***GLOBAL PARTNERSHIPS***
***AND SUBSIDIARIES***

Consolidated Financial Statements

For the Year Ended June 30, 2012

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***Independent Auditors' Report***

***Board of Directors***
***Global Partnerships***
***Seattle, Washington***

We have audited the accompanying consolidated statement of financial position of Global Partnerships and its subsidiaries (collectively "the Organization") as of June 30, 2012, and the related consolidated statement of activities and consolidated cash flows for the year then ended. These consolidated 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' 2011 consolidated financial statements and in our report dated September 6, 2011, we expressed an unqualified opinion on those consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2012, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information presented in the consolidated statement of financial position and statement of activities and supplementary information on page 13 for the year ended June 30, 2012, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidating financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Clark Nuber PS

Certified Public Accountants
September 11, 2012

## *GLOBAL PARTNERSHIPS AND SUBSIDIARIES*

## *Consolidated Statement of Financial Position with Consolidating Information*
## *June 30, 2012*
## *(With Comparative Totals for 2011)*

| | *Global Partnerships* | *Global Partnerships Social Investment Fund 2010, LLC* | *Global Partnerships Microfinance Fund 2008, LLC* | *Global Partnerships Microfinance Fund 2006, LLC* | *GP Fund Management, LLC* | *Eliminations* | *2012 Consolidated Total* | *2011 Consolidated Total* |
|---|---|---|---|---|---|---|---|---|
| ***Assets*** | | | | | | | | |
| **Current Assets:** | | | | | | | | |
| Cash and cash equivalents | $ 3,224,427 | $ 2,173,429 | $ 3,157,941 | $ 2,326 | $ 44,431 | $ - | $ 8,602,554 | $ 13,933,537 |
| Pledges receivable current, net (Note 2) | 886,703 | | | | | | 886,703 | 261,844 |
| Social investment loans receivable current portion, net (Note 3) | | 12,085,444 | 5,898,960 | 7,654 | | | 17,992,058 | 15,762,993 |
| Interest receivable | 765 | 269,917 | 56,141 | | | | 326,823 | 210,698 |
| Other receivables | 4,111 | 4,439 | 360 | | | (4,418) | 4,492 | 20,863 |
| Other assets | 38,690 | | | | | | 38,690 | 8,725 |
| **Total Current Assets** | **4,154,696** | **14,533,229** | **9,113,402** | **9,980** | **44,431** | **(4,418)** | **27,851,320** | **30,198,660** |
| Pledges receivable, net (Note 2) | 739,546 | | | | | | 739,546 | 193,786 |
| Social investment loans receivable long-term portion, net (Note 3) | | 9,872,859 | 11,403,000 | | | | 21,275,859 | 19,386,350 |
| Investment in subsidiaries and other | 3,286,109 | | | | | (3,222,350) | 63,759 | 63,634 |
| Property and equipment, net (Note 4) | 155,068 | | | | | | 155,068 | 166,944 |
| **Total Assets** | **$ 8,335,419** | **$ 24,406,088** | **$ 20,516,402** | **$ 9,980** | **$ 44,431** | **$ (3,226,768)** | **$ 50,085,552** | **$ 50,009,374** |
| ***Liabilities and Net Assets*** | | | | | | | | |
| **Current Liabilities:** | | | | | | | | |
| Accounts payable | $ 85,396 | $ 6,655 | $ 5,289 | $ - | $ - | $ (4,111) | $ 93,229 | $ 51,285 |
| Long-term debt, current portion (Note 5) | | | | | | | | 2,472,803 |
| Accrued liabilities | 122,127 | 115,055 | 3,193 | | 48,000 | (307) | 288,068 | 234,452 |
| **Total Current Liabilities** | **207,523** | **121,710** | **8,482** | | **48,000** | **(4,418)** | **381,297** | **2,758,540** |
| Deferred rent liability | 79,688 | | | | | | 79,688 | 60,219 |
| Long-term debt (Note 5) | | 23,500,000 | 18,516,533 | | 1,000 | (82,250) | 41,935,283 | 41,660,283 |
| **Total Liabilities** | **287,211** | **23,621,710** | **18,525,015** | | **49,000** | **(86,668)** | **42,396,268** | **44,479,042** |
| **Net Assets/Equity:** | | | | | | | | |
| Members' equity | | 1,500,000 | 1,500,000 | 140,000 | 100 | (3,140,100) | | |
| Accumulated deficit | | (715,622) | 491,387 | (130,020) | (4,669) | | (358,924) | (1,233,107) |
| Unrestricted net assets | 6,028,457 | | | | | | 6,028,457 | 5,865,559 |
| Temporarily restricted net assets (Note 6) | 2,019,751 | | | | | | 2,019,751 | 897,880 |
| **Total Net Assets and Equity** | **8,048,208** | **784,378** | **1,991,387** | **9,980** | **(4,569)** | **(3,140,100)** | **7,689,284** | **5,530,332** |
| **Total Liabilities, Net Assets and Equity** | **$ 8,335,419** | **$ 24,406,088** | **$ 20,516,402** | **$ 9,980** | **$ 44,431** | **$ (3,226,768)** | **$ 50,085,552** | **$ 50,009,374** |

