GLOBAL PARTNERSHIPS AND SUBSIDIARIES

Consolidated Financial Statements

For the Year Ended June 30, 2014

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Certified Public
Accountants
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Independent Auditor's Report

Board of Directors
Global Partnerships
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, 2014, and the related consolidated statement of activities and consolidated cash flows for the year then ended, and the related notes to the 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.

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, 2014 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.

CLARK NUBER

Certified Public
Accountants
and Consultants

Report on Summarized Comparative Information

We have previously audited the Organization's 2013 consolidated financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 9, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, 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 15 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 PS

Certified Public Accountants
September 11, 2014

GLOBAL PARTNERSHIPS AND SUBSIDIARIES

Consolidated Statement of Financial Position with Consolidating Information
June 30, 2014
(With Comparative Totals for 2013)

	Global Partnerships	Global Partnerships Social Investment Fund 5.0, LLC
Assets		
Current Assets:		
Cash and cash equivalents	$ 3,560,360	$ 3,737,206
Pledges receivable, current portion, net (Note 3)	232,175	
Social investment loans receivable current portion, net (Note 4)		5,144,914
Interest receivable	1,209	234,761
Other receivables	24,371	5,780
Other assets	8,594	
Total Current Assets	**3,826,709**	**9,122,661**
Pledges receivable, long-term portion, net (Note 3)		
Social investment loans receivable, long-term portion, net (Note 4)	37,112	15,364,003
Investment in subsidiaries and other	6,332,271	200,000
Property and equipment, net (Note 6)	80,843	
Total Assets	**$ 10,276,935**	**$ 24,686,664**
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	$ 34,588	$ 21,095
Long-term debt, current portion (Note 7)		
Accrued liabilities	192,995	143,735
Total Current Liabilities	**227,583**	**164,830**
Deferred rent liability	89,619	
Derivative instruments (Note 5)		268,426
Long-term debt, net of current portion (Note 7)	2,831,178	22,101,425
Total Liabilities	**3,148,380**	**22,534,681**
Net Assets/Equity:		
Members' equity		3,181,187
Accumulated earnings (deficit)		(1,029,204)
Unrestricted net assets	5,866,752	
Temporarily restricted net assets (Note 8)	1,261,803	
Total Net Assets and Equity	**7,128,555**	**2,151,983**
Total Liabilities, Net Assets and Equity	**$ 10,276,935**	**$ 24,686,664**

See accompanying notes.

Global Partnerships Social Investment Fund 2010, LLC	*Global Partnerships Microfinance Fund 2008, LLC*	*Global Partnerships Microfinance Fund 2006, LLC*	*GP Fund Management, LLC*	*Eliminations*	*2014 Consolidated Total*	*2013 Consolidated Total*
$ 2,843,850	$ 260,790	$ 219	$ 25,623	$ -	$ 10,428,048	$ 16,533,444
					232,175	1,008,558
9,654,038	20,199,321	429			34,998,702	15,677,085
288,394	66,115				590,479	393,581
4,336	131			(23,616)	11,002	5,961
					8,594	18,963
12,790,618	**20,526,357**	**648**	**25,623**	**(23,616)**	**46,269,000**	**33,637,592**
						45,000
12,501,430					27,902,545	31,729,299
				(6,268,512)	263,759	63,759
					80,843	125,133
$ 25,292,048	**$ 20,526,357**	**$ 648**	**$ 25,623**	**$ (6,292,128)**	**$ 74,516,147**	**$ 65,600,783**
$ 10,948	$ 6,181	$ -	$ 9,500	$ (23,616)	$ 58,696	$ 58,584
	17,366,533				17,366,533	
111,933			21,380		470,043	417,791
122,881	**17,372,714**		**30,880**	**(23,616)**	**17,895,272**	**476,375**
					89,619	86,828
18,944	41,311				328,681	
23,500,000			1,000	(1,000)	48,432,603	57,385,283
23,641,825	**17,414,025**		**31,880**	**(24,616)**	**66,746,175**	**57,948,486**
1,500,000	1,500,000	86,225	100	(6,267,512)		
150,223	1,612,332	(85,577)	(6,357)		641,417	159,923
					5,866,752	5,859,727
					1,261,803	1,632,647
1,650,223	**3,112,332**	**648**	**(6,257)**	**(6,267,512)**	**7,769,972**	**7,652,297**
$ 25,292,048	**$ 20,526,357**	**$ 648**	**$ 25,623**	**$ (6,292,128)**	**$ 74,516,147**	**$ 65,600,783**

