

***GLOBAL PARTNERSHIPS  
AND SUBSIDIARIES***

Consolidated Financial Statements  
with Independent Auditors' Report

June 30, 2010

## *Table of Contents*

---

	<i>Page</i>
Independent Auditors' Report	1
<b>Financial Statements:</b>	
Consolidating Statement of Financial Position	2
Consolidating Statement of Activities	3
Consolidated Statement of Cash Flows	4
Notes to Consolidating Financial Statements	5 - 11
<b>Supplemental Information:</b>	
Consolidated Statement of Functional Operating Expenses	12

***Independent Auditors' Report******Board of Directors  
Global Partnerships  
Seattle, Washington***Certified Public  
Accountants  
and Consultants

We have audited the accompanying consolidating statement of financial position of Global Partnerships and its subsidiaries (collectively "the Organization") as of June 30, 2010, and the related consolidating statement of activities and consolidated cash flows for the year then ended. These consolidating financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidating financial statements based on our audit. The prior year summarized comparative information has been derived from Global Partnerships' 2009 consolidating financial statements and, in our report dated September 10, 2009, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidating financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2010, and the changes in their net assets and their cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic consolidating financial statements of the Organization taken as a whole. The consolidated statement of functional operating expenses for the year ended June 30, 2010, is presented for additional analysis and is not a required part of the basic consolidating financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidating financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidating financial statements taken as a whole.

Certified Public Accountants  
September 2, 2010

## GLOBAL PARTNERSHIPS AND SUBSIDIARIES

### Consolidating Statement of Financial Position

June 30, 2010

(With Comparative Totals for 2009)

	Global Partnerships	Global Partnerships Microfinance Fund 2008, LLC	Global Partnerships Microfinance Fund 2006, LLC	Global Partnerships Microfinance Fund 2005, LLC	GP Fund Management, LLC	Eliminations	2010 Consolidated Total	2009 Consolidated Total
<b>Assets</b>								
<b>Current Assets:</b>								
Cash and cash equivalents	\$ 4,044,163	\$ 511,849	\$ 406,156	\$ 61,514	\$ 15,862	\$ -	\$ 5,039,544	\$ 12,240,035
Pledges receivable current, net (Note 2)	555,347						555,347	2,238,804
Facility fee receivable, current portion								2,355
Other receivables	4,594	61,279	22,798	12	220	(2,607)	86,296	120,044
Other assets	4,645		624		321	(945)	4,645	6,977
<b>Total Current Assets</b>	<b>4,608,749</b>	<b>573,128</b>	<b>429,578</b>	<b>61,526</b>	<b>16,403</b>	<b>(3,552)</b>	<b>5,685,832</b>	<b>14,608,215</b>
Pledges receivable, net (Note 2)	171,265						171,265	633,373
Investment in subsidiaries and other	1,925,850					(1,875,850)	50,000	50,000
Property and equipment, net (Note 4)	43,299						43,299	67,013
<b>Total Assets</b>	<b>\$ 6,749,163</b>	<b>\$ 573,128</b>	<b>\$ 429,578</b>	<b>\$ 61,526</b>	<b>\$ 16,403</b>	<b>\$ (1,879,402)</b>	<b>\$ 5,950,396</b>	<b>\$ 15,358,601</b>
<b>Liabilities and Net Assets</b>								
<b>Current Liabilities:</b>								
Accounts payable	\$ 51,514	\$ 1,775	\$ 642	\$ 708	\$ -	\$ (2,607)	\$ 52,032	\$ 53,019
Long-term debt, current portion (Note 7)			3,546,771			(25,000)	3,521,771	1,513,750
Accrued liabilities	112,340				18,168	(945)	129,563	145,419
<b>Total Current Liabilities</b>	<b>163,854</b>	<b>1,775</b>	<b>3,547,413</b>	<b>708</b>	<b>18,168</b>	<b>(28,552)</b>	<b>3,703,366</b>	<b>1,712,188</b>
Long-term debt (Note 7)		18,516,533	2,491,554		1,000	(94,750)	20,914,337	25,934,502
<b>Total Liabilities</b>	<b>163,854</b>	<b>18,518,308</b>	<b>6,038,967</b>	<b>708</b>	<b>19,168</b>	<b>(123,302)</b>	<b>24,617,703</b>	<b>27,646,690</b>
<b>Net Assets/Equity:</b>								
Members' equity		1,500,000	255,000	1,000	100	(1,756,100)		
Accumulated deficit		(19,445,180)	(5,864,389)	59,818	(2,865)		(25,252,616)	(19,201,288)
Unrestricted net assets	5,393,947						5,393,947	3,554,386
Temporarily restricted net assets (Note 8)	1,191,362						1,191,362	3,358,813
<b>Total Net Assets and Equity</b>	<b>6,585,309</b>	<b>(17,945,180)</b>	<b>(5,609,389)</b>	<b>60,818</b>	<b>(2,765)</b>	<b>(1,756,100)</b>	<b>(18,667,307)</b>	<b>(12,288,089)</b>
<b>Total Liabilities, Net Assets and Equity</b>	<b>\$ 6,749,163</b>	<b>\$ 573,128</b>	<b>\$ 429,578</b>	<b>\$ 61,526</b>	<b>\$ 16,403</b>	<b>\$ (1,879,402)</b>	<b>\$ 5,950,396</b>	<b>\$ 15,358,601</b>

