



**SOUTH AFRICA PARTNERS, INC.**  
**Financial Statements**  
**June 30, 2012**  
**(With Comparative Totals for 2011)**

**SOUTH AFRICA PARTNERS, INC.**  
FINANCIAL STATEMENTS  
JUNE 30, 2012  
(WITH COMPARATIVE TOTALS FOR 2011)

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

Independent Auditors' Report on the Financial Statements and on 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, 2012, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of South Africa Partners, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the South Africa office, which statements reflect total assets of \$172,272 as of June 30, 2012, and total expenses of \$1,143,206 for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the South Africa office, is based solely on the report of the other auditors.

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, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 30, 2012, 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, and grant 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 performed for the purpose of forming an opinion on the financial statements 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 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.



GONZALEZ & ASSOCIATES, P.C.  
Certified Public Accountants

Stoughton, Massachusetts  
November 30, 2012

**SOUTH AFRICA PARTNERS, INC.**

STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2012  
(WITH COMPARATIVE TOTALS FOR 2011)

**ASSETS**

	2012	2011
<b><u>Current Assets</u></b>		
Cash	\$ 368,362	\$ 227,297
Investments	5,138	5,132
Accounts receivable	1,566	47,202
Pledges receivable	17,500	
Other receivable	60,351	27,231
Prepaid expenses	7,928	22,955
Total current assets	460,845	329,817
<b><u>Property and Equipment</u></b>		
Furniture and equipment	53,875	37,779
Less: accumulated depreciation	(23,020)	(21,270)
Total property and equipment	30,855	16,509
<b><u>Other Assets</u></b>		
Security deposit	3,463	3,698
Total other assets	3,463	3,698
<b><u>Total Assets</u></b>	<b>\$ 495,163</b>	<b>\$ 350,024</b>

**LIABILITIES AND NET ASSETS**

<b><u>Current Liabilities</u></b>		
Accrued expenses	\$ 77,014	\$ 124,095
Service fee advance	15,000	35,139
Line of credit	50,000	
Total current liabilities	142,014	159,234
<b><u>Net Assets</u></b>		
Unrestricted	196,802	119,902
Temporarily restricted	156,347	70,888
Total net assets	353,149	190,790
<b><u>Total Liabilities and Net Assets</u></b>	<b>\$ 495,163</b>	<b>\$ 350,024</b>

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, 2012  
(WITH COMPARATIVE TOTALS FOR 2011)

	2012			2011
	Unrestricted	Temporarily Restricted	Total	Total
<b><u>Support and Revenue</u></b>				
Grants and contributions	\$ 174,298	\$ 556,377	\$ 730,675	\$ 649,776
Released from restrictions	470,918	(470,918)		
Contract fees	1,587,209		1,587,209	1,357,256
Trip income	36,428		36,428	41,052
Book sales	737		737	4,066
Rental income	6,750		6,750	9,000
Other income				5,399
Interest and dividends	1,575		1,575	290
Unrealized gain on investments	4		4	701
Gain/(loss) on exchange rate conversion	17,049		17,049	(6,882)
<b><u>Total Support and Revenue</u></b>	<b>2,294,968</b>	<b>85,459</b>	<b>2,380,427</b>	<b>2,060,658</b>
<b><u>Expenses</u></b>				
Program services	1,831,374		1,831,374	1,809,981
Management and general	321,092		321,092	273,744
Fundraising	65,602		65,602	104,980
<b><u>Total Expenses</u></b>	<b>2,218,068</b>		<b>2,218,068</b>	<b>2,188,705</b>
<b><u>Change in Net Assets</u></b>	<b>76,900</b>	<b>85,459</b>	<b>162,359</b>	<b>(128,047)</b>
<b><u>Net Assets - Beginning of Year</u></b>	<b>119,902</b>	<b>70,888</b>	<b>190,790</b>	<b>318,837</b>
<b><u>Net Assets - End of Year</u></b>	<b>\$ 196,802</b>	<b>\$ 156,347</b>	<b>\$ 353,149</b>	<b>\$ 190,790</b>

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 FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2012  
(WITH COMPARATIVE TOTALS FOR 2011)

