

Financial Statements

INTERNATIONAL PARTNERSHIP
FOR HUMAN DEVELOPMENT

December 31, 2017

GENERAL ORGANIZATIONAL DATA

ORGANIZATION AND PURPOSE

International Partnership for Human Development (IPHD) was incorporated under the laws of the State of New Jersey on November 10, 1983, and reincorporated in the Commonwealth of Virginia July 1, 1991 to operate a non-stock, nonprofit organization.

International Partnership for Human Development was established to help poverty level peoples around the world without discriminating as to race, religion, ethnicity and political philosophy to achieve a better standard of living through humanitarian assistance and community self-help programs.

International Partnership for Human Development was granted exemption from Federal Income Tax under Section 501(c)(3) of the Internal Revenue Code on September 24, 1981.

OFFICERS AND BOARD OF DIRECTORS

OFFICERS

William M. Pruzensky, Ph.D., President
Susan Langley, Secretary, Treasurer

BOARD OF DIRECTORS

Gilbert R. Irwin, M.D.
Lawrence Marinelli, Ph.D.

Susan Langley
William M. Pruzensky, Ph.D.

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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

To the Board of Directors
International Partnership for Human Development
Leesburg, Virginia

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

Management's Responsibility for the Financial Statements

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

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 International Partnership for Human Development 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.

Leesburg, Virginia
May 10, 2018

Mitchell & Co., P.C.

INTERNATIONAL PARTNERSHIP FOR HUMAN DEVELOPMENT

**STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017**

ASSETS

Current Assets

Cash and cash equivalents	\$ 1,448,763
Accounts receivable	23,675
Grants receivable	57,355
Prepaid and other assets	<u>5,682</u>
Total current assets	<u>1,535,475</u>

Security deposits	<u>2,900</u>
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Total Assets	<u><u>\$ 1,538,375</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities

Accrued expenses and payables	<u>\$ 311,151</u>
Total current liabilities	<u>311,151</u>

Net assets

Restricted U.S. Government supported programs	281,973
Foreign Government supported programs	58,315
Unrestricted	<u>886,936</u>
Total net assets	<u>1,227,224</u>

Total Liabilities and Net Assets	<u><u>\$ 1,538,375</u></u>
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See Notes to Financial Statements.

INTERNATIONAL PARTNERSHIP FOR HUMAN DEVELOPMENT

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2017

SUPPORT AND REVENUE

Public support

USAID provided support	\$ 23,920
USDA program support	56,887
World Bank support	51,092
Tufts University support	215,980
Total public support	<u>347,879</u>

Private support

Program partner provided in-kind support	
Medical supplies	824,742
Commodities sales	354,380
Interest income	3,117
Reimbursement/other	83,878
Currency conversions	83,511
Total private support	<u>1,349,628</u>

Total support and revenue 1,697,507

EXPENSES

Program Services

Direct	3,302,364
Management and general	809,339
Total expenses	<u>4,111,703</u>

Change in Net Assets (2,414,196)

Net Assets, beginning of year 3,641,420

Net Assets, end of year \$ 1,227,224

See Notes to Financial Statements.

INTERNATIONAL PARTNERSHIP FOR HUMAN DEVELOPMENT

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Program Services		
	Direct	Management and General	Total
Salaries and wages	\$ -	\$ 296,182	\$ 296,182
Payroll taxes	-	24,762	24,762
Fringe benefits	-	34,879	34,879
Total salaries and related expenses	-	355,823	355,823
Accounting and finance	-	21,750	21,750
Bank charges	-	2,101	2,101
Commodities and freight distributions	1,179,743	-	1,179,743
Communications	-	9,528	9,528
Computer support/other	-	16,787	16,787
Consultants	-	22,941	22,941
Depreciation	-	1,944	1,944
Dues and subscriptions	-	1,455	1,455
Grant reimbursement	-	281,973	281,973
In-country direct project expenses	2,122,621	-	2,122,621
Insurance	-	10,982	10,982
Office supplies	-	4,905	4,905
Postage, printing and handling	-	1,390	1,390
Project equipment	-	1,173	1,173
Rent	-	46,719	46,719
Transportation	-	18,911	18,911
Travel	-	10,957	10,957
Total expenses	\$ 3,302,364	\$ 809,339	\$ 4,111,703

See Notes to Financial Statements.

