

PARTNERS WORLDWIDE, INC. AND AFFILIATES

Consolidated Financial Statements
With Independent Auditors' Report

June 30, 2024 and 2023

PARTNERS WORLDWIDE, INC. AND AFFILIATES

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Partners Worldwide, Inc. and Affiliates
Grand Rapids, Michigan

Opinion

We have audited the accompanying consolidated financial statements of Partners Worldwide, Inc. and Affiliates, which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Partners Worldwide, Inc. and Affiliates as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Partners Worldwide, Inc. and Affiliates 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.

Responsibilities of Management for the Consolidated 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Board of Directors
Partners Worldwide, Inc. and Affiliates
Grand Rapids, Michigan

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 generally accepted auditing standards 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Worldwide, Inc. and Affiliates' 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Partners Worldwide, Inc. and Affiliates' 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.

Capin Crouse LLP

Grand Rapids, Michigan
October 28, 2024

PARTNERS WORLDWIDE, INC. AND AFFILIATES

Consolidated Statements of Financial Position

	June 30,	
	2024	2023
ASSETS:		
Cash and cash equivalents	\$ 1,091,069	\$ 608,383
Investments	12,306,467	13,197,105
Pledges receivable	319,155	192,712
Field advances and other assets	655,541	648,545
Interest receivable	133,383	83,531
Board designated investments	116,668	148,633
Notes receivable, net of allowance of \$860,000 and \$740,000, respectively	2,966,689	2,533,381
Property and equipment, net	720,762	739,685
Total Assets	\$ 18,309,734	\$ 18,151,975
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	\$ 123,545	\$ 142,657
Accrued expenses	127,129	100,665
Notes payable	544,980	1,017,980
Total liabilities	795,654	1,261,302
Net assets:		
Without donor restrictions	15,212,688	12,585,876
With donor restrictions	2,301,392	4,304,797
Total net assets	17,514,080	16,890,673
Total Liabilities and Net Assets	\$ 18,309,734	\$ 18,151,975

See notes to consolidated financial statements

PARTNERS WORLDWIDE, INC. AND AFFILIATES

Consolidated Statements of Activities

	Year Ended June 30,					
	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions	\$ 2,619,628	\$ 2,772,648	\$ 5,392,276	\$ 1,923,820	\$ 3,643,830	\$ 5,567,650
Interest income	6,659	-	6,659	12,590	-	12,590
Investment income	1,077,140	-	1,077,140	918,329	-	918,329
Donated services	571,566	-	571,566	468,687	-	468,687
Foreign currency translation adjustment	(11,883)	-	(11,883)	(16,533)	-	(16,533)
Other revenues	6,314	-	6,314	200,701	-	200,701
Total Support and Revenue	4,269,424	2,772,648	7,042,072	3,507,594	3,643,830	7,151,424
Net Assets Released from Restriction	4,776,053	(4,776,053)	-	3,752,375	(3,752,375)	-
Total Support, Revenue and Net Assets Released From Restrictions	9,045,477	(2,003,405)	7,042,072	7,259,969	(108,545)	7,151,424
EXPENSES						
Program services	5,253,147	-	5,253,147	4,978,131	-	4,978,131
Supporting activities:						
Management and general	589,721	-	589,721	550,498	-	550,498
Fund-raising	575,797	-	575,797	531,418	-	531,418
Total Expenses	6,418,665	-	6,418,665	6,060,047	-	6,060,047
Change in Net Assets	2,626,812	(2,003,405)	623,407	1,199,922	(108,545)	1,091,377
Net Assets, Beginning of Year	12,585,876	4,304,797	16,890,673	11,385,954	4,413,342	15,799,296
Net Assets, End of Year	\$ 15,212,688	\$ 2,301,392	\$ 17,514,080	\$ 12,585,876	\$ 4,304,797	\$ 16,890,673

