



Partners Asia

Financial Statements

For the Years Ended

December 31, 2025 and 2024

With Independent Auditors' Report Thereon

PARTNERS ASIA

(A Washington State Not-for-Profit Corporation)

Contents

	<u>Page</u>
Independent Auditors' Report	1
Audited Financial Statements:	
Statements of Financial Position	2
Statements of Activities and Changes in Net Assets	3
Statements of Cash Flows	4
Statements of Functional Expenses	5 - 6
Notes to Financial Statements	7 - 16

INDEPENDENT AUDITORS' REPORT

The Board of Directors Partners Asia

Opinion

We have audited the accompanying financial statements of Partners Asia (a nonprofit organization), which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Partners Asia as of December 31, 2025 and 2024, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Partners Asia and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Partners Asia's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

INDEPENDENT AUDITORS' REPORT

Page 1b

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Partners Asia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Partners Asia's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Regalia Berger & Berger

August 17, 2026
Danville, California

PARTNERS ASIA

**Statements of Financial Position
December 31, 2025 and 2024**

Assets

	2025	2024
Current Assets:		
Cash and cash equivalents	\$ 8,174,354	\$ 5,559,871
Grants and contributions receivable	1,551,585	1,905,821
Prepaid expenses and other assets	11,713	6,893
Total current assets	<u>9,737,652</u>	<u>7,472,585</u>
Noncurrent Assets:		
Grants and contributions receivable - noncurrent, net of discount	148,374	1,081,781
Operating lease right of use asset - premises	22,616	16,848
Deposits	4,504	4,504
Total assets	<u>\$ 9,913,146</u>	<u>\$ 8,575,718</u>

Liabilities and Net Assets

Liabilities:		
Accounts payable and accrued liabilities	\$ 76,753	\$ 98,606
Grants payable	119,377	118,237
Operating lease payable - current portion	8,592	14,527
Total current liabilities	<u>204,722</u>	<u>231,370</u>
Operating lease payable - noncurrent portion	12,693	2,500
Total liabilities	<u>217,415</u>	<u>233,870</u>
Net Assets:		
Without donor restrictions	4,154,013	2,836,054
With donor restrictions	5,541,718	5,505,794
Total net assets	<u>9,695,731</u>	<u>8,341,848</u>
Total liabilities and net assets	<u>\$ 9,913,146</u>	<u>\$ 8,575,718</u>

PARTNERS ASIA

Statements of Activities and Changes in Net Assets For the Years Ended December 31, 2025 and 2024

Changes in net assets without donor restrictions:

	2025	2024
Revenue and support:		
Individual contributions	\$ 196,108	\$ 59,116
Foundation and other contributions	1,370,652	949,190
Interest and investment income	205,584	171,985
Net assets released from restrictions	6,541,019	4,805,969
Total revenue and support	8,313,363	5,986,260
Expenses:		
Program	6,359,196	4,808,184
Fundraising	141,683	172,846
General and administrative	494,496	462,293
Total expenses	6,995,375	5,443,323
Change in net assets without donor restrictions		
before currency loss, net	1,317,988	542,937
Currency loss, net	(29)	(303)
Change in net assets without donor restrictions	1,317,959	542,634

Changes in net assets with donor restrictions:

Grants and contributions	6,463,575	4,618,013
Net assets released from restrictions	(6,541,019)	(4,805,969)
Change in unamortized discount	113,368	(21,700)
Change in net assets with donor restrictions	35,924	(209,656)
Change in net assets	1,353,883	332,978
Net assets at beginning of period	8,341,848	8,008,870
Net assets at end of period	\$ 9,695,731	\$ 8,341,848

PARTNERS ASIA

Statements of Cash Flows
For the Years Ended December 31, 2025 and 2024

	2025	2024
<i>Cash flows from operating activities:</i>		
Change in net assets	\$ 1,353,883	\$ 332,978
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Unrealized (gains) from investments	-	(7,151)
Realized (gains) on sale of investments	-	(7,035)
Change in unamortized discount on noncurrent receivables	(113,368)	21,700
Changes in:		
Grants and contributions receivable	1,401,011	(451,221)
Prepaid expenses and other assets	(4,820)	(6,184)
Operating lease assets and liabilities	(1,510)	144
Accounts payable and accrued liabilities	(21,853)	(4,118)
Grants payable	1,140	51,146
Net cash provided by (used for) operating activities	2,614,483	(69,741)
<i>Cash flows from investing activities:</i>		
Proceeds from disposition and maturities of investments	-	2,789,285
Net cash provided by investing activities	-	2,789,285
Increase in cash and cash equivalents	2,614,483	2,719,544
Cash and cash equivalents at beginning of year	5,559,871	2,840,327
Cash and cash equivalents at end of year	\$ 8,174,354	\$ 5,559,871
<i>Supplemental Disclosures:</i>		
Interest expense	\$ -	\$ -
State registration fees paid	\$ 500	\$ 500

