsequent fiscal year.

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 \$262,041 and \$146,447 as of December 31, 2018 and 2017, respectively, and are included with accounts payable and accrued liabilities in the statements of financial position.

10. Lease Commitments

CPI leases its corporate office premises in Berkeley under an operating lease agreement which expires November 15, 2019. As of December 31, 2018, the lease requires a monthly rental payment of \$2,075 with a minimum future lease payment of \$22,317 due in the year ending December 31, 2019.

CPI also leases certain rooms/apartments located in Myanmar and Thailand under separate operating lease agreements which have terms generally lasting one year or less. As of December 31, 2018, 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 all locations amounted to \$189,069 and \$173,665 for the years ended December 31, 2018 and 2017, respectively.

COMMUNITY PARTNERS INTERNATIONAL

Notes to Financial Statements

11. Net Assets

Net assets consist of the following at December 31:

| | 2018 | 2017 |
|---|---------------------|---------------------|
| Without donor restrictions: | | |
| Undesignated | \$ - | \$ 2,612,195 |
| Board designated net assets for: | | |
| Rohingya refugee response | 1,300,000 | - |
| Operating reserve fund | 1,200,000 | - |
| Program support fund | 1,000,798 | - |
| Total net assets without donor restrictions | \$ 3,500,798 | \$ 2,612,195 |
| With donor restrictions: | | |
| Clinic Support | 236,223 | 153,741 |
| Community Empowerment | 22,799 | - |
| Emergency Response | 40,582 | 382,220 |
| Health Programs | 12,699 | 20,000 |
| HIV/AIDS | 53,431 | 1,049,880 |
| Infectious Diseases | 6,281 | 55,122 |
| Reproductive Health and Child Immunization Programs | 11 | 563,146 |
| Research Initiative-Health Programming | 143,339 | 292,262 |
| Trauma | 10,533 | 26,883 |
| Universal Health Coverage | 92,111 | 88,838 |
| Public Health Institute | 7,786 | 16,500 |
| Total temporarily restricted | 625,795 | 2,648,592 |
| Total net assets | \$ 4,126,593 | \$ 5,260,787 |

During the years ended December 31, 2018 and 2017, contributions to net assets with donor restrictions amounted to \$8,472,784 and \$6,945,117, respectively. During the years ended December 31, 2018 and 2017, net assets released from restrictions amounted to \$10,498,394 and \$5,407,926, respectively, and such amounts were transferred to net assets without donor restrictions.

12. 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*.

Notes to Financial Statements

13. 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.

14. Subsequent Events

In compliance with ASC 855, *Subsequent Events*, CPI has evaluated subsequent events through November 1, 2019, 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.

COMMUNITY PARTNERS INTERNATIONAL

**Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2018**

| Granting Agency | Program Title | * CFDA No. | Grant ID No. | Pass-Through Grantor | Period | Total Award Amount | Total Expenditures for the Year Ended December 31, 2018 | Expenditure Payments to Subrecipients |
|---|--|-------------------|---------------------|-----------------------------|-----------------|---------------------------|--|--|
| <u>Federal Funds</u> | | | | | | | | |
| Department of Health and Human Services | Mental Health Research Grants | 93.242 | | Johns Hopkins University | 6/19/16-4/30/18 | \$ 140,470 | \$ 70,224 | \$ - |
| <i>Total Mental Health Research Grants</i> | | | | | | \$ 140,470 | \$ 70,224 | \$ - |
| United States Agency for International Development | USAID Foreign Assistance for Programs Overseas | 98.001 | AID-GH-IO-12-00001 | UNAIDS | 9/1/17-7/31/19 | \$ 8,925,000 | \$ 4,210,121 | \$ 3,417,244 |
| United States Agency for International Development | USAID Foreign Assistance for Programs Overseas | 98.001 | AID OAA-A-15-00070 | Right to Care | 10/1/17-9/30/18 | 1,613,437 | 606,847 | 320,731 |
| United States Agency for International Development | USAID Foreign Assistance for Programs Overseas | 98.001 | AID 482-A-1700001 | Pact Myanmar | 9/13/17-5/13/22 | 1,752,757 | 337,687 | - |
| <i>Total USAID Foreign Assistance for Programs Overseas</i> | | | | | | \$ 12,291,194 | \$ 5,154,655 | \$ 3,737,975 |
| <i>Total Federal Funds</i> | | | | | | \$ 12,431,664 | \$ 5,224,879 | \$ 3,737,975 |

Basis of Presentation: The Schedule of Expenditures of Federal Awards includes the federal award activity of Community Partners International and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because this schedule presents only a selected portion of the operations of Community Partners International, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Community Partners International. Additionally, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

De Minimis Rate: Community Partners International has not elected to use the 10% de minimis cost rate on any of its contracts as outlined by section 200.414 (c) (3) of the Uniform Guidance.

* Catalog of Federal Domestic Assistance

**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**

**The Board of Directors
Community Partners International**

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 Community Partners International (a California nonprofit organization), which comprise the statement of financial position as of December 31, 2018, 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 and have issued our report thereon dated November 1, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Community Partners International'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 Community Partners International's internal control. Accordingly, we do not express an opinion on the effectiveness of Community Partners International'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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.

(continued)

**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**

(continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Community Partners International'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.

Regalia & Associates

*Danville, California
November 1, 2019*



Regalia & Associates

OFFICE: 925.314.0390
WEB: WWW.MRCPA.COM

CERTIFIED PUBLIC ACCOUNTANTS
103 TOWN & COUNTRY DRIVE, SUITE K, DANVILLE, CALIFORNIA 94526
DOUGLAS REGALIA, CPA
LISA PARKER, CPA [inactive]
JEANNINE REGALIA, CPA
LISA CLOVEN, CPA
JENNY SO, CPA
JENNIFER JENSEN
ANITA EVANS
DANA CHAVARRIA, CPA
TRICIA WILSON
VALERIE REGALIA, CPA
WENDY THOMAS, CPA
SUSAN REGALIA, CPA
RACHEL BERGER, CPA
ROELEEN JOOSTE, CPA

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

The Board of Directors
Community Partners International

Report on Compliance for Each Major Federal Program

We have audited Community Partners International’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 Community Partners International’s major federal programs for the year ended December 31, 2018. Community Partners International’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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of Community Partners International’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 Community Partners International’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 Community Partners International’s compliance.

Opinion on Each Major Federal Program

In our opinion, Community Partners International 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, 2018.

(continued)

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

(continued)

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance.

Report on Internal Control Over Compliance

Management of Community Partners International 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 Community Partners International 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 Community Partners International'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.

(continued)

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of Community Partners International as of and for the year ended December 31, 2018, and have issued our report thereon dated November 1, 2019, which contained an unmodified opinion on those financial statements. 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 is presented for purposes of additional analysis as required by the Uniform Guidance 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Regalia & Associates

*Danville, California
November 1, 2019*

**Schedule of Findings and Questioned Costs
Year Ended December 31, 2018**

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? No
- Significant deficiencies identified that are not considered to be material weaknesses? No
- Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weaknesses identified? No
- Significant deficiencies identified that are not considered to be material weaknesses? No
- Type of auditors' report issued on compliance for major programs Unmodified
- Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? No
- Identification of major program:

| <u>CFDA Number</u> | <u>Name of Federal Program</u> |
|--------------------|--|
| 98.001 | USAID Foreign Assistance for Programs Overseas |

- Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000
- Auditee qualified as low-risk auditee? No

Findings – Financial Statement Audit (GAGAS) None

Audit Findings and Questioned Costs (Major Programs – In Accordance with the Uniform Guidance) None