See notes to consolidated financial statements

PARTNERS WORLDWIDE, INC. AND AFFILIATES

Consolidated Statement of Functional Expenses

Year Ended June 30, 2024

		Supporting Activities		
	Program Services	Management and General	Fund-raising	Total
Salaries	\$ 773,787	\$ 172,859	\$ 378,357	\$ 1,325,003
Employee benefits	111,059	65,756	86,057	262,872
	<u>884,846</u>	<u>238,615</u>	<u>464,414</u>	<u>1,587,875</u>
Home office costs:				
Operations	258,556	244,672	45,213	548,441
Travel	90,135	24,753	38,404	153,292
Facilities	42,836	7,498	23,540	73,874
Professional fees	10,624	51,473	780	62,877
Promotion events/mailings	4,208	5,716	2,996	12,920
Printed materials	877	10,597	437	11,911
Training and education	25	6,397	13	6,435
Total home office costs	<u>407,261</u>	<u>351,106</u>	<u>111,383</u>	<u>869,750</u>
Field office costs:				
National staff costs	1,079,027	-	-	1,079,027
Donated services	571,566	-	-	571,566
Food production	551,042	-	-	551,042
Small business development	475,628	-	-	475,628
Travel	429,647	-	-	429,647
Field office costs	382,397	-	-	382,397
Field development and planning	335,620	-	-	335,620
Other	86,131	-	-	86,131
Training and education	32,480	-	-	32,480
Field equipment purchases	17,502	-	-	17,502
Total field office costs	<u>3,961,040</u>	<u>-</u>	<u>-</u>	<u>3,961,040</u>
Total Expenses	<u>\$ 5,253,147</u>	<u>\$ 589,721</u>	<u>\$ 575,797</u>	<u>\$ 6,418,665</u>

See notes to consolidated financial statements

PARTNERS WORLDWIDE, INC. AND AFFILIATES

Consolidated Statement of Functional Expenses

Year Ended June 30, 2023

		Supporting Activities		
	Program Services	Management and General	Fund-raising	Total
Salaries	\$ 728,755	\$ 150,181	\$ 328,722	\$ 1,207,658
Employee benefits	100,686	64,538	87,419	252,643
	<u>829,441</u>	<u>214,719</u>	<u>416,141</u>	<u>1,460,301</u>
Home office costs:				
Operations	478,367	223,982	40,396	742,745
Travel	48,150	22,837	49,189	120,176
Professional fees	38,807	9,481	20,982	69,270
Facilities	8,232	54,363	763	63,358
Promotion events/mailings	7,663	7,328	3,009	18,000
Printed materials	542	11,542	881	12,965
Training and education	143	6,246	57	6,446
Total home office costs	<u>581,904</u>	<u>335,779</u>	<u>115,277</u>	<u>1,032,960</u>
Field office costs:				
National staff costs	956,873	-	-	956,873
Small business development	665,427	-	-	665,427
Donated services	468,687	-	-	468,687
Field office costs	464,353	-	-	464,353
Travel	440,193	-	-	440,193
Food production	297,017	-	-	297,017
Field development and planning	144,652	-	-	144,652
Other	92,850	-	-	92,850
Training and education	21,626	-	-	21,626
Field equipment purchases	15,108	-	-	15,108
Total field office costs	<u>3,566,786</u>	<u>-</u>	<u>-</u>	<u>3,566,786</u>
Total Expenses	<u>\$ 4,978,131</u>	<u>\$ 550,498</u>	<u>\$ 531,418</u>	<u>\$ 6,060,047</u>