	2012			2011	
	Program Services	Management and General	Fundraising	Total	Total
Salaries	\$ 108,690	\$ 55,320	\$ 44,861	\$ 208,871	\$ 228,933
Salaries - South Africa	489,774	51,733		541,507	680,973
Payroll taxes	16,446	5,178	3,401	25,025	29,051
Employee benefits	72,070	10,547	4,824	87,441	93,567
Total salaries and related expenses	686,980	122,778	53,086	862,844	1,032,524
Advertising	900	110		1,010	725
Automobile expenses	817			817	
Bank and credit card fees		4,875		4,875	5,276
Board expenses					1,383
Consultants	282,303	75,047	475	357,825	366,340
Depreciation	8,059	797		8,856	5,288
Dues and subscriptions	1,100	327		1,427	2,203
Equipment rental	4,302	1,274	750	6,326	3,267
Event expenses					114,086
Grant expense	321,497			321,497	136,634
Insurance	5,052	884	379	6,315	5,001
Interest expense		2,850		2,850	2
Meetings and conferences	78,839	8,672		87,511	59,217
Miscellaneous		1,420	95	1,515	1,778
Payroll processing		759		759	856
Postage and delivery	1,045	4,913	722	6,680	10,822
Printing and copying	23,937	6,672	737	31,346	22,092
Professional development	3,557	288		3,845	2,983
Professional fees	2,009	32,928		34,937	22,940
Rent	52,366	13,316	7,419	73,101	64,257
Repairs and maintenance	2,677	702		3,379	4,400
Security	1,302	110		1,412	1,325
Storage		702		702	
Supplies	27,112	6,928	659	34,699	21,558
Technology	7,948	320	40	8,308	11,587
Telephone	36,067	3,598	414	40,079	38,960
Travel	271,928	27,333		299,261	249,169
Utilities	3,690	1,177	826	5,693	4,032
Website	7,887	2,312		10,199	
Total expenses	<u>\$ 1,831,374</u>	<u>\$ 321,092</u>	<u>\$ 65,602</u>	<u>\$ 2,218,068</u>	<u>\$2,188,705</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 CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2012  
(WITH COMPARATIVE TOTALS FOR 2011)

	2012	2011
<b><u>Cash Flows From Operating Activities</u></b>		
Change in net assets	\$ 162,359	\$ (128,047)
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Depreciation	8,856	3,556
Unrealized (gain) on investments	(4)	(701)
(Increase) decrease in:		
Accounts receivable	45,636	(2,652)
Pledges receivable	(17,500)	10,000
Other receivable	(33,120)	(27,231)
Prepaid expenses	15,027	(10,743)
Increase (decrease) in:		
Accrued expenses	(47,081)	91,629
Service fee advance	(20,139)	18,621
	<u>114,034</u>	<u>(45,568)</u>
<b><u>Net Cash Provided (Used) by Operating Activities</u></b>		
<b><u>Cash Flows From Investing Activities</u></b>		
Purchase of investments	(89,437)	(56,452)
Redemption of investments	89,435	56,559
Purchase of fixed assets	(23,202)	(12,902)
Application (payment) of security deposit	235	(1,123)
	<u>(22,969)</u>	<u>(13,918)</u>
<b><u>Net Cash (Used) by Investing Activities</u></b>		
<b><u>Cash Flows From Financing Activities</u></b>		
Proceeds from line of credit	50,000	0
	<u>50,000</u>	<u>0</u>
<b><u>Net Cash Provided by Financing Activities</u></b>		
<b><u>Increase (Decrease) in Cash and Cash Equivalents</u></b>	<u>141,065</u>	<u>(59,486)</u>
<b><u>Cash and Cash Equivalents - Beginning of Year</u></b>	<u>227,297</u>	<u>286,783</u>
<b><u>Cash and Cash Equivalents - End of Year</u></b>	<u>\$ 368,362</u>	<u>\$ 227,297</u>
<b>SUPPLEMENTAL INFORMATION:</b>		
Interest paid	<u>\$ 2,850</u>	<u>\$ 2</u>
Write off of fully depreciated equipment	<u>\$ 4,750</u>	<u>\$ 1,312</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.**

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012

#### **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 program and administrative offices in East London and Port Elizabeth, South Africa. The financial statements include activity from all 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. under programs of the federal government for the year ended June 30, 2012. 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. Because the Schedule presents only a selected portion of the operations of South Africa Partners, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of South Africa Partners, Inc.

b. Financial Statement Presentation

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, 2012

(Continued)

**Note 2. Summary of Significant Accounting Policies** (Continued)

b. Financial Statement Presentation (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 2012 and 2011 and accordingly, these financial statements do not reflect any activity related to this class of net assets for 2012 and 2011.

