Consolidated Financial Statements and Independent Auditors' Report

June 30, 2017 and 2016

Partners International

Contents

CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Partners International
Spokane, Washington

We have audited the accompanying consolidated financial statements of Partners International (nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2017 and 2016, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Partners International as of June 30, 2017 and 2016, 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Spokane, Washington
October 9, 2017

Consolidated Statements of Financial Position

	June 30, 2017	June 30, 2016
Assets		
CURRENT ASSETS:		
Cash and cash equivalents	$ 1,581,744	$ 2,289,362
Promises-to-give receivable	17,400	17,400
Receivable	4,000	95,050
Prepaid expenses and other assets	17,890	30,616
Total current assets	1,621,034	2,432,428
PROPERTY AND EQUIPMENT, net of accumulated depreciation and amortization	770,698	827,314
OTHER ASSETS:		
Long-term promises-to-give receivable	61,627	79,027
Long-term investments	88,969	201,748
Certificate of deposit	100,000	-
Total other assets	250,596	280,775
	$ 2,642,328	$ 3,540,517
Liabilities and Net Assets		
CURRENT LIABILITIES:		
Accounts payable	$ 33,266	$ 75,861
Accrued expenses	125,666	140,187
Total current liabilities	158,932	216,048
OTHER LIABILITIES:		
Gift annuities	70,879	74,544
Total liabilities	229,811	290,592
NET ASSETS:		
Unrestricted	1,405,759	1,483,241
Temporarily restricted	906,758	1,666,684
Permanently restricted	100,000	100,000
Total net assets	2,412,517	3,249,925
	$ 2,642,328	$ 3,540,517

See accompanying notes to consolidated financial statements.

Consolidated Statement of Activities and Changes in Net Assets — Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE:				
Contributions from constituency	$ 1,625,614	$ 3,151,266	$ -	$ 4,776,880
Gifts in-kind	-	10,559,966	-	10,559,966
Investment gain	5,010	-	-	5,010
Annuity distributions, net of actuarial adjustment of $3,665	(7,659)	-	-	(7,659)
Rental loss, net of expenses of $46,980	(18,235)	-	-	(18,235)
	1,604,730	13,711,232	-	15,315,962
NET ASSETS RELEASED FROM RESTRICTIONS	14,471,158	(14,471,158)	-	-
Total support and revenue	16,075,888	(759,926)	-	15,315,962
EXPENSES:				
Ministries and programs	14,499,213	-	-	14,499,213
Supporting services:				
General and administrative	463,991	-	-	463,991
Fundraising	1,190,166	-	-	1,190,166
Total expenses	16,153,370	-	-	16,153,370
CHANGE IN NET ASSETS	(77,482)	(759,926)	-	(837,408)
NET ASSETS, BEGINNING OF YEAR	1,483,241	1,666,684	100,000	3,249,925
NET ASSETS, END OF YEAR	$ 1,405,759	$ 906,758	$ 100,000	$ 2,412,517

See accompanying notes to consolidated financial statements.

Consolidated Statement of Activities and Changes in Net Assets

Year Ended June 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE:				
Contributions from constituency	$ 1,034,679	$ 5,060,350	$ -	$ 6,095,029
Gifts in-kind	-	12,684,944	-	12,684,944
Investment gain	3,131	-	-	3,131
Annuity distributions, net of actuarial adjustment of $43,018	26,590	-	-	26,590
Gain on disposal of assets	(9,872)	-	-	(9,872)
Rental income, net of expenses of $46,017	12,691	-	-	12,691
	1,067,219	17,745,294	-	18,812,513
NET ASSETS RELEASED FROM RESTRICTIONS	17,848,738	(17,848,738)	-	-
Total support and revenue	18,915,957	(103,444)	-	18,812,513
EXPENSES:				
Ministries and programs	16,981,462	-	-	16,981,462
Supporting services:				
General and administrative	517,942	-	-	517,942
Fundraising	1,240,990	-	-	1,240,990
Total expenses	18,740,394	-	-	18,740,394
CHANGE IN NET ASSETS	175,563	(103,444)	-	72,119
NET ASSETS, BEGINNING OF YEAR	1,307,678	1,770,128	100,000	3,177,806
NET ASSETS, END OF YEAR	$ 1,483,241	$ 1,666,684	$ 100,000	$ 3,249,925

See accompanying notes to consolidated financial statements.

