

GLOBAL PARTNERSHIPS AND SUBSIDIARIES

Consolidated Financial Statements

For the Year Ended June 30, 2017

Table of Contents

	Page
Independent Auditor's Report	1 - 2
Financial Statements:	
Consolidated Statement of Financial Position With Consolidating Information	3
Consolidated Statement of Activities With Consolidating Information	4
Consolidated Statement of Cash Flows	5
Notes to Consolidated Financial Statements	6 - 16
Supplementary Information:	
Consolidated Schedule of Functional Operating Expenses	17

Independent Auditor's Report

**To the Board of Directors
Global Partnerships and Subsidiaries
Seattle, Washington**

We have audited the accompanying financial statements of Global Partnerships and its subsidiaries (collectively "the Organization"), which comprise the consolidated statement of financial position as of June 30, 2017, and the related consolidated statement of activities and consolidated statement of cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



T: 425-454-4919
T: 800-504-8747
F: 425-454-4620

10900 NE 4th St
Suite 1700
Bellevue WA
98004

clarknuber.com

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of June 30, 2017 and the consolidated change in its net assets and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Organization's 2016 consolidated financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 14, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on page 17 and the consolidating information in the consolidated statement of financial position and the consolidated statement of activities is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 P.S.

Certified Public Accountants
September 21, 2017

FINANCIAL STATEMENTS

GLOBAL PARTNERSHIPS AND SUBSIDIARIES

Consolidated Statement of Financial Position With Consolidating Information

June 30, 2017

(With Comparative Totals for 2016)

	Global Partnerships	Global Partnerships Eleos Social Venture Fund, LLC	Global Partnerships Social Investment Fund 6.0, LLC
Assets			
Current Assets:			
Cash and cash equivalents	\$ 3,920,588	\$ 70,162	\$ 2,182,175
Pledges receivable, current portion, net (Note 3)	455,883		
Social investment loans receivable, current portion, net (Note 4)	171,423		9,401,477
Short-term investments (Note 6)	4,834,779		
Interest receivable			68,849
Other assets	78,276		14,974
Total Current Assets	9,460,949	70,162	11,667,475
Pledges receivable, long-term portion, net (Note 3)	469,427		
Social investment loans receivable, long-term portion, net (Note 4)	110,577		22,143,257
Social investments in equity securities	195,666	1,180,000	
Derivative instruments (Note 5)			55,812
Long-term investments (Note 6)	3,455,317		
Investment in subsidiaries and other assets	13,050,100		212,836
Property and equipment, net (Note 8)	47,763		
Total Assets	\$ 26,789,799	\$ 1,250,162	\$ 34,079,380
Liabilities and Net Assets			
Current Liabilities:			
Accounts payable	\$ 54,940	\$ 72	\$ 33,306
Current portion of long-term debt (Note 9)			250,000
Accrued liabilities	706,870		105,141
Total Current Liabilities	761,810	72	388,447
Deferred rent liability	71,908		
Derivative instruments (Note 5)			125,492
Long-term debt, net of current portion (Note 9)	11,050,000	250,000	28,630,000
Total Liabilities	11,883,718	250,072	29,143,939
Net Assets/Equity:			
Members' equity		1,000,000	5,800,000
Accumulated earnings (deficit)		90	(864,559)
Unrestricted net assets	13,772,349		
Temporarily restricted net assets (Note 10)	1,133,732		
Total Net Assets and Equity	14,906,081	1,000,090	4,935,441
Total Liabilities, Net Assets and Equity	\$ 26,789,799	\$ 1,250,162	\$ 34,079,380

See accompanying notes.

Global Partnerships Social Investment Fund 5.0, LLC	Global Partnerships Social Investment Fund 2010, LLC	GP Fund Management, LLC	Eliminations	2017 Consolidated Total	2016 Consolidated Total
\$ 2,393,498	\$ -	\$ 2,476	\$ -	\$ 8,568,899	\$ 11,545,590
				455,883	1,063,500
30,466,840				40,039,740	24,300,931
				4,834,779	4,037,735
572,151				641,000	630,793
15,149			(31,651)	76,748	57,344
33,447,638		2,476	(31,651)	54,617,049	41,635,893
				469,427	832,050
15,384,416				37,638,250	44,806,358
				1,375,666	643,728
1,876,794				1,932,606	2,164,729
				3,455,317	
300,000			(13,050,100)	512,836	414,102
				47,763	48,130
\$ 51,008,848	\$ -	\$ 2,476	\$ (13,081,751)	\$ 100,048,914	\$ 90,544,990
\$ 17,180	\$ -	\$ -	\$ (31,651)	\$ 73,847	\$ 100,435
20,350,000				20,600,000	250,000
350,685				1,162,696	959,443
20,717,865			(31,651)	21,836,543	1,309,878
				71,908	82,160
52,723				178,215	67,377
23,400,000				63,330,000	73,216,000
44,170,588			(31,651)	85,416,666	74,675,415
6,250,000		100	(13,050,100)		
588,260		2,376		(273,833)	(3,499)
				13,772,349	13,767,201
				1,133,732	2,105,873
6,838,260		2,476	(13,050,100)	14,632,248	15,869,575
\$ 51,008,848	\$ -	\$ 2,476	\$ (13,081,751)	\$ 100,048,914	\$ 90,544,990