The accompanying notes are an integral part of the consolidating financial statements.

## GLOBAL PARTNERSHIPS AND SUBSIDIARIES

### Consolidating Statement of Activities For the Year Ended June 30, 2010 (With Comparative Totals for 2009)

	Global Partnerships	Global Partnerships Microfinance Fund 2008, LLC	Global Partnerships Microfinance Fund 2006, LLC	Global Partnerships Microfinance Fund 2005, LLC	GP Fund Management, LLC	Eliminations	2010 Consolidated Total	2009 Consolidated Total
<b>Unrestricted Revenue and Other Support:</b>								
Contributions	\$ 161,958	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 161,958	\$ 272,378
In-kind contributions	373,445						373,445	346,072
Recoverable grant income (Note 5)	68,906	1,287,516	2,512,887	784,407			4,653,716	2,223,840
Earned income	513,851				285,238	(595,477)	203,612	311,745
Special event, net of related expenses of \$131,490 (2009 - \$142,642)	730,155						730,155	458,642
Other income	31,558	23,522	8,704	229	25,029	(40,929)	48,113	125,166
Net assets released from restrictions	2,933,631						2,933,631	2,215,281
<b>Total Unrestricted Revenue and Other Support</b>	<b>4,813,504</b>	<b>1,311,038</b>	<b>2,521,591</b>	<b>784,636</b>	<b>310,267</b>	<b>(636,406)</b>	<b>9,104,630</b>	<b>5,953,124</b>
<b>Expenses:</b>								
Program services	2,220,033	10,012,610	590,001	64,874	311,375	(636,406)	12,562,487	13,294,378
Management and general	200,813						200,813	187,977
Fundraising	553,097						553,097	562,279
<b>Total Expenses</b>	<b>2,973,943</b>	<b>10,012,610</b>	<b>590,001</b>	<b>64,874</b>	<b>311,375</b>	<b>(636,406)</b>	<b>13,316,397</b>	<b>14,044,634</b>
<b>Change in Unrestricted Net Assets</b>	<b>1,839,561</b>	<b>(8,701,572)</b>	<b>1,931,590</b>	<b>719,762</b>	<b>(1,108)</b>		<b>(4,211,767)</b>	<b>(8,091,510)</b>
<b>Changes in Temporarily Restricted Net Assets</b>								
Contributions	766,180						766,180	2,688,792
Net assets released from restrictions	(2,933,631)						(2,933,631)	(2,215,281)
<b>Change in Temporarily Restricted Net Assets</b>	<b>(2,167,451)</b>						<b>(2,167,451)</b>	<b>473,511</b>
<b>Changes in Net Assets</b>	<b>(327,890)</b>	<b>(8,701,572)</b>	<b>1,931,590</b>	<b>719,762</b>	<b>(1,108)</b>		<b>(6,379,218)</b>	<b>(7,617,999)</b>
<b>Beginning of Year Net Assets / Equity</b>								
Members' equity		1,500,000	255,000	1,000	100	(1,756,100)		
Accumulated deficit		(10,743,608)	(7,795,979)	(659,944)	(1,757)		(19,201,288)	(9,495,153)
Unrestricted net assets	3,554,386						3,554,386	1,939,761
Temporarily restricted net assets	3,358,813						3,358,813	2,885,302
<b>Total</b>	<b>6,913,199</b>	<b>(9,243,608)</b>	<b>(7,540,979)</b>	<b>(658,944)</b>	<b>(1,657)</b>	<b>(1,756,100)</b>	<b>(12,288,089)</b>	<b>(4,670,090)</b>
<b>End of Year Net Assets / Equity</b>								
Members' equity		1,500,000	255,000	1,000	100	(1,756,100)		
Accumulated deficit		(19,445,180)	(5,864,389)	59,818	(2,865)		(25,252,616)	(19,201,288)
Unrestricted net assets	5,393,947						5,393,947	3,554,386
Temporarily restricted net assets	1,191,362						1,191,362	3,358,813
<b>Total</b>	<b>\$ 6,585,309</b>	<b>\$ (17,945,180)</b>	<b>\$ (5,609,389)</b>	<b>\$ 60,818</b>	<b>\$ (2,765)</b>	<b>\$ (1,756,100)</b>	<b>\$ (18,667,307)</b>	<b>\$ (12,288,099)</b>