*See accompanying notes.*

## *GLOBAL PARTNERSHIPS AND SUBSIDIARIES*

## *Consolidated Statement of Activities with Consolidating Information*
## *For the Year Ended June 30, 2012*
## *(With Comparative Totals for 2011)*

| | *Global Partnerships* | *Global Partnerships Social Investment Fund 2010, LLC* | *Global Partnerships Microfinance Fund 2008, LLC* | *Global Partnerships Microfinance Fund 2006, LLC* | *GP Fund Management, LLC* | *Eliminations* | *2012 Consolidated Total* | *2011 Consolidated Total* |
|---|---|---|---|---|---|---|---|---|
| **Unrestricted Revenue and Other Support:** | | | | | | | | |
| Contributions | $ 820,654 | $ - | $ - | $ - | $ - | $ - | $ 820,654 | $ 723,127 |
| In-kind contributions | 410,923 | | | | | | 410,923 | 445,724 |
| Earned income | 719,088 | 1,474,559 | 1,545,838 | 89,468 | 555,888 | (1,120,114) | 3,264,727 | 2,456,101 |
| Other income | 32,619 | 38,847 | 7,857 | 127 | 11 | (1,471) | 77,990 | 86,822 |
| Net assets released from restrictions | 1,369,989 | | | | | | 1,369,989 | 1,124,435 |
| **Total Unrestricted Revenue and Other Support** | **3,353,273** | **1,513,406** | **1,553,695** | **89,595** | **555,899** | **(1,121,585)** | **5,944,283** | **4,836,209** |
| **Expenses:** | | | | | | | | |
| Program services | 2,107,824 | 1,362,281 | 978,613 | (58,901) | 556,419 | (1,121,585) | 3,824,651 | 3,927,786 |
| Management and general | 281,232 | | | | | | 281,232 | 182,103 |
| Fundraising | 801,319 | | | | | | 801,319 | 686,941 |
| **Total Expenses** | **3,190,375** | **1,362,281** | **978,613** | **(58,901)** | **556,419** | **(1,121,585)** | **4,907,202** | **4,796,830** |
| **Change in Unrestricted Net Assets** | **162,898** | **151,125** | **575,082** | **148,496** | **(520)** | | **1,037,081** | **39,379** |
| **Changes in Temporarily Restricted Net Assets** | | | | | | | | |
| Contributions | 2,491,860 | | | | | | 2,491,860 | 830,953 |
| Net assets released from restrictions | (1,369,989) | | | | | | (1,369,989) | (1,124,435) |
| **Change in Temporarily Restricted Net Assets** | **1,121,871** | | | | | | **1,121,871** | **(293,482)** |
| **Changes in Net Assets** | **1,284,769** | **151,125** | **575,082** | **148,496** | **(520)** | | **2,158,952** | **(254,103)** |
| **Beginning of Year Net Assets / Equity:** | | | | | | | | |
| Members' equity | | 1,500,000 | 1,500,000 | 255,000 | 100 | (3,255,100) | | |
| Accumulated deficit | | (866,747) | (83,695) | (278,516) | (4,149) | | (1,233,107) | (983,534) |
| Unrestricted net assets | 5,865,559 | | | | | | 5,865,559 | 5,576,607 |
| Temporarily restricted net assets | 897,880 | | | | | | 897,880 | 1,191,362 |
| **Total** | **6,763,439** | **633,253** | **1,416,305** | **(23,516)** | **(4,049)** | **(3,255,100)** | **5,530,332** | **5,784,435** |
| **End of Year Net Assets / Equity:** | | | | | | | | |
| Members' equity | | 1,500,000 | 1,500,000 | 255,000 | 100 | (3,255,100) | | |
| Return of capital | | | | (115,000) | | 115,000 | | |
| Total Member's Equity | | 1,500,000 | 1,500,000 | 140,000 | 100 | (3,140,100) | | |
| Accumulated deficit | | (715,622) | 491,387 | (130,020) | (4,669) | | (358,924) | (1,233,107) |
| Unrestricted net assets | 6,028,457 | | | | | | 6,028,457 | 5,865,559 |
| Temporarily restricted net assets | 2,019,751 | | | | | | 2,019,751 | 897,880 |
| **Total** | **$ 8,048,208** | **$ 784,378** | **$ 1,991,387** | **$ 9,980** | **$ (4,569)** | **$ (3,140,100)** | **$ 7,689,284** | **$ 5,530,332** |

