partners

Consolidated Financial Statements and Independent Auditors' Report

June 30, 2020 and 2019

Partners International

Contents

INDEPENDENT AUDITORS' REPORT

Board of Directors
Partners International
Spokane, Washington

We have audited the accompanying consolidated financial statements of Partners International (nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Board of Directors
Partners International

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Partners International as of June 30, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

Spokane, Washington
October 23, 2020

Partners International

Consolidated Statements of Financial Position

	June 30, 2020	June 30, 2019
Assets		
CURRENT ASSETS:		
Cash and cash equivalents	$ 669,216	$ 372,657
Short-term investments	2,467,998	2,171,390
Receivable	1,000	316,020
Prepaid expenses and other assets	44,435	17,098
Total current assets	3,182,649	2,877,165
PROPERTY AND EQUIPMENT, net of accumulated depreciation and amortization	34,569	60,550
OTHER ASSETS:		
Long-term promises-to-give receivable	31,627	31,627
Long-term investments	82,321	80,314
Certificate of deposit	100,000	100,000
Organizational costs	5,450	5,450
Total other assets	219,398	217,391
	$ 3,436,616	$ 3,155,106
Liabilities and Net Assets		
CURRENT LIABILITIES:		
Accounts payable	$ 38,892	$ 38,085
Accrued expenses	118,073	108,829
Total current liabilities	156,965	146,914
OTHER LIABILITIES:		
Payroll Protection Program loan	284,610	-
Gift annuities	45,673	58,914
Deferred gain on sale of building	38,178	68,714
Total other liabilities	368,461	127,628
Total liabilities	525,426	274,542
NET ASSETS:		
Without donor restrictions	1,812,624	1,780,021
With donor restrictions	1,098,566	1,100,543
Total net assets	2,911,190	2,880,564
	$ 3,436,616	$ 3,155,106

See accompanying notes to consolidated financial statements.

Consolidated Statement of Activities and Changes in Net Assets

Year Ended June 30, 2020

	Without donor Restrictions	With donor Restrictions	Total
SUPPORT AND REVENUE:			
Contributions from constituency	$ 1,904,320	$ 3,735,972	$ 5,640,292
Gifts in-kind	-	10,920,295	10,920,295
Investment gain	53,459	-	53,459
Annuity distributions, net of actuarial adjustment of $13,242	6,198	-	6,198
Gain from sale of building	30,536	-	30,536
	1,994,513	14,656,267	16,650,780
NET ASSETS RELEASED FROM DONOR RESTRICTIONS	14,658,244	(14,658,244)	-
Total support and revenue	16,652,757	(1,977)	16,650,780
EXPENSES:			
Ministries and programs	14,885,950	-	14,885,950
Supporting services:			
General and administrative	441,325	-	441,325
Fundraising	1,292,879	-	1,292,879
Total expenses	16,620,154	-	16,620,154
CHANGE IN NET ASSETS	32,603	(1,977)	30,626
NET ASSETS, BEGINNING OF YEAR	1,780,021	1,100,543	2,880,564
NET ASSETS, END OF YEAR	$ 1,812,624	$ 1,098,566	$ 2,911,190

See accompanying notes to consolidated financial statements.

Partners International

Consolidated Statement of Activities and Changes in Net Assets

Year Ended June 30, 2019

	Without donor Restrictions	With donor Restrictions	Total
SUPPORT AND REVENUE:			
Contributions from constituency	$ 1,413,591	$ 3,747,242	$ 5,160,833
Gifts in-kind	-	15,177,029	15,177,029
Investment gain	82,403	-	82,403
Annuity distributions, net of actuarial adjustment of $4,795	(4,477)	-	(4,477)
Gain from sale of building	31,062	-	31,062
Gain from disposition of assets	5,085	-	5,085
	1,527,664	18,924,271	20,451,935
NET ASSETS RELEASED FROM DONOR RESTRICTIONS	18,810,163	(18,810,163)	-
Total support and revenue	20,337,827	114,108	20,451,935
EXPENSES:			
Ministries and programs	18,608,444	-	18,608,444
Supporting services:			
General and administrative	425,221	-	425,221
Fundraising	1,396,650	-	1,396,650
Total expenses	20,430,315	-	20,430,315
CHANGE IN NET ASSETS	(92,488)	114,108	21,620
NET ASSETS, BEGINNING OF YEAR	1,872,509	986,435	2,858,944
NET ASSETS, END OF YEAR	$ 1,780,021	$ 1,100,543	$ 2,880,564

See accompanying notes to consolidated financial statements.