The accompanying notes are an integral part of the consolidating financial statements.

**GLOBAL PARTNERSHIPS AND SUBSIDIARIES**

**Consolidated Statement of Cash Flows  
For the Year Ended June 30, 2010  
(With Comparative Totals for 2009)**

	2010 <i>Consolidated Total</i>	2009 <i>Consolidated Total</i>
<b>Cash Flows from Operating Activities:</b>		
Change in net assets	\$ (6,379,218)	\$ (7,617,999)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	29,197	18,602
Loss on sale of asset		1,298
Amortization of facility fee	2,355	9,781
Changes in assets and liabilities:		
Pledges receivable	2,145,565	(553,611)
Other receivables	33,748	11,085
Other assets	2,332	18,954
Accounts payable	(987)	7,710
Accrued liabilities	(15,856)	1,782
<b>Net Cash Used in Operating Activities</b>	<b><u>(4,182,864)</u></b>	<b><u>(8,102,398)</u></b>
<b>Cash Flows from Investing Activities:</b>		
Investment in subsidiaries and other		(50,000)
Purchase of property and equipment	(5,483)	(33,094)
<b>Net Cash Used in Investing Activities</b>	<b><u>(5,483)</u></b>	<b><u>(83,094)</u></b>
<b>Cash Flows from Financing Activities:</b>		
Proceeds from long-term debt issuance		18,441,533
Payments on long-term debt	(3,012,144)	(692,031)
<b>Net Cash (Used In) Provided by Financing Activities</b>	<b><u>(3,012,144)</u></b>	<b><u>17,749,502</u></b>
<b>Net Change in Cash</b>	<b><u>(7,200,491)</u></b>	<b><u>9,564,010</u></b>
Cash balance, beginning of year	12,240,035	2,676,025
<b>Cash End of Year</b>	<b><u>\$ 5,039,544</u></b>	<b><u>\$ 12,240,035</u></b>
<b>Supplemental Information:</b>		
Cash paid for interest	\$ 1,267,162	\$ 946,211

*The accompanying notes are an integral part of the consolidating financial statements.*

## **GLOBAL PARTNERSHIPS AND SUBSIDIARIES**

### ***Notes to Consolidating Financial Statements***

---

#### ***Note 1 - Nature of Operations and Significant Accounting Policies***

**Organization and Program Services** - The consolidating financial statements of Global Partnerships (GP) and subsidiaries include the activities of Global Partnerships and its subsidiaries, Global Partnerships Microfinance Fund 2005, LLC (MFF2005), Global Partnerships Microfinance Fund 2006, LLC (MFF2006), Global Partnerships Microfinance Fund 2008, LLC (MFF2008) and GP Fund Management, LLC. Global Partnerships is a not-for-profit corporation providing leadership in the fight against global poverty through innovative solutions. It invests management expertise and capital in its microfinance partner institutions in Latin America, who in turn make financial services available to people living in poverty. GP's microfinance partners share its commitment to reaching underserved populations including those in rural areas and women. Beyond micro-loans, GP's microfinance partners enable borrowers to improve their lives through services such as business training, health services and education.

