



**Denver, Colorado**

**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2015 and 2014**



*Vredeveld Haefner LLC*

# PARTNERS RELIEF & DEVELOPMENT

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## Independent Auditors' Report

June 9, 2016

Board of Trustees  
Partners Relief & Development  
Denver, Colorado

### Report on the Financial Statements

We have audited the accompanying statements of Partners Relief & Development (a not-for-profit corporation), which comprise the statements of financial position as of December 31, 2015 and 2014, 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

Our responsibility is to express an opinion on these 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 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, 2015 and 2014, 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, 2015 and 2014

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	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 113,584	\$ 161,404
Investments	180	2,400
Accounts receivable	1,010	4,096
Inventory and other current assets	<u>12,858</u>	<u>4,746</u>
<b>Total current assets</b>	<u>127,632</u>	<u>172,646</u>
Equipment	19,754	11,446
Less accumulated depreciation	<u>(4,120)</u>	<u>(2,900)</u>
Net equipment	<u>15,634</u>	<u>8,546</u>
<b>Total assets</b>	<u>\$ 143,266</u>	<u>\$ 181,192</u>
<b>Liabilities and net assets</b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	<u>\$ 56,137</u>	<u>\$ 39,947</u>
<b>Total liabilities</b>	<u>56,137</u>	<u>39,947</u>
<b>Net assets</b>		
Unrestricted	69,459	70,332
Temporarily restricted	<u>17,670</u>	<u>70,913</u>
<b>Total net assets</b>	<u>87,129</u>	<u>141,245</u>
<b>Total liabilities and net assets</b>	<u>\$ 143,266</u>	<u>\$ 181,192</u>

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

# PARTNERS RELIEF & DEVELOPMENT

## STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2015 and 2014

	2015		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Revenue and support</b>			
Contributions	\$ 1,171,801	\$ 405,521	\$ 1,577,322
Donated services	26,817		26,817
Product sales	8,777	-	8,777
In-kind contributions	11,760	-	11,760
Gain (Loss) from investment activity	(2,220)	-	(2,220)
Net assets released due to satisfaction of time or program restriction	<u>458,764</u>	<u>(458,764)</u>	<u>-</u>
<b>Total revenue and support</b>	<u>1,675,699</u>	<u>(53,243)</u>	<u>1,622,456</u>
<b>Expenses</b>			
<b>Program services</b>			
Funding of Partners Relief & Development - Thailand	1,345,440	-	1,345,440
<b>Supporting services</b>			
Management and general	152,169	-	152,169
Resource development	<u>178,963</u>	<u>-</u>	<u>178,963</u>
<b>Total expenses</b>	<u>1,676,572</u>	<u>-</u>	<u>1,676,572</u>
Change in net assets	(873)	(53,243)	(54,116)
<b>Net assets, beginning of year</b>	<u>70,332</u>	<u>70,913</u>	<u>141,245</u>
<b>Net assets, end of year</b>	<u>\$ 69,459</u>	<u>\$ 17,670</u>	<u>\$ 87,129</u>

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

<b>2014</b>		
<b><u>Unrestricted</u></b>	<b><u>Temporarily Restricted</u></b>	<b><u>Total</u></b>
\$ 959,473	\$ 240,825	\$ 1,200,298
7,500		7,500
5,181	-	5,181
1,176	-	1,176
2,250	-	2,250
<u>175,606</u>	<u>(175,606)</u>	<u>-</u>
<u>1,151,186</u>	<u>65,219</u>	<u>1,216,405</u>
755,056	-	755,056
118,426	-	118,426
<u>242,211</u>	<u>-</u>	<u>242,211</u>
<u>1,115,693</u>	<u>-</u>	<u>1,115,693</u>
35,493	65,219	100,712
<u>34,839</u>	<u>5,694</u>	<u>40,533</u>
<u>\$ 70,332</u>	<u>\$ 70,913</u>	<u>\$ 141,245</u>

