

SOUTH AFRICA PARTNERS, INC.

**Financial Statements
June 30, 2009**

SOUTH AFRICA PARTNERS, INC.

FINANCIAL STATEMENTS
JUNE 30, 2009

Table of Contents

| | <u>PAGE</u> |
|--|-------------|
| Independent Auditors' Report on the Financial Statements and the Supplementary Schedule of Expenditures of Federal Awards | 1-2 |
| <u>Financial Statements</u> | |
| Statement of Financial Position | 3 |
| Statement of Activities | 4 |
| Statement of Functional Expenses | 5 |
| Statement of Cash Flows | 6 |
| Notes to Financial Statements | 7-11 |
| <u>Additional Information</u> | |
| Schedule of Expenditures of Federal Awards | 12 |
| Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards | 13-14 |
| Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 | 15-16 |
| Schedule of Findings and Questioned Costs | 17 |

S,G&C

SANDBERG, GONZALEZ & CREEDEN, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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To The Board of Directors of
South Africa Partners, Inc.
Boston, MA

Independent Auditors' Report on the Financial Statements and the Supplementary Schedule of Expenditures of Federal Awards

We have audited the accompanying statement of financial position of South Africa Partners, Inc. as of June 30, 2009, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

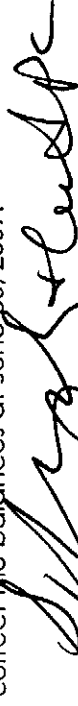
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and 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 the 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 financial statements referred to above present fairly, in all material respects, the financial position of South Africa Partners, Inc. as of June 30, 2009, 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.

In accordance with Government Auditing Standards, we have also issued our report dated November 17, 2009, on our consideration of South Africa Partners, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of South Africa Partners, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

As described in Note 12 to the financial statements, a prior period adjustment has been made to correct the balances at June 30, 2009.



SANDBERG, GONZALEZ & CREEDEN, P.C.
Certified Public Accountants

Stoughton, Massachusetts
November 17, 2009

SOUTH AFRICA PARTNERS, INC.

STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED JUNE 30, 2009

ASSETS

| | <u>2009</u> |
|--------------------------------------|--------------------------|
| <u>Current Assets</u> | |
| Cash | \$ 267,626 |
| Accounts receivable | 13,680 |
| Prepaid expenses | 5,424 |
| Total current assets | <u>286,730</u> |
| <u>Property and Equipment</u> | |
| Equipment | 27,861 |
| Less: accumulated depreciation | (15,169) |
| Total property and equipment | <u>12,692</u> |
| <u>Other Assets</u> | |
| Security deposit | 2,570 |
| Total other assets | <u>2,570</u> |
| <u>Total Assets</u> | <u>\$ 301,992</u> |

LIABILITIES AND NET ASSETS

| | |
|--|--------------------------|
| <u>Current Liabilities</u> | |
| Accrued expenses | \$ 27,382 |
| Total current liabilities | <u>27,382</u> |
| <u>Net Assets</u> | |
| Unrestricted | 86,094 |
| Temporarily restricted | 188,516 |
| Total net assets | <u>274,610</u> |
| <u>Total Liabilities and Net Assets</u> | <u>\$ 301,992</u> |

See accompanying notes. See Independent Auditors' Report on the Financial Statements and the Supplementary Schedule of Expenditures of Federal Awards.

SOUTH AFRICA PARTNERS, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
|---|---------------------|-----------------------------------|-------------------|
| <u>Support and Revenue</u> | | | |
| Grants and contributions | \$ 441,190 | \$ 230,016 | \$ 671,206 |
| Released from restrictions | 68,189 | (68,189) | |
| Contract fees | 901,740 | | 901,740 |
| Book sales | 19,725 | | 19,725 |
| Rental income | 9,000 | | 9,000 |
| Other income | 2,677 | | 2,677 |
| Realized (loss) on stock sale | (1,286) | | (1,286) |
| Interest | 327 | | 327 |
| Gain (loss) on exchange rate conversion | <u>3,142</u> | | <u>3,142</u> |
| <u>Total Support and Revenue</u> | <u>1,444,704</u> | <u>161,827</u> | <u>1,606,531</u> |
| <u>Expenses</u> | | | |
| Program services | 1,009,344 | | 1,009,344 |
| Management and general | 226,157 | | 226,157 |
| Fundraising | <u>192,912</u> | | <u>192,912</u> |
| <u>Total Expenses</u> | <u>1,428,413</u> | | <u>1,428,413</u> |
| <u>Change in Net Assets - before prior period adjustment</u> | 16,291 | 161,827 | 178,118 |
| <u>Prior Period Adjustment</u> | <u>11,007</u> | | <u>11,007</u> |
| <u>Increase in Net Assets</u> | 27,298 | 161,827 | 189,125 |
| <u>Net Assets - Beginning of Year</u> | <u>58,796</u> | <u>26,689</u> | <u>85,485</u> |
| <u>Net Assets - End of Year</u> | <u>\$ 86,094</u> | <u>\$ 188,516</u> | <u>\$ 274,610</u> |

See accompanying notes. See Independent Auditors' Report on the Financial Statements and the Supplementary Schedule of Expenditures of Federal Awards.