Investment funds MFF2005, MFF2006, and MFF2008 (collectively, the Funds) were formed in June 2005, March 2007, and October 2008, respectively, to serve as investment vehicles to make unsecured term loans to qualified microfinance institutions (MFIs) in Latin America. Investors in the Funds, who purchased notes payable from the Funds or made loans to the Funds, include accredited private investors, development banks, and institutions. At the time of formation, GP contributed \$1,000 in cash to the MFF2005 fund, \$255,000 in cash to the MFF2006 fund, and \$1,500,000 in cash to the MFF2008 fund, as capital contributions.

GP Fund Management, LLC (the Fund Management) was formed in June 2005 to provide investment fund management services. Wholly owned by GP, the management responsibilities for the Fund Management are assigned to GP according to the Investment Advisory Services Agreement. GP contributed \$100 in capital contributions at the formation.

**Principles of Consolidation** - The consolidating financial statements of GP include the accounts of the three microfinance funds and Fund Management, collectively referred to as "the Organization". All inter-company transactions have been eliminated.

**Basis of Presentation** - Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets - Represents resources, which have met all applicable donor restrictions and are considered to be available for unrestricted use. From time to time, the Board of Directors may designate a portion of net assets for a specific purpose; however, board designated net assets are classified as unrestricted net assets.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization or the passage of time.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. As of June 30, 2010 and 2009, respectively, the Organization has no permanently restricted net assets.

## **GLOBAL PARTNERSHIPS AND SUBSIDIARIES**

### **Notes to Consolidating Financial Statements**

---

#### **Note 1 - Continued**

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled or the stipulated time period has lapsed) are reported as reclassifications between the applicable classes of net assets.

Contributions that the donor requires to be used to acquire long-lived assets (e.g., building improvements, furniture, fixtures and equipment) are reported as temporarily restricted. When the long-lived assets are acquired, the Organization reflects the expiration of the donor-imposed restriction as a reclassification included in net assets released from restrictions.

**Cash Equivalents** - The Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. These amounts may at times exceed the limits insured by the Federal Deposit Insurance Corporation.

**Pledges Receivable** - Unconditional promises to give (pledges) are recognized as revenues in the period they are received. Pledges receivable over periods in excess of one year are recorded net of discounts (the present value component) to reflect the time value of money. Amortization of discounts is included in contribution revenue.

The allowance for doubtful pledges receivable is maintained at a level considered adequate to provide for potential uncollected past due pledges. The adequacy of the allowance is based upon management's evaluation of the quality, character, and inherent risks associated with the pledges.

**Investment in Other Entity** - GP's investment in another entity is carried at cost. The cost of GP's cost method investment totaled \$50,000 at June 30, 2010 and 2009. GP did not identify any events or changes in circumstances that may have had a significant adverse effect on the value of those investments and therefore, no impairment has been recorded for the years ended June 30, 2010 and 2009.

**Property and Equipment** - The Organization capitalizes assets with a cost greater than \$500 and an estimated useful life of one or more years. Purchased property is carried at cost. Donated property is recorded at market value when received. Depreciation is computed using the straight-line method based on estimated useful lives as follows:

Furniture and fixtures	7 years
Computers and equipment	5 years
Software	5 years
Leasehold improvements	Shorter of term of lease or economic life

**Federal Income Tax** - The Internal Revenue Service has determined that GP is exempt from federal income tax under Internal Revenue Code Section 501(c)(3); accordingly, no provision has been made for federal income tax in the accompanying financial statements. The three investment funds and Fund Management are single member limited liability companies and are disregarded for federal tax purposes.