PARTNERS ASIA

Statement of Functional Expenses For the Year Ended December 31, 2025

	Advocacy and Peace	Community Development	Gender Programs	All Other Programs	Total Program	Fund- raising	General and Admin- istrative	2025 Total
Bank charges/processing fees	\$ -	\$ -	\$ -	\$ 6	\$ 6	\$ -	\$ 20,557	\$ 20,563
Grants	2,656,325	1,518,790	-	522,165	4,697,280	-	-	4,697,280
Grant expenses	348,451	511,534	530,541	158,257	1,548,783	225	100	1,549,108
Information technology	433	802	5,699	2,194	9,128	3,570	6,068	18,766
Insurance	620	657	468	1,126	2,871	582	3,014	6,467
Memberships and dues	34	39	28	67	168	1,252	257	1,677
Miscellaneous	35	41	29	70	175	292	798	1,265
Occupancy	599	698	499	1,197	2,993	4,988	5,700	13,681
Postage and printing	-	-	-	-	-	102	327	429
Professional services	4,477	5,220	3,730	8,951	22,378	15,208	62,819	100,405
Salaries, payroll taxes and benefits	30,756	11,756	8,402	20,158	71,072	104,675	385,051	560,798
Supplies and office	530	619	442	1,183	2,774	4,565	5,825	13,164
Trainings and meetings	12	14	10	1,442	1,478	97	3,721	5,296
Travel	18	21	15	36	90	6,127	259	6,476
Totals	\$ 3,042,290	\$ 2,050,191	\$ 549,863	\$ 716,852	\$ 6,359,196	\$ 141,683	\$ 494,496	\$ 6,995,375

PARTNERS ASIA

Statement of Functional Expenses For the Year Ended December 31, 2024

	Advocacy and Peace	Community Development	Gender Programs	All Other Programs	Total Program	Fund- raising	General and Admin- istrative	2024 Total
Bank charges/processing fees	\$ 6	\$ -	\$ -	\$ -	\$ 6	\$ -	\$ 11,461	\$ 11,467
Grants	1,567,123	1,409,145	420,832	142,625	3,539,725	-	-	3,539,725
Grant expenses	272,084	445,358	33,286	413,773	1,164,501	9,085	11,128	1,184,714
Information technology	1,430	521	521	2,165	4,637	3,675	6,126	14,438
Insurance	642	685	685	979	2,991	783	1,919	5,693
Memberships and dues	18	22	21	30	91	5,152	257	5,500
Miscellaneous	15	18	18	26	77	129	219	425
Occupancy	491	572	571	817	2,451	4,085	7,090	13,626
Postage and printing	-	-	-	-	-	151	-	151
Professional services	2,492	2,907	2,906	4,154	12,459	40,793	47,478	100,730
Salaries, payroll taxes and benefits	29,873	11,498	11,499	16,434	69,304	102,171	374,296	545,771
Supplies and office	424	171	170	244	1,009	2,137	2,072	5,218
Trainings and meetings	2,560	-	-	5,000	7,560	3	247	7,810
Travel	-	-	-	3,373	3,373	4,682	-	8,055
Totals	\$ 1,877,158	\$ 1,870,897	\$ 470,509	\$ 589,620	\$ 4,808,184	\$ 172,846	\$ 462,293	\$ 5,443,323

Notes to Financial Statements
December 31, 2025 and 2024

1. Organization

Partners Asia is a 501(c)(3) public benefit corporation that supports community initiatives to improve the lives of the most marginalized people in Myanmar and regionally. Many of these people live in unstable areas within Myanmar and along its borders, where they risk displacement and exploitation. Partners Asia builds relationships with innovative community leaders and with international donors to help bridge the gap between local leaders and global resources.

Partners Asia works with local groups and informal networks of community organizations all around Myanmar (Burma), supporting projects with the shared goal of strengthening civil society among the most marginalized.

