

PARTNERS RELIEF & DEVELOPMENT

Denver, Colorado

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013 and 2012



Vredeveld Haefner LLC

PARTNERS RELIEF & DEVELOPMENT

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Independent Auditors' Report

April 14, 2014

Board of Trustees
Partners Relief & Development
Denver, Colorado

Report on the Financial Statements

We have audited the accompanying statements of financial position of Partners Relief & Development (a not-for-profit corporation), as of December 31, 2013 and 2012, and the related statements of activities, functional expenses, and cash flows for the years 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

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 audits to obtain reasonable assurance about whether the financial statements are free of 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 the financial statements referred to above present fairly, in all material respects, the financial position of Partners Relief & Development as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Vredeveld Haefner LLC

Specializing in services to governmental and nonprofit entities

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PARTNERS RELIEF & DEVELOPMENT

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 98,544	\$ 117,412
Investments	150	107,294
Inventory and other current assets	<u>5,790</u>	<u>5,524</u>
Total current assets	<u>104,484</u>	<u>230,230</u>
Equipment	7,136	7,136
Less accumulated depreciation	<u>(3,333)</u>	<u>(1,905)</u>
Net equipment	<u>3,803</u>	<u>5,231</u>
Total assets	<u>\$ 108,287</u>	<u>\$ 235,461</u>
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued expenses	<u>\$ 67,754</u>	<u>\$ 61,331</u>
Total liabilities	<u>67,754</u>	<u>61,331</u>
Net assets		
Unrestricted	34,839	135,210
Temporarily restricted	<u>5,694</u>	<u>38,920</u>
Total net assets	<u>40,533</u>	<u>174,130</u>
Total liabilities and net assets	<u>\$ 108,287</u>	<u>\$ 235,461</u>

The accompanying notes are an integral part of these financial statements.

PARTNERS RELIEF & DEVELOPMENT

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2013 and 2012

	2013		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and support			
Contributions	\$ 634,849	\$ 179,876	\$ 814,725
Donated services	17,500		17,500
Product sales	3,442	-	3,442
In-kind contributions	1,350	-	1,350
Loss from investment activity	(1,235)	-	(1,235)
Net assets released due to satisfaction of time or program restriction	<u>213,102</u>	<u>(213,102)</u>	<u>-</u>
Total revenue and support	<u>869,008</u>	<u>(33,226)</u>	<u>835,782</u>
Expenses			
Program services			
Funding of Partners Relief & Development - Thailand	710,954	-	710,954
Supporting services			
Management and general	127,952	-	127,952
Resource development	<u>130,473</u>	<u>-</u>	<u>130,473</u>
Total expenses	<u>969,379</u>	<u>-</u>	<u>969,379</u>
Change in net assets	(100,371)	(33,226)	(133,597)
Net assets, beginning of year	<u>135,210</u>	<u>38,920</u>	<u>174,130</u>
Net assets, end of year	<u>\$ 34,839</u>	<u>\$ 5,694</u>	<u>\$ 40,533</u>

The accompanying notes are an integral part of these financial statements.

2012		
<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
\$ 951,678	\$ 300,109	\$ 1,251,787
30,000		30,000
8,496	-	8,496
3,963	-	3,963
(1,450)	-	(1,450)
<u>353,930</u>	<u>(353,930)</u>	<u>-</u>
<u>1,346,617</u>	<u>(53,821)</u>	<u>1,292,796</u>
991,929	-	991,929
100,191	-	100,191
<u>150,389</u>	<u>-</u>	<u>150,389</u>
<u>1,242,509</u>	<u>-</u>	<u>1,242,509</u>
104,108	(53,821)	50,287
<u>31,102</u>	<u>92,741</u>	<u>123,843</u>
<u>\$ 135,210</u>	<u>\$ 38,920</u>	<u>\$ 174,130</u>

PARTNERS RELIEF & DEVELOPMENT

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 2013 and 2012

	2013			
	<u>Supporting Services</u>			
	<u>Program Services</u>	<u>Management and General</u>	<u>Resource Development</u>	<u>Total</u>
Funding of Partners Relief and Development - Thailand	\$ 519,251	\$ -	\$ -	\$ 519,251
Salaries and related expenses	172,853	93,838	42,522	309,213
Donated services	17,500	-	-	17,500
In-kind donations	1,350	-	-	1,350
Bank charges	-	6,024	-	6,024
Depreciaton	-	1,428	-	1,428
Gifts and hospitality	-	1,986	-	1,986
Insurance	-	1,572	-	1,572
Marketing	-	-	10,035	10,035
Office expenses	-	4,936	-	4,936
Online fees	-	5,448	-	5,448
Postage and delivery	-	185	10,999	11,184
Professional services	-	8,509	5,615	14,124
Software	-	-	4,369	4,369
Telephone	-	2,569	-	2,569
Travel	-	67	26,296	26,363
Website	-	-	26,110	26,110
Other expenses	-	1,390	4,527	5,917
Total expenses	<u>\$ 710,954</u>	<u>\$ 127,952</u>	<u>\$ 130,473</u>	<u>\$ 969,379</u>

The accompanying notes are an integral part of these financial statements.