## GLOBAL PARTNERSHIPS AND SUBSIDIARIES

### Notes to Consolidating Financial Statements

---

#### Note 1 - Continued

**Concentrations** - Financial instruments which potentially subject the Organization to concentrations of credit risk consist of cash, receivables and revenue. The Organization maintains its cash and cash equivalents in depository institution accounts that, at times, may exceed federally insured limits.

At June 30, 2010, the Organization had pledges receivable from four donors which represents approximately 69 percent of total pledges receivable. At June 30, 2009, the Organization had pledges receivable from two donors which represented approximately 68 percent of total pledge receivables. At June 30, 2010, the Organization had contributions from one donor representing 11 percent of total contributions. At June 30, 2009, the Organization had contributions from two Foundations representing 55 percent of total contributions.

**Donated Materials and Services** - The Organization periodically receives donated materials and services. Donated goods are recorded at fair market value at the date of receipt. Donated services are recorded only if specific professional expertise is provided or the services are for constructing a fixed asset, in accordance with generally accepted accounting principles. Donated goods and services included in the consolidating statement of activities were made up of the following at June 30:

	<u>2010</u>	<u>2009</u>
Professional services	\$ 343,961	\$ 336,072
Advertising	29,484	10,000
Event expenses	<u>6,341</u>	<u>4,284</u>
	379,786	350,356
Less amounts included in special event revenues	<u>(6,341)</u>	<u>(4,284)</u>
<b>Total In-Kind Contributions</b>	<b><u>\$ 373,445</u></b>	<b><u>\$ 346,072</u></b>

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

**Advertising** - Advertising costs are expensed the first time the advertisement appears in the specified media. All other costs are expensed as they are incurred. For the years ended June 30, 2010 and 2009, advertising expenses totaled \$30,631 and \$14,796, respectively.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These affect the reported amounts of assets, liabilities, revenues, and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

**Comparative Amounts for 2009** - For comparative purposes, the financial statements include certain prior-year summarized information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's consolidating financial statements for the year ended June 30, 2009, from which the summarized information was derived.

## GLOBAL PARTNERSHIPS AND SUBSIDIARIES

### Notes to Consolidating Financial Statements

---

#### Note 1 - Continued

**Subsequent Events** - The Organization's management has evaluated subsequent events through September 2, 2010, the date on which the financial statements were available to be issued.

#### Note 2 - Pledges Receivable

Pledges receivable consist of the following unconditional promises to give by donors as of June 30:

	<u>2010</u>	<u>2009</u>
Receivables due in one year	\$ 565,347	\$ 2,248,804
Receivables due in two to three years	<u>182,000</u>	<u>659,900</u>
<b>Gross Pledges Receivable</b>	747,347	2,908,704
Less: allowance for uncollectible pledges	(10,000)	(10,000)
Less: unamortized discount to present value	(10,735)	(26,527)
Less: current portion, net	<u>(555,347)</u>	<u>(2,238,804)</u>
<b>Total Long-Term Pledges Receivable</b>	<b><u>\$ 171,265</u></b>	<b><u>\$ 633,373</u></b>

#### Note 3 - Facility Fee Receivable

Prior to April 2010, the Organization leased office space at below market rates. The difference between the market rate and the minimum lease payments required over the term of the lease was recorded as a receivable and the amortization of this receivable was included in expenses in the consolidating statement of activities. The facility fees receivable over periods in excess of one year were recorded net of discounts at 5% (the present value component) to reflect the time value of money. The lease expired in April 2010.

#### Note 4 - Property and Equipment

A summary of property and equipment is as follows at June 30:

	<u>2010</u>	<u>2009</u>
Furniture and fixtures	\$ 21,378	\$ 21,378
Computers and equipment	98,836	93,278
Software	15,225	15,225
Leasehold improvements	<u>31,192</u>	<u>31,267</u>
	166,631	161,148
Less accumulated depreciation and amortization	<u>(123,332)</u>	<u>(94,135)</u>
<b>Total Property and Equipment</b>	<b><u>\$ 43,299</u></b>	<b><u>\$ 67,013</u></b>

## GLOBAL PARTNERSHIPS AND SUBSIDIARIES

### Notes to Consolidating Financial Statements

---

#### Note 5 - Recoverable Grants

Included in the Organization's program services expenses for the years ended June 30, 2010 and 2009, are microfinance loans to microfinance institutions in the amount of \$9,000,000 and \$10,300,000, respectively. The loans have been classified as recoverable grant expenses since the recovery is uncertain due to exchange rate risk, borrower risk, foreign currency controls, potential re-lending and other factors.