Opportunities, risks, and needs vary greatly in different communities, so Partners Asia backs trusted local partners who identify appropriate solutions, with projects addressing formal and non-formal education, women and child health, gender equality, village infrastructure, and legal rights for the disadvantaged. Partners Asia also funds community-led research, supports network building, and offers training and one-on-one assistance to help partners take their organizations to the next level.

In addition, Partners Asia directly engages local leaders and community-based organizations all along the Thailand-Myanmar border and migrants in urban centers. As in Myanmar, opportunities, risks, and needs differ depending on community.

In Thailand, Partners Asia's partners work with people who fled poverty and/or fighting in Myanmar, tailoring projects given their unique local knowledge that include: formal and non-formal schooling for Myanmar and stateless children; humanitarian emergency support to communities severely affected by fighting; assistance for migrants to obtain work permits and legal documentation; free medical care for poor migrants unrecognized as refugees.

Partners Asia offers individual support to local group leaders to improve programs and operations, and is building networks across the border into Myanmar.

2. Summary of Significant Accounting Policies

Basis of Presentation – The financial statements of Partners Asia have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles ("US GAAP"); consequently, revenues are recognized when earned and expenses and losses are recognized when incurred, regardless of the timing of cash flows.

Measure of Operations – The statements of activities and changes in net assets reflect all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to Partners Asia's ongoing operations which include a variety of programmatic activities. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Reclassifications – Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Notes to Financial Statements
December 31, 2025 and 2024

2. Summary of Significant Accounting Policies *(continued)*

Use of Estimates - The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents – All cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents. Cash and cash equivalents held temporarily in the investment portfolio are excluded from cash and cash equivalents available for current use.

Foreign Currency – Some of Partners Asia's disbursements are converted to local currency because Partners Asia funds its programs by transferring cash from the United States to certain foreign countries so that program expenses can be paid in local denominations (usually in the monetary currency of the countries of Myanmar and Thailand). All operating results reflected in the financial statements are reported in United States currency. This process requires management to convert amounts expended in other denominations into United States dollars utilizing an estimated exchange rate. This process is performed by the accounting department on a regular basis throughout the year and results in certain gains and losses on currency conversion which are reported separately on the statements of activities and changes in net assets.

Financial Instruments and Credit Risk – Deposit concentration risk is managed by placing cash, money market accounts, and certificates of deposit with financial institutions believed by Partners Asia to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. Insured accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per insured bank, for each account ownership category. As of December 31, 2025, Partners Asia's cash and bank sweep balances held with its bank and broker exceeded FDIC insurance, in the aggregate, by approximately \$493,000. Partners Asia also held \$7,183,490 in a money market mutual fund at December 31, 2025, which is not covered by FDIC insurance. To date, no losses have been experienced in any of these accounts. Credit risk associated with grants and contributions receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from established, nationally recognized foundations.

Grants and Contributions Receivable – Partners Asia records grants and contributions receivable that are expected to be collected within one year at net realizable value. Grants and contributions receivable expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities and changes in net assets. Any allowance for uncollectable grants and contributions receivable is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Grants and contributions receivable are written off when deemed uncollectable. Historically, Partners Asia has collected all of its grants and contributions receivable, and as a result, management has determined that no allowance for doubtful accounts is necessary as of December 31, 2025.

Notes to Financial Statements
December 31, 2025 and 2024

2. Summary of Significant Accounting Policies *(continued)*

Investments – Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at fair value. Unrealized gains and losses are reported as increases or decreases in net assets without donor restrictions or net assets with donor restrictions depending if their use is restricted by donor stipulations or law. Net investment return is reported in the statements of activities and changes in net assets and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Right of Use Leased Assets and Liabilities – Right of use leased assets and the related liabilities are recognized at the lease commencement date and represent Partners Asia's right to use an underlying asset and lease obligations for the lease term. Lease liabilities are measured at the present value of future lease payments discounted using the rate implicit in the lease, or the risk-free rate when the implicit rate is not readily determinable. Right of use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Operating lease expense is recognized on a straight-line basis over the lease term.

Partners Asia has elected the short-term lease exemption for leases with an initial term of 12 months or less and does not recognize right of use assets or lease liabilities for such leases. Lease payments for short-term leases are recognized on a straight-line basis over the lease term.

Net Assets - Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Thus, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions

Net assets without donor restrictions represent funds which are available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has the ability to designate, from net assets without donor restrictions, net assets for any particular purpose, such as an operating reserve however, no such designations have been made.