Partners International

Consolidated Statements of Functional Expenses

	Year Ended June 30, 2020			
	Ministries and Programs	General and Administrative	Fundraising	Total
Grants and allocations	$ 13,850,546	$ 89	$ 44	$ 13,850,679
Salaries	632,661	220,557	829,476	1,682,694
Benefits	72,329	46,379	161,583	280,291
Travel	115,317	4,350	59,338	179,005
Telecommunications	5,519	4,900	6,275	16,694
Postage	1,406	4,143	11,869	17,418
Supplies	2,961	1,071	2,540	6,572
Printing	702	1,584	49,209	51,495
Outside services	159,697	31,996	63,582	255,275
Occupancy	16,076	29,381	29,463	74,920
Depreciation and amortization	2,107	13,469	10,404	25,980
Hospitality	1,629	646	4,348	6,623
Training	9,459	369	4,798	14,626
Computer consulting	3,607	16,230	16,230	36,067
Computing equipment and software	9,918	28,450	28,949	67,317
Audit services	-	16,500	-	16,500
Advertising	-	-	14,304	14,304
Other expenses	2,016	21,211	467	23,694
Total	$ 14,885,950	$ 441,325	$ 1,292,879	$ 16,620,154

	Year Ended June 30, 2019			
	Ministries and Programs	General and Administrative	Fundraising	Total
Grants and allocations	$ 17,633,464	$ 1,500	$ 750	$ 17,635,714
Salaries	630,740	228,386	735,969	1,595,095
Benefits	72,892	47,073	141,511	261,476
Travel	146,513	1,616	110,662	258,791
Telecommunications	5,804	4,443	5,344	15,591
Postage	930	4,187	13,135	18,252
Supplies	1,855	1,788	6,513	10,156
Printing	524	673	50,402	51,599
Outside services	67,318	1,877	185,081	254,276
Occupancy	14,904	29,874	29,243	74,021
Depreciation and amortization	2,431	14,924	12,489	29,844
Hospitality	3,069	1,058	13,972	18,099
Training	13,980	153	1,652	15,785
Computer consulting	5,060	22,772	22,772	50,604
Computing equipment and software	6,857	24,006	28,636	59,499
Audit services	-	16,500	-	16,500
Advertising	-	50	9,921	9,971
Other expenses	2,103	24,341	28,598	55,042
Total	$ 18,608,444	$ 425,221	$ 1,396,650	$ 20,430,315

See accompanying notes to consolidated financial statements.

Partners International

Consolidated Statements of Cash Flows

	Years Ended June 30, 2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash contributions received	$ 5,955,312	$ 5,070,758
Interest and dividends received	65,934	41,077
Cash paid to Partners' ministries	(2,927,325)	(2,536,344)
Cash paid to employees	(1,954,902)	(1,851,212)
Cash paid to service providers	(863,828)	(913,687)
Net cash provided (used) by operating activities	275,191	(189,408)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property and equipment purchases	-	(45,490)
Proceeds from sale of fixed assets	-	5,085
Purchase of investments	(500,000)	(2,370,291)
Proceeds from sale of investments	250,000	251,616
Net cash used by investing activities	(250,000)	(2,159,080)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Loan	344,610	-
Repayment of Loan	(60,000)	-
Gift annuities distributions	(13,242)	(9,272)
Net cash provided (used) by financing activities	271,368	(9,272)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	296,559	(2,357,760)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	372,657	2,730,417
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 669,216	$ 372,657

Noncash Transactions:

	2020	2019
Gifts in-kind received and distributed to Partners' ministries	$ 10,920,295	$ 15,177,029

See accompanying notes to consolidated financial statements.

