

**PARTNERS INTERNATIONAL, INC.**  
**FINANCIAL STATEMENTS**  
**AND**  
**INDEPENDENT AUDITORS' REPORT**  
**Years Ended June 30, 2023 and 2022**

PARTNERS INTERNATIONAL, INC.  
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## **Independent Auditors' Report**

Board of Directors  
Partners International, Inc.  
Atlanta, Georgia

### ***Opinion***

We have audited the financial statements of Partners International, Inc. (a not-for-profit organization), which comprise the statement of financial position as of June 30, 2023 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Partners International, Inc. as of June 30, 2023 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.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Partners International, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Other Matter***

The financial statements of Partners International, Inc. for the year ended June 30, 2022 were audited by another auditor who expressed an unmodified opinion on those statements on November 7, 2022.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Partners International, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Partners International, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Partners International, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*Mersereau, Lazenby & Rockas, LLC*

Mersereau, Lazenby & Rockas, LLC

Certified Public Accountants

Suwanee, Georgia

November 15, 2023

PARTNERS INTERNATIONAL, INC.  
STATEMENTS OF FINANCIAL POSITION  
June 30, 2023 and 2022

ASSETS	2023	2022
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 927,947	\$ 892,732
Investments - short-term	491,438	2,380,901
Contributions receivable	11,326	29,323
Other receivables	734	1,700
Prepaid expense	30,467	23,214
Total current assets	1,461,912	3,327,870
<b>PROPERTY AND EQUIPMENT</b>		
Property and equipment, net of accumulated depreciation of \$26,425 and \$62,118 in 2023 and 2022	-	5,112
<b>OTHER ASSETS</b>		
Investments - long-term	1,577,076	181,860
Organizational costs	-	33,792
Total other assets	1,577,076	215,652
<b>TOTAL ASSETS</b>	3,038,988	3,548,634
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	137,959	144,449
<b>OTHER LIABILITIES</b>		
Gift annuities	28,613	35,080
<b>TOTAL LIABILITIES</b>	166,572	179,529
<b>NET ASSETS</b>		
Without donor restrictions		
Without donor restrictions - expendable	1,676,394	1,880,698
Without donor restrictions - net investment in property & equipment	-	5,112
Total net assets without donor restrictions	1,676,394	1,885,810
With donor restrictions	1,196,022	1,483,295
<b>TOTAL NET ASSETS</b>	2,872,416	3,369,105
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 3,038,988	\$ 3,548,634

See auditors' report and accompanying notes to the financial statements

PARTNERS INTERNATIONAL, INC.  
STATEMENTS OF ACTIVITIES  
Years Ended June 30, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>						
Contributions	\$ 1,731,768	\$ 3,017,155	\$ 4,748,923	\$ 2,012,699	\$ 3,523,901	\$ 5,536,600
Annuity distributions, net	6,467	-	6,467	8,666	-	8,666
Investment gain (loss)	116,811	-	116,811	(166,122)	-	(166,122)
Other income	4,057	-	4,057	9,140	-	9,140
	<u>1,859,103</u>	<u>3,017,155</u>	<u>4,876,258</u>	<u>1,864,383</u>	<u>3,523,901</u>	<u>5,388,284</u>
Net assets released from restrictions:						
Satisfaction of program restrictions	3,304,428	(3,304,428)	-	3,392,152	(3,392,152)	-
	<u>5,163,531</u>	<u>(287,273)</u>	<u>4,876,258</u>	<u>5,256,535</u>	<u>131,749</u>	<u>5,388,284</u>
<b>EXPENSES</b>						
Program services	4,175,634	-	4,175,634	4,341,028	-	4,341,028
Management and general	795,087	-	795,087	1,024,921	-	1,024,921
Fundraising	402,226	-	402,226	405,544	-	405,544
	<u>5,372,947</u>	<u>-</u>	<u>5,372,947</u>	<u>5,771,493</u>	<u>-</u>	<u>5,771,493</u>
CHANGE IN NET ASSETS	(209,416)	(287,273)	(496,689)	(514,958)	131,749	(383,209)
NET ASSETS, Beginning of year	<u>1,885,810</u>	<u>1,483,295</u>	<u>3,369,105</u>	<u>2,400,768</u>	<u>1,351,546</u>	<u>3,752,314</u>
NET ASSETS, End of year	<u>\$ 1,676,394</u>	<u>\$ 1,196,022</u>	<u>\$ 2,872,416</u>	<u>\$ 1,885,810</u>	<u>\$ 1,483,295</u>	<u>\$ 3,369,105</u>