GLOBAL PARTNERSHIPS AND SUBSIDIARIES

**Consolidated Statement of Activities With Consolidating Information
For the Year Ended June 30, 2017
(With Comparative Totals for 2016)**

	Global Partnerships	Global Partnerships Eleos Social Venture Fund, LLC	Global Partnerships Social Investment Fund 6.0, LLC
Operating Unrestricted Activity Revenue and Other Support:			
Contributions	\$ 1,140,239	\$ -	\$ -
In-kind contributions	330,994		
Earned income	2,085,337		2,095,272
Other income	160,361	884	65,108
Net assets released from restrictions	1,384,732		
Total Operating Unrestricted Activity Revenue and Other Support	5,101,663	884	2,160,380
Operating Expenses:			
Program services	3,885,793	794	2,171,819
Management and general	260,346		
Fundraising	950,376		
Total Operating Expenses	5,096,515	794	2,171,819
Excess of Revenues and Other Support Over Expenses From Operating Activities	5,148	90	(11,439)
Unrealized foreign currency translation gains (losses)			10,614
Change in fair value of derivative instruments			(35,552)
Change in Unrestricted Net Assets	5,148	90	(36,377)
Changes in Temporarily Restricted Net Assets			
Contributions	412,591		
Net assets released from restrictions	(1,384,732)		
Change in Temporarily Restricted Net Assets	(972,141)		
Changes in Net Assets	(966,993)	90	(36,377)
Beginning of Year Net Assets/Equity:			
Members' equity			3,688,000
Accumulated earnings (deficit)			(828,182)
Unrestricted net assets	13,767,201		
Temporarily restricted net assets	2,105,873		
Total Beginning of Year Net Assets/Equity	15,873,074		2,859,818
End of Year Net Assets/Equity:			
Members' equity			3,688,000
Members' equity contribution		1,000,000	2,112,000
Members' equity return of capital			
Total members' equity		1,000,000	5,800,000
Accumulated earnings (deficit)		90	(864,559)
Return of equity			
Unrestricted net assets	13,772,349		
Temporarily restricted net assets	1,133,732		
Total End of Year Net Assets/Equity	\$ 14,906,081	\$ 1,000,090	\$ 4,935,441

See accompanying notes.

Global Partnerships Social Investment Fund 5.0, LLC	Global Partnerships Social Investment Fund 2010, LLC	GP Fund Management, LLC	Eliminations	2017 Consolidated Total	2016 Consolidated Total
\$ -	\$ -	\$ -	\$ -	\$ 1,140,239	\$ 6,877,330
3,599,082	41,875	1,502,120	(3,572,951)	330,994	420,972
53,767	1,045		(93,164)	5,750,735	5,088,906
				188,001	132,524
				1,384,732	1,131,640
3,652,849	42,920	1,502,120	(3,666,115)	8,794,701	13,651,372
3,222,793	(17,070)	1,479,900	(3,097,404)	7,646,625	6,400,502
				260,346	324,042
				950,376	1,150,111
3,222,793	(17,070)	1,479,900	(3,097,404)	8,857,347	7,874,655
430,056	59,990	22,220	(568,711)	(62,646)	5,776,717
129,807				140,421	(573,738)
(307,409)				(342,961)	960,565
252,454	59,990	22,220	(568,711)	(265,186)	6,163,544
				412,591	996,348
				(1,384,732)	(1,131,640)
				(972,141)	(135,292)
252,454	59,990	22,220	(568,711)	(1,237,327)	6,028,252
6,250,000		100	(9,938,100)		
335,806	488,128	749		(3,499)	125,873
				13,767,201	7,474,285
				2,105,873	2,241,165
6,585,806	488,128	849	(9,938,100)	15,869,575	9,841,323
6,250,000	1,500,000	100	(11,438,100)		
	(1,500,000)		(3,112,000)		
			1,500,000		
6,250,000		100	(13,050,100)		
588,260	548,118	22,969	(568,711)	(273,833)	(3,499)
	(548,118)	(20,593)	568,711		
				13,772,349	13,767,201
				1,133,732	2,105,873
\$ 6,838,260	\$ -	\$ 2,476	\$ (13,050,100)	\$ 14,632,248	\$ 15,869,575