# PARTNERS RELIEF & DEVELOPMENT

## STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 2015 and 2014

	2015			
	Supporting Services			
	<u>Program Services</u>	<u>Management and General</u>	<u>Resource Development</u>	<u>Total</u>
Funding of Partners Relief and Development - Thailand	\$ 809,519	\$ -	\$ -	\$ 809,519
Salaries and related expenses	461,929	77,630	45,783	585,342
Donated services	26,817	-	-	26,817
In-kind donations	-	-	-	-
Bank charges	-	7,727	-	7,727
Depreciation	-	4,672	-	4,672
Gifts and hospitality	-	5,766	-	5,766
Insurance	-	2,518	-	2,518
Marketing	2,956	8,943	16,488	28,387
Office expenses	-	15,749	-	15,749
Online fees	-	11,315	-	11,315
Postage and delivery	-	2,346	12,432	14,778
Professional services	2,969	9,710	47,170	59,849
Software	-	-	17,715	17,715
Telephone	-	4,105	-	4,105
Travel	-	1,688	16,901	18,589
Website	41,250	-	20,246	61,496
Other expenses	-	-	2,228	2,228
Total expenses	<u>\$ 1,345,440</u>	<u>\$ 152,169</u>	<u>\$ 178,963</u>	<u>\$ 1,676,572</u>

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



<b>2014</b>			
<b>Supporting Services</b>			
<b><u>Program Services</u></b>	<b><u>Management and General</u></b>	<b><u>Resource Development</u></b>	<b><u>Total</u></b>
\$ 546,560	\$ -	\$ -	\$ 546,560
143,820	56,504	83,318	283,642
7,500	-	-	7,500
1,176	-	-	1,176
-	6,947	-	6,947
-	2,740	-	2,740
-	4,012	-	4,012
-	2,381	-	2,381
-	169	23,563	23,732
-	21,073	-	21,073
-	6,208	-	6,208
-	1,202	14,423	15,625
56,000	10,100	13,557	79,657
-	-	7,533	7,533
-	5,584	-	5,584
-	1,178	56,896	58,074
-	-	40,776	40,776
-	328	2,145	2,473
<u>\$ 755,056</u>	<u>\$ 118,426</u>	<u>\$ 242,211</u>	<u>\$ 1,115,693</u>

# **PARTNERS RELIEF & DEVELOPMENT**

## **STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED DECEMBER 31, 2015 and 2014**

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	<u>2015</u>	<u>2014</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (54,116)	\$ 100,712
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	4,672	2,740
Unrealized (gain) loss from investment held	2,220	(2,250)
Donated equipment	(11,760)	-
Changes in operating assets and liabilities which provided (used) cash		
Accounts receivable	3,086	(4,096)
Inventory and other current assets	(8,112)	1,044
Accounts payable and accrued expenses	16,190	(27,807)
	<u>(47,820)</u>	<u>70,343</u>
<b>Net cash provided by (used in) operating activities</b>		
	<u>(47,820)</u>	<u>70,343</u>
<b>Cash flows from investing activities</b>		
Purchases of fixed assets	<u>-</u>	<u>(7,483)</u>
Net increase (decrease) in cash and cash equivalents	(47,820)	62,860
<b>Cash and cash equivalents, beginning of year</b>	<u>161,404</u>	<u>98,544</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 113,584</u>	<u>\$ 161,404</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, 2015 and 2014**

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### **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.

#### ***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.

#### ***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 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 \$180 and \$2,400 at December 31, 2015 and 2014, 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, 2015 and 2014 were \$.0036 and \$.048, respectively.

#### ***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, 2015 and 2014

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### ***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.

### ***Donations***

Donated equipment and materials are reflected as contributions in the accompanying statements at their estimated fair market value at the date of receipt. Contributions of donated services that create or enhance non-financial assets, or that require specialized skills are provided by the individuals possessing those skills and would typically need to be purchased if not provided by the donation, are recorded at fair value at the date the services are performed.

### ***Income Taxes***

The Organization is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Generally, income tax returns filed within the last three years remain open and subject to audit by regulatory authorities. 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, 2015 and through the auditors' report date, the date the financial statements were available to be issued. No such events or transactions were identified.

## **2. DONATED MATERIALS AND SERVICES**

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

	<b><u>2015</u></b>	<b><u>2014</u></b>
Professional and skilled services	\$26,817	\$7,500
In-kind items:		
Equipment and materials	11,760	1,176
<b>Total received</b>	<b><u>\$38,577</u></b>	<b><u>\$8,676</u></b>

# **PARTNERS RELIEF & DEVELOPMENT**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEARS ENDED DECEMBER 31, 2015 and 2014**

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#### **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, 2015 and 2014.

#### **4. LEASE**

The Organization leases office space under a month-to-month operating lease which currently requires monthly payments of \$500. Total rental expense under the lease amounted to \$5,750 and \$8,450 for the years ended December 31, 2015 and 2014, respectively.