

Financial Statements

INTERNATIONAL PARTNERSHIP
FOR HUMAN DEVELOPMENT

December 31, 2013

GENERAL ORGANIZATIONAL DATA

ORGANIZATION AND PURPOSE

International Partnership for Human Development (IPHD) was incorporated under the laws of the State of New Jersey on November 10, 1983, and reincorporated in the Commonwealth of Virginia July 1, 1991 to operate a non-stock, nonprofit organization.

International Partnership for Human Development was established to help poverty level peoples around the world without discriminating as to race, religion, ethnicity and political philosophy to achieve a better standard of living through humanitarian assistance and community self-help programs.

International Partnership for Human Development was granted exemption from Federal Income Tax under Section 501(c)(3) of the Internal Revenue Code on September 24, 1981.

OFFICERS AND BOARD OF DIRECTORS

OFFICERS

William M. Pruzensky, Ph.D., President

Susan Langley, Secretary

Daniel E. Shaughnessy, Treasurer

BOARD OF DIRECTORS

Brenda Bowman

Gilbert R. Irwin, M.D.

Susan Langley

Marianne Evans Mount, Ph.D.

William M. Pruzensky, Ph.D.

Daniel E. Shaughnessy

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AMANDA L. MASON, CPA

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

To the Board of Directors
International Partnership for Human Development
Leesburg, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of International Partnership for Human Development (a nonprofit organization), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, functional expenses, and 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 control 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 did not audit the foreign country in-country assistance programs which comprises substantially all the program activity for International Partnership for Human Development. Those programs and financial transactions were audited by other auditors, whose reports are furnished to us, and in our opinion, insofar as it related to those program activity included herein, 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 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, based on our audit and reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of International Partnership for Human Development as of December 31, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 27, 2014 on our consideration of International Partnership of Human Development 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering International Partnership for Human Development internal control over financial reporting and compliance.

Leesburg, Virginia
August 27, 2014

Mitchell & Co., P.C.

INTERNATIONAL PARTNERSHIP FOR HUMAN DEVELOPMENT

STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2013

ASSETS

Current Assets

Cash and cash equivalents	\$ 6,793,678
Commodities inventory	6,444,513
Accounts receivable	74,628
Grants receivable	855,173
Prepaid and other assets	3,938
Total current assets	<u>14,171,930</u>

Property and equipment, less accumulated depreciation of \$8,684

-

Security deposits

2,900

Total Assets

\$ 14,174,830

LIABILITIES AND NET ASSETS

Current Liabilities

Accrued expenses and payables	\$ 73,108
Project loans	56,423
Total current liabilities	<u>129,531</u>

Net assets

U.S. government supported programs	10,455,340
Foreign government supported programs	3,589,959
Total net assets	<u>14,045,299</u>

Total Liabilities and Net Assets

\$ 14,174,830

See Notes to Financial Statements.

INTERNATIONAL PARTNERSHIP FOR HUMAN DEVELOPMENT

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2013

SUPPORT AND REVENUE

Public support

USDA provided in-kind support

Commodities \$ 7,028,540

Freight 3,543,769

Program partner provided in-kind support

Medical supplies 473,854

Farm equipment 3,800,000

U.S. Government grants and program support 7,132,978

Other grants and donations 4,635,619

Total public support 26,614,760

Revenue

Commodities sales 180,400

Interest income 2,566

Reimbursement/other 663,663

Currency conversions 28,286

Total revenue 874,915

Total support and revenue 27,489,675

EXPENSES

Program Services

Direct 33,570,979

Management and general 486,052

Total expenses 34,057,031

Change in Net Assets (6,567,356)

Net Assets, beginning of year 20,612,655

Net Assets, end of year \$ 14,045,299

See Notes to Financial Statements.

INTERNATIONAL PARTNERSHIP FOR HUMAN DEVELOPMENT

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Program Services		
	Direct	Management and General	Total
Salaries and wages	\$ 131,434	\$ 232,199	\$ 363,633
Payroll taxes	-	21,791	21,791
Fringe benefits	-	41,461	41,461
Total salaries and related expenses	131,434	295,451	426,885
Accounting and finance	48,126	22,060	70,186
Dues and subscriptions	-	3,866	3,866
Bank charges	25,504	4,013	29,517
Rent	70,291	39,551	109,842
Communications	91,143	7,721	98,864
Commodities and freight distributions	11,746,120	-	11,746,120
Consultants and in country program management	1,937,322	-	1,937,322
Insurance	69,969	10,674	80,643
Housing/hardships	148,776	-	148,776
Office supplies	63,806	5,161	68,967
Postage, printing and handling	12,015	1,569	13,584
Project equipment	7,776,630	-	7,776,630
Repairs and maintenance	142,701	4,421	147,122
Travel	278,774	21,936	300,710
Transportation	1,681,131	15,838	1,696,969
Utilities	305,349	-	305,349
In-country direct project expenses	8,437,908	-	8,437,908
Warehouse expenses	603,980	-	603,980
Other	-	53,410	53,410
Depreciation	-	381	381
Total expenses	\$ 33,570,979	\$ 486,052	\$ 34,057,031

See Notes to Financial Statements.