Partners International

Consolidated Statements of Functional Expenses

	Year Ended June 30, 2017			
	Ministries and Programs	General and Administrative	Fundraising	Total
Grants and allocations	$ 13,387,271	$ -	$ -	$ 13,387,271
Salaries	719,051	246,071	696,098	1,661,220
Benefits	81,701	46,006	111,989	239,696
Travel	161,630	1,784	85,900	249,314
Telecommunications	11,009	5,278	8,018	24,305
Postage	1,032	7,760	14,937	23,729
Supplies	3,597	3,355	7,448	14,400
Printing	469	482	33,814	34,765
Outside services	72,425	18,140	50,388	140,953
Occupancy	12,959	26,789	38,896	78,644
Depreciation and amortization	4,903	25,238	21,927	52,068
Hospitality	4,529	1,062	6,967	12,558
Training	15,053	1,140	2,227	18,420
Computer consulting	5,565	24,914	24,914	55,393
Computing equipment and software	10,885	21,796	30,857	63,538
Audit services	332	15,300	16	15,648
Advertising	-	-	53,896	53,896
Other expenses	6,802	18,876	1,874	27,552
	$ 14,499,213	$ 463,991	$ 1,190,166	$ 16,153,370

	Year Ended June 30, 2016			
	Ministries and Programs	General and Administrative	Fundraising	Total
Grants and allocations	$ 15,864,583	$ -	$ -	$ 15,864,583
Salaries	736,214	262,258	707,138	1,705,610
Benefits	82,973	46,159	117,184	246,316
Travel	120,739	6,946	75,846	203,531
Telecommunications	11,741	4,864	7,857	24,462
Postage	1,038	6,765	17,117	24,920
Supplies	4,688	5,426	6,955	17,069
Printing	39	-	40,587	40,626
Outside services	82,713	19,012	68,477	170,202
Occupancy	14,543	40,400	42,427	97,370
Depreciation and amortization	22,984	22,393	22,052	67,429
Hospitality	5,643	1,209	4,705	11,557
Training	8,998	1,447	9,171	19,616
Computer consulting	10,603	46,986	46,931	104,520
Computing equipment and software	8,123	22,152	18,439	48,714
Audit services	-	16,375	-	16,375
Advertising	-	-	55,416	55,416
Other expenses	5,840	15,550	688	22,078
	$ 16,981,462	$ 517,942	$ 1,240,990	$ 18,740,394

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

	Years Ended June 30, 2017	Years Ended June 30, 2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash contributions received	$ 4,776,880	$ 6,600,685
Interest and dividends received	5,362	2,138
Rental income	1,263	32,189
Cash paid to Partners' ministries	(2,827,305)	(3,179,639)
Cash paid to employees	(1,919,107)	(1,938,463)
Cash paid to service providers	(730,864)	(823,115)
Net cash provided (used) by operating activities	(693,771)	693,795
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property and equipment purchases	(14,950)	(1,600)
Purchase of certificate of deposit	(100,000)	-
Proceeds from sale of investments	112,427	18,598
Net cash provided (used) by investing activities	(2,523)	16,998
CASH FLOWS FROM FINANCING ACTIVITIES:		
Gift annuities distributions	(11,324)	(16,428)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(707,618)	694,365
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,289,362	1,594,997
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,581,744	$ 2,289,362

Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities:

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (837,408)	$ 72,119
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Operational depreciation and amortization	52,068	67,429
Rental depreciation	19,498	19,498
Net loss on disposal of assets	-	9,872
Net (gain) loss on annuities	7,659	(26,590)
Net realized and unrealized (gains) losses on investments	352	(993)
Net changes in assets and liabilities:		
Net change in promises-to-give receivable	17,400	42,400
Receivables	91,050	463,256
Prepaid expenses and other assets	12,726	16,755
Accounts payable	(42,595)	11,518
Accrued expenses	(14,521)	18,531
Net cash provided (used) by operating activities	$ (693,771)	$ 693,795

Noncash Transactions:

	2017	2016
Gifts in-kind received and distributed to Partners' ministries	$ 10,559,966	$ 12,684,944

See accompanying notes to consolidated financial statements.