GLOBAL PARTNERSHIPS AND SUBSIDIARIES

**Consolidated Statement of Cash Flows
For the Year Ended June 30, 2017
(With Comparative Totals for 2016)**

	2017 Consolidated Total	2016 Consolidated Total
Cash Flows From Operating Activities:		
Change in net assets	\$ (1,237,327)	\$ 6,028,252
Adjustments to reconcile change in net assets to net cash provided by operating activities-		
Depreciation and amortization	20,849	24,923
Change in social investment loan loss allowance	1,110,407	610,117
Unrealized losses (gain) on change in fair value of derivative instruments	342,961	(960,565)
Unrealized foreign currency translation (gains) losses	(140,421)	573,738
Loss on impairment of social equity security	75,562	
Unrealized gain on investments	(36,398)	(25,511)
Donated social investments in equity securities	(257,500)	(630,000)
Changes in assets and liabilities:		
Pledges receivable	970,240	(238,790)
Interest receivable	(10,207)	244,487
Other assets	(19,404)	(33,315)
Other investments	(98,734)	(146,252)
Accounts payable	(26,588)	59,122
Accrued liabilities	203,253	315,083
Deferred rent liability	(10,252)	(5,904)
Net Cash Provided by Operating Activities	886,441	5,815,385
Cash Flows From Investing Activities:		
Issuance of social investment loans	(28,965,762)	(45,599,214)
Principal repayments on social investment loans	19,425,075	33,222,548
Purchases of investments	(4,215,963)	(1,758,657)
Purchase of social investments in equity securities	(550,000)	
Purchase of property and equipment	(20,482)	(5,080)
Net Cash Used by Investing Activities	(14,327,132)	(14,140,403)
Cash Flows From Financing Activities:		
Issuance of long-term debt	10,842,000	36,947,500
Principal repayments on long-term debt	(378,000)	(24,200,000)
Net Cash Provided by Financing Activities	10,464,000	12,747,500
Net Change in Cash	(2,976,691)	4,422,482
Cash balance, beginning of year	11,545,590	7,123,108
Cash Balance, End of Year	\$ 8,568,899	\$ 11,545,590
Supplementary Information:		
Noncash contribution of donated social investments in equity securities	\$ 257,500	\$ 630,000
Cash paid for interest	\$ 2,331,305	\$ 2,212,025

See accompanying notes.

GLOBAL PARTNERSHIPS AND SUBSIDIARIES

Notes to Consolidated Financial Statements For the Year Ended June 30, 2017 (With Comparative Totals for 2016)

Note 1 - Nature of Operations and Significant Accounting Policies

Organization and Program Services - Founded in 1994, Global Partnerships (GP) is a 501(c)(3) nonprofit impact investor whose mission is to expand opportunity for people living in poverty. GP is an impact-led investor, investing in sustainable social enterprises who deliver high-impact products and services for people living in poverty. As of June 30, 2017, GP had more than \$81 million invested in 63 microfinance institutions (MFIs), social businesses and cooperatives in 17 countries in Latin America, the Caribbean and East Africa. With these mission-aligned partners, GP supports programs that deliver high social impact in the areas of economic resilience, health services and clean energy.

Since 2005, GP has formed seven Social Investment Funds (collectively, the Funds) to serve as investment vehicles to make low-cost secured and unsecured loans and, to a lesser extent, equity investments to qualified partner organizations. Investors in the Funds, who purchased notes payable from the Funds or made loans to the Funds, include accredited private investors, development banks, foundations and other institutions. Four of these Funds have reached maturity and all investors in these funds received timely repayment in full. The current active Funds include Global Partnerships Social Investment Fund 6.0, LLC (SIF6.0), Global Partnerships Social Investment Fund 5.0, LLC (SIF5.0), and Global Partnerships Eleos Social Venture Fund, LLC (SVF). SIF5.0, SIF6.0, and SVF were formed in December 2012, September 2016 and June 2016, respectively. As of June 30, 2017, GP has outstanding contributed capital of \$6,250,000, \$5,800,000, and \$1,000,000 to SIF5.0, SIF6.0 and SVF respectively.