SOUTH AFRICA PARTNERS, INC.

**SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2009**

| | Program Services | Management and General | Fundraising | Total |
|-------------------------------------|---------------------|---------------------------|-------------|--------------|
| Salaries | \$ 118,429 | \$ 53,106 | \$ 40,182 | \$ 211,717 |
| Salaries - South Africa | 263,742 | 13,411 | | 277,153 |
| Payroll taxes | 11,165 | 4,985 | 3,788 | 19,938 |
| Employee benefits | 21,839 | 9,750 | 7,409 | 38,998 |
| Total salaries and related expenses | 415,175 | 81,252 | 51,379 | 547,806 |
| Advertising | 134 | 187 | | 321 |
| Bank charges | | 4,189 | | 4,189 |
| Board expenses | | 1,223 | | 1,223 |
| Consultants | 141,296 | 64,098 | 3,540 | 208,934 |
| Depreciation | 2,512 | 1,122 | 852 | 4,486 |
| Equipment rental | 1,692 | 756 | 574 | 3,022 |
| Event expenses | | | 108,086 | 108,086 |
| Fees | | 1,151 | | 1,151 |
| Grant expense | 150,408 | | | 150,408 |
| Insurance | 1,014 | 453 | 343 | 1,810 |
| Interest expense | | 1,656 | | 1,656 |
| Meetings | 28,171 | 612 | 131 | 28,914 |
| Miscellaneous | | 686 | | 686 |
| Payroll processing | | 822 | | 822 |
| Postage and delivery | 11,855 | 5,009 | 2,110 | 18,974 |
| Printing and copying | 5,594 | 12,753 | 4,027 | 22,374 |
| Professional fees | | 12,000 | | 12,000 |
| Rent | 43,200 | 9,495 | 6,184 | 58,879 |
| Repairs and maintenance | | 920 | | 920 |
| Sales commissions | | 2,587 | | 2,587 |
| Sales tax | | 57 | | 57 |
| Supplies | 36,499 | 9,421 | 4,078 | 49,998 |
| Technology | 3,838 | 1,713 | 1,302 | 6,853 |
| Telephone | 12,336 | 5,507 | 4,185 | 22,028 |
| Travel | 154,085 | 7,942 | 5,706 | 167,733 |
| Utilities | 1,222 | 546 | 415 | 2,183 |
| Workshops | 313 | | | 313 |
| Total expenses | \$ 1,009,344 | \$ 226,157 | \$ 192,912 | \$ 1,428,413 |

See accompanying notes. See Independent Auditors' Report on the Financial Statements and the Supplementary Schedule of Expenditures of Federal Awards.

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SOUTH AFRICA PARTNERS, INC.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009**

Cash Flows From Operating Activities

| | |
|---|---------------|
| Change in net assets | \$ 189,125 |
| Adjustments to reconcile change in net assets to cash provided by operating activities: | |
| Depreciation | 4,486 |
| (Increase) decrease in: | |
| Accounts receivables | 67,559 |
| Pledges receivable | 11,700 |
| Prepaid expenses | (1,361) |
| Increase (decrease) in: | |
| Accrued expenses | <u>18,060</u> |

Net Cash Provided by Operating Activities

289,569

Cash Flows From Investing Activities

| | |
|-----------------------------|--------------|
| Purchase of fixed assets | (14,188) |
| Payment of security deposit | <u>(570)</u> |

Net Cash (Used) by Investing Activities

(14,758)

Cash Flows From Financing Activities

| | |
|------------------------------|------------------|
| Proceeds from line of credit | 75,000 |
| Payment on line of credit | <u>(125,000)</u> |

Net Cash (Used) by Financing Activities

(50,000)

Increase in Cash and Cash Equivalents

224,811

Cash and Cash Equivalents - Beginning of Year

42,815

Cash and Cash Equivalents - End of Year

\$ 267,626

SUPPLEMENTAL INFORMATION:

| | |
|--|-----------------|
| Interest paid | <u>\$ 1,656</u> |
| Write-off of fully depreciated equipment | <u>\$ 1,107</u> |

See accompanying notes. See Independent Auditors' Report on the Financial Statements and the Supplementary Schedule of Expenditures of Federal Awards.