INTERNATIONAL PARTNERSHIP FOR HUMAN DEVELOPMENT

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Cash Flows From Operating Activities

Change in net assets	\$ (2,414,196)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	1,944
(Increase) decrease in assets:	
Commodities inventory	355,000
Accounts receivable	(5,541)
Grants receivable	694,331
Prepaid and other assets	1,462
Decrease (increase) in liabilities:	
Accrued expenses and payables	256,278
Net cash (used in) operating activities	<u>(1,110,722)</u>
Net (decrease) in cash	(1,110,722)

Cash and Cash Equivalents

Beginning of year	2,559,485
End of year	<u>\$ 1,448,763</u>

See Notes to Financial Statements.

INTERNATIONAL PARTNERSHIP FOR HUMAN DEVELOPMENT

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities and Significant Accounting Policies

Nature of Activities

International Partnership for Human Development (IPHD) was formed in 1983 to administer food and economic aid programs in support of relief agencies in Eastern Europe, Asia, Africa and Latin America. IPHD is involved with the acquisition and distribution of agricultural commodities and grants from the U.S. Department of Agriculture (USDA), U.S. Agency for International Development (USAID), and the U.S. Department of State (USDOS). Commodities are shipped by donated services from pick-up points in the United States to the port of export and shipped overseas to be warehoused in the countries for distribution and monetization. The ocean freight is paid by the United States government. Funds from the monetization are used for foreign in country economic aid programs.

Significant Accounting Policies

The accounting and reporting policies of IPHD conform to generally accepted accounting principles and the reporting practices appropriate for nonprofit organizations. The significant accounting principles are summarized below:

Basis of Presentation: Financial statements presentation follows the recommendations of the Financial Accounting Standards Board (FASB) as defined in the FASB Accounting Standards Codification (ASC) Topic 958, *Not-For-Profit Entities*. Under ASC Topic 958, IPHD 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. IPHD had no temporarily restricted or permanently restricted net assets at December 31, 2017.

Revenue Recognition: Revenues are recorded as income when earned and expenses are recognized when incurred. The majority of IPHD's support is from government grants which are accounted for as exchange transactions.

Cash and Cash Equivalents: For purposes of the statement of cash flows, IPHD considers all short-term debt securities purchased with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents received in conjunction with government grants are required to be held in separate accounts.

Furniture and Equipment: Furniture and equipment are stated at cost. Management's policy is to capitalize items valued over \$5,000. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets.

Income Taxes: IPHD is exempt from federal tax under Section 501(c)(3) of the Internal Revenue Code. IPHD is a publicly supported organization as defined in Section 170(b)(1)(a)(vi) of the code. Under Section 170 of the Code, contributions to IPHD qualify as charitable deductions. IPHD adopted the guidance under ASC Topic 740, *Income Taxes*. Management has evaluated IPHD's tax positions and concluded that IPHD has taken no uncertain tax provisions that would require adjustment to, or disclosure in, the financial statements to comply with the provisions of the guidance. Income tax reporting years open for IRS audit include 2014, 2015, 2016 and 2017.

Estimates: The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 amount of support, revenue and expenses during the reporting period. Actual results could differ from those estimates.

INTERNATIONAL PARTNERSHIP FOR HUMAN DEVELOPMENT

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Commodities In-Kind Donations: The values of the commodities donated in conjunction with IPHD's programs are based on rates established by the world market, USDA and USAID. Donated commodities are reflected as support at estimated fair market value at the time provided to IPHD. The funds provided on the sale of donated commodities are used for foreign in country economic aid programs.