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

Principles of Consolidation - The consolidated financial statements include the activities of GP and its subsidiaries, Global Partnerships Eleos Social Venture Fund, LLC, Global Partnerships Social Investment Fund 6.0, LLC, Global Partnerships Social Investment Fund 5.0, LLC, Global Partnerships Social Investment Fund 2010, LLC, and GP Fund Management, LLC (collectively, 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 GP 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, 2017 and 2016, the GP had no permanently restricted net assets.

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.

GLOBAL PARTNERSHIPS AND SUBSIDIARIES

Notes to Consolidated Financial Statements For the Year Ended June 30, 2017 (With Comparative Totals for 2016)

Note 1 - Continued

Cash Equivalents - GP considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

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 Receivables - Social investment loans receivable are stated at the amount management expects to collect on the outstanding balance. 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.

Social Investments in Equity Securities - These social investments consist of equity investments in business enterprises aligned with the GP's mission. These equity investments are carried at the lower of cost or impaired cost. The cost or impaired cost of these investments totaled \$1,375,666 and \$643,728 at June 30, 2017 and 2016, respectively. During the year ended June 30, 2017, management performed an impairment analysis and recognized a \$75,562 impairment loss on one private equity held on the cost basis. During the year ended June 30, 2016 GP did not identify any events or changes in circumstances that may have had a significant adverse effect on the value of its investments and therefore, no impairment loss was recorded.

Investments - Investments are stated at fair value, with both realized and unrealized gains and losses recorded in the consolidated statement of activities as increases or decreases in unrestricted net assets, unless their use is temporarily or permanently restricted by explicit donor restrictions or law. The estimated fair value of limited partnerships for which quoted market prices are not available is based on valuations provided by the external investment manager. Certificates of deposits and investor notes held in the investment portfolio are reported at cost plus accrued interest.

Investment in Other Entity - GP's investment in another entity is carried at cost. The cost of this investment totaled \$412,836 and \$395,000 at June 30, 2017 and 2016, respectively. GP did not identify any events or changes in circumstances that may have had a significant adverse effect on the value of this investment and therefore, no impairment has been recorded for the years ended June 30, 2017 and 2016.

Other Assets - Other assets consist of a refundable deposit GP provided to another entity. Other assets totaled \$100,000 at June 30, 2017. There were no other assets at June 30, 2016

Accounting for Derivative Instruments - Derivatives which consist of foreign currency swap agreements are recorded in the statement of financial position at fair value. Fair value for the GP's derivative financial instruments is based on the present value of projected cash flows given currency rates in effect as of a given measurement date. Changes in the fair value of derivative instruments are recorded in the consolidated statement of activities.

GLOBAL PARTNERSHIPS AND SUBSIDIARIES

Notes to Consolidated Financial Statements For the Year Ended June 30, 2017 (With Comparative Totals for 2016)

Note 1 - Continued

Accounting for Foreign Currency Denominated Transactions - The books and records of GP are maintained in U.S. dollars. Assets and liabilities are translated into U.S. dollars using the current exchange rates at the date of the consolidated statement of financial position. Unrealized foreign currency exchange translation gains and losses are recorded in the consolidated statement of activities as a nonoperating item.

Property and Equipment - GP 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 of accounting over useful lives of five to ten years.

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

In-Kind Contributions - GP receives a significant amount of donated professional services from attorneys and other professional services firms. Donated services are recorded only if specific professional expertise is provided, in accordance with generally accepted accounting principles. Donated goods and services are recorded at fair market value at the date of receipt.

Earned Revenue - In addition to philanthropic support, GP earns revenue through the creation and management of its investment funds. Fund management fees are earned in each fund for which GP provides servicing and monitoring. Fund closing fees are earned upon each investor capital call of a new fund. These fund management and closing fees are eliminated in consolidation. In addition, GP and the Funds receive 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 consolidated statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) 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 2016 - 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 GP's consolidated financial statements for the year ended June 30, 2016, from which the summarized information was derived.

GLOBAL PARTNERSHIPS AND SUBSIDIARIES

Notes to Consolidated Financial Statements For the Year Ended June 30, 2017 (With Comparative Totals for 2016)

Note 1 - Continued

Subsequent Events - GP's management has evaluated subsequent events through September 21, 2017, the date on which the financial statements were available to be issued.