*See accompanying notes.*

## *GLOBAL PARTNERSHIPS AND SUBSIDIARIES*

### *Consolidated Statement of Cash Flows*
### *For the Year Ended June 30, 2012*
### *(With Comparative Totals for 2011)*

| | *2012 Consolidated Total* | *2011 Consolidated Total* |
|---|---|---|
| **Cash Flows from Operating Activities:** | | |
| Change in net assets | $ 2,158,952 | $ (254,103) |
| Adjustments to reconcile change in net assets to | | |
| net cash provided in operating activities- | | |
| Depreciation and amortization | 38,335 | 20,093 |
| Social investment loan loss allowance | (82,007) | 110,000 |
| Loss on disposal of asset | 390 | 2,900 |
| Changes in assets and liabilities: | | |
| Pledges receivable | (1,170,619) | 270,981 |
| Other receivables | 16,371 | (145,265) |
| Interest receivable | (116,125) | |
| Other assets | (29,965) | (4,080) |
| Accounts payable | 41,944 | (747) |
| Accrued liabilities | 53,616 | 104,889 |
| Deferred rent liability | 19,344 | 46,585 |
| **Net Cash Provided in Operating Activities** | **930,236** | **151,253** |
| **Cash Flows from Investing Activities:** | | |
| Issuance of social investment loans | (13,146,648) | (15,448,000) |
| Principal repayments on social investment loans | 9,110,081 | 4,640,400 |
| Purchase of property and equipment | (26,849) | (146,638) |
| **Net Cash Used in Investing Activities** | **(4,063,416)** | **(10,954,238)** |
| **Cash Flows from Financing Activities:** | | |
| Issuance of long-term debt instruments | | 23,218,750 |
| Principal repayments on long-term debt instruments | (2,197,803) | (3,521,772) |
| **Net Cash (Used In) Provided by Financing Activities** | **(2,197,803)** | **19,696,978** |
| **Net Change in Cash** | **(5,330,983)** | **8,893,993** |
| Cash balance, beginning of year | 13,933,537 | 5,039,544 |
| **Cash Balance, End of Year** | **$ 8,602,554** | **$ 13,933,537** |
| **Supplemental Information:** | | |
| Cash paid for interest | **$ 1,652,158** | **$ 1,231,575** |

*See accompanying notes.*

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

**Organization and Program Services -** The consolidated financial statements of Global Partnerships (GP) and subsidiaries include the activities of Global Partnerships and its subsidiaries, Global Partnerships Microfinance Fund 2006, LLC (MFF2006), Global Partnerships Microfinance Fund 2008, LLC (MFF2008), Global Partnerships Social Investment Fund 2010, LLC (SIF2010) and GP Fund Management, LLC. Global Partnerships is a not-for-profit social investor whose mission is to expand opportunity for people living in poverty. Through our innovative and efficient funding model, we invest in and develop sustainable strategies to help Latin America and the Caribbean's poor earn a living, provide for their families and improve their lives. As of June 30, 2012, GP had more than $40.2 million invested in 31 partner organizations in ten countries. GP raises money from mission-aligned investors and donors, and invests this capital - in the form of low-cost loans and start-up grants - in a select group of partner organizations in Latin America and the Caribbean. With these mission-aligned partners, GP supports programs that deliver high social impact in the areas of health services, micro entrepreneurship education, technical assistance for farmers and green technology.