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. 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, 2012

(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 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.
- j. Summarized Comparative Financial Statements  
The financial information shown for 2011 in the accompanying financial statements is included to provide a basis for comparison with 2012 and presents summarized totals only. Such information does not include sufficient data to constitute a presentation in conformity with generally accepted accounting principles. Certain accounts in the prior year financial statements may have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.
- k. Contracts  
Financial awards from state governmental entities in the form of grants are subject to special audit. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.
- l. Investments  
Investments are presented in the financial statements at fair market value. South Africa Partners, Inc. maintains an investment account in order to receive stock donations. Donated stock is sold shortly after it is received. As of June 30, 2012, the Organization held investments ready to be sold with a fair market value of \$5,138.
- m. Fair Value  
The Organization follows the Financial Accounting Standards Board's (FASB) Accounting Standards Codification (ASC) Topic 820 "Fair Value Measurements and Disclosures", for assets and liabilities that are measured at fair value on a recurring basis, and to determine fair value disclosures. The standard defines fair value and it

**SOUTH AFRICA PARTNERS, INC.**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012

(Continued)

**Note 2. Summary of Significant Accounting Policies** (Continued)

- m. Fair Value (continued)  
establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. The standard applies to certain other existing pronouncements that require or permit fair value measurements. It does not establish or change any existing requirements for fair value accounting.

Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The fair value accounting standard established a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. The three tiers are defined as:

- Level 1 – Observable inputs such as quoted prices in active markets.
- Level 2 – Inputs other than Level 1 inputs that are observable, whether directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable markets.
- Level 3 – Unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions and are significant to the fair measurement.

The Organization's investments are valued based on Level 1 inputs within the fair value hierarchy.

- n. Grants Made  
Grants are made from available resources in accordance with donor and grant committee recommendations. Liabilities for grants made are recognized when approved by the Board of Directors and payment is generally made shortly thereafter.

**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).

The office in South Africa is a non-profit organization incorporated under section 21 A of the Companies Act of South Africa, and therefore, it is exempt from tax.

The Organization's federal exempt organization tax returns for the years ended June 30, 2009, 2010 and 2011 are subject to examination by the Internal Revenue Service, generally for three years after they are filed.

**SOUTH AFRICA PARTNERS, INC.**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012

(Continued)

**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. Rental Space**

The Organization rents office space extended their lease effective November 2009 for three years through October 2012 for office space located at 89 South Street, Boston, Massachusetts, at a cost of \$2,944 per month.

In addition, the Organization rents office and program space for two offices in South Africa. The lease for East London, South Africa is effective from November 2009 through October 2012. A lease for additional space in Port Elizabeth, South Africa was entered into in FY2011 and is effective from March 2011 through March 2013. Rent expense in South Africa totaled \$37,772 for FY2012.

Rent expense for both the Boston and South Africa offices totaled \$73,100 and \$64,257 for the fiscal years ended June 30, 2012 and 2011 respectively.

Future minimum lease payments are as follows:

FY13	\$ 19,779
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South Africa Partners, Inc. subleases a portion of their office under a tenant at will agreement. Rental income for FY2012 totaled \$6,750.

**Note 6. Equipment Lease**

The Organization entered into an equipment lease for a copy machine beginning April 2007. Monthly payments of \$231 plus overages were required through January 2012. A new lease was entered into in January 2012 for five years. Monthly payments under the new lease are \$290 plus overages. Equipment rental expense for the year ended June 30, 2012 was \$3,571.

Future minimum lease payments are as follows:

FY13	\$3,478
FY14	\$3,478
FY15	\$3,478
FY16	\$3,478
FY17	\$1,739

**Note 7. Line of Credit**

The Organization has a line of credit with a limit of up to \$50,000 which was renewed through February 28, 2013. At June 30, 2012, the outstanding balance was \$50,000.

**SOUTH AFRICA PARTNERS, INC.**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012

(Continued)

**Note 8. Foreign Bank Accounts**

The Organization's cash balance includes \$79,950 deposited in a local bank in South Africa. An exchange rate of 7.749 South African rands per United States dollar, was utilized at June 30, 2012.