Freight In-Kind Contributions: The fees and charges for shipping commodities are based on rates established by the shipping companies and paid for by the United States Government. The donated shipping services are reflected as support and project expenses at the established cost of the freight charges at the date the commodities are shipped.

Note 2. Office Space Lease Commitments

IPHD leases office space for their main central headquarters in Loudoun County, Leesburg, Virginia. The lease expired October, 2017 and IPHD extended the lease through June 30, 2018. Headquarters office rent and related expenses in 2017 amounted to \$46,719. The minimum future office lease obligation is as follows: 2018, \$21,723.

Note 3. Concentrations of Banking and Credit Risks

Cash and cash equivalents include demand deposits and money market accounts which are maintained at various financial institutions in the United States and foreign countries. Demand deposit account balances held in the United States are insured up to \$250,000 under the Federal Deposit Insurance Corporation (FDIC) insurance program. Deposits held at institutions outside of the United States are not covered by FDIC insurance. Deposits held in institutional money market accounts are fully insured under the Securities Investor Protection corporation (SIPC) private insurance program. Bank and cash held deposit account balances at December 31, 2017 are summarized as follows:

Description	Banking Accounts			
	Foreign	U.S.	Field cash held	Total
Cash deposits	\$ 24,123	\$ 1,428,832	\$ 34,188	\$ 1,487,143
Insured under FDIC	-	(270,779)	-	(270,779)
Cash deposits not insured	\$ 24,123	\$ 1,158,053	\$ 34,188	\$ 1,216,364

Note 4. Foreign Currency Transaction

Assets and liabilities denominated in foreign currencies are translated into U. S. dollars at exchange rates in effect on reporting dates, and revenue and expenses are translated at rates which approximate those in effect on transaction dates. Transaction and translation gains and losses are included in current results.

Note 5. Contingencies

IPHD receives significant financial and non-financial program assistance from the U.S. government. Entitlement to such assistance is generally conditioned upon compliance with terms and conditions of the related agreements and applicable federal regulations. The use of such resources is subject to audit by governmental agencies. Unless otherwise provided for in the grants or agreements, IPHD is contingently liable to refund amounts received if not utilized for allowable program expenditures.

INTERNATIONAL PARTNERSHIP FOR HUMAN DEVELOPMENT

NOTES TO FINANCIAL STATEMENTS

Note 5. Contingencies (Continued)

The Organization has received a claim for refund of \$281,973 of grant funding received in prior years in performance under certain of its USDA contracts. This claim, which has been filed with the applicable department, has been settled. The applicable liability and expense has been recorded in 2017 and paid in full in March 2018.

Note 6. Foreign Country In-Country Program Audits

IPHD contracts with other auditors to perform foreign country in-country audits of the specific sponsored programs. Each program is audited by other independent international CPA firm auditors and these in-country audits are in various stages of completion. Mitchell & Co., P.C. CPA's audits information summarized and accounted at IPHD's administrative offices in Leesburg, Virginia and does not extend to direct foreign country in-country financial information.

Note 7. Net Assets

IPHD was organized to provide humanitarian assistance and administer community self-help programs throughout the world. As such, all funds received are dedicated, directed, and used for these specialty programs and projects.

Note 8. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activity. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Note 9. Fair Value of Instruments

The Organization's financial instruments are cash and cash equivalents, accounts receivable and grants receivable, accrued expenses, and payable the recorded values of which approximate their fair values based on their short-term nature.

Note 10. Subsequent Events

IPHD has evaluated events and transactions subsequent to December 31, 2017 through May 10, 2018, the date these financial statements were available to be issued. Based on the definitions and requirements of the U.S. generally accepted accounting principles, management has not identified any events that have occurred subsequent to December 31, 2017 that require adjustment to, or disclosure in, the financial statements for the year ended December 31, 2017.