INTERNATIONAL PARTNERSHIP FOR HUMAN DEVELOPMENT

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Cash Flows From Operating Activities

Change in net assets	\$ (6,567,356)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	381
(Increase) decrease in assets:	
Commodities inventory	267,755
Accounts receivable	384,511
Grants receivable	(855,173)
Other assets	4,670
Decrease (increase) in liabilities:	
Accrued expenses and payables	(30,710)
Program advances	58,044
Net cash used in operating activities	<u>(6,737,878)</u>

Cash and Cash Equivalents

Beginning of year	<u>13,531,556</u>
End of year	<u>\$ 6,793,678</u>

See Notes to Financial Statements.

INTERNATIONAL PARTNERSHIP FOR HUMAN DEVELOPMENT

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities and Significant Accounting Policies

Nature of Activities

International Partnership for Human Development (IPHD) was formed in 1983 to administer food and economic aid programs in support of relief agencies in Eastern Europe, Asia, Africa and Latin America. IPHD is involved with the acquisition and distribution of agricultural commodities and grants from the U.S. Department of Agriculture (USDA), U.S. Agency for International Development (USAID), and the U.S. Department of State (USDOS). Commodities are shipped by donated services from pick-up points in the United States to the port of export and shipped overseas to be warehoused in the countries for distribution and monetization. The ocean freight is paid by the United States government. Funds from the monetization are used for foreign in country economic aid programs.

Significant Accounting Policies

The accounting and reporting policies of IPHD conform to generally accepted accounting principles and the reporting practices appropriate for nonprofit organizations. The significant accounting principles are summarized below:

Basis of Presentation: Financial statements presentation follows the recommendations of the Financial Accounting Standards Board (FASB) as defined in the FASB Accounting Standards Codification (ASC) Topic 958, *Not-For-Profit Entities*. Under ASC Topic 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Revenue Recognition: Revenues are recorded as income when earned and expenses are recognized when incurred. The majority of the Organization's support is from government grants which are accounted for as exchange transactions.

Cash and Cash Equivalents: For purposes of the statement of cash flows, the Organization considers all short-term debt securities purchased with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents received in conjunction with government grants are required to be held in separate accounts.

Furniture and Equipment: Furniture and equipment are stated at cost. Management's policy is to capitalize items valued over \$5,000. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets.

Income Taxes: The Organization is exempt from federal tax under Section 501(c)(3) of the Internal Revenue Code. The Organization is a publicly supported organization as defined in Section 170(b)(1)(a)(vi) of the code. Under Section 170 of the Code, contributions to the Organization qualify as charitable deductions. The Organization adopted the guidance under ASC Topic 740, *Income Taxes*. Management has evaluated the Organization's tax positions and concluded that the Organization has taken no uncertain tax provisions that would require adjustment to, or disclosure in, the financial statements to comply with the provisions of the guidance. Income tax reporting years open for IRS audit include 2011, 2012 and 2013.

Estimates: The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of support, revenue and expenses during the reporting period. Actual results could differ from those estimates.

INTERNATIONAL PARTNERSHIP FOR HUMAN DEVELOPMENT

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Commodities In-Kind Donations: The values of the commodities donated in conjunction with the Organization's programs are based on rates established by the world market, USDA and USAID. Donated commodities are reflected as support at estimated fair market value at the time provided to IPHD. The funds provided on the sale of donated commodities are used for foreign in country economic aid programs.

Commodities Inventory: Inventory represents commodities donated to the Organization by the USDA, USAID, and other organizations or purchased by the Organization with funds received for distribution and monetization. They are valued at the lower of cost-or-market and distributed on a first-in, first-out (FIFO) basis. Inventories used for monetization are sold at the prevailing market rate at the time of sale and are reflected as revenue at the time of sale.

Freight In-Kind Contributions: The fees and charges for shipping commodities are based on rates established by the shipping companies and paid for by the United States Government. The donated shipping services are reflected as support and project expenses at the established cost of the freight charges at the date the commodities are shipped.

Note 2. Office Space Lease Commitments

IPHD leases office space for their main central headquarters in Loudoun County, Virginia. The annual renewal lease expires February, 2015. Headquarters office rent and related expenses in 2013 amounted to \$39,821. The minimum future office lease obligation is as follows: 2014, \$41,474, 2015, \$6,946.