GLOBAL PARTNERSHIPS AND SUBSIDIARIES

Consolidated Statement of Activities with Consolidating Information
For the Year Ended June 30, 2014
(With Comparative Totals for 2013)

	Global Partnerships	*Global Partnerships Social Investment Fund 5.0, LLC*
Operating Unrestricted Activity Revenue and Other Support:		
Contributions	$ 915,953	$ -
In-kind contributions	623,829	
Earned income	1,121,052	1,133,227
Other income	41,717	21,709
Net assets released from restrictions	1,312,174	
Total Operating Unrestricted Activity Revenue and Other Support	**4,014,725**	**1,154,936**
Operating Expenses:		
Program services	2,909,640	1,305,299
Management and general	246,397	
Fundraising	851,663	
Total Operating Expenses	**4,007,700**	**1,305,299**
Excess of Revenues and Other Support Over Expenses from Operating Activities	**7,025**	**(150,363)**
Unrealized foreign currency translation gains (losses)		42,275
Change in fair value of derivative instruments		(268,427)
Change in Unrestricted Net Assets	**7,025**	**(376,515)**
Changes in Temporarily Restricted Net Assets		
Contributions	941,330	
Net assets released from restrictions	(1,312,174)	
Change in Temporarily Restricted Net Assets	**(370,844)**	
Changes in Net Assets	**(363,819)**	**(376,515)**
Beginning of Year Net Assets / Equity:		
Members' equity		2,000,000
Accumulated earnings (deficit)		(652,689)
Unrestricted net assets	5,859,727	
Temporarily restricted net assets	1,632,647	
Total Beginning of Year Net Assets / Equity	**7,492,374**	**1,347,311**
End of Year Net Assets / Equity:		
Members' equity		2,000,000
Members' equity contribution		1,181,187
Members' equity return of capital		
Total members' equity		3,181,187
Accumulated earnings (deficit)		(1,029,204)
Unrestricted net assets	5,866,752	
Temporarily restricted net assets	1,261,803	
Total End of Year Net Assets / Equity	**$ 7,128,555**	**$ 2,151,983**

See accompanying notes.

Global Partnerships Social Investment Fund 2010, LLC	*Global Partnerships Microfinance Fund 2008, LLC*	*Global Partnerships Microfinance Fund 2006, LLC*	*GP Fund Management, LLC*	*Eliminations*	*2014 Consolidated Total*	*2013 Consolidated Total*
$ -	$ -	$ -	$ -	$ -	$ 915,953	$ 643,723
					623,829	693,211
1,725,393	1,648,222		995,433	(1,991,183)	4,632,144	3,617,327
27,882	2,540		5	(40,587)	53,266	107,798
					1,312,174	1,709,961
1,753,275	**1,650,762**		**995,438**	**(2,031,770)**	**7,537,366**	**6,772,020**
1,379,426	1,090,128	(25,750)	996,347	(2,031,770)	5,623,320	5,215,060
					246,397	359,315
					851,663	847,528
1,379,426	**1,090,128**	**(25,750)**	**996,347**	**(2,031,770)**	**6,721,380**	**6,421,903**
373,849	**560,634**	**25,750**	**(909)**		**815,986**	**350,117**
(67,132)	26,071				1,214	
(18,944)	(41,310)				(328,681)	
287,773	**545,395**	**25,750**	**(909)**		**488,519**	**350,117**
					941,330	1,322,857
					(1,312,174)	(1,709,961)
					(370,844)	**(387,104)**
287,773	**545,395**	**25,750**	**(909)**		**117,675**	**(36,987)**
1,500,000	1,500,000	112,225	100	(5,112,325)		
(137,550)	1,066,937	(111,327)	(5,448)		159,923	(358,924)
					5,859,727	6,028,457
					1,632,647	2,019,751
1,362,450	**2,566,937**	**898**	**(5,348)**	**(5,112,325)**	**7,652,297**	**7,689,284**
1,500,000	1,500,000	112,225	100	(5,112,325)		
				(1,181,187)		
		(26,000)		26,000		
1,500,000	1,500,000	86,225	100	(6,267,512)		
150,223	1,612,332	(85,577)	(6,357)		641,417	159,923
					5,866,752	5,859,727
					1,261,803	1,632,647
$ 1,650,223	**$ 3,112,332**	**$ 648**	**$ (6,257)**	**$ (6,267,512)**	**$ 7,769,972**	**$ 7,652,297**