**Note 9. Foreign Operations**

South Africa Partners, Inc. maintains facilities in South Africa. As of June 30, 2012 account balances in South Africa included: cash on hand and in banks totaling \$80,427; receivables totaling \$60,251; deposits totaling \$1,463; property and equipment, net of accumulated depreciation, amounting to \$30,131; and liabilities totaling \$42,941. 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. Temporarily Restricted Assets**

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

Nelson Mandela Legacy Project	\$ 124,965
Donor Advised Programs	11,382
FY2013 Gala	<u>20,000</u>
Total Temporarily Restricted	<u>\$ 156,347</u>

**Note 11. Service Fee Advance**

Service fee advances consist of monies received for an educational tour to South Africa in FY2013.

**Note 12. Deposits**

Deposits consist of the following:

Office rental – Boston	\$ 2,000
Office rental – South Africa	<u>1,463</u>
Total Deposits	<u>\$ 3,463</u>

**Note 13. Substantial Support**

The Organization received substantial support under the following service agreements:

Centers for Disease Control and Prevention (CDC)	\$ 1,387,500
Program for Appropriate Technology in Health (PATH)	<u>186,764</u>
Total	<u>\$ 1,574,264</u>
Percentage of total revenue	<u>66%</u>

**SOUTH AFRICA PARTNERS, INC.**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012

(Continued)

**Note 14. Related Organization**

South Africa Partners, Inc. (SAP) maintains a relationship with Masibumbane Development Organization (MDO), an exempt organization under South Africa charities law. SAP and MDO have 50% overlap amount the boards. Generally Accepted Accounting Principles (GAAP) requires combined/consolidated financial statements when there is a majority interest in the board; because the 50% interest does not constitute a majority, these financial statements are not required to be combined.

**Note 15. Pledges Receivable**

Pledges receivable as of June 30, 2012 are due to be collected in FY2013.

**Note 16. Subsequent Events**

Subsequent events were evaluated through November 30, 2012, which is the date the financial statements were available to be issued.

**SOUTH AFRICA PARTNERS, INC.**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2012

	<u>CFDA No.</u>	<u>Grant Number</u>	<u>Federal Award</u>	<u>Expenditures</u>
<b><u>Department of Health and Human Services</u></b>				
<b><u>Disease Control and Prevention</u></b>				
Direct				
Promoting Healthy Living Among PLHIV	93.067			
9/30/2011 – 9/29/2012		5U2GPS001816-03	\$1,250,000	\$ 954,800
9/30/2010 – 9/30/2011		3U2GPS001816-02W1	1,250,000	<u>315,000</u>
			Subtotal	<u>1,269,800</u>
HIV Prevention in Eastern Cape Correctional Services Facilities	93.067			
9/30/2011 – 9/29/2012		1U2GGH000250-01	250,000	117,700
Pass through from PATH				
HIV/AIDS, STD and TB Prevention	93.067			
		5U2GPS000731-05	200,000	<u>186,764</u>
<b><u>Total Department of Health and Human Services for Disease Control and Prevention</u></b>				<u>1,574,264</u>
<b><u>Total Expenditures of Federal Awards</u></b>				<u>\$ 1,574,264</u>

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



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, 2012, and have issued our report thereon dated November 30, 2012. 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 deficiency in internal control 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 material weakness is a deficiency, or combination of deficiencies, in internal control that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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 deficiencies, 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

GONZALEZ & ASSOCIATES, P.C.  
Certified Public Accountants

Stoughton, Massachusetts  
November 30, 2012

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

Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

Compliance

We have audited South Africa Partners, Inc.'s compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. South Africa Partners, Inc.'s major federal programs are identified in the summary of auditor's 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 of South Africa Partners, Inc.'s compliance with those requirements.

In our opinion, South Africa Partners, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of South Africa Partners, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered South Africa Partners, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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 and use of management, board of directors, others within the entity, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



GONZALEZ & ASSOCIATES, P.C.  
Certified Public Accountants

Stoughton, Massachusetts  
November 30, 2012

**SOUTH AFRICA PARTNERS, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2012**

**SUMMARY OF AUDITORS' RESULTS**

1. The auditors' report expresses an unqualified opinion on the financial statements of South Africa Partners, Inc.
2. No 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. which would be required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on 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.
6. Not applicable.
7. The programs tested as major programs include:

Promoting Healthy Living Among PLHIV	93.067
HIV/AIDS, STD and TB Prevention	93.067
HIV Prevention in Eastern Cape Correctional Services Facilities	93.067
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. South Africa Partners, Inc. qualified as a low-risk auditee.

**FINDINGS - FINANCIAL STATEMENT AUDIT**

NONE

**FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT**

NONE