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SOUTH AFRICA PARTNERS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

Note 1. Organization

South Africa Partners, Inc. (SA Partners) was organized in the Commonwealth of Massachusetts as a not-for-profit corporation on July 23, 1997. SA Partners is dedicated to the establishment of mutually beneficial institutional partnerships between the United States and South Africa, in the areas of health, education, and economic development. Working with state and local government, academic institutions, and community organizations, SA Partners is creating a model for international development that is based on long-term commitment and sustainability. Partnerships are focused on addressing social, political, and economic needs in a manner that strengthens communities, builds institutional capacity, and fosters local leadership.

SA Partners is committed to identifying and facilitating strategic partnership opportunities that:

- Strengthen the capacity of South African organizations and improve their ability to carry out program activities;
- Offer the potential for long-term collaborations between institutions in the United States and South Africa;
- Identify model programs and "best practices" that can be replicated in both countries;
- Encourage "people-to-people" initiatives that strengthen relationships between the two countries.

SA Partners headquarters are in Boston, Massachusetts, U.S.A and it has a program and administrative office in East London, South Africa. The financial statements include activity from both offices.

Note 2. Summary of Significant Accounting Policies

- a. Standards of Accounting and Reporting
The Organization follows standards of accounting and financial reporting as described in the American Institute of Certified Public Accountants' Audit and Accounting Guide for "Not-for-Profit Organizations."

The accompanying schedule of expenditures of federal awards includes the federal grant activity of South Africa Partners, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

- b. Financial Statement Presentation
The accompanying combined financial statement presentation follows the requirements of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to the three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

SOUTH AFRICA PARTNERS, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

(Continued)

Note 2. Summary of Significant Accounting Policies (Continued)

Unrestricted - Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily Restricted - Net assets whose use by the Organization is subject to donor-imposed restrictions that can be fulfilled by actions of the Organization pursuant to those restrictions or that expire by the passage of time.

Permanently Restricted - Net assets subject to donor-imposed restrictions that they be maintained permanently by the Organization. No permanently restricted assets were received or held during 2009 and accordingly, these financials do not reflect any activity related to this class of net assets for 2009.

c. Property and Equipment

These assets are recorded at cost when purchased, or if donated, at their estimated fair value at date of donation. All acquisitions of property and equipment in excess of \$1,000 and all expenditures that materially prolong the useful lives of assets are capitalized.

d. Depreciation

Provisions for depreciation are made in the accounts using the straight-line method. Office equipment is being depreciated over 3-5 years.

e. Allocation of Expenses

Expenses are allocated among program and supporting services directly or on the basis of time records and utilization estimates made by the Organization's management. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

f. Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

g. Promise to Give

Unconditional promises to give are recorded as revenues or gains in the period received and as assets, decreases in liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

SOUTH AFRICA PARTNERS, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

(Continued)

Note 2. Summary of Significant Accounting Policies (Continued)

- h. Use of Estimates
The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- i. Restricted and Unrestricted Revenue and Support
The Organization accounts for its contributions under SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted net assets support depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified and reported in the statement of activities as net assets released from restriction.

Note 3. Tax Status

South Africa Partners, Inc. is exempt from federal and state income tax under Section 501 (c)(3) of the Internal Revenue Code and accordingly, no provision for income taxes is included in the financial statements. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(a) and has been classified as an organization that is not a private foundation under Section 509(a)(1).

Note 4. Compensated Absences

The Organization records vacation and sick pay as expenses when paid. No accrual has been recorded in the accompanying financial statements.

Note 5. Joint Costs

The Organization distributes programmatic information and newsletters that include a fundraising appeal. Total joint costs including printing and postage were \$41,348. Of that total, \$6,137 has been allocated to fundraising.

Note 6. Line of Credit

The Organization obtained a line of credit with a limit of up to \$100,000 in fiscal year 2009. At June 30, 2009 there was no balance due.

SOUTH AFRICA PARTNERS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

(Continued)

Note 7. Rental space

The Organization rents office space as a tenant-at-will for office space located at 89 South Street, Boston, Massachusetts, at a cost of \$2,944 per month.

In addition, the Organization rents office space as a tenant-at-will for office space in South Africa. Rent in South Africa totaled \$21,083.

Rent expense for both the Boston and South Africa offices totaled \$58,879 and \$52,731 for the fiscal years ended June 30, 2009.

Note 8. Equipment Lease

The Organization entered into an equipment lease for a copy machine beginning April 2007. Monthly payments of \$236 are required. Equipment rental expense for the year ended June 30, 2009 was \$3,022.

Future minimum lease payments under this lease are as follows:

| | |
|------|----------|
| FY10 | \$ 2,774 |
| FY11 | 2,774 |
| FY12 | 2,312 |

Note 9. Foreign Operations

South Africa Partners, Inc. maintains facilities in South Africa. As of June 30, 2009, current assets in South Africa, including cash and receivables totaled \$12,333; property and equipment, net of accumulated depreciation, amounted to \$11,873; and liabilities in other countries were \$5,034.