NOTE 1 – ORGANIZATION:

Partners International (Partners) was incorporated in 1961 in California as a not-for-profit corporation, and subsequently, in 2018 in Washington. Partners is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (Code) and is also exempt from state income taxes. Partners has been classified as a publicly supported organization, which is not a private foundation, under Section 509(a) of the Code. Contributions by the public are deductible for tax purposes.

Partners exists to enable, enhance, and extend partnerships with indigenous organizations involved in evangelism, church planning, leadership training, relief, and development to carry out their work. Partners actively performs due diligence on these partnering organizations through monitoring their ministry operations. It is also actively screening and selecting other indigenous organizations to partner with. Partners presently provides resources to approximately 68 worldwide indigenous organizations.

During the years ended June 30, 2020 and 2019, gifts in-kind approximated 66% and 74% of total revenue, respectively.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The consolidated financial statements of Partners have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. A summary of significant accounting policies followed are described below to enhance the usefulness of the consolidated financial statements to the reader.

a. *Affiliated organizations* – Partners is affiliated with several organizations which are not included in these consolidated financial statements because they are not under common control. Partners and these organizations do, however, participate together in outreaches in many foreign countries.

b. *Principles of consolidation* – The accompanying consolidated financial statements include the accounts of Partners and its wholly owned subsidiary, Partners International – Asia Pacific Office. All material intercompany accounts, transactions, and profits have been eliminated. Partners filed a notice of cessation with the Companies Registry of Hong Kong effective March 12, 2019 effective for the Asia Pacific Office. The last financial transaction was June 27, 2018.

c. *Foreign currency translation* – Amounts recorded in foreign currency are translated into United States dollars as follows:

   1. Monetary assets and monetary liabilities: at the rate of exchange in effect as of the consolidated statement of financial position dates.

   2. Nonmonetary assets and nonmonetary liabilities: at the exchange rate prevailing at the time of the acquisition of the assets or assumption of the liabilities.

   3. Revenues and expenses: at the average rate of exchange for the year.

d. *Cash and cash equivalents* – Cash and cash equivalents includes cash on deposit. Money market mutual funds and cash held in investment brokerage accounts are included in investments.

e. *Certificate of deposit* – Certificate of deposit is stated at cost.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

f. *Concentration of credit risk* – Cash and cash equivalents, at times, exceed federally insured limits. Partners has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

g. *Investments* – Investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments set aside to fund gift annuities and endowment agreements are classified as long-term investments. See Note 6 for discussion of fair value measurements.

h. *Promises to give and receivables* – Partners receives promises to give ranging in length from one to ten years. Promises to give that are expected to be collected within one year are recorded at their pledge value. Promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows, discounted using an interest rate of 3.25%. Discounts on long-term promises to give were $7,000 at June 30, 2020 and 2019, respectively. Management deems all amounts receivable at June 30, 2020 and 2019, to be fully collectible and, accordingly, no allowance for uncollectible amounts has been recorded in the accompanying consolidated statements of financial position.

i. *Intentions* – Partners has received indications of gifts from donors. Due to the uncertain nature of these intentions, these intentions do not meet the criteria of revenue recognition under generally accepted accounting principles; they are not reflected as contributions in the consolidated statements of activities and changes in net assets until the donation is collected. Partners has not recognized an asset or contribution receivable for these gifts.

j. *Property and equipment* – Property and equipment purchased are carried at cost, net of accumulated depreciation. Expenditures of less than $2,000 and computers are charged to expense. Donated property and equipment are carried at estimated fair market value on the date of the donation, net of accumulated depreciation. Depreciation is computed on the straight-line method over the estimated useful lives of the assets, ranging from 3 to 30 years.

k. *Gift annuities* – Partners has established a gift annuity plan whereby donors may contribute assets to the organization in exchange for the right to receive a fixed dollar annual return during their lifetimes. This transaction provides for a portion of the transfer to be considered a charitable contribution for income tax purposes.