GLOBAL PARTNERSHIPS AND SUBSIDIARIES

Consolidated Statement of Cash Flows
For the Year Ended June 30, 2014
(With Comparative Totals for 2013)

	2014 Consolidated Total	*2013 Consolidated Total*
Cash Flows from Operating Activities:		
Change in net assets	$ 117,675	$ (36,987)
Adjustments to reconcile change in net assets to net cash provided by operating activities-		
Depreciation and amortization	61,880	38,072
Social investment loan loss allowance	377,000	24,007
Unrealized losses on change in fair value of derivative instruments	328,681	
Unrealized foreign currency translation gain	(1,214)	
Changes in assets and liabilities:		
Pledges receivable	821,383	572,691
Interest receivable	(196,898)	(66,758)
Other receivables	(5,041)	(1,469)
Other assets	10,369	19,727
Investment in other entity	(200,000)	
Accounts payable	112	(34,645)
Accrued liabilities	52,252	129,723
Deferred rent liability	2,791	7,140
Net Cash Provided by Operating Activities	**1,368,990**	**651,501**
Cash Flows from Investing Activities:		
Issuance of social investment loans	(27,214,721)	(19,563,766)
Principal repayments on social investment loans	11,344,072	11,401,292
Purchase of property and equipment	(17,590)	(8,137)
Net Cash Used in Investing Activities	**(15,888,239)**	**(8,170,611)**
Cash Flows from Financing Activities:		
Issuance of long-term debt instruments	9,563,853	15,450,000
Principal repayments on long-term debt instruments	(1,150,000)	
Net Cash Provided by Financing Activities	**8,413,853**	**15,450,000**
Net Change in Cash	**(6,105,396)**	**7,930,890**
Cash balance, beginning of year	16,533,444	8,602,554
Cash Balance, End of Year	**$ 10,428,048**	**$ 16,533,444**
Supplemental Information:		
Cash paid for interest	**$ 2,139,181**	**$ 1,672,917**

See accompanying notes.

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 pioneers and invests in market-based, sustainable solutions that help impoverished people earn a living and improve their lives. The Organization provides grant capital to finance promising, early stage opportunities and loan capital to sustain and expand already-proven solutions by investing in innovative mission-driven partners. As of June 30, 2014, GP had more than $64.3 million invested in 46 partner organizations in eleven countries 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, rural livelihoods and green technology.

Since 2005, GP has formed five Social Investment Funds (collectively, the Funds) to serve as investment vehicles to make low-cost secured and unsecured loans 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, and institutions. Two 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 5.0, LLC (SIF5.0), Global Partnerships Social Investment Fund 2010, LLC (SIF2010), and Global Partnerships Microfinance Fund 2008, LLC. (MFF2008). SIF5.0, SIF2010, MFF2008 were formed in December 2012, August 2010, and October 2008, respectively. The Global Partnerships Microfinance Fund 2006, LLC repaid all investors on schedule in March 2012 and has one remaining partner loan. As of June 30, 2014, GP has outstanding contributed capital of $3,181,187 in cash to SIF5.0, $1,500,000 in cash to SIF2010, $1,500,000 in cash to MFF2008, and $86,225 in cash to MFF2006.

The GP Fund Management LLC 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.

Principles of Consolidation - The consolidated financial statements include the activities of GP and its subsidiaries, Global Partnerships Social Investment Fund 5.0, LLC, Global Partnerships Social Investment Fund 2010, LLC, Global Partnerships Microfinance Fund 2008, LLC, Global Partnerships Microfinance Fund 2006, 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 the Organization and changes therein are classified and reported as follows:

> <u>Unrestricted Net Assets</u> - Represents resources, which have met all applicable donor restrictions and are considered to be available for unrestricted use.
>
> <u>Temporarily Restricted Net Assets</u> - Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization or the passage of time.
>
> <u>Permanently Restricted Net Assets</u> - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. As of June 30, 2014 and 2013, the Organization had 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.

Cash Equivalents - The Organization 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 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 this investment totaled $250,000 and $50,000 at June 30, 2014 and 2013. 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, 2014 and 2013.

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 Organization'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 statement of activities.

Accounting for Foreign Currency Denominated Transactions - The books and records of the Organization 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.

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, GAAP defines a fair value hierarchy that prioritizes the inputs to valuation approaches into three broad levels. The hierarchy gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable inputs (Level 3).

Note 1 - Continued

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 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, 2014.

> Derivative Financial Instrument - Determined to be Level 3 and the value based on the present value of projected future cash flows given currency rates in effect as of a given measurement date.