Note 3. Concentrations of Banking and Credit Risks

Cash and cash equivalents include demand deposits and money market accounts which are maintained at various financial institutions in the United States and foreign countries. Demand deposit account balances held in the United States are insured up to \$250,000 under the Federal Deposit Insurance Corporation (FDIC) insurance program. Deposits held at institutions outside of the United States are not covered by FDIC insurance. Deposits held in institutional money market accounts are fully insured under the Securities Investor Protection corporation (SIPC) private insurance program. Bank and cash held deposit account balances at December 31, 2013 are summarized as follows:

Description	Banking Accounts			
	Foreign	U.S.	Field cash held	Total
Cash deposits	\$ 2,964,452	\$ 3,715,671	\$ 189,445	\$ 6,869,568
Insured under FDIC	-	(272,014)	-	(272,014)
Cash deposits not insured	\$ 2,964,452	\$ 3,443,657	\$ 189,445	\$ 6,597,554

Note 4. Program Advances

IPHD receives program funding advances from a foreign in-country local program partner. IPHD started these various programs with this advanced funding and as program funds become available will reimburse its local program partner.

INTERNATIONAL PARTNERSHIP FOR HUMAN DEVELOPMENT

NOTES TO FINANCIAL STATEMENTS

Note 5. Foreign Currency Transaction

Assets and liabilities denominated in foreign currencies are translated into U. S. dollars at exchange rates in effect on reporting dates, and revenue and expenses are translated at rates which approximate those in effect on transaction dates. Transaction and translation gains and losses are included in current results.

Note 6. Contingencies

IPHD receives significant financial and non-financial program assistance from the U.S. government. Entitlement to such is generally conditioned upon compliance with terms and conditions of the related agreements and applicable federal regulations. The use of such resources is subject to audit by governmental agencies. Unless otherwise provided for in the grants or agreements, IPHD is contingently liable to refund amounts received if not utilized for allowable program expenditures.

Note 7. Foreign Country In-Country Program Audits

IPHD contracts with other auditors to perform foreign country in-country audits of the specific sponsored programs. Each program is audited by other independent international CPA firm auditors and these in-country audits are in various stages of completion. Mitchell & Co., P.C. CPA's audits information summarized and accounted at IPHD's administrative offices in Leesburg, Virginia and does not extend to direct foreign country in-country financial information.

Note 8. Net Assets

IPHD was organized to provide humanitarian assistance and administer community self-help programs throughout the world. As such, all funds received are dedicated, directed, used for, and restricted for these specialty programs and projects.

Note 9. Sources of Public Support

A summary of support and revenue from the following sources is as follows:

Description	U.S.	Foreign	UNICEF	Private	Total
Commodities and freight	\$ 10,572,309	\$ -	\$ -	\$ -	\$ 10,572,309
Medical supplies	-	-	-	473,854	473,854
Farm equipment	-	3,800,000	-	-	3,800,000
Grant and program support	7,132,978	-	-	-	7,132,978
Donations	-	4,594,144	40,375	1,100	4,635,619
	<u>\$ 17,705,287</u>	<u>\$ 8,394,144</u>	<u>\$ 40,375</u>	<u>\$ 474,954</u>	<u>\$ 26,614,760</u>

Note 10. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activity. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

INTERNATIONAL PARTNERSHIP FOR HUMAN DEVELOPMENT

NOTES TO FINANCIAL STATEMENTS

Note 11. Fair Value of Instruments

The Organization's financial instruments are cash and cash equivalents, commodities inventory, accounts and grants receivable, accounts payable and accrued expenses, the recorded values of which approximate their fair values based on their short-term nature.

Note 12. Civil Unrest in Central African Republic

In early 2013 a major civil disturbance occurred in the Central African Republic, including rioting, theft, and general anarchy, all of which seriously affected IPHD's ability to implement programs and maintain security of assets. This civil disturbance has continued into 2014. IPHD is in contact with relevant donors and continues to monitor the situation.

Note 13. Subsequent Events

IPHD has evaluated events and transactions subsequent to December 31, 2013 through August 27, 2014, the date these financial statements were available to be issued. Based on the definitions and requirements of the U.S. generally accepted accounting principles, management has not identified any events that have occurred subsequent to December 31, 2013 that require adjustment to, or disclosure in, the financial statements for the year ended December 31, 2013.