Net Assets with Donor Restrictions

Net assets with donor restrictions consist of funds which are subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those restrictions which will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions can be perpetual in nature, where the donor stipulates resources be maintained in perpetuity. Partners Asia reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets.

When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Notes to Financial Statements
December 31, 2025 and 2024

2. Summary of Significant Accounting Policies *(continued)*

Net Assets *(continued)* - Conditional contributions and grants receivable with a measurable performance or other barrier and a right of return are not recognized until the conditions on which they depend are substantially met. Amounts received prior to incurring qualifying expenditures are recorded as refundable advances in the statement of financial position.

Contributed Nonfinancial Assets – Contributed services and in-kind contributions are reflected at the fair value of the contribution received in accordance with [ASC 958-605, Not-for-Profit Entities – Revenue Recognition](#). The contributions of services, equipment and other materials are recognized if they (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

In addition to contributed nonfinancial assets, volunteers may contribute time to Partners Asia's program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles.

Revenue and Revenue Recognition – Revenue is recognized in accordance with authoritative guidance, including [ASC 958-605, Not-for-Profit Entities – Revenue Recognition](#). Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received, and are recorded based on the existence and/or nature of any donor-imposed restrictions.

Contributions without donor-imposed restrictions are reported as net assets without donor restrictions. Contributions with donor-imposed restrictions are reported as net assets with donor restrictions. When a donor-imposed time or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. A transfer of funds with a conditional promise to contribute is accounted for as a refundable advance until the conditions have been substantially met.

Functional Allocation of Expenses - The costs of providing program and other activities have been summarized on a functional basis in the statements of activities in accordance with the requirements of [ASC 958-205 - Not-for-Profit Entities - Presentation of Financial Statements](#). The statements of functional expenses present the natural classification detail of expenses by function.

Expenses that can be directly identified with a specific program or supporting service are charged directly to that function. Other costs that benefit more than one function have been allocated among the programs and supporting services on an equitable basis, as determined by management. A majority of expenses (salaries, payroll taxes, benefits, certain professional services) have been allocated based on time and effort using Partners Asia's payroll allocations. Other expenses (occupancy, insurance, supplies, and office) have been allocated based on headcount at Partners Asia's U.S. office and/or foreign locations. Grants and related grant expenses have been reflected in the program category that corresponds to the project specified in the original grant agreement.

Notes to Financial Statements
December 31, 2025 and 2024

2. Summary of Significant Accounting Policies *(continued)*

Income Taxes – Partners Asia has received determination letters from the Internal Revenue Service and the State of California Franchise Tax Board recognizing it as exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code, respectively. Partners Asia's exemption from federal and state income taxes remains in effect and is subject to periodic review by the applicable taxing authorities. Management believes that Partners Asia continues to operate in compliance with all applicable requirements to maintain its tax-exempt status.

Partners Asia may be subject to tax on income that is unrelated to its exempt purpose. Partners Asia had no unrelated business income during the years ended December 31, 2025 and 2024. Management has evaluated Partners Asia's tax positions in accordance with [ASC 740-10](#), Accounting for Uncertainty in Income Taxes, and has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Recently Issued Accounting Pronouncements – Adopted – Partners Asia has adopted [ASC 326, Financial Instruments – Credit Losses](#), which replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The CECL model is applicable to the measurement of credit losses on financial assets measured at amortized cost. CECL requires entities to measure all expected credit losses for applicable financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. The impact of adoption of this standard was not material to the financial statements.

3. Cash and Cash Equivalents

Cash and cash equivalents consist of funds on deposit in various financial institutions. The composition of cash and cash equivalents is as follows at December 31:

	2025	2024
Funds on deposit in domestic banks (noninterest-bearing)	\$ 202,058	\$ 287,113
Funds on deposit in sweep account (interest-bearing)	788,806	1,267,442
Money market mutual fund	7,183,490	4,005,316
Total	<u>\$ 8,174,354</u>	<u>\$ 5,559,871</u>

Funds in interest-bearing accounts bore interest at 0.10% per annum at December 31, 2025. Interest and dividend income earned from the interest-bearing accounts and from the money market mutual fund amounted to \$205,584 and \$157,799, respectively, for the years ended December 31, 2025 and 2024.

4. Liquidity

Partners Asia regularly monitors the liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the safeguarding of its available funds. Partners Asia has various sources of liquidity at its disposal, including cash and cash equivalents, investments, and the future collection of receivables. For purposes of analyzing resources available to meet general expenditures over a 12-month period, Partners Asia considers all expenditures related to its ongoing activities in support of community initiatives in Myanmar and regionally to be general expenditures.