2012			
Supporting Services			
<u>Program Services</u>	<u>Management and General</u>	<u>Resource Development</u>	<u>Total</u>
\$ 748,666	\$ -	\$ -	\$ 748,666
209,300	59,580	47,094	315,974
30,000	-	-	30,000
3,963	-	-	3,963
-	6,296	-	6,296
-	635	-	635
-	2,392	-	2,392
-	1,483	-	1,483
-	6,279	20,413	26,692
-	7,387	-	7,387
-	6,015	-	6,015
-	1	10,016	10,017
-	5,555	2,000	7,555
-	-	3,276	3,276
-	2,529	-	2,529
-	2,039	29,175	31,214
-	-	28,547	28,547
-	-	9,868	9,868
<u>\$ 991,929</u>	<u>\$ 100,191</u>	<u>\$ 150,389</u>	<u>\$ 1,242,509</u>

PARTNERS RELIEF & DEVELOPMENT

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities		
Change in net assets	\$ (133,597)	\$ 50,287
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	1,428	635
Unrealized loss from investment held	5,900	1,450
Gain on sale of investment	(4,665)	-
Donated equipment	-	(3,963)
Donated investments	-	(101,244)
Changes in operating assets and liabilities which provided (used) cash		
Accounts receivable	-	3,285
Inventory and other current assets	(266)	4,264
Accounts payable and accrued expenses	<u>6,423</u>	<u>23,443</u>
Net cash provided by (used in) operating activities	(124,777)	(21,843)
Cash flows from investing activities		
Proceeds from sale of investments	<u>105,909</u>	<u>-</u>
Net cash provided by (used in) investing activities	<u>105,909</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	<u>(18,868)</u>	<u>(21,843)</u>
Cash and cash equivalents, beginning of year	<u>117,412</u>	<u>139,255</u>
Cash and cash equivalents, end of year	<u>\$ 98,544</u>	<u>\$ 117,412</u>

The accompanying notes are an integral part of these financial statements.

PARTNERS RELIEF & DEVELOPMENT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013 and 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

Partners Relief & Development, (the Organization) is a 501(c)(3) not-for-profit corporation formed in 2001 to provide direct care to Burmese orphans and refugees living in refugee camps located along the Thai-Burma border. This includes nutrition, education, health, shelter and emergency relief programs. The Organization's work is carried out through Partners Relief & Development – Thailand, a related entity. Money is raised for its work through direct mail appeals, website donations, and speaking engagements throughout the United States. The Organization strives to accurately portray the everyday struggles of the people of Burma when communicating through various media channels.

Basis of Presentation

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. The Organization has no permanently restricted net assets.

Use of Estimates

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

Cash and Cash Equivalents

The Organization considers all demand and time deposits with an original maturity of 90 days or less and cash on hand to be cash and cash equivalents. The Organization's deposits, with the exception of money market accounts, are secured through FDIC insurance. Management believes the Organization is not exposed to any significant interest rate or other risk on these deposits.

Investments

Investments consist of 50,000 shares of publicly traded stock that was donated to the Organization and is carried at its fair value of \$150 and \$6,050 at December 31, 2013 and 2012, respectively. Investment income and gains and losses are included as changes in unrestricted net assets in the accompanying statement of activities. The donor has stipulated that the stock should not be sold unless the value per share is \$1 or greater. Share prices at December 31, 2013 and 2012 were \$.003 and \$.121, respectively.

Investments at December 31, 2012, also consisted of shares of other publicly traded stocks totaling \$101,244 which were donated near year end and were sold during 2013.

Inventory

Inventory consists of clothing and other goods sold at conferences. Inventory is stated at cost using the first in, first-out method of inventory accounting.

PARTNERS RELIEF & DEVELOPMENT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013 and 2012

Property and Equipment and Depreciation

Property and equipment are capitalized at cost or, if donated, at the estimated fair value at the date of donation. Acquisitions of property or equipment in excess of \$2,500 are capitalized while ordinary repairs are expensed. Depreciation is computed using the straight-line method over an estimated 5 year useful life of the related assets.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Functional Allocation of Expenses

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

Donations

Donated materials consist of donated merchandise that is subsequently released to Partners Relief & Development – Thailand as a pass-through donation. All gifts are recorded at their estimated fair market value at the date of receipt.

Income Taxes

The Organization is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. As of December 31, 2013, the years 2009 through 2012 remain subject to examination by major tax jurisdictions. The Organization concludes that there are no significant uncertain tax positions requiring recognition in the financial statements.

Subsequent Events

In preparing these financial statements, management has evaluated significant events and transactions for potential recognition or disclosure subsequent to December 31, 2013 and through the auditors' report date, the date the financial statements were available to be issued. No such events or transactions were identified.

PARTNERS RELIEF & DEVELOPMENT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013 and 2012

2. DONATED MATERIALS AND SERVICES

Donated materials and services consist of the following for the years ended:

	<u>2013</u>	<u>2012</u>
Professional and skilled services	\$17,500	\$30,000
In-kind items:		
Equipment and materials	1,350	3,963
Total received	<u>\$18,850</u>	<u>\$33,963</u>

3. FAIR VALUE MEASUREMENTS

Generally accepted accounting principles (GAAP) defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability.

In addition to defining fair value, GAAP establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities, and the lowest priority to unobservable inputs. The three levels of inputs used to measure fair value are as follows:

Level 1 - inputs are unadjusted quoted market prices in active markets for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - inputs to the valuation methodology include:

- a. quoted prices for similar assets and liabilities in active markets
- b. quoted prices for identical or similar assets and liabilities in markets that are not active
- c. other inputs that are observable or can be corroborated by observable market data
- d. inputs that are derived 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 are generally unobservable and significant to the fair value measurement. Such inputs typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability, including certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

All of the Organization's investments consist of shares of stock which are valued based on quoted market prices of the shares held by the Organization (Level 1 inputs) at December 31, 2013 and 2012.