See notes to consolidated financial statements

PARTNERS WORLDWIDE, INC. AND AFFILIATES

Consolidated Statements of Cash Flows

	Year Ended June 30,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	\$ 623,407	\$ 1,091,377
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation expense	71,711	71,788
Foreign currency translation adjustment	(11,883)	(16,533)
Provisions charged to expense	120,000	140,000
Realized and unrealized gain on investments	(604,807)	(684,960)
Loan forgiveness	-	(3,000)
Changes in:		
Pledges receivable	(126,443)	8,104
Field advances and other assets	(17,602)	(357,449)
Interest receivable	(49,852)	243,297
Accounts payable	(8,506)	(3,162)
Accrued expenses	26,464	(29,658)
Net Cash Provided by Operating Activities	<u>22,489</u>	<u>459,804</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(52,788)	(35,167)
Notes issued	(1,074,252)	(330,790)
Collections on notes	473,111	93,048
Proceeds from sale of investments	1,928,304	121,841
Purchases of investments	(353,061)	(869,321)
Net Cash Provided (Used) by Investing Activities	<u>921,314</u>	<u>(1,020,389)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on Notes Payable	(473,000)	(75,000)
Net Cash Used by Financing Activities	<u>(473,000)</u>	<u>(75,000)</u>
Effect of Exchange Rate on Cash	<u>11,883</u>	<u>16,533</u>
Net Change in Cash and Cash Equivalents	482,686	(619,052)
Cash and Cash Equivalents, Beginning of Year	<u>608,383</u>	<u>1,227,435</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 1,091,069</u></u>	<u><u>\$ 608,383</u></u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid for interest (non capitalized)	<u>\$ 5,751</u>	<u>\$ 10,793</u>
Non-cash loan forgiveness recognized as revenue	<u>\$ -</u>	<u>\$ 3,000</u>

See notes to consolidated financial statements

PARTNERS WORLDWIDE, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

1. NATURE OF ORGANIZATION:

Partners Worldwide, Inc. (PW), a Michigan nonprofit corporation, was established for the purpose of promoting and enhancing international and domestic development of small business in developing communities and countries by creating jobs.

PW operates as a charitable religious organization within the meaning of Section 501(c)(3) of the Internal Revenue Code (Code) and applicable state regulations and has been classified as a publicly supported organization, which is not a private foundation under Section 509(a) of the Code. It is exempt from federal and state income taxes and contributions by the public are deductible for income tax purposes.

Partners Worldwide Canada (PWC), a Canada not for profit corporation, was established for the purpose of promoting and enhancing international and domestic development of small businesses in less developed communities and countries, creating jobs, and supporting the mission of PW.

PW Entrepreneurs L3C (PWE), a Michigan low-profit limited liability company, was established for the purpose of promoting and enhancing international and domestic development of small businesses in less developed communities and countries, creating jobs, and supporting the mission of PW. There are three members in PWE, of which PW has the majority ownership.

Partners Worldwide Southeast Asia Organization, Inc. (PWSEA), a non-profit company located in the Philippines, was established for the purpose of promoting and enhancing development of small businesses in Southeast Asia and supporting the mission of PW. PW's revenue is generated primarily from charitable contributions.

2. SIGNIFICANT ACCOUNTING POLICIES:

BASIS OF ACCOUNTING

The preparation of consolidated financial statements, in accordance 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 these estimates. The more significant accounting policies are summarized below.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements of Partners Worldwide, Inc. and Affiliates include the consolidating financial resources and activities of PW and its subsidiary organizations, PWC, PWE, and PWSEA. Due to immaterial financial activity, PWSEA is not presented separately within the consolidating statements. All inter-organization balances and transactions have been eliminated in the consolidation.

PARTNERS WORLDWIDE, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include bank and brokerage checking, savings and money market accounts. Certain items that meet the definition of cash equivalents but are part of a larger pool of investments are included in investments. From time to time, deposits may exceed federally insured limits. At June 30, 2024 and 2023, Partners Worldwide, Inc. and Affiliates exceeded federally insured limits by approximately \$708,000 and \$211,000, respectively.

INVESTMENTS

Investments are reported at cost and fair value, as disclosed in Note 4. Realized and unrealized gains and losses, interest and dividends are presented as investment income (loss) in the consolidated statements of activities as a change in net assets without restrictions unless designated as restricted by the donor. Donated investments are liquidated at market value on the date of donation.

FAIR VALUE MEASUREMENTS

PW determines fair value based on a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

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 markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full-term of the assets or liabilities.

Level 3

Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

PW uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, PW measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

BOARD DESIGNATED INVESTMENTS

The board of directors created a fund for estate gifts that are received with no donor restrictions. Ten percent of the gifts from this fund will be distributed immediately to the general operations of PW. The remaining funds are then invested and distributed annually over the next six years for general operations.

PARTNERS WORLDWIDE, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

PLEDGES RECEIVABLE

Unconditional pledges receivable are recognized as revenue in the period the pledge is made. Pledges receivable are stated at the amount management expects to collect from balances outstanding. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its evaluation of the status of individual accounts, past credit history with donors and the donors' current financial condition. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to pledges receivable. PW considers pledges receivable to be fully collectible; accordingly, no allowance for doubtful promises to give has been recorded. Further, all unconditional pledges receivable are expected to be collected within one year, therefore a pledge discount was not recorded as of June 30, 2024 and 2023.