Note 2 - Concentrations

Financial instruments which potentially subject GP to concentrations of credit risk consist of cash, pledges receivable, loans receivable, equity securities and investor notes payable. The Organization maintains some of its cash and cash equivalents in depository institution accounts that, at times, may exceed federally insured limits.

GP had pledges receivable from two and three donors which represents approximately 53 and 58 percent of total pledges receivable at June 30, 2017 and 2016, respectively. GP had no contribution concentration for the year ended June 30, 2017. GP had contributions from two donors representing 71 percent of total contributions during the year ended June 30, 2016. GP had in-kind contributions from two law firms representing 88 and 86 percent of total in-kind contributions during the years ended June 30, 2017 and 2016, respectively. GP had investor notes payable to one investor representing 35 and 40 percent of outstanding long-term debt at June 30, 2017 and 2016, respectively.

Note 3 - Pledges Receivable and Contribution Revenue

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

	<u>2017</u>	<u>2016</u>
Receivables due in one year	\$ 460,883	\$ 1,068,500
Receivables due in two to five years	477,527	842,050
Gross Pledges Receivable	938,410	1,910,550
Less allowance for uncollectible pledges	(5,000)	(5,000)
Less unamortized discount to present value	(8,100)	(10,000)
Less current portion, net	<u>(455,883)</u>	<u>(1,063,500)</u>
Total Long-Term Pledges Receivable	<u>\$ 469,427</u>	<u>\$ 832,050</u>

Contribution revenue consisted of the following for the year ending June 30:

	<u>2017</u>	<u>2016</u>
Unrestricted contributions	\$ 1,140,239	\$ 6,877,330
Temporarily restricted contributions	412,591	996,348
Total Contributions	<u>\$ 1,552,830</u>	<u>\$ 7,873,678</u>

GLOBAL PARTNERSHIPS AND SUBSIDIARIES

Notes to Consolidated Financial Statements For the Year Ended June 30, 2017 (With Comparative Totals for 2016)

Note 4 - Social Investment Loans Receivable

GP provides loans to a select group of mission-aligned partner organizations, such as microfinance institutions, cooperatives and other social enterprises serving people living in poverty. These partner organizations are financially sustainable channels that deliver goods and services that empower people in poverty to address the challenges they face. However, too often these organizations lack the access to affordable capital to reach those who could truly benefit. GP's Social Investment Funds provide loans to partners to help sustain and grow already proven solutions to poverty. These loans mature at various times over the life of the Funds 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.

Loans receivable are due as follows at June 30:

For the Year Ending June 30,	2017	2016
2017	\$ -	\$ 25,074,277
2018	41,578,493	27,840,184
2019	24,548,123	11,869,174
2020	8,142,728	4,166,667
2021	5,219,476	1,933,333
2022	711,923	
	80,200,743	70,883,635
Less current maturities, net of allowance	(40,039,740)	(24,300,931)
Less allowance for loan losses (current portion)	(1,538,753)	(773,346)
Less allowance for loan losses (long-term portion)	(984,000)	(1,003,000)
Total Long-Term Social Investment Loans Receivable	\$ 37,638,250	\$ 44,806,358

Loans receivable maturities include \$1,726,199 of loans presented based upon expected repayment terms as agreed upon in signed letters of intent.

Loans receivable are past due as follows at June 30, 2017:

0 to 90 days past due	\$ 374,912
91 to 180 days past due	322,800
Greater than 180 days past due	1,763,736
	<u>\$ 2,461,448</u>

The allowance for loan losses represents the estimated, uncollectible receivable based on a credit risk rating assessment of each outstanding loan. All loans are reserved based on management's estimates of its borrower's credit-worthiness, current economic conditions, and historical information. There is at least a reasonable possibility that the recorded estimate will change by a material amount in the near term.

GLOBAL PARTNERSHIPS AND SUBSIDIARIES

Notes to Consolidated Financial Statements For the Year Ended June 30, 2017 (With Comparative Totals for 2016)

Note 4 - Continued

A reconciliation of the allowance for loan losses was as follows at June 30:

	<u>2017</u>	<u>2016</u>
Allowance for loan losses, beginning balance	\$ 1,776,346	\$ 1,166,228
Direct loan write-downs	(451,342)	
Provision for estimated credit losses	<u>1,197,749</u>	<u>610,118</u>
Allowance for Loan Losses, Ending Balance	<u>\$ 2,522,753</u>	<u>\$ 1,776,346</u>

GP provides some of its social investment loans denominated in the foreign currency of the country where the partner organization is located. Loans receivable denominated in a foreign currency are translated into U.S. dollars at the balance sheet date rate of exchange. Unrealized foreign currency gain of \$140,421 and loss of \$573,738 were recognized for the years ending June 30, 2017 and 2016, respectively, and are included in nonoperating section of the consolidated statement of activities.