See auditors' report and accompanying notes to the financial statements

PARTNERS INTERNATIONAL, INC.  
STATEMENTS OF FUNCTIONAL EXPENSES  
Years Ended June 30, 2023 and 2022

	2023				2022			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Compensation	\$ 1,386,950	\$ 383,683	\$ 342,702	\$ 2,113,335	\$ 1,247,661	\$ 358,415	\$ 296,199	\$ 1,902,275
Accounting	-	125,890	-	125,890	-	265,445	13,971	279,416
Advertising	-	5,879	-	5,879	-	13,957	-	13,957
Bank fees	-	70,465	-	70,465	484	64,451	3,391	68,326
Depreciation and amortization	2,382	1,588	-	3,970	-	14,389	402	14,791
Fundraising expense	-	-	37,427	37,427	-	-	-	-
Grants	2,340,630	-	-	2,340,630	2,669,160	-	-	2,669,160
Insurance	14,582	9,722	-	24,304	355	2,676	194	3,225
Miscellaneous expenses	36,612	24,409	-	61,021	57,403	5,856	4,038	67,297
Occupancy	23,680	15,786	-	39,466	39,480	95,250	9,853	144,583
Printing and postage	-	100	-	100	59,230	9,352	15,848	84,430
Professional fees	140,067	85,504	-	225,571	83,638	81,086	32,033	196,757
Supplies and materials	17,123	11,415	-	28,538	4,936	2,385	905	8,226
Telephone and technology	76,303	6,674	22,097	105,074	9,293	80,079	5,736	95,108
Travel	137,305	53,972	-	191,277	169,388	31,580	22,974	223,942
<b>Total expenses by function</b>	<b>\$ 4,175,634</b>	<b>\$ 795,087</b>	<b>\$ 402,226</b>	<b>\$ 5,372,947</b>	<b>\$ 4,341,028</b>	<b>\$ 1,024,921</b>	<b>\$ 405,544</b>	<b>\$ 5,771,493</b>
<i>Percentage of total expenses</i>	<i>78%</i>	<i>15%</i>	<i>7%</i>	<i>100%</i>	<i>75%</i>	<i>18%</i>	<i>7%</i>	<i>100%</i>

See auditors' report and accompanying notes to the financial statements

PARTNERS INTERNATIONAL, INC.  
STATEMENTS OF CASH FLOWS  
Years Ended June 30, 2023 and 2022

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (496,689)	\$ (383,208)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	3,970	8,033
Amortization expense	-	6,758
Net investment (income) loss	(116,811)	404,441
Net loss on disposal of fixed assets	1,142	-
(Increase) decrease in assets:		
Contributions and other receivables	18,963	(31,023)
Prepaid expense	(7,253)	(26,932)
Other assets	33,792	(33,792)
(Decrease) increase in liabilities:		
Accounts payable	(15,891)	(24,302)
Accrued expenses	9,401	(216,674)
<b>CASH USED FOR OPERATING ACTIVITIES</b>	<b>(575,843)</b>	<b>(313,658)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net investment proceeds (transfers)	617,525	(26,989)
<b>CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES</b>	<b>617,525</b>	<b>(26,989)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Gift annuities distributions	(6,467)	(8,666)
<b>CASH USED FOR FINANCING ACTIVITIES</b>	<b>(6,467)</b>	<b>(8,666)</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>35,215</b>	<b>(349,313)</b>
<b>CASH AND CASH EQUIVALENTS, Beginning of year</b>	<b>892,732</b>	<b>1,242,045</b>
<b>CASH AND CASH EQUIVALENTS, End of year</b>	<b>\$ 927,947</b>	<b>\$ 892,732</b>

See auditors' report and accompanying notes to the financial statements



PARTNERS INTERNATIONAL, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
Years Ended June 30, 2023 and 2022

**NOTE 1: NATURE OF THE ORGANIZATION**

Partners International, Inc. (the “Organization”) was incorporated in 1961 in California as a not-for-profit corporation, and subsequently, in 2018 in Washington. The Organization reincorporated in 2021 in Georgia.