FIELD ADVANCES AND OTHER ASSETS

PW funds numerous projects in countries outside the United States. Field managers in those countries request funding for approved projects. Field advances include amounts forwarded to those foreign bank accounts. As funds are spent, the field advance account is decreased and the various project expenses are recognized.

Other assets consist of an immaterial amount of accounts receivable.

NOTES RECEIVABLE, NET

PW and PWE provide loan capital to qualified affiliates worldwide, who then manage funds locally by identifying and providing loans to entrepreneurs who have received business training, mentoring and coaching and are prepared to take their business to the next level.

Estimated allowances for credit losses on notes receivable are maintained at levels that, in the judgment of management, are adequate to meet the present and potential future risks of uncollectible receivable balances. Management's judgment is based on a variety of factors, which include experience related to charge-offs and recoveries, and scrutiny of notes receivable. The loss rate is based on management's historical collection experience, adjusted for management's expectations about current and future economic conditions. As of June 30, 2024, the PW increased its historical loss rate for each aging category by 16% due to rising inflation and indicators of a potential recession. Receivables are unsecured and considered past due based on contractual terms. Amounts deemed by management to be uncollectible are charged to expense. Recoveries on receivables previously charged-off are credited to expense. Provisions for credit losses are charged to expense and credited to the allowance for credit losses. Past due receivables are not placed on nonaccrual status, and payments received on past due receivables are applied to principal and interest according to contractual terms.

Notes receivable are evaluated based on two credit quality status indicators: performing and nonperforming. Performing loans are those in which the borrower is not current with all contractual terms of the loan but has established a recent payment history. Nonperforming loans are those in which the borrower has defaulted on the terms of the loan and no recent payment history exists.

PARTNERS WORLDWIDE, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

PROPERTY AND EQUIPMENT, NET

Property and equipment are stated at cost, if purchased. Donations of property and equipment are recorded as support at estimated fair value at the time received. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, PW reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. PW follows the practice of capitalizing, at cost, all expenditures for fixed assets in excess of \$2,500. Depreciation is computed using the straight-line method over the estimated useful life of the asset.

CLASSES OF NET ASSETS

The consolidated financial statements report amounts separately by classes of net assets as follows:

Without donor restrictions are those currently available at the discretion of management and board of directors for use in Partners Worldwide, Inc. and Affiliates' operations.

With donor restrictions are those contributed with donor restrictions for specific operating purposes or those with timing restrictions. Net assets with donor restrictions consist of cash, pledges receivable and investments restricted for business growth and job creation program efforts throughout the world.

REVENUE AND SUPPORT

Contributions are recorded when the cash is received, unconditional pledges are made or when ownership of donated assets is transferred. All contributions are considered available without donor restrictions, unless specifically restricted by the donor or subject to legal restrictions. Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor 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 consolidated statements of activities as net assets released from restrictions.

PW has elected the policy to record conditional contributions received with donor restrictions as contributions without donor restrictions if the restrictions are met within the same fiscal year received.

PARTNERS WORLDWIDE, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

DONATED SERVICES

Donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by the individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received in the consolidated statements of activities. The donated services are valued based on an estimate of the wage for the same services. The services provided during the years ended June 30, 2024 and 2023, were business consulting services as part of their Business Affiliate program.

In addition, many other volunteers have contributed significant amounts of time to PW without compensation. These contributions, although clearly substantial, are not recognized as contributions in the consolidated financial statements since the recognition criteria was not met.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the program services and supporting activities have been summarized on a functional basis in the consolidated statements of activities and consolidated statements of functional expenses. Certain costs not directly attributable to specific program services or functions have been allocated to program services and supporting activities. Management allocates costs based on staff time attributed to the function. PW incurred no joint costs during the years ended June 30, 2024 and 2023.