   The difference between the amount contributed for the gift annuity and liability for future payments, determined on an actuarial basis, is recognized as income at the date of the gift and is reflected on the consolidated statements of activities and changes in net assets as contributions from new gift annuities. The difference between assets in trust and liabilities is reported on the consolidated statements of financial position as net assets without donor restrictions.

   The liability for future payments to annuitants, or commensurate value, is calculated annually based upon actuarially computed present values to comply with state legal reserve requirements. The change in the commensurate value, net of investment income, payments to annuitants, and terminations is reflected on the consolidated statements of activities and changes in net assets as changes in value of split-interest agreements.

   The commensurate value of gift annuities was $45,673 and $58,914 as of June 30, 2020 and 2019.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

l. *Deferred gain on sale of building* – Gain on sale of building deferred related to sale leaseback transaction. Gain will be recognized over the term of the lease, see Note 8.

m. *Basis of presentation* – The consolidated financial statement presentation follows the requirements of Accounting Standards Update (ASU) 2016-14 *Not-For-Profit Entities (Topic 958), Presentation of Financial Statements of Not-for-Profit Entities*. Partners is required to report information regarding its financial position and activities according to the following classes of net assets:

- **Without donor restrictions** amounts are those currently available at the discretion of the Board of Directors for use in Partners' operations and those resources invested in property and equipment.

- **With donor restrictions** amounts are those which are stipulated by donors for specific program operating purposes. The majority of the ending balance represents funds collected for field ministries which have not been expended as of year-end. At June 30, 2020 and 2019, there was $100,000 included in net assets with donor restrictions, the income earned from these funds is used toward training and operations in China, in accordance with the donor's stipulation for earnings from the gift, and the principal portion of this contribution is restricted in time until the return of Christ. Net assets with donor restrictions are restricted for program purposes.

All contributions are considered available for use unless specifically restricted by the donor or if they are subject to legal restrictions.

Contributions are recorded as with donor restriction if they are received with donor stipulations that limit their use through purpose and/or time restrictions. When donor restrictions expire, that is, when the purpose restriction is fulfilled or the time restriction expires, the net assets are reclassified from with donor restrictions to without donor restrictions and are reported in the statements of activities and changes in net assets as net assets released from donor restrictions. Partners' policy is to record donor restricted contributions received and expended in the same accounting period as contributions with donor restrictions and net assets released from donor restrictions, unless restricted by time.

For contributions restricted by donors for the acquisition of property and other long-lived assets, the restriction is considered to be met when the property or other long-lived asset is placed in service.

n. *Revenue, support, and expenses* – Contributions are recorded when cash or unconditional promises-to-give have been received or ownership of donated assets is transferred to Partners. Conditional promises to give are not recognized until they become unconditional, those with measurable performance or other barrier and a right of return are not recognized until the condition which they depend on have been met. Partners receives noncash gifts which are recorded as support at the estimated fair market value on the date of the gift. Goods given to Partners that do not have an objective basis for valuation are not recorded. Revenue is recorded when earned. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

o. *Contributed services* – ASC 958, *Not-for-Profit Entities,* requires recording the value of donated services that create or enhance nonfinancial assets or require specialized skills. Many volunteers have contributed significant amounts of their time to activities of Partners; however, since the above requirements were not met, the value of the contributed services is not recorded in the consolidated financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

p. *Functional allocation of expenses* – The cost of providing the various program services and supporting activities have been summarized on a functional basis. Accordingly, certain costs, such as depreciation and payroll, have been allocated among the program and supporting activities based on evaluations of the related activity and time estimates.

q. *Use of estimates* – The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

r. *Allocation of joint costs* – Partners allocates all costs which contain any fundraising appeal to be allocated to fundraising unless all of the following three tests are met: purpose, audience, and content.