Note 5 - Derivative Financial Instruments

To manage the fluctuations of foreign currency values related to the loans denominated in foreign currencies, GP enters into a currency hedge agreement for each foreign currency loan. A currency hedge is a foreign exchange agreement between two parties to exchange principal and interest payments on a loan in one currency for principal and interest payments on an equal loan in another currency. The Organization enters into currency hedge agreements for all loans denominated in foreign currencies and these hedge agreements mature in concert with the outstanding foreign currency loans. The cost of the currency hedge agreements is part of the loan costs paid for by the partner organization receiving the foreign currency loan. GP records the net settlement from each transaction. As a result of the currency hedge agreements GP has reduced its currency risk so that the value of the loan repayments would be less or greater than the original loan amounts. GP does not enter into derivative financial instrument agreements for trading or speculative purposes. The net position of the currency hedge is recorded in the consolidated statement of financial position. The derivative instruments were recorded at their fair value resulting in an unrealized (loss) or gain in fair value of derivative instruments of (\$351,769) and \$960,565 for the year ended June 30, 2017 and 2016, respectively. The change in fair value of derivative instruments is included in the nonoperating section of the consolidated statement of activities. The balance of the derivative instruments at June 30, 2017 and 2016 is shown in Note 7.

Note 6 - Investments

The objective of GP's investments is to provide not only financial returns, liquidity, and protection of principal, but also to further GP's philanthropic mission and social impact goals. The certificates of deposit are placed with financial institutions providing sources of capital to under-served communities. Community investment notes represent fixed income securities with a targeted investment in a number of different impact areas including microfinance and development projects. The limited partnership investment provides debt financing to financial institutions that in turn make loans to entrepreneurs in developing communities. GP may withdraw all or any portion of its limited partnership interests based on the tranche in which the funds are invested. Funds invested in tranche A may be withdrawn provided a 30 day prior written notice. Funds invested in tranche B may be withdrawn but only after a 2 years holding period and only annually thereafter. As of June 30, 2017 and 2016, limited partnership interests in tranche A totaled \$1,059,009 and \$1,030,866, respectively, and funds held in tranche B totaled \$408,255 and \$0, respectively.

GLOBAL PARTNERSHIPS AND SUBSIDIARIES

Notes to Consolidated Financial Statements For the Year Ended June 30, 2017 (With Comparative Totals for 2016)

Note 6 - Continued

Investments consist of the following at June 30:

	<u>2017</u>	<u>2016</u>
Certificates of deposit	\$ 4,282,935	\$ 3,006,869
Community investment notes	2,539,897	
Limited partnership interests	<u>1,467,264</u>	<u>1,030,866</u>
Total Investments	<u>\$ 8,290,096</u>	<u>\$ 4,037,735</u>

Investments were reported in the statement of financial position as follows at June 30:

	<u>2017</u>	<u>2016</u>
Short-term investments	\$ 4,834,779	\$ 4,037,735
Long-term investments	<u>3,455,317</u>	
	<u>\$ 8,290,096</u>	<u>\$ 4,037,735</u>

Note 7 - Fair Value Measurements

U.S. GAAP defines fair value, establishes a framework for measuring fair value, and requires certain disclosures about fair value measurements. To increase consistency and comparability in fair value measurements, U.S. GAAP uses a fair value hierarchy which prioritizes the inputs to valuation approaches into three broad levels based on observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the GP's market assumptions. These two types of inputs create the following fair value hierarchy:

Level 1 - Inputs are unadjusted and represent quoted prices in active markets for identical assets at the measurement date.

Level 2 - Inputs are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in inactive markets, and model-derived valuations whose inputs are observable.

Level 3 - Inputs are unobservable and reflect institutional management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration is given to the risk inherent in the valuation technique and/or the risk inherent in the inputs to the model.