FOREIGN OPERATIONS

As of June 30, 2024 and 2023, PW held notes receivables with businesses in foreign countries in the amount of \$2,966,689 and \$2,485,547, respectively. It should be noted that the political situation in these countries are subject to rapid change. Therefore, the reader should be aware that while management believes the assets are properly stated at the date of this report, subsequent changes could occur that would adversely affect the value of the assets in other countries.

RECENTLY ADOPTED ACCOUNTING STANDARD

In June 2016, the FASB issued guidance ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the consolidated financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by PW that are subject to the guidance in FASB ASC 326 are notes receivable.

PW adopted the standard effective June 30, 2024. The impact of the adoption was not considered material to the consolidated financial statements and primarily resulted in enhanced disclosures only.

PARTNERS WORLDWIDE, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

3. LIQUIDITY AND AVAILABILITY OF RESOURCES:

The following table reflects PW's financial assets as of June 30, 2024 and 2023, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

	June 30,	
	2024	2023
Financial assets:		
Cash and cash equivalents	\$ 1,091,069	\$ 608,383
Investments	12,306,467	13,197,105
Pledges receivable	319,155	192,712
Field advances and other assets	655,541	648,545
Interest receivable	133,383	83,531
Board designated investments	116,668	148,633
Notes receivable, net of allowance	2,966,689	2,533,381
Financial assets, at year end	<u>17,588,972</u>	<u>17,412,290</u>
Less those unavailable for general expenditures within one year due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with purpose or time restrictions	(2,301,392)	(4,304,797)
Board designated investments	(116,668)	(148,633)
Notes receivable, net, to be collected greater than one year	<u>(2,491,689)</u>	<u>(1,983,381)</u>
	<u>(4,909,749)</u>	<u>(6,436,811)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 12,679,223</u>	<u>\$ 10,975,479</u>

PW structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The board designated investments could be made available within the next twelve months, if needed.

PARTNERS WORLDWIDE, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

4. INVESTMENTS:

Investments consist of the following:

	June 30,	
	2024	2023
Investments held at cost:		
Savings certificates	\$ 67,737	\$ 23,334
Investments held at fair value (Level 3):		
PWE investment in Dignity Products LLC	131,543	184,580
Investments held at Barnabas Foundation	12,223,855	13,137,824
	12,355,398	13,322,404
	<u>\$ 12,423,135</u>	<u>\$ 13,345,738</u>

Consolidated statements of financial position:

	June 30,	
	2024	2023
Investments held for operations	\$ 12,306,467	\$ 13,197,105
Investments held for board reserves	116,668	148,633
	<u>\$ 12,423,135</u>	<u>\$ 13,345,738</u>

PARTNERS WORLDWIDE, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

5. NOTES RECEIVABLE:

PW and PWE encourage job creation in developing countries by providing below market loan capital to in-country lending affiliates, who in turn provide loans to small through middle market businesses.

The unsecured notes receivable are due from unrelated entities and consist of the following:

	June 30,	
	2024	2023
Note receivable from a third-party organization in Ghana, bearing interest at 12% and matured in December 2018. This note is in the collections process.	\$ 361,104	\$ 361,104
Note receivable from a third-party organization in Uganda, bearing interest at 4% and maturing in March 2025.	353,436	358,921
Note receivable from a third-party organization in Nicaragua, bearing interest at 5% and maturing in July 2031.	349,056	349,056
Note receivable from a third-party organization in Kenya, bearing interest at 7% and maturing in February 2027.	223,378	249,390
Note receivable from a third-party organization in Nigeria, bearing interest at 9%. This note matured in May 2024 and is on-hold while being restructured.	226,754	226,754
Note receivable from a third-party organization in Zambia, bearing interest at 0% and matured in March 2021. This is more than 2 years old, but less than 5 years past due. This note is on-hold while being restructured.	213,850	213,850
Note receivable from a third-party organization in El Salvador, bearing interest at 5% and maturing in November 2029.	178,605	206,422
Note receivable from a third-party organization in Nigeria bearing interest at 9% and matured in December 2022. This note is on-hold while being restructured.	195,004	195,004
Note receivable from a third-party organization in Mozambique, bearing interest at 0% and maturing in August 2029.	131,250	180,932

(continued)