Investment funds MFF2006, MFF2008 and SIF2010 (collectively, the Funds) were formed in March 2007, October 2008, and August 2010 respectively, to serve as investment vehicles to make unsecured term loans to qualified partner institutions in Latin America and the Caribbean. 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 $255,000 in cash to the MFF2006 fund, $1,500,000 in cash to the MFF2008 fund and $1,500,000 in cash to the SIF2010 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 LLC, 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.
>
> 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, 2012 and 2011, the Organization has no permanently restricted net assets.

## *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.

**Social Investment Loan Losses -** The Organization has established an allowance for loan losses through a provision for loan losses charged to expenses. The allowance is an amount that management believes will be adequate to absorb possible losses on existing loans that may become uncollectible. This allowance is determined based upon a quarterly review of each loan, including age of the balance, historical experience with the customer and the risk of the institution and country.

**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, 2012 and 2011. 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, 2012 and 2011.

**Property and Equipment -** The Organization capitalizes assets with a cost greater than $1,000 and an estimated useful life of one or more years. Purchased property is carried at cost. Donated property is recorded at fair 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 |

## *Note 1 - Continued*

**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 consolidating financial statements. The four investment funds and Fund Management LLC are single member limited liability companies and are disregarded for federal tax purposes. The Organization files income tax returns with the U.S. government. The Organization is subject to income tax examinations for the current year and certain prior years based on the applicable laws and regulations.

**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, 2012, the Organization had pledges receivable from three donors which represents approximately 59 percent of total pledges receivable. At June 30, 2011, the Organization had pledges receivable from two donors which represented approximately 60 percent of total pledge receivables. At June 30, 2012, the Organization had contributions from two donors representing 38 percent of total contributions. At June 30, 2011, the Organization had contributions from two donors representing 29 percent of total contributions. At June 30, 2012, the Organization had in-kind contributions from three donors representing 75 percent of total in-kind contributions.

**In-Kind Contributions -** 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:

| | *2012* | *2011* |
|---|---|---|
| Professional services | $ 379,838 | $ 337,058 |
| Software | | 57,588 |
| Lodging | | 22,500 |
| Advertising | 24,003 | 15,993 |
| Event expenses | 7,082 | 9,595 |
| Office equipment | | 2,990 |
| **Total In-Kind Contributions** | **$ 410,923** | **$ 445,724** |

**Earned Revenue -** In addition to philanthropic support, GP earns revenue through the creation and management of its investment funds. Fund management fees are earned based on the outstanding loan balances in each fund for which GP provides servicing and monitoring. Fund closing fees are earned upon each close of a new fund. These fund management and closing fees are eliminated in consolidation. In addition, GP receives loan and commitment fees from partner organizations and these are recognized at the time of loan commitment since the loan origination costs directly related to these fees generally exceed the fee income.

**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.

## *Note 1 - Continued*

**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, 2012 and 2011, advertising expenses totaled $31,449 and $19,403, 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 2011 -** 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, 2011, from which the summarized information was derived.

**Subsequent Events -** The Organization's management has evaluated subsequent events through September 11, 2012, 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:

| | *2012* | *2011* |
|---|---|---|
| Receivables due in one year | $ 893,568 | $ 269,506 |
| Receivables due in two to three years | 746,500 | 201,000 |
| **Gross Pledges Receivable** | **1,640,068** | **470,506** |
| Less allowance for uncollectible pledges | (6,864) | (7,662) |
| Less unamortized discount to present value | (6,955) | (7,214) |
| Less current portion, net | (886,703) | (261,844) |
| **Total Long-Term Pledges Receivable** | **$ 739,546** | **$ 193,786** |

## *Note 3 - Social Investment Loans Receivable*

Global Partnerships provides loans to a select group of partner organizations in Latin America and the Caribbean. These organizations, in turn serve people in need with microloans and essential services that help them improve their livelihoods and lives. These loans mature at various times over the life of the fund and are disbursed and repaid in either U.S. Dollars or the local currency of the respective country. Interest income is recognized when earned based on rates established in the underlying loan agreements.