s. *Income taxes* – Partners has adopted ASC 740-10, relating to accounting for uncertain tax positions. ASC 740-10 prescribes a recognition threshold and measurement process for accounting for uncertain tax positions and also provides guidance on various related matters such as derecognition, interest, penalties, and disclosures required. Partners does not have any uncertain tax positions. The organization is exempt from income taxes under section 501(c)(3) of the Code and is classified as a Church therefore the organization does not file Form 990, *Return of Organization Exempt from Income Tax.*

t. *Valuation of long-lived assets* – Partners, using its best estimates based on reasonable and supportable assumptions and projections, reviews assets for impairment whenever events or changes in circumstances have indicated that the carrying amount of its assets might not be recoverable. Impaired assets are reported at the lower of cost or fair value. No impairments were recognized during the years ended June 30, 2020 and 2019.

u. *Change in Accounting Principle* – In June 2018, FASB issued Accounting Standards Update (ASU) 2018-08 related to the accounting for contributions received and contributions made. This update applies to both resource recipients and resource providers and assists in evaluating whether a transfer of assets is an exchange transaction or a contribution and also assists with distinguishing between conditional and unconditional contributions. Distinguishing between contributions and exchange transactions determines which guidance should be applied. For contributions, the guidance in Subtopic 958-605 should be followed and for exchange transactions, Topic 606 should be followed. The financial statements reflect the application for ASU 2018-08 guidance using the prospective approach for contributions made and contributions received. The adoption of this ASU did not impact the Organization's reported revenue in total.

v. *New Accounting Pronouncement Effective in Future Accounting Periods* – In February 2016, the FASB issued ASU No. 2016-02, *Leases*, which is a comprehensive lease accounting standard that requires entities that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the balance sheet for leases with terms exceeding 12 months. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. The standard will be effective for the entity for annual periods beginning after December 15, 2021, however, early application is permitted. Management is currently evaluating the impact this guidance will have on its financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

w. *Subsequent events* – Subsequent events have been evaluated through October 23, 2020 which represents the date that the consolidated financial statements were available to be issued.

x. *Orgniation costs* – In 2019, Partners has filed documents to incorporate an offshore Foundation to accommodate international transactions. Partners expects this formation to be complete in 2020. Cost associated to date with this formation has been capitalized.

NOTE 3 – PROMISES TO GIVE:

Promises to give consisted of the following pledges due:

	June 30, 2020	June 30, 2019
Receivable in one year or less	$ -	$ -
Receivable in one to five years	38,627	38,627
Less discount on long-term receivables	(7,000)	(7,000)
Net promises to give	$ 31,627	$ 31,627

NOTE 4 – PROPERTY AND EQUIPMENT:

Property and equipment consisted of the following:

	June 30, 2020	June 30, 2019
Leasehold improvements	$ 35,698	$ 35,698
Office equipment, computer equipment, and computer software	137,441	150,914
	173,139	186,612
Less accumulated depreciation and amortization	(138,570)	(126,062)
Property and equipment, net	$ 34,569	$ 60,550
Depreciation and amortization expense	$ 25,980	$ 29,844

NOTE 5 – INVESTMENTS:

Investments consisted of the following:

	June 30, 2020	June 30, 2019
Short-term investments:		
Cash and money market accounts	$ 262,387	$ 24,194
Equity securities	510,417	495,781
Mutual Funds	992,068	744,187
Treasury notes	703,126	907,228
Total Short-term investments	2,467,998	2,171,390
Long-term investments:		
Assets set aside to fund gift annuities:		
Cash and money market accounts	960	947
Equity securities	9,007	8,961
Mutual funds	72,355	70,406
Total Long-term investments	82,322	80,314
	$ 2,550,319	$ 2,251,704

Investment income consisted of the following:

	Years Ended June 30, 2020	Years Ended June 30, 2019
Interest and dividends	$ 65,934	$ 41,077
Realized and unrealized gain on investments	4,602	52,209
Investment fees	(17,077)	(10,883)
Total	$ 53,459	$ 82,403

NOTE 6 – FAIR VALUE MEASUREMENTS:

Fair value measurement – Effective January 1, 2008, Partners adopted ASC 820, *Fair Value Measurements and Disclosures*, which establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that Partners has the ability to access.