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 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 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.

In-Kind Contributions - The Organization 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 SIF 5.0 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 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.

Note 1 - Continued

Comparative Amounts for 2013 - 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 consolidated financial statements for the year ended June 30, 2013, from which the summarized information was derived.

Subsequent Events - The Organization's management has evaluated subsequent events through September 11, 2014, the date on which the financial statements were available to be issued.

Note 2 - Concentrations

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

At June 30, 2014, the Organization had pledges receivable from three donors which represents approximately 65 percent of total pledges receivable. At June 30, 2013, the Organization had pledges receivable from three donors which represented approximately 48 percent of total pledges receivable. At June 30, 2014, the Organization had contributions from three donors representing 40 percent of total contributions. At June 30, 2013, the Organization had contributions from two donors representing 19 percent of total contributions. At June 30, 2014, the Organization had in-kind contributions from two law firms representing 82 percent of total in-kind contributions. At June 30, 2013, the Organization had in-kind contributions from two law firms representing 90 percent of total in-kind contributions. At June 30, 2014, the Organization had investor notes payable to one investor representing 36 percent of outstanding long-term debt. At June 30, 2013, the Organization had investor notes payable to one investor representing 31 percent of outstanding long-term debt.

Note 3 - Pledges Receivable

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

	2014	*2013*
Receivables due in one year	$ 237,175	$ 1,013,558
Receivables due in two to three years		45,000
Gross Pledges Receivable	**237,175**	**1,058,558**
Less allowance for uncollectible pledges	(5,000)	(5,000)
Less current portion, net	(232,175)	(1,008,558)
Total Long-Term Pledges Receivable	**$ -**	**$ 45,000**

Note 4 - Social Investment Loans Receivable

GP provides loans to a select group of mission-aligned partner organizations, such as microfinance institutions and cooperatives. 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,	*2014*	*2013*
2014	$ -	$ 16,030,085
2015	35,783,702	26,749,140
2016	15,629,112	4,448,492
2017	6,025,000	1,166,667
2018	6,828,433	
	64,266,247	48,394,384
Less current maturities, net of allowance	(34,998,702)	(15,677,085)
Less allowance for loan losses (current portion)	(785,000)	(353,000)
Less allowance for loan losses (long-term portion)	(580,000)	(635,000)
Total Long-Term Social Investment Loans Receivable	**$ 27,902,545**	**$ 31,729,299**

During the years ended June 30, 2014 and 2013, no write-downs were charged against the allowance for loan losses. Changes in the allowance for loan losses represent 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.

Note 5 - Foreign Currency Loans Receivable

The Organization 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 gains of $1,214 were recognized for the year ending June 30, 2014 and are included in nonoperating section of the statement of activities.

Note 5 - Continued

To manage the fluctuations of foreign currency values related to the loans denominated in foreign currencies, the Organization enters into a currency swap agreement for each foreign currency loan. A currency swap 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 swap agreements for all loans denominated in foreign currencies and these swap agreements mature in concert with the outstanding foreign currency loans. The cost of the currency swap agreements is part of the loan costs paid for by the partner organization receiving the foreign currency loan. As a result of the currency swap agreements the Organization has reduced its currency risk so that the value of the loan repayments would be less or greater than the original loan amounts. The Organization does not enter into derivative financial instrument agreements for trading or speculative purposes. The net position of the currency swaps is recorded in the statement of financial position. The derivative instruments were recorded at their fair value resulting in a change in fair value of derivative instruments of $328,681 for the year ended June 30, 2014. The change in fair value of derivative instruments is included in the nonoperating section of the consolidated statement of activities.

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
Balance, June 30, 2013	$ -
Unrealized losses	(328,681)
Balance, June 30, 2014	**$ (328,681)**

Note 6 - Property and Equipment

Property and equipment consists of the following at June 30:

	2014	*2013*
Furniture, fixtures, equipment and software	$ 216,550	$ 219,158
Leasehold improvements	31,313	29,674
	247,863	248,832
Less accumulated depreciation and amortization	(167,020)	(123,699)
Total Property and Equipment, Net	**$ 80,843**	**$ 125,133**