The following is a schedule of loans receivable, by fiscal year, as of June 30, 2012 and 2011:

| *For the Year Ending June 30,* | *2012* | *2011* |
|---|---|---|
| 2012 | $ - | $ 16,201,993 |
| 2013 | 18,494,051 | 9,601,684 |
| 2014 | 11,466,302 | 3,266,666 |
| 2015 | 10,271,557 | 7,125,000 |
| | 40,231,910 | 36,195,343 |
| Less current maturities, net of allowance | (17,992,058) | (15,762,993) |
| Less allowance for loan losses (current portion) | (501,993) | (439,000) |
| Less allowance for loan losses (long-term portion) | (462,000) | (607,000) |
| **Total Long-Term Social Investment Loans Receivable** | **$ 21,275,859** | **$ 19,386,350** |

During the year ended June 30, 2012, no direct write-downs were charged against the allowance for loan losses with the change in the allowance for loan losses representing a decrease in the estimated, uncollectible loans receivable. All loans are reserved based on management's estimates of its borrower's credit-worthiness, current economic conditions, and historical information.

As of June 30, 2012, the outstanding social investment loans receivable by the Organization's credit risk rating were as follows:

| | *Allowance for Loan Losses* | *Loans Receivable by Credit Risk Rating* |
|---|---|---|
| Credit risk rating- | | |
| Sound credit | $ 592,000 | $ 37,972,263 |
| Watch credit | 120,000 | 2,000,000 |
| Possible loss | | |
| Doubtful | 251,993 | 259,647 |
| | **$ 963,993** | **$ 40,231,910** |

## *Note 4 - Property and Equipment*

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

| | *2012* | *2011* |
|---|---|---|
| Furniture and fixtures | $ 39,270 | $ 39,270 |
| Computers and equipment | 114,549 | 91,606 |
| Software | 73,044 | 73,044 |
| Leasehold improvements | 29,674 | 29,674 |
| | 256,537 | 233,594 |
| Less accumulated depreciation and amortization | (101,469) | (66,650) |
| **Total Property and Equipment, Net** | **$ 155,068** | **$ 166,944** |

## *Note 5 - Long-Term Debt*

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

| | *2012* | *2011* |
|---|---|---|
| <u>Global Partnerships Microfinance Fund 2006</u><br>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. | $ - | $ 2,472,803 |
| <u>Global Partnerships Microfinance Fund 2008</u><br>Unsecured notes in the MFF2008 issued October 2008 with interest payable quarterly at rates of 3.00%, 3.25%, 4.00%, 4.69% and 4.75% per annum, maturity date of October 2014. | 18,516,533 | 18,441,533 |
| <u>Global Partnerships Social Investment Fund 2010</u><br>Unsecured notes in the SIF2010 issued October 2010, April and May 2011 with interest payable quarterly at rates ranging between 2.715% and 4.59% per annum, maturity dates of October 2015 and June 2016. Included in unsecured notes is a note where terms of the agreement require the payment of additional interest contingent on surplus cash remaining at the close of SIF2010. As of June 30, 2012, the contingent interest liability cannot be reasonably estimated by management. | 23,418,750 | 23,218,750 |
| **Total Debt** | **41,935,283** | **44,133,086** |
| Less portion due within one year | | (2,472,803) |
| **Total Long-Term Debt** | **$ 41,935,283** | **$ 41,660,283** |

## *Note 5 - Continued*

Debt maturities at June 30 are as follows:

*For the Year Ending June 30,*

| | |
|---|---|
| 2015 | $ 18,516,533 |
| 2016 | 23,418,750 |
| **Total** | **$ 41,935,283** |

Debt maturities are not scheduled for the years ending June 30, 2013 or June 30, 2014.

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 partner institutions in Latin America and the Caribbean. In fiscal year 2009, GP purchased an unsecured note of $75,000 in MFF2008, of which $0 and $75,000 of the original balance was outstanding at June 30, 2012 and 2011, respectively. In fiscal year 2011, GP purchased an unsecured note of $281,250 in SIF2010, of which $81,250 and $281,250 of the original balance was outstanding at June 30, 2012 and 2011, respectively. The decreases in GP's outstanding note balances were achieved through a transfer of the notes to new investors during the year ended 2012. These notes held by GP are presented as eliminations in the consolidating statement of financial position.