PARTNERS ASIA

Notes to Financial Statements December 31, 2025 and 2024

4. Liquidity *(continued)*

The following table shows the total financial assets held by Partners Asia and the amounts of those financial assets readily available within one year of the date of the statements of financial position to meet general expenditures:

	2025	2024
Cash and cash equivalents	\$ 8,174,354	\$ 5,559,871
Grants and contributions receivable, current	1,551,585	1,905,821
Total financial assets	9,725,939	7,465,692
Less: amounts not available to be used within one year:		
Net assets with donor restrictions for programs	(5,541,718)	(5,505,794)
Financial assets available to meet general expenditures over the next year	<u>\$ 4,184,221</u>	<u>\$ 1,959,898</u>

A substantial amount of the support that Partners Asia receives is restricted by donors. Because donor restrictions require resources to be used in a particular manner or in a future period, Partners Asia must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of Partners Asia's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. Partners Asia's goal is generally to maintain financial assets to meet 90 days of operating expenses.

5. Grants and Contributions Receivable

Grants and contributions receivable represent amounts due from various foundations and are expected to be collected as follows:

	2025	2024
Year ending December 31, 2025	\$ -	\$ 1,905,821
Year ending December 31, 2026	1,551,585	1,261,679
Year ending December 31, 2027	214,904	-
Subtotal	1,766,499	3,167,500
Less: Unamortized discount	(66,530)	(179,898)
Subtotal	1,699,959	2,987,602
Total amounts due within one year	(1,551,585)	(1,905,821)
Grants and contributions receivable – noncurrent, net of discount	<u>\$ 148,374</u>	<u>\$ 1,081,781</u>

Amounts due in more than one year have been presented at net present value utilizing discount rates ranging from 3.47% to 4.98% per annum (based on U.S. Treasury bill rates at the date of the grant or contribution with an average maturity consistent with the expected timing of collections). Amortization of the discount is included in contribution revenue on the statements of activities and changes in net assets.

Notes to Financial Statements
December 31, 2025 and 2024

5. Grants and Contributions Receivable *(continued)*

Management periodically evaluates all grants and contributions receivable for collectability and records an allowance for any amounts estimated to be uncollectible. At December 31, 2025 and 2024, there were no allowances for uncollectible grants and contributions receivable as management believes the balances to be fully collectible based on an evaluation of current balances and historical collection experience.

6. Grants and Related Expenses

Total grants and related expenses of \$6,246,388 and \$4,724,439 for the years ended December 31, 2025 and 2024, respectively, represent funds disbursed both domestically and internationally for the organization's primary program activities, which include research, education, gender issues, community development, advocacy/peace, rule of law, and other community assistance to needy and at-risk residents primarily in Myanmar and Thailand.

Grants payable of \$119,377 and \$118,237 at December 31, 2025 and 2024, respectively, represent amounts approved by the Board of Directors to fund future program activities. Management anticipates that such amounts will be disbursed during the subsequent fiscal year.

7. Leases

Partners Asia leases office space in Oakland under an operating lease agreement that was scheduled to expire February 28, 2026. In October 2025, Partners Asia signed an amendment extending the lease term through May 31, 2028. Partners Asia had no finance leases in effect during the years ended December 31, 2025 and 2024.

Partners Asia recognizes a right-of-use asset and a corresponding lease liability for the present value of future operating lease payments. Because the discount rate implicit in the lease is not readily determinable, Partners Asia has elected to use a risk-free rate, determined for a period comparable to the lease term, as the discount rate for all of its operating leases.

Partners Asia has elected not to recognize a right-of-use asset and lease liability for leases with an initial term of 12 months or less (the short-term lease exemption). Payments under any such leases are recognized as expense on a straight-line basis over the lease term.