Note 7 - Long-Term Debt

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

	2014	*2013*
Global Partnerships Limited recourse notes issued between March, 2013 and June, 2014 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, 2014, the contingent interest liability and contingent principal repayment amounts to be paid likely at maturity cannot be reasonably estimated by management.	$ 2,681,178	$ 1,500,000
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	
Global Partnerships Microfinance Fund 2008 Unsecured notes in 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.	17,366,533	18,516,533
Global Partnerships Social Investment Fund 2010 Unsecured notes in SIF2010 issued October 2010, and 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, 2014, the contingent interest liability cannot be reasonably estimated by management.	23,500,000	23,418,750
Global Partnerships Social Investment Fund 5.0 Unsecured notes in SIF5.0 issued between March, 2013 and June, 2014 with interest payable quarterly at rates ranging from 2.00% to 4.00% per annum, maturity dates of March, 2016, March, 2018 and March, 2023.	22,101,425	13,950,000
Total	**$ 65,799,136**	**$ 57,385,283**

Note 7 - Continued

Debt maturities consist of the following at June 30:

For the Year Ending June 30,

2015	$ 17,366,533
2016	24,100,000
2017	150,000
2018	7,045,086
2019	
Thereafter	17,137,517
	$ 65,799,136

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 and the Caribbean. In fiscal year 2011, GP purchased an unsecured note of $281,250 in SIF2010, of which $81,250 of the original balance was outstanding at June 30, 2013. This note was sold to another investor during the year ended June 30, 2014.

Note 8 - Temporarily Restricted Net Assets

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

	2014	*2013*
Pledges - time restriction	$ 232,175	$ 1,053,558
Health services - purpose restriction	861,128	410,589
Synergy Capital Fund - time and purpose restrictions	168,500	168,500
Total Temporarily Restricted Net Assets	**$ 1,261,803**	**$ 1,632,647**

For the year ended June 30, 2014, temporarily restricted net assets of $124,870 and $1,187,304 were released from donor restrictions by the fulfillment of restrictions and passage of time, respectively.

Note 9 - 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 under noncancelable operating leases are as follows for the years ending June 30:

For the Year Ending June 30,	
2015	$ 142,310
2016	146,232
2017	148,023
2018	152,371
2019	156,719
Thereafter	256,501
Total Minimum Rental Payments	**$ 1,002,156**

Rent expense for operating leases totaled $169,964 and $169,502 for the years ended June 30, 2014 and 2013, 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, 2014 and 2013, the Organization's contributions to the Plan were $132,358 and $128,482, respectively.

Note 11 - Related Parties

Certain unsecured notes invested in the Organization are held with GP board members and other related parties with outstanding balances of $2,798,330 and $3,500,000 as of June 30, 2014 and 2013, respectively.

SUPPLEMENTARY INFORMATION

GLOBAL PARTNERSHIPS AND SUBSIDIARIES

Consolidated Schedule of Functional Operating Expenses
For the Year Ended June 30, 2014
(With Comparative Totals for 2013)

	Total Program Services	*Management and General*	*Fundraising*	*2014 Consolidated Total*	*2013 Consolidated Total*
Wages and salaries	$ 1,250,389	$ 138,943	$ 425,274	$ 1,814,606	$ 1,726,630
Employee benefits	266,701	28,239	84,330	379,270	353,744
Payroll taxes	96,959	8,038	30,723	135,720	128,868
Total Salaries and Related Expenses	**1,614,049**	**175,220**	**540,327**	**2,329,596**	**2,209,242**
Interest	2,183,202			2,183,202	1,719,848
Legal and accounting fees	651,862	23,928	5,674	681,464	801,447
Reserve for social investment losses	377,000			377,000	24,007
Contract labor	175,268	1,943	7,259	184,470	159,407
Occupancy	125,579	10,531	37,206	173,316	173,120
Travel	127,827	169	12,293	140,289	205,657
Program grants	134,630			134,630	457,679
Marketing	12,119	1,724	106,751	120,594	142,988
Consulting fees	14,688	790	79,116	94,594	127,667
Depreciation and amortization	53,708	1,755	6,417	61,880	38,072
Insurance	26,809	18,512		45,321	49,606
Office equipment and maintenance	20,845	2,380	21,981	45,206	37,768
Loan fees	41,069			41,069	157,655
Bank charges	14,049	3,925	8,984	26,958	28,475
Telephone	17,160	884	3,368	21,412	15,861
Office supplies and postage	7,789	320	10,614	18,723	23,170
Business taxes	5,413	1,565		6,978	17,322
Miscellaneous	20,254	2,751	11,673	34,678	32,912
Total Expenses	**$ 5,623,320**	**$ 246,397**	**$ 851,663**	**$ 6,721,380**	**$ 6,421,903**

See independent auditor's report.