Support and revenue for the foreign office is raised and distributed by South Africa Partners, Inc. Account balances relating to foreign operations are reflected in the financial statements in United States dollars.

Note 10. Foreign Bank Accounts

The Organization's cash balance includes \$8,164 deposited in a local bank in South Africa. An exchange rate of 7.736 South African and United States dollar, respectively, were utilized at June 30, 2009.

Note 11. Temporarily Restricted Assets

The current temporarily restricted net assets balance represents the following restrictions.

| | |
|------------------------------|-------------------|
| Program | \$ 188,516 |
| Total Temporarily Restricted | <u>\$ 188,516</u> |

SOUTH AFRICA PARTNERS, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

(Continued)

Note 12. Prior Period Adjustment

Unrestricted net assets at the beginning of 2009 have been adjusted for additions of foreign activities in the South Africa office, not recognized in prior years. The correction has no effect on the results of the current year activities; however, the cumulative effect increases the beginning unrestricted net assets for 2009 by \$11,007.

Note 13. Concentrations on Credit Risk

The Organization maintains cash and cash equivalents in various local financial institutions. Cash accounts at banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation. Amounts in excess of insured limits were \$51,458 at June 30, 2009. Management monitors the financial condition of the banking institution on a regular basis, along with balances in the cash accounts, in order to keep the potential risk to a minimum.

SOUTH AFRICA PARTNERS, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009

| | <u>CFDA No.</u> | <u>Grant Number</u> | <u>Federal Award</u> | <u>Expenditures</u> |
|--|-----------------|---------------------|----------------------|---------------------|
| <u>Department of Health and Human Services</u> | | | | |
| <u>Disease Control and Prevention</u> | | | | |
| Pass through from Africare Injongo Yethu Comprehensive HIV/AIDS Project | 93.941 | 5U62PS024056-05 | \$ 499,993 | \$ 462,305 |
| Pass through from PATH | | | | |
| HIV/AIDS,STD and TB Prevention | 93.941 | 5U2GPS000731-02 | 230,642 | 199,667 |
| Pass through from NASTAD Global Aids | 93.067 | | 396,363 | <u>167,393</u> |
| <u>Total Department of Health and Human Services for Disease Control and Prevention</u> | | | | |
| | | | | <u>\$ 829,365</u> |
| <u>Total Expenditures of Federal Awards</u> | | | | |
| | | | | <u>\$ 829,365</u> |

See accompanying notes. See Independent Auditors' Report on the Financial Statements and the Supplementary Schedule of Expenditures of Federal Awards.

S, G & C

To the Board of Directors of
South Africa Partners, Inc.
Boston, Massachusetts

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based
on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

We have audited the financial statements of South Africa Partners, Inc. as of and for the year ended June 30, 2009, and have issued our report thereon dated November 17, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered South Africa Partners, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of South Africa Partners, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether South Africa Partners, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the management, Board of Directors, and state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


SANDBERG, GONZALEZ & CREEDEN, P.C.

Certified Public Accountants

Stoughton, Massachusetts
November 17, 2009

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To the Board of Directors of
South Africa Partners, Inc.
Boston, Massachusetts

Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133

Compliance

We have audited the compliance of South Africa Partners, Inc. with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2009. South Africa Partners, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of South Africa Partners, Inc.'s management. Our responsibility is to express an opinion on South Africa Partners, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about South Africa Partners, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on South Africa Partners, Inc.'s compliance with those requirements.

In our opinion, South Africa Partners, Inc. complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of South Africa Partners, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered South Africa Partners, Inc. internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of South Africa Partners, Inc. internal control over compliance.

A control deficiency in an organization's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the organization's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information of the management, board of directors, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



SANDBERG, GONZALEZ & CREEDEN, P.C.
Certified Public Accountants

Stoughton, Massachusetts
November 17, 2009

S, G & C

SOUTH AFRICA PARTNERS, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009

SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of South Africa Partners, Inc.
2. No material weaknesses or significant deficiencies relating to the audit of the financial statements are reported in the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of South Africa Partners, Inc. were disclosed during the audit.
4. No material weaknesses or significant deficiencies relating to the audit of the major federal award programs are reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs for South Africa Partners, Inc. expresses an unqualified opinion on all major federal programs.
6. Not applicable.
7. The programs tested as major programs include:

| | |
|--|--------|
| Injongo Yethu Comprehensive HIV/Aids Project | 93.941 |
| HIV/Aids, STD and TB Prevention | 93.941 |
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. South Africa Partners, Inc. did not qualify as a low-risk auditee.

FINDINGS - FINANCIAL STATEMENT AUDIT

NONE

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

NONE

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