NOTE 1 – ORGANIZATION:

Partners International (Partners) was incorporated in 1961 in California as a not-for-profit corporation, and subsequently, in 2016 in Washington. Partners is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (Code) and is also exempt from state income taxes. Partners has been classified as a publicly supported organization, which is not a private foundation, under Section 509(a) of the Code. Contributions by the public are deductible for tax purposes.

Partners exists to enable, enhance, and extend partnerships with indigenous organizations involved in evangelism, church planning, leadership training, relief, and development to carry out their work. Partners actively performs due diligence on these partnering organizations through monitoring their ministry operations. It is also actively screening and selecting other indigenous organizations to partner with. Partners presently provides resources to approximately 68 worldwide indigenous organizations.

During the years ended June 30, 2017 and 2016, gifts in-kind approximated 69% and 67% of total revenue, respectively.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The consolidated financial statements of Partners have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. A summary of significant accounting policies followed are described below to enhance the usefulness of the consolidated financial statements to the reader.

a. *Affiliated organizations* – Partners is affiliated with several organizations which are not included in these consolidated financial statements because they are not under common control. Partners and these organizations do, however, participate together in outreaches in many foreign countries.

b. *Principles of consolidation* – The accompanying consolidated financial statements include the accounts of Partners and its wholly owned subsidiary, Partners International – Asia Pacific Office. All material intercompany accounts, transactions, and profits have been eliminated.

c. *Foreign currency translation* – Amounts recorded in foreign currency are translated into United States dollars as follows:

   1. Monetary assets and monetary liabilities: at the rate of exchange in effect as of the consolidated statement of financial position dates.

   2. Nonmonetary assets and nonmonetary liabilities: at the exchange rate prevailing at the time of the acquisition of the assets or assumption of the liabilities.

   3. Revenues and expenses: at the average rate of exchange for the year.

d. *Cash and cash equivalents* – Cash and cash equivalents include cash on hand and cash on deposit. Money market mutual funds and cash held in investment brokerage accounts are included in investments.

e. *Certificate of deposit* – Certificate of deposit is stated at cost.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

f. *Concentration of credit risk* – Cash and cash equivalents, at times, exceed federally insured limits. Partners has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

g. *Investments* – Investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments set aside to fund gift annuities and endowment agreements are classified as long-term investments. See note 6 for discussion of fair value measurements.

h. *Promises to give and receivables* – Partners receives promises to give ranging in length from one to ten years. Promises to give that are expected to be collected within one year are recorded at their pledge value. Promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows, discounted using an interest rate of 3.25%. Discounts on long-term promises to give were $7,000 at June 30, 2017 and 2016, respectively. Management deems all amounts receivable at June 30, 2017 and 2016, to be fully collectible and, accordingly, no allowance for uncollectible amounts has been recorded in the accompanying consolidated statements of financial position.

i. *Intentions* – Partners has received indications of gifts from donors. Due to the uncertain nature of these intentions, these intentions do not meet the criteria of revenue recognition under generally accepted accounting principles; they are not reflected as contributions in the consolidated statements of activities and changes in net assets until the donation is collected. Partners has not recognized an asset or contribution receivable for these gifts.

j. *Property and equipment* – Property and equipment purchased are carried at cost, net of accumulated depreciation. Expenditures of less than $2,000 and computers are charged to expense. Donated property and equipment are carried at estimated fair market value on the date of the donation, net of accumulated depreciation. Depreciation is computed on the straight-line method over the estimated useful lives of the assets, ranging from 3 to 30 years.

k. *Gift annuities* – Partners has established a gift annuity plan whereby donors may contribute assets to the organization in exchange for the right to receive a fixed dollar annual return during their lifetimes. This transaction provides for a portion of the transfer to be considered a charitable contribution for income tax purposes.

   The difference between the amount contributed for the gift annuity and liability for future payments, determined on an actuarial basis, is recognized as income at the date of the gift and is reflected on the statements of activities and changes in net assets as contributions from new gift annuities. The difference between assets in trust and liabilities is reported on the consolidated statements of financial position as unrestricted net assets.

   The liability for future payments to annuitants, or commensurate value, is calculated annually based upon actuarially computed present values to comply with state legal reserve requirements. The change in the commensurate value, net of investment income, payments to annuitants, and terminations is reflected on the consolidated statements of activities as changes in value of split-interest agreements.