Lease cost for the years ended December 31 consists of the following:

	2025		2024
Operating lease cost	\$ 14,876	\$	14,697
Short-term lease cost	-		-
Total operating lease cost	<u>\$ 14,876</u>	<u>\$</u>	<u>14,697</u>

PARTNERS ASIA

Notes to Financial Statements December 31, 2025 and 2024

7. Leases (continued)

Supplemental cash flow and other information related to operating leases for the years ended December 31 is as follows:

	2025	2024
Operating cash flows paid for operating leases	\$ 15,019	\$ 14,703
Right of use assets obtained in exchange for new operating lease liabilities	19,935	-

The remaining lease term and discount rate for the operating lease is as follows at December 31:

	2025	2024
Remaining lease term (in months)	29	14
Discount rate	3.66%	4.71%

As of December 31, 2025, future minimum payments under operating lease agreements are as follows:

Year ending:	Total
December 31, 2026	\$ 9,220
December 31, 2027	9,155
December 31, 2028	3,892
Total lease payments	22,267
Less: interest	(982)
Present value of lease liabilities	\$ 21,285

8. Related Party Transactions

Two members of Partners Asia's Board of Directors are also engaged by Partners Asia as independent consultants. The Board Secretary provided consulting services to Partners Asia and was paid \$65,000 and \$60,000 for the years ended December 31, 2025 and 2024, respectively. These amounts are included in grant expenses in the accompanying statements of functional expenses.

A second member of the Board of Directors also provided consulting services to Partners Asia and was paid \$156,250 for the year ended December 31, 2025. This amount is included in grant expenses in the accompanying statement of functional expenses. This board member was not a member of the Board of Directors during 2024, and accordingly no related party relationship existed with respect to that year. During the year ended December 31, 2025, Partners Asia also awarded a grant of \$150,000 to this second board member in support of Partners Asia's Advocacy and Peace work in Myanmar. The grant was awarded on terms consistent with Partners Asia's standard grantmaking policies and was reviewed and approved by disinterested members of the board. The grant paid to the board member is included in grants in the statement of functional expenses.

There were no amounts payable to any board members as of December 31, 2025 or 2024.

Each of these individuals recuses themselves from any Board discussion or vote relating to her own contractor arrangement, and the terms of each engagement, including fees paid, were reviewed and approved by disinterested members of the Board in accordance with Partners Asia's conflict-of-interest policy.

PARTNERS ASIA

Notes to Financial Statements December 31, 2025 and 2024

9. Net Assets

Net assets consist of the following at December 31:

	2025	2024
Without donor restrictions	\$ 4,154,013	\$ 2,836,054
With donor restrictions:		
Advocacy/Peace	\$ 1,648,457	\$ 1,990,162
Community Development	2,358,262	836,821
Education	202,152	294,321
Gender	1,399,377	2,564,388
Unamortized discount	(66,530)	(179,898)
Total net assets with donor restrictions	5,541,718	5,505,794
Total net assets	\$ 9,695,731	\$ 8,341,848

During the years ended December 31, 2025 and 2024, net assets with donor restrictions of \$6,541,019 and \$4,805,969, respectively, were released from restriction as Partners Asia incurred expenditures satisfying the purpose restrictions donors had placed on the programs for which the funds were originally provided.

10. Compensated Absences (Accrued Payroll and Related Benefits)

Financial statement presentation follows the recommendations of *ASC 710.25, Compensated Absences*. Under ASC 710.25, Partners Asia is required to record a liability for the estimated amounts of compensation for future absences. Employees are permitted to accrue a specific number of hours of vacation which is payable upon termination of the employee. Sick leave is not paid upon termination. Annual leave accruals are recorded in the financial statements as an accrued liability on the statements of financial position based on hourly rates in effect at the end of the year. Accrued vacation liability amounted to \$5,293 and \$9,958 as of December 31, 2025 and 2024, respectively, and is included with accounts payable and accrued liabilities on the statements of financial position.

11. Commitments and Contingencies

In the normal course of business there are outstanding various commitments and contingent liabilities, such as commitments to enter into and/or renew contracts related to ongoing operations, which are not reflected in the financial statements. Such commitments and contingencies also include risks associated with various economic and operating factors, which include (a) grant or contractual restrictions and donor conditions which obligate Partners Asia to fulfill certain requirements as set forth in legal instruments, (b) funding levels which vary based on factors beyond Partners Asia's control, such as general economic conditions, (c) employment and service agreements with key management personnel, and (d) financial risks associated with funds on deposit in accounts at financial institutions. Management believes that such commitments, contingencies, and risks will not have a material adverse effect on the financial statements. Certain of the grants and contracts (including current and prior costs) are subject to audit and final acceptance by the granting agencies.

12. Subsequent Events

In compliance with ASC 855, *Subsequent Events*, Partners Asia has evaluated subsequent events through August 17, 2026, the date the financial statements were available to be issued and, in the opinion of management, there are no subsequent events which necessitate disclosure.