The Organization exists to build the Church in the least reached places by partnering with indigenous ministries and connecting followers of Christ. Currently, more than three billion people have little or no access to the gospel. The Organization identifies indigenous leaders with a vision to advance the gospel to the least reached and partners with them to accelerate their vision. This is accomplished by connecting them to global capital including financial, relational, knowledge and prayer. The Organization is currently working with indigenous leaders in more than 30 countries. Support is primarily received as contributions from interested individuals and businesses.

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES**

*Basis of Presentation*

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These amounts are currently available at the discretion of the board of directors for use in operations and those resources invested in property and equipment.

Net assets with donor restrictions are subject to stipulations imposed by donors. Some donor restrictions are temporary in nature and will be met by actions of the Organization or with the passage of time. Net assets in this class include contributions and gifts for restricted purposes. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. All net assets with donor restrictions are restricted for program purposes.

*Basis of Accounting*

The accompanying financial statements are presented on the accrual basis of accounting in accordance with US GAAP, and, accordingly, reflect all significant receivables, payables and other liabilities.

*Affiliated Organizations*

The Organization is affiliated with several organizations which are not included in these financial statements because they are not under common control. Partners International, Inc. and these organizations do participate together in outreaches in many foreign countries but are considered to be separate entities for purposes of financial presentation.

PARTNERS INTERNATIONAL, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
Years Ended June 30, 2023 and 2022

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Cash and Cash Equivalents*

Cash includes all monies in banks and deposits in transit. Money market mutual funds, certificates of deposit and cash held in investment brokerage accounts are included in investments. Accounts maintained by banks are insured by the Federal Deposit Insurance Corporation up to \$250,000. Deposits in excess of federally insured limits were approximately \$668,000 and \$577,000 at June 30, 2023 and 2022, respectively. Management believes it is not exposed to any significant credit risk on cash, although its balances have, at times, exceeded federally insured limits.

*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 7 for discussion of fair value measurements.

*Intentions*

The Organization has received indications of gifts from donors. Due to the uncertain nature of these intentions, they do not meet the criteria of revenue recognition under US GAAP and are not reflected as contributions in the statement of activities and changes in net assets until the donation is collected. The Organization has not recognized an asset or contribution receivable for these gifts.

*Gift Annuities*

The Organization 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 statement 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 statement 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 changes in the commensurate value, net of investment income, payments to annuitants and terminations is reflected on the statement of activities and changes in net assets as changes in value of split-interest agreements.

The commensurate value of gift annuities was \$28,613 and \$35,080 as of June 30, 2023 and 2022, respectively.

PARTNERS INTERNATIONAL, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
Years Ended June 30, 2023 and 2022

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Property and Equipment*

Items capitalized as property and equipment are stated at cost or, if donated, at fair market value on the date of donation. The Organization generally capitalizes and reports property and equipment acquisitions in excess of \$3,000, and expenses purchases of computers. Expenditures for repairs and maintenance are charged to expense as incurred, and additions and improvements that significantly extend the lives of assets are capitalized at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 30 years.

*Revenue Recognition*

Revenue is recognized when earned and support when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of other assets are transferred to the Organization. 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 on which they depend have been met.

Contributions are recorded as support with or without donor restrictions when an unconditional promise to give is received, depending on the existence and/or nature of any donor restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

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.

*Contributed Services*

Volunteers periodically contribute their time to activities of the Organization. However, since these contributions do not create or enhance nonfinancial assets or require specialized skills, they do not meet the requirements for recognition under ASC 958, and the value of the contributed services is not recorded in the financial statements.

*Donated Assets*

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation. 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. Goods given to the Organization that do not have an objective basis for valuation are not recorded.

*Advertising*

All costs for advertising are expensed in the period they are incurred. Total advertising expense for the years ended June 30, 2023 and 2022 were \$5,879 and \$13,957, respectively.