GLOBAL PARTNERSHIPS AND SUBSIDIARIES

Notes to Consolidated Financial Statements For the Year Ended June 30, 2017 (With Comparative Totals for 2016)

Note 7 - Continued

Valuation Techniques - Financial assets and liabilities valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets and liabilities valued using Level 2 inputs are based primarily on quoted prices for similar assets or liabilities in active or inactive markets. Financial assets and liabilities using Level 3 inputs were primarily valued using institutional management's assumptions about the assumptions market participants would utilize in pricing the asset or liability. Valuation techniques utilized to determine fair value are consistently applied. Following is a description of the valuation methodologies used for assets measured at fair value. There was no change in the valuation of investments using Level 3 inputs during the year ended June 30, 2017.

Derivative Financial Instruments - Determined to be Level 3 as the fair value is determined by the institutional managers' calculation of the present value of projected future cash flows given currency rates in effect as of a given measurement date.

Limited Partnership interests - Determined to be Level 3 as the fair value is determined by the partnerships' general partners, who follow the valuation guidelines, such as appraisals and comparable company trade data, stipulated in the respective limited partnership agreements.

A reconciliation of the beginning and ending balances, by each major category of assets and liabilities, for fair value measurements made using significant unobservable inputs (Level 3) is as follows:

	Derivative Financial Instruments	Limited Partnership Interests
Balance, June 30, 2016	\$ 2,097,352	\$ 1,030,866
Purchases		400,000
Unrealized (losses) gains, net	(342,961)	36,398
Balance, June 30, 2017	\$ 1,754,391	\$ 1,467,264

Note 8 - Property and Equipment

Property and equipment consists of the following at June 30:

	2017	2016
Furniture, fixtures, equipment and software	\$ 255,238	\$ 234,757
Leasehold improvements	31,313	31,313
	286,551	266,070
Less accumulated depreciation and amortization	(238,788)	(217,940)
Total Property and Equipment, Net	\$ 47,763	\$ 48,130

GLOBAL PARTNERSHIPS AND SUBSIDIARIES

Notes to Consolidated Financial Statements For the Year Ended June 30, 2017 (With Comparative Totals for 2016)

Note 9 - Long-Term Debt

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

	<u>2017</u>	<u>2016</u>
<u>Global Partnerships</u>		
Limited recourse notes issued between March 2013 and June 2016 to provide capital for GP's equity contribution in SIF5.0. These notes have only limited recourse to the performance of SIF5.0 and have no claim on GP's general resources for repayment. The notes accrue interest annually at a rate of 5%, but payment is only made at the maturity date and is dependent on surplus cash from SIF5.0 that is returned to GP for its equity in the Fund. The notes mature in March 2023. As of June 30, 2017, the contingent interest liability to be paid at maturity totaled \$843,370.	\$ 5,750,000	\$ 5,750,000
Limited recourse notes issued between October 2015 and June 2017 to provide capital for GP's equity contribution in SIF6.0. These notes have only limited recourse to the performance of SIF6.0 and have no claim on GP's general resources for repayment. The notes accrue interest annually at a rate of 5% or 6%, but payment is only made at the maturity date and is dependent on surplus cash from SIF6.0 that is returned to GP for its equity in the Fund. The notes mature in September 2025. As of June 30, 2017, the contingent interest liability to be paid at maturity totaled \$268,426.	5,300,000	3,188,000
Recoverable grant agreements issued in December 2013 and January 2014 to provide capital for early-stage organizations or program initiatives. These grant agreements are only repayable from the proceeds of the capital invested and have no claim on GP's general resources for repayment. The grantor is not entitled to profit or interest.		150,000
<u>Global Partnerships Eleos Social Venture Fund</u>		
Unsecured notes in SVF issued between July 2016 and June 2017 with interest payable at a rate of 2.5% per annum. The notes mature in July, 2026.	250,000	
<u>Global Partnerships Social Investment Fund 5.0</u>		
Unsecured notes in SIF5.0 issued between March 2013 and August 2016 with interest payable quarterly at rates ranging from 2% to 4% per annum, maturity dates between March 2016 and March 2023.	43,750,000	43,478,000

GLOBAL PARTNERSHIPS AND SUBSIDIARIES

**Notes to Consolidated Financial Statements
For the Year Ended June 30, 2017
(With Comparative Totals for 2016)**

Note 9 - Continued

Global Partnerships Social Investment Fund 6.0

Unsecured notes in SIF6.0 issued between September 2015 and June 2016 with interest payable quarterly at rates ranging from 1% to 4% per annum, maturity dates between September 2016 and September 2025.