The Organization received payments, including principal and interest, totaling \$4,653,716 and \$2,223,840 on recoverable grants made for the years ended June 30, 2010 and 2009, respectively, of which are included in recoverable grant income in the consolidating statement of activities. The outstanding recoverable grants balance was \$25,387,744 and \$19,091,146 at June 30, 2010 and 2009, respectively.

#### Note 6 - Earned Revenue

In addition to philanthropic support, GP earns revenue through the creation and management of investment funds. GP has launched three investment funds (MFF2005, MFF2006 and MFF2008) securing a total of \$30,517,533 in socially-motivated investment capital of which \$26,510,858 is outstanding as of June 30, 2010. The Organization receives recoverable grant payments for each of these funds, as described in Note 5, as well as management fees.

Service agreements with Developing World Markets also provide GP with operating income. As of June 30, 2010, GP is providing loan servicing and monitoring services for microfinance institutions who share GP's commitment to improving the lives of those living in poverty.

#### Note 7 - Long-Term Debt

Long-term debt consists of the following at June 30:

	<u>2010</u>	<u>2009</u>
<u>Global Partnership Microfinance Fund 2005:</u> Unsecured notes in MFF2005 issued September 2005 with interest payable quarterly at rates of 5.33% and 6.33% per annum. The notes were paid in full during fiscal year 2010.	\$ -	\$ 811,719
<u>Global Partnership Microfinance Fund 2006:</u> Unsecured notes and loans in MFF2006 issued March 2007 with interest payable quarterly at rates of 6.00%, 6.21%, 7.00% and 9.00% per annum, maturity date of March 2012.	5,994,575	8,195,000
<u>Global Partnership Microfinance Fund 2008:</u> Unsecured notes in the MFF2008 issued October 2008 with interest payable quarterly at rates of 3.00%, 3.25%, 3.97%, 4.00%, 4.69% and 4.75% per annum, maturity date of October 2014.	<u>18,441,533</u>	<u>18,441,533</u>
<b>Total Long-Term Debt</b>	<b><u>\$ 24,436,108</u></b>	<b><u>\$ 27,448,252</u></b>

## GLOBAL PARTNERSHIPS AND SUBSIDIARIES

### Notes to Consolidating Financial Statements

---

#### Note 7 - Continued

Debt maturities are as follows:

Years Ending June 30,

2011	\$ 3,521,771
2012	2,472,804
2013	
2014	
2015	<u>18,441,533</u>
Total	<b><u>\$ 24,436,108</u></b>

Investors in the Funds purchased unsecured notes and provided loans to the Funds for the purpose of providing the resources for making unsecured loans to qualified microfinance institutions in Latin America. In fiscal year 2008, two GP board members gifted their unsecured notes in the Funds in the amount of \$200,000 to GP, of which \$43,750 of the original balance is outstanding at June 30, 2010. In fiscal year 2009, GP purchased an unsecured note of \$75,000 in MFF2008, of which the entire balance is outstanding at June 30, 2010. These notes held by GP are presented as an elimination in the consolidating statement of financial position.

#### Note 8 - Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at June 30:

	<u>2010</u>	<u>2009</u>
Pledges - time restriction	\$ 726,612	\$ 2,872,177
Contributed loans - time restriction	43,750	113,281
Synergy Capital Fund - time and purpose	421,000	371,000
Facility fee receivable - time restriction		<u>2,355</u>
	<b><u>\$ 1,191,362</u></b>	<b><u>\$ 3,358,813</u></b>

Net assets were released from donor restrictions by receiving time restricted pledges, maturing of contributed loans, and incurring expenses related to the Organization's health initiative program.

#### Note 9 - Commitments

**Operating Leases** - The Organization leased office space under a non-cancelable lease agreement that expired in April 2010. The lease called for minimum lease payments of \$7,773 per month.