## *Note 6 - Temporarily Restricted Net Assets*

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

| | *2012* | *2011* |
|---|---|---|
| Pledges - time restriction | $ 1,626,251 | $ 455,630 |
| Contributed loans - time restriction | | 18,750 |
| Health services - purpose | 225,000 | |
| Synergy Capital Fund - time and purpose | 168,500 | 423,500 |
| **Total Temporarily Restricted Net Assets** | **$ 2,019,751** | **$ 897,880** |

For the year ended June 30, 2012, net assets were released from donor restrictions by the passage of time, including release of the MF2006 fund equity, and maturing of contributed loans.

## *Note 7 - Commitments*

**Operating Leases -** The Organization leases office space under a noncancelable lease agreement that expires in October 2020. The lease calls for minimum lease payments of $10,373 per month.

The Organization also leases office equipment under noncancelable operating leases that expire in June 2016. The equipment leases call for monthly payments of $228.

Future minimum rentals as of June 30 under noncancelable operating leases are as follows:

| *For the Year Ending June 30,* | |
|---|---|
| 2013 | $ 133,668 |
| 2014 | 137,476 |
| 2015 | 141,824 |
| 2016 | 146,172 |
| 2017 | 148,023 |
| Thereafter | 565,591 |
| **Total Minimum Rental Payments** | **$ 1,272,754** |

Rent expense for operating leases totaled $174,618 and $129,243 for the years ended June 30, 2012 and 2011, respectively.

## *Note 8 - 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, 2012 and 2011, the Organization's contribution to the Plan was $105,596 and $94,954, respectively.

## *Note 9 - Related Parties*

Certain unsecured notes invested in the Organization are held with GP board members and other related parties with outstanding balances of $3,000,000 and $3,127,723 as of June 30, 2012 and 2011, respectively.

The Organization leased office space from a board member through January 2011. Payments during the year ended June 30, 2011, totaled $79,528.

## *SUPPLEMENTARY INFORMATION*

*GLOBAL PARTNERSHIPS AND SUBSIDIARIES*

## *Consolidated Schedule of Functional Operating Expenses*
## *For the Year Ended June 30, 2012*
## *(With Comparative Totals for 2011)*

| | Total Program Services | Management and General | Fundraising | 2012 Consolidated Total | 2011 Consolidated Total |
|---|---|---|---|---|---|
| Wages and salaries | $ 943,105 | $ 151,649 | $ 364,248 | $ 1,459,002 | $ 1,322,220 |
| Employee benefits | 229,802 | 45,237 | 62,759 | 337,798 | 327,480 |
| Payroll taxes | 69,026 | 7,439 | 31,945 | 108,410 | 105,948 |
| **Total Salaries and Related Expenses** | **1,241,933** | **204,325** | **458,952** | **1,905,210** | **1,755,648** |
| Interest expense | 1,685,508 | | | 1,685,508 | 1,310,665 |
| Legal and accounting fees | 406,478 | 23,390 | 1,896 | 431,764 | 505,448 |
| Marketing | 20,277 | 1,938 | 154,895 | 177,110 | 143,291 |
| Occupancy | 124,552 | 15,115 | 36,191 | 175,858 | 176,581 |
| Contract labor | 165,496 | 1,796 | 4,301 | 171,593 | 163,521 |
| Travel | 108,760 | 243 | 59,102 | 168,105 | 183,923 |
| Insurance | 26,587 | 16,773 | | 43,360 | 43,167 |
| Depreciation and amortization | 29,389 | 2,571 | 6,375 | 38,335 | 20,093 |
| Consulting fees | 4,340 | 1,850 | 30,631 | 36,821 | 104,123 |
| Office equipment and maintenance | 11,066 | 1,646 | 19,666 | 32,378 | 74,226 |
| Bank charges | 13,282 | 4,621 | 8,270 | 26,173 | 29,346 |
| Office supplies and postage | 10,655 | 583 | 12,069 | 23,307 | 41,255 |
| Telephone | 18,668 | 889 | 2,202 | 21,759 | 36,401 |
| Loan fees | 21,372 | | | 21,372 | 61,549 |
| Business taxes | 1,740 | 877 | | 2,617 | 16,427 |
| Allowance for social investment loan losses | (82,007) | | | (82,007) | 110,000 |
| Miscellaneous | 16,555 | 4,615 | 6,769 | 27,939 | 21,166 |
| **Total Expenses** | **$ 3,824,651** | **$ 281,232** | **$ 801,319** | **$ 4,907,202** | **$ 4,796,830** |

*See independent auditors' report.*