	<u>28,880,000</u>	<u>20,900,000</u>
	83,930,000	73,466,000
Less current portion	<u>(20,600,000)</u>	<u>(250,000)</u>
Long-Term Debt	<u>\$ 63,330,000</u>	<u>\$ 73,216,000</u>
	\$ -	\$ -

Debt maturities consist of the following at June 30:

For the Year Ending June 30,

2018	\$ 20,600,000
2019	2,400,000
2020	5,550,000
2021	8,500,000
2022	7,200,000
Thereafter	<u>39,680,000</u>
	<u>\$ 83,930,000</u>

Investors in the Funds purchased unsecured notes and provided loans to the Funds for the purpose of providing the resources for making secured and unsecured loans to qualified partner institutions in Latin America, the Caribbean and East Africa.

Note 10 - Temporarily Restricted Net Assets

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

	<u>2017</u>	<u>2016</u>
Pledges - time restriction	\$ 877,826	\$ 1,895,550
Health services - purpose restriction	210,323	210,323
Impact research - purpose restriction	<u>45,583</u>	<u> </u>
Total Temporarily Restricted Net Assets	<u>\$ 1,133,732</u>	<u>\$ 2,105,873</u>

GLOBAL PARTNERSHIPS AND SUBSIDIARIES

Notes to Consolidated Financial Statements For the Year Ended June 30, 2017 (With Comparative Totals for 2016)

Note 11 - Commitments

Operating Leases - GP leases office space under a noncancelable operating lease agreement that expires in October 2020. The lease calls for minimum lease payments of \$10,373 per month. GP also leases office equipment under noncancelable operating leases that expire in June 2021. The equipment leases call for monthly payments of \$226.

Future minimum rentals under noncancelable operating leases are as follows for the years ending June 30:

For the Year Ending June 30,

2018	\$	155,083
2019		159,431
2020		163,779
2021		<u>98,147</u>
Total Minimum Rental Payments	\$	<u>576,440</u>

Rent expense for operating leases totaled \$186,268 and \$172,013 for the years ended June 30, 2017 and 2016, respectively.

Note 12 - Retirement Plan

GP has a 401(k) retirement plan (the Plan) available to all eligible employees. GP makes contributions to the Plan for participants in accordance with requirements specified in the Plan documents. During the years ended June 30, 2017 and 2016, GP's contributions to the Plan were \$160,586 and \$152,561, respectively.

Note 13 - Related Parties

Certain unsecured notes invested in GP are held with board members and other related parties with outstanding balances of \$4,500,000 and \$4,250,000 as of June 30, 2017 and 2016, respectively.

SUPPLEMENTARY INFORMATION

GLOBAL PARTNERSHIPS AND SUBSIDIARIES

**Consolidated Schedule of Functional Operating Expenses
For the Year Ended June 30, 2017
(With Comparative Totals for 2016)**

	Total Program Services	Management and General	Fundraising	2017 Consolidated Total	2016 Consolidated Total
Wages and salaries	\$ 1,993,548	\$ 133,553	\$ 533,906	\$ 2,661,007	\$ 2,288,844
Employee benefits	415,978	26,985	105,971	548,934	909,315
Payroll taxes	141,976	6,440	34,351	182,767	167,085
Total Salaries and Related Expenses	2,551,502	166,978	674,228	3,392,708	3,365,244
Interest	2,333,522			2,333,522	2,021,633
Provision for social investment losses	1,197,749			1,197,749	610,118
Legal and accounting fees	487,466	27,593		515,059	507,074
Contract labor	326,279	23,814	31,791	381,884	269,880
Travel	201,743	6,397	16,962	225,102	270,271
Occupancy	154,799	6,318	36,249	197,366	180,818
Marketing	5,962		99,564	105,526	124,684
Consulting fees	73,229		12,742	85,971	134,475
Loan fees	85,000			85,000	136,750
Office equipment and maintenance	61,274	742	20,955	82,971	33,983
Miscellaneous	27,958	1,013	29,993	58,964	42,764
Insurance	22,996	17,367		40,363	39,713
Program grants	40,262			40,262	23,838
Bank charges	13,511	8,372	9,292	31,175	32,179
Office supplies and postage	12,514	309	11,451	24,274	18,406
Telephone	19,075	472	2,724	22,271	16,439
Depreciation and amortization	15,653	771	4,425	20,849	24,923
Business taxes	16,131	200		16,331	21,463
Total Expenses	\$ 7,646,625	\$ 260,346	\$ 950,376	\$ 8,857,347	\$ 7,874,655

See independent auditor's report.