The Organization also leases office equipment under non-cancelable operating leases that expire in June 2012. The equipment leases call for monthly payments of \$330.

## **GLOBAL PARTNERSHIPS AND SUBSIDIARIES**

### **Notes to Consolidating Financial Statements**

---

#### **Note 9 - Continued**

Future minimum rentals as of June 30 under non-cancelable operating leases are as follows:

<i>Years Ending June 30,</i>	
2011	\$ 3,960
2012	<u>3,555</u>
<b>Total Minimum Rental Payments</b>	<b><u>\$ 7,515</u></b>

Rent expense for operating leases totaled \$129,243 and \$118,978 for the years ended June 30, 2010 and 2009, respectively.

#### **Note 10 - Retirement Plan**

The Organization has a 401(k) retirement plan (the Plan) available to all eligible employees. The Organization makes contributions to the Plan for participants in accordance with requirements specified in the Plan documents. During the years ended June 30, 2010 and 2009, the Organization's contribution to the Plan was \$87,775 and \$81,680, respectively.

#### **Note 11 - Related Parties**

The Organization leases office space from a company that is wholly owned by one of the GP's board officers. Total amounts paid to the Organization during fiscal years 2010 and 2009 were \$73,275 and \$86,208, respectively, with no outstanding rent due to the related party as of June 30, 2010 and June 30, 2009.

Certain unsecured notes invested in the Organization are held with GP board members with outstanding balances of \$1,650,000 as of June 30, 2010.

***SUPPLEMENTAL INFORMATION***

**GLOBAL PARTNERSHIPS AND SUBSIDIARIES**

**Consolidated Statement of Functional Operating Expenses  
For the Year Ended June 30, 2010  
(With Comparative Totals for 2009)**

				2010	2009
	<i>Program Services</i>	<i>Management and General</i>	<i>Fundraising</i>	<i>Consolidated Total</i>	<i>Consolidated Total</i>
Wages and salaries	\$ 865,280	\$ 118,308	\$ 281,715	\$ 1,265,303	\$ 1,104,051
Employee benefits	227,658	53,049	53,320	334,027	250,707
Payroll taxes	54,805	7,040	34,609	96,454	79,714
<b>Total Salaries and Related Expenses</b>	<b>1,147,743</b>	<b>178,397</b>	<b>369,644</b>	<b>1,695,784</b>	<b>1,434,472</b>
Interest	1,267,162			1,267,162	946,211
Legal fees	352,933	1,826	6,784	361,543	420,166
Travel and entertainment	176,738	382	6,600	183,720	169,431
Occupancy	133,337	10,613	39,419	183,369	171,379
Contract labor	155,387	870	3,233	159,490	197,300
Outside consulting	98,443		6,245	104,688	75,458
Marketing	26,912	11	47,323	74,246	70,296
Accounting fees	30,227	3,262	12,115	45,604	44,297
Insurance	40,601	891	3,308	44,800	44,884
Telephone	32,703	584	2,299	35,586	31,738
Depreciation and amortization	21,212	1,694	6,291	29,197	18,602
Repairs and maintenance	11,473	999	12,530	25,002	26,491
Bank fees	16,098	361	5,138	21,597	17,611
Postage and shipping	9,683	25	10,701	20,409	13,953
Miscellaneous	2,583	115	13,074	15,772	9,774
Loan fees	15,000			15,000	5,000
Supplies	10,050	388	1,793	12,231	15,373
Business taxes	9,317	387	1,436	11,140	22,773
Conferences and training	4,885	8	3,179	8,072	5,438
Bad debt			1,985	1,985	3,987
<b>Total Expenses before Grants</b>	<b>3,562,487</b>	<b>200,813</b>	<b>553,097</b>	<b>4,316,397</b>	<b>3,744,634</b>
Program and recoverable grants (Note 5)	9,000,000			9,000,000	10,300,000
<b>Total Expenses</b>	<b>\$ 12,562,487</b>	<b>\$ 200,813</b>	<b>\$ 553,097</b>	<b>\$ 13,316,397</b>	<b>\$ 14,044,634</b>

See independent auditors' report.