INTERNATIONAL PARTNERSHIP FOR HUMAN DEVELOPMENT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Federal Grantor/Grant #/Description	Federal CFDA #	Federal Expenditures
U. S. Department of Agriculture	10	
FCC-676-2006/019 Republic of Congo		\$ 105
FFE-679-2008/113 Republic of Congo		11,009
FFE-679-2011/020 Republic of Congo		6,002,933
FFE-657-2009/024 Guinea Bissau		690,767
FFE-657-2011/035 Guinea Bissau		115,950
FFE-657-2011/023-00 Guinea Bissau		7,279,548
FFE-657-2012-043-00 Guinea Bissau		614,287
		14,714,599
 U.S. Agency for International Development	 98	
FFP-G-00-10-00073 Central African Republic Breedlove		22,775
		22,775
 U.S. Department of State	 19.019	
S-SGTIP-10-GR-0067		170,880
S-SGTIP-11-GR-0017		170,970
		341,850
		\$ 15,079,224

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Note 1. Basis of Presentation

The above schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of IPHD under programs of the federal government for the year ended December 31, 2013. The information in this Schedule is presented in accordance with the requirements of Office of Management and Budget (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 IPHD, it is not intended to and does not present the financial position, changes in net assets, or cash flows of IPHD.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Where applicable, negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

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INDEPENDENT AUDITOR'S 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 STANDARD*

To the Board of Directors
International Partnership for Human Development
Leesburg, Virginia

We have audited, 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, the financial statements of International Partnership for Human Development (a nonprofit organization), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 27, 2014. Our report includes a reference to other auditors who audited the financial statements of the foreign country in-country assistance programs, as described in our report on International Partnership for Human Development's financial statements. This report includes our consideration of the results of the other auditors' testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered International Partnership for Human Development's internal control over financial reporting (internal control) to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of International Partnership for Human Development's internal control. Accordingly, we do not express an opinion on the effectiveness of International Partnership for Human Development's internal control.

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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit and that of other above referenced auditors, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

REPORT IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Compliance and Other Matters

As part of obtaining reasonable assurance about whether International Partnership for Human Development's financial statements are free from 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 and that of other above referenced auditors disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Leesburg, Virginia
August 27, 2014

Mitchell & Co., P.C.

MITCHELL & Co., P.C.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Directors
International Partnership for Human Development
Leesburg, Virginia

Report on Compliance for Each Major Federal Program

We have audited International Partnership for Human Development'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 International Partnership for Human Development's major federal programs for the year ended December 31, 2013. International Partnership for Human Development's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Other auditors performed program specific audits of the foreign country in-country assistance programs, as described in our report on International Partnership for Human Development's financial statements. This report includes our consideration of the results of the other auditors' specific program audits as it relates to those programs compliance with the requirements of laws, regulations, contracts and grants applicable to each of those specific programs that are reported on separately by those auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of other auditors.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of International Partnership for Human Development's major federal programs based on our audit of the types of compliance requirements referred to above. 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 International Partnership for Human Development'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 on compliance for each major federal program. However, our audit does not provide a legal determination of International Partnership for Human Development's compliance.

REPORT IN ACCORDANCE WITH OMB CIRCULAR A-133

Opinion on Each Major Federal Program

In our opinion, based on our audit and the reports of the other auditors, International Partnership for Human Development complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

Report on Internal Control Over Compliance

Management of International Partnership for Human Development is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered International Partnership for Human Development's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 International Partnership for Human Development'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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not nor the other above referenced auditors identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Leesburg, Virginia
August 27, 2014

Mitchell & Co., P.C.

INTERNATIONAL PARTNERSHIP FOR HUMAN DEVELOPMENT

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Section I – Summary of Auditor’s Results

Financial Statements:

Type of auditor’s report issued:	<u>Unqualified</u>
Internal control over financial reporting:	
• Material weaknesses identified:	_____ Yes <u>✓</u> No
• Significant deficiency(ies) identified:	_____ Yes <u>✓</u> No
Noncompliance material to financial statements noted:	_____ Yes <u>✓</u> No

Federal Awards:

Internal control over major programs:	
• Material weaknesses identified:	_____ Yes <u>✓</u> No
• Significant deficiency(ies) identified:	_____ Yes <u>✓</u> No
Type of auditor’s report issued on compliance for major programs:	<u>Unqualified</u>
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133:	_____ Yes <u>✓</u> No

Identification of major programs:

<u>Name of Federal Program/Cluster</u>	<u>CFDA Number</u>
U.S. Department of Agriculture	10

Dollar threshold to distinguish between type A and type B programs:	<u>\$300,000</u>
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Auditee qualified as a low-risk auditee: Yes	<u>✓</u> Yes _____ No
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Section II – Financial Statement Findings

There are no current year questioned costs or prior year findings requiring follow-up.

Section III – Federal Award Findings and Questioned Costs

There are no current year questioned costs or prior year findings requiring follow-up.