PARTNERS INTERNATIONAL, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
Years Ended June 30, 2023 and 2022

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Income Taxes*

The Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) (the “Code”) and the Georgia Revenue and Taxation Code. The Organization has been classified as a publicly supported organization, which is not a private foundation, under Section 509(a) of the Code. The Organization has not recognized any liability for unrecognized tax benefits, as it has no known uncertain tax positions that would subject them to any material income tax exposure.

*Functional Expenses*

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Costs incurred are reported according to the function (program, management and general, and fundraising) which they benefit.

*Use of Estimates*

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

*Agency Transactions*

The Organization receives gifts in kind and functions as an agent or intermediary with respect to these gifts. Therefore, these gifts in kind are not reported as noncash gifts and related expenses in the financial statements.

**NOTE 3: AVAILABILITY AND LIQUIDITY**

The following represents the Organization’s financial assets available for general expenditures within one year of June 30:

	<u>2023</u>	<u>2022</u>
Financial assets at year-end		
Cash	\$ 927,947	\$ 892,732
Investments (short-term and long-term)	2,068,514	2,562,761
Contributions receivable	11,326	29,323
Other receivables	734	1,700
Prepaid expense	<u>30,467</u>	<u>23,214</u>
Financial assets at year-end	3,038,988	3,509,730
Less those unavailable for general expenditures within one year, due to contractual or donor-imposed restrictions: restricted by donor with time or purpose restrictions		
Investments (long-term)	(1,577,076)	(181,860)
Net assets with donor restrictions	(1,196,022)	(1,483,295)
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 265,890</u>	<u>\$ 1,844,575</u>

PARTNERS INTERNATIONAL, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
Years Ended June 30, 2023 and 2022

**NOTE 3: AVAILABILITY AND LIQUIDITY (continued)**

The Organization regularly monitors liquidity required to meet its operating needs and other commitments. Management anticipates collecting sufficient revenue to cover general expenditures which are not funded by donor restricted resources with unrestricted contributions.

**NOTE 4: PROPERTY AND EQUIPMENT**

Property and equipment consist of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Office equipment	\$ -	\$ 26,414
Computers and software	26,425	40,816
	<u>26,425</u>	<u>67,230</u>
Less accumulated depreciation	(26,425)	(62,118)
Total property and equipment	<u>\$ -</u>	<u>\$ 5,112</u>

Total depreciation and amortization expense for the years ended June 30, 2023 and 2022 was \$3,970 and \$14,971, respectively.

**NOTE 5: INVESTMENTS**

Investments consisted of the following at June 30:

Short-term investments:	<u>2023</u>	<u>2022</u>
Cash and money market accounts	\$ 37,446	\$ 2,380,901
Mutual, bond and exchange traded funds	453,992	-
Total short-term investments	<u>491,438</u>	<u>2,380,901</u>
Long-term investments:		
Assets set aside to fund gift annuities:		
Cash and money market accounts	234,770	181,860
Mutual, bond and exchange traded funds	1,342,306	-
Total long-term investments	<u>1,577,076</u>	<u>181,860</u>
Total investments	<u>\$ 2,068,514</u>	<u>\$ 2,562,761</u>

At June 30, 2022 the Organization was in the process of transitioning to a new investment manager, therefore investments were in cash at year-end.

PARTNERS INTERNATIONAL, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
Years Ended June 30, 2023 and 2022

**NOTE 5: INVESTMENTS (continued)**

Investment income consisted of the following for the year ended June 30:

	2023	2022
Interest and dividends	\$ 83,064	\$ 95,065
Annuity distributions, net	1,412	(16,546)
Unrealized gain (loss)	32,335	(244,641)
Total investment gains (losses)	<u>\$ 116,811</u>	<u>\$ (166,122)</u>