PARTNERS WORLDWIDE, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

5. NOTES RECEIVABLE, continued:

	June 30,	
	2024	2023
Note receivable from a third-party organization in Kenya, bearing interest at 6% and maturing in October 2025.	136,314	136,314
Note receivable from a third-party organization in Ghana, bearing interest at 6% and maturing in August 2028. This note is in collections.	135,609	135,609
Note receivable from a third-party organization in Nicaragua, bearing interest at 7% and maturing in August 2024.	427,300	102,917
Note receivable from a third-party organization in Liberia, bearing interest at 6% and maturing in June 2029.	200,000	100,000
Note receivable from a third-party organization in Mozambique bearing interest at 6% and maturing in December 2025.	72,704	98,380
Note receivable from a third-party organization in Kenya bearing interest at 7% and maturing in September 2024.	95,391	97,293
Note receivable from a third-party organization in Liberia, bearing interest at 4% and maturing in September 2027.	89,286	89,286
Note receivable from a third-party organization in Liberia, bearing interest at 6% and matured in September 2021. This note is on-hold while being restructured.	59,135	59,135
Note receivable from a third-party organization in U.S.A., bearing interest at 9% and matures in December 2024.	-	47,834
Note receivable from a third-party organization in Liberia that matured in November 2020, including interest at 1%. This is over 2 years but less than 5 years past due. This note is on-hold while being restructured.	45,180	45,180
Note receivable from a third-party organization in Ghana, bearing interest at 5% and matured in November 2022. This note is on-hold while being restructured.	20,000	20,000

(continued)

PARTNERS WORLDWIDE, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

5. NOTES RECEIVABLE, continued:

	June 30,	
	2024	2023
Note receivable from a third-party organization in Nicaragua, bearing interest at 5% and maturing in November 2026.	83,333	-
Note receivable from a third-party organization in Ghana, bearing interest at 5% and maturing in May 2026.	30,000	-
Note receivable from a third-party organization in Liberia, bearing interest at 5% and maturing June 2029.	200,000	-
Less: Provision for loan losses	(860,000)	(740,000)
	<u>\$ 2,966,689</u>	<u>\$ 2,533,381</u>

PARTNERS WORLDWIDE, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

5. NOTES RECEIVABLE, continued:

Partners Worldwide, Inc. and Affiliates adopted the provisions of the *Receivables* topic of the FASB ASC. These provisions require disclosures about the credit quality of financing receivables and the allowance for credit losses. PW and PWE provide loan capital to qualified affiliates world wide, who then manage funds locally by identifying and providing loans to entrepreneurs who have received business training, mentoring, and coaching and are prepared to take their business to the next level.

PW and PWE determined their allowance for estimated losses on these notes by looking at historical default rates and analyzing the aging of the past due notes.

The aging of the Global loan portfolio by classes of notes consist of the following:

Classes of notes	Not in repayment	Current	Less than 240 days past due	Greater than 240 days but less than 2 years past due	Greater than 2 years less than 5 years past due	Greater than 5 years past due	Total
As of June 30, 2024:							
Global notes	\$ 841,997	\$2,500,062	\$ 136,314	\$ -	\$ 348,316	\$ -	\$ 3,826,689
Allowance for doubtful accounts							(860,000)
							\$ 2,966,689
As a percentage of total loan portfolio	22.00%	65.33%	3.56%	0.00%	9.10%	0.00%	100.00%

Changes in allowance for estimated losses on loans in the aggregate for the year ended June 30, 2024, are presented as follows:

Balance, beginning	\$ 740,000
Provisions charged to expense	47,834
Loans charged off	(47,834)
Impact of CECL (increased provision and charged to expense)	120,000
	\$ 860,000

PARTNERS WORLDWIDE, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

5. NOTES RECEIVABLE, continued:

<u>Classes of notes</u>	<u>Not in repayment</u>	<u>Current</u>	<u>Less than 240 days past due</u>	<u>Greater than 240 days but less than 2 years past due</u>	<u>Greater than 2 years less than 5 years past due</u>	<u>Greater than 5 years past due</u>	<u>Total</u>
As of June 30, 2023:							
Global notes	<u>\$ 841,942</u>	<u>\$1,898,975</u>	<u>\$ 136,314</u>	<u>\$ 47,834</u>	<u>\$ 348,316</u>	<u>\$ -</u>	<u>\$ 3,273,381</u>
Allowance for doubtful accounts							<u>(740,000)</u>
							<u>\$ 2,533,381</u>
As a percentage of total loan portfolio	<u>25.72%</u>	<u>58.01%</u>	<u>4.16%</u>	<u>1.46%</u>	<u>10.64%</u>	<u>0.00%</u>	<u>100.00%</u>