   The commensurate value of gift annuities was $70,879 and $74,544 as of June 30, 2017 and 2016.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

l. *Basis of presentation* – The consolidated financial statement presentation follows the requirements of Financial Accounting Standards Board *Accounting Standards Codification* (ASC) 958, *Not-for-Profit Entities.* Under ASC 958, Partners is required to report information regarding its financial position and activities according to the following classes of net assets:

- **Unrestricted** amounts are those currently available at the discretion of the Board of Directors for use in Partners' operations and those resources invested in property and equipment.
- **Temporarily restricted** amounts are those which are stipulated by donors for specific operating purposes or for capital projects. The majority of the ending balance represents funds collected for field ministries which have not been expended as of year end.
- **Permanently restricted** amounts are those which it is stipulated by donors that the principal remain in perpetuity and only the income is available for donor specified purposes. At June 30, 2017 and 2016, there was $100,000 in permanently restricted net assets. The income earned from these funds is used toward training and operations in China, in accordance with the donor's stipulation for earnings from the gift.

All contributions are considered available for unrestricted use unless specifically restricted by the donor or if they are subject to legal restrictions.

Contributions are recorded as temporarily restricted if they are received with donor stipulations that limit their use through purpose and/or time restrictions. When donor restrictions expire, that is, when the purpose restriction is fulfilled or the time restriction expires, the net assets are reclassified from temporarily restricted to unrestricted net assets and are reported in the statements of activities and changes in net assets as net assets released from restrictions. Partners' policy is to record temporarily restricted contributions received and expended in the same accounting period as temporarily restricted contributions and net assets released from restrictions.

For contributions restricted by donors for the acquisition of property and other long-lived assets, the restriction is considered to be met when the property or other long-lived asset is placed in service.

m. *Revenue, support, and expenses* – Contributions are recorded when cash or unconditional promises-to-give have been received or ownership of donated assets is transferred to Partners. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Partners receives noncash gifts which are recorded as support at the estimated fair market value on the date of the gift. Goods given to Partners that do not have an objective basis for valuation are not recorded. Revenue is recorded when earned. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

n. *Contributed services* – ASC 958, *Not-for-Profit Entities,* requires recording the value of donated services that create or enhance nonfinancial assets or require specialized skills. Many volunteers have contributed significant amounts of their time to activities of Partners; however, since the above requirements were not met, the value of the contributed services is not recorded in the consolidated financial statements.

o. *Functional allocation of expenses* – The cost of providing the various program services and supporting activities have been summarized on a functional basis. Accordingly, certain costs, such as depreciation and payroll, have been allocated among the program and supporting activities.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

p. *Use of estimates* – The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

q. *Allocation of joint costs* – Partners allocates all costs which contain any fundraising appeal to be allocated to fundraising unless all of the following three tests are met: purpose, audience, and content.

r. *Income taxes* – Partners has adopted ASC 740-10, relating to accounting for uncertain tax positions. ASC 740-10 prescribes a recognition threshold and measurement process for accounting for uncertain tax positions and also provides guidance on various related matters such as derecognition, interest, penalties, and disclosures required. Partners does not have any uncertain tax positions. The organization is exempt from income taxes under section 501(c)(3) of the Code and is classified as a Church therefore the organization does not file Form 990, *Return of Organization Exempt from Income Tax.*

s. *Valuation of long-lived assets* – Partners, using its best estimates based on reasonable and supportable assumptions and projections, reviews assets for impairment whenever events or changes in circumstances have indicated that the carrying amount of its assets might not be recoverable. Impaired assets are reported at the lower of cost or fair value. No impairments were recognized during the years ended June 30, 2017 and 2016.

t. *Subsequent events* – Subsequent events have been evaluated through October 9, 2017, which represents the date that the consolidated financial statements were available to be issued.

u. Certain prior year amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported results of operations.