**NOTE 6: NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions have the following time and purpose restrictions:

	Year Ended June 30, 2023			
	Balance 6/30/2022	Restricted Revenue	Restrictions Satisfied	Balance 6/30/2023
Ministry Partner Support	\$ 1,162,119	\$ 2,267,702	\$ (2,522,905)	\$ 906,916
Other Global Initiatives	221,176	749,454	(781,523)	189,107
Permanently Restricted	100,000	-	-	100,000
Total net assets with donor restrictions	<u>\$ 1,483,295</u>	<u>\$ 3,017,156</u>	<u>\$ (3,304,428)</u>	<u>\$ 1,196,023</u>

  

	Year Ended June 30, 2022			
	Balance 6/30/2021	Restricted Revenue	Restrictions Satisfied	Balance 6/30/2022
Ministry Partner Support	\$ 639,659	\$ 2,583,493	\$ (2,061,033)	\$ 1,162,119
Other Global Initiatives	611,887	940,408	(1,331,119)	221,176
Permanently Restricted	100,000	-	-	100,000
Total net assets with donor restrictions	<u>\$ 1,351,546</u>	<u>\$ 3,523,901</u>	<u>\$ (3,392,152)</u>	<u>\$ 1,483,295</u>

**NOTE 7: FAIR VALUE MEASUREMENTS**

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. US GAAP establishes a hierarchy of inputs to valuation of that price using three levels:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in inactive markets for identical assets or liabilities, or model-derived valuations which rely on significant observable inputs.

Level 3 - Valuation techniques that rely on significant unobservable inputs.

PARTNERS INTERNATIONAL, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
Years Ended June 30, 2023 and 2022

**NOTE 7: FAIR VALUE MEASUREMENTS (continued)**

The following sets forth by level, within the fair value hierarchy, the Organization’s assets at fair value as of June 30, 2023 and 2022:

	2023			
	Level 1	Level 2	Level 3	Total
Cash and money market accounts	\$ 272,216	\$ -	\$ -	\$ 272,216
Mutual, bond & exchange traded funds	1,796,298	-	-	1,796,298
Total	\$ 2,068,514	\$ -	\$ -	\$ 2,068,514
	2022			
	Level 1	Level 2	Level 3	Total
Cash and money market accounts	\$ 2,562,761	\$ -	\$ -	\$ 2,562,761
Mutual, bond & exchange traded funds	-	-	-	-
Total	\$ 2,562,761	\$ -	\$ -	\$ 2,562,761

**NOTE 8: REVENUE FROM CONTRACTS WITH CUSTOMERS**

The Organization has adopted Accounting Standards Update (ASU) No. 2014-09 – *Revenue from Contracts with Customers (Topic 606)*, as amended as management believes the standard improves the usefulness and understandability of the Organization’s financial reporting. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

The disaggregation of revenue by type is depicted on the face of the statements of activities. No contract assets or contract liabilities (or changes thereto) were recorded for the periods ending June 30, 2023 or 2022. See Note 2, Significant Accounting Policies: Revenue Recognition, for further information.

**NOTE 9: LEASE COMMITMENTS**

As of July 1, 2022 the Organization implemented Accounting Standards Update (ASU) No. 2016-02 – *Leases (Topic 842)*, which supersedes previous guidance on leases provided by US GAAP. The standard was adopted for the year ended June 30, 2023 and was not retrospectively applied. The Organization has elected not to record leases with an initial term of less than 12 months on the balance sheet.

The Organization has one lease for office space with a term of 12 months which requires monthly payments of \$1,750. This lease commenced in May of 2023 and does not require recognition on the balance sheet and payments are recorded directly to lease expense. Future minimum lease payments under this lease for the year ended June 30, 2024 are \$17,500. No agreements are in place with lease payments extending past the subsequent year.

Rent expense for the years ended June 30, 2023 and 2022 was \$39,466 and \$93,054, respectively.

PARTNERS INTERNATIONAL, INC.  
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**NOTE 10: RETIREMENT BENEFITS**

Effective January 1, 2022, the Organization established a 401(k) plan. The effective date for elective deferrals was as soon as administratively feasible following July 1, 2022. The Organization may make discretionary matching contributions.

**NOTE 11: RECLASSIFICATIONS**

Certain prior year amounts have been reclassified to conform with current year presentation. Total changes in net assets were not affected.

**NOTE 12: SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through November 15, 2023, which is the date the financial statements were available to be issued.