NOTE 6 – FAIR VALUE MEASUREMENTS (continued):

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices of identical or similar assets or liabilities in inactive markets;
- inputs other than the quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following tables set forth by level, within the fair value hierarchy, Partners' assets at fair value as of June 30, 2020 and 2019.

		Assets at Fair Value as of June 30, 2020			
	Cost	Level 1	Level 2	Level 3	Total
Cash and money market accounts	$ 263,347	$ -	$ -	$ -	$ 263,347
Equity securities	-	519,424	-	-	519,424
Mutual funds	-	1,064,423	-	-	1,064,423
Treasury notes	-	703,126	-	-	703,126
Total	$ 263,347	$ 2,286,972	$ -	$ -	$ 2,550,319

		Assets at Fair Value as of June 30, 2019			
	Cost	Level 1	Level 2	Level 3	Total
Cash and money market accounts	$ 25,141	$ -	$ -	$ -	$ 25,141
Equity securities	-	504,742	-	-	504,742
Mutual funds	-	814,593	-	-	814,593
Treasury notes	-	907,228	-	-	907,228
Total	$ 25,141	$ 2,226,563	$ -	$ -	$ 2,251,704

NOTE 7 – GIFTS IN-KIND:

Partners solicits gifts in-kind on behalf of indigenous organizations it partners with. Requests for gifts are presented through Partners' area directors. Once a project has been approved, contacts are made to locate and secure the requested items. Transportation may be handled by Partners or the Donee organization, and Partners tracks the gift once it has been shipped to ensure it is received by the requesting organization and used in ministry.

Gifts in-kind consist of medical supplies that are recorded at wholesale values as reported by the donating organization for the years ended June 30, 2020 and 2019.

NOTE 8 – LEASES:

In June 2018, Partners executed final documents to sell its building and land in Spokane, Washington and lease back 3,797 square feet of the building. The lease calls for rent payment through September 30, 2021. This transaction was accounted for in accordance with ASC 840-40, *Sale-Leaseback Transactions.* The amount of gain equal to the present value of future minimum lease payments, $99,776 was deferred and will be recognized over the term of the lease.

The lease expense for future years is as follows:

Years Ending June 30,	Amount
2021	$ 53,628
2022	14,712
	$ 68,340

Total rental expense was $52,048 and $59,280 for the years ended June 30, 2020 and 2019, respectively.

NOTE 9 – LIQUIDITY:

Partners measures liquidity in terms of financial assets less donor restrictions for program projects, in terms of days of internally calculated operating expenses, as of the end of the year.

Liquidity calculations consisted of the following:

	June 30, 2020	June 30, 2019
Cash and cash equivalents	$ 669,216	$ 372,657
Short-term investments	2,467,998	2,171,390
Receivable	1,000	316020
	3,138,214	2,860,067
Less: donor restrictions for program projects	(998,566)	(1,000,543)
	$ 2,139,648	$ 1,859,524
Days of internally calculated operating expenses	292	250

NOTE 10 – DEBT:

On April 13, 2020, Partners received loan proceeds in the amount of $344,610 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying organizations for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight-week period. Partners repaid $60,000 of this loan on May 8, 2020.

NOTE 10 – DEBT (continued):

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The Company has used the net proceeds for purposes consistent with the PPP. While the Company currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, we cannot assure you that we will not take actions that could cause the Company to be ineligible for forgiveness of the loan, in whole or in part.

The Company has applied for loan forgiveness on August 10, 2020, and has not received notice of loan forgiveness as of the date of report.

Maturities of Payroll Protection Plan loan for future years is as follows:

Years Ending June 30,	Amount
2021	$ 152,240
2022	132,370
	$ 284,610