NOTE 3 – PROMISES TO GIVE:

Promises to give consisted of the following pledges due:

	June 30,	
	2017	2016
Receivable in one year or less	$ 17,400	$ 17,400
Receivable in one to five years	68,627	86,027
Less discount on long-term receivables	(7,000)	(7,000)
Net promises to give	$ 79,027	$ 96,427

NOTE 4 – PROPERTY AND EQUIPMENT:

Property and equipment consisted of the following:

	June 30, 2017	June 30, 2016
Land and building	$ 1,072,784	$ 1,072,784
Building improvements	403,284	403,284
Office and computer equipment	314,081	299,131
	1,790,149	1,775,199
Less accumulated depreciation and amortization	(1,019,451)	(947,885)
Property and equipment, net	$ 770,698	$ 827,314
Depreciation and amortization expense	$ 71,566	$ 86,927

NOTE 5 – INVESTMENTS:

Investments consisted of the following:

	June 30, 2017	June 30, 2016
Long-term investments:		
Assets set aside to fund gift annuities:		
Mutual funds	$ 88,969	$ 97,938
Investments under endowment agreement:		
Money market accounts	$ -	$ 6,210
Exchange Traded Funds	-	41,167
Equity securities	-	56,433
Total investments under endowment agreement	-	103,810
Total long-term investments	$ 88,969	$ 201,748

NOTE 5 – INVESTMENTS (continued):

Investment income consisted of the following:

	Years Ended June 30, 2017	2016
Interest and dividends	$ 5,362	$ 2,138
Realized and unrealized gain on investments	668	3,016
Investment fees	(1,020)	(2,023)
	$ 5,010	$ 3,131

NOTE 6 – FAIR VALUE MEASUREMENTS:

Fair value measurement – Effective January 1, 2008, Partners adopted ASC 820, *Fair Value Measurements and Disclosures*, which establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that Partners has the ability to access.

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices of identical or similar assets or liabilities in inactive markets;
- inputs other than the quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

NOTE 6 – FAIR VALUE MEASUREMENTS (continued):

The following tables set forth by level, within the fair value hierarchy, Partners' assets at fair value as of June 30, 2017 and 2016.

	Assets at Fair Value as of June 30, 2017			
	Level 1	Level 2	Level 3	Total
Mutual funds	88,969	-	-	88,969
	$ 88,969	$ -	$ -	$ 88,969

	Assets at Fair Value as of June 30, 2016			
	Level 1	Level 2	Level 3	Total
Cash and money market accounts	$ 6,210	$ -	$ -	$ 6,210
Equity securities	56,433	-	-	56,433
Exchange traded funds	41,167	-	-	41,167
Mutual funds	97,938	-	-	97,938
	$ 201,748	$ -	$ -	$ 201,748

NOTE 7 – GIFTS IN-KIND:

Partners solicits gifts in-kind on behalf of indigenous organizations it partners with. Requests for gifts are presented through Partners' area directors. Once a project has been approved, contacts are made to locate and secure the requested items. Transportation may be handled by Partners or the donee organization, and Partners tracks the gift once it has been shipped to ensure it is received by the requesting organization and used in ministry.

Gifts in-kind consist of medical supplies that are recorded at wholesale values for the years ended June 30, 2017 and 2016.

NOTE 8 – ALLOCATION OF JOINT COSTS:

As stated in note 2, Partners has adopted ASC 958, *Not-for-Profit Entities*. Partners incurs costs for activities such as writing, publications, and serving churches that include fundraising appeal. These costs are referred to as joint costs and are allocated to program activities and fundraising.

Joint cost allocations were as follows:

	Years Ended June 30,	
	2017	2016
Program activities	$ 827,318	$ 827,867
Management and general activities	155,734	222,842
Fundraising	204,869	233,959
	$ 1,187,920	$ 1,284,668

NOTE 9 – LEASES:

Partners leased portions of the headquarters building in Spokane, Washington, to other tenants. The last least expired in March 2017.

Net rental income (loss) was ($18,235) and $12,691 for the years ended June 30, 2017 and 2016, respectively. Included in net rental income were direct expenses of $46,980 and $46,017 for the years ended June 30, 2017 and 2016, respectively.

In March 2013, Partners re-negotiated a lease agreement for a satellite office in Cupertino, California. The lease calls for monthly rental payments of $1,000 through June 30, 2015, and month to month thereafter. The lease agreement was terminated June 30, 2017.

Total rental expense was $20,057 and $29,324 for the years ended June 30, 2017 and 2016, respectively.

NOTE 10 – RETIREMENT PLAN:

Partners has a defined contribution plan covering substantially all full-time employees over 21 years of age. Deposits to the plan are based on a percentage of compensation. Partners ceased providing a company match to participant contributions during 2010. The Plan was terminated on August 31, 2016.