Changes in allowance for estimated losses on loans in the aggregate for the year ended June 30, 2023, are presented as follows:

Balance, beginning	\$ 600,000
Provisions charged to expense	140,000
Loans charged off	<u>-</u>
	<u>\$ 740,000</u>

PARTNERS WORLDWIDE, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

5. NOTES RECEIVABLE, continued:

For each class of financing receivables, the following presents the recorded investment by credit quality indicator:

June 30,	
2024	2023
\$ 2,984,692	\$ 2,431,439
841,997	841,942
<u>\$ 3,826,689</u>	<u>\$ 3,273,381</u>

For global notes, the credit quality indicator is performance determined by delinquency status. Delinquency status is updated quarterly by PW and PWE's loan issuer/loan committee.

6. PROPERTY AND EQUIPMENT:

Property and equipment consist of the following:

	June 30,	
	2024	2023
Land	\$ 350,000	\$ 350,000
Building	570,143	544,394
Equipment	143,773	136,724
Vehicles	57,429	57,429
Software	74,897	59,007
	1,196,242	1,147,554
Accumulated depreciation and amortization	(475,480)	(407,869)
	\$ 720,762	\$ 739,685

7. NOTES PAYABLE:

PW has an unsecured note payable with a third party, with interest at 1%, payable quarterly. An addendum to the note was signed in October 2021 extending the maturity date to September 2024 with principal payments beginning in December 2022. The outstanding principal balance was \$350,000 and \$725,000 at June 30, 2024 and 2023, respectively. The proceeds of the loan were used to make below-market loans to benefit nonprofit organizations in economically challenged areas around the world. (see Note 5).

PW has an unsecured note payable with a third party with interest at 1%. The final payment is due in February 2026 when the note matures. As of June 30, 2024 and 2023, the principal balance outstanding was \$194,980 and \$292,980, respectively. Principal payments of \$100,000 are due each February until paid in full in February 2026. The proceeds of the loan were used to make below-market loans to benefit nonprofit organizations in economically challenged areas around the world. (see Note 5).

PARTNERS WORLDWIDE, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

7. NOTES PAYABLE, continued:

Future minimum maturities are as follows:

<u>Year Ending June 30,</u>	
2025	\$ 450,000
2026	<u>94,980</u>
	<u>\$ 544,980</u>

As of June 30, 2024 and 2023, PW was in compliance with all debt covenants.

8. RETIREMENT PLAN:

PW has a defined contribution retirement plan for substantially all of its employees who meet the eligibility requirements. Contributions to the plan are at the discretion of management. PW's current policy is to make contributions equal to 4% of qualified wages. Contributions were \$37,948 and \$35,431 for the years ending June 30, 2024 and 2023, respectively.

9. NET ASSETS:

The following classifications reflect the nature of net assets:

	<u>June 30,</u>	
	<u>2024</u>	<u>2023</u>
Net assets without donor restrictions:		
Undesignated	\$ 15,096,020	\$ 12,437,243
Board designated	<u>116,668</u>	<u>148,633</u>
	15,212,688	12,585,876
Net assets with donor restrictions:		
Restricted by time or purpose:		
Time	319,155	192,712
Purpose - global projects	<u>1,982,237</u>	<u>4,112,085</u>
	2,301,392	4,304,797
Total net assets	<u>\$ 17,514,080</u>	<u>\$ 16,890,673</u>

10. RELATED PARTIES:

PW received contributions from members of the board in the amount of \$126,861 and \$136,753 during the years ending June 30, 2024 and 2023, respectively.

11. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through October 28, 2024, which represents the date the consolidated financial statements were available to be issued. Subsequent events after that date have not been evaluated.