

**Partners Relief and Development**  
Financial Statements  
December 31, 2011

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## Independent Auditor's Report

To the Board of Trustees of  
Partners Relief and Development  
Denver, Colorado

We have audited the accompanying comparative statements of financial position of Partners Relief and Development (a nonprofit organization) as of December 31, 2011 and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from Partners 2010 financial statements and in our report dated April 27, 2011 we expressed an unqualified opinion on those financial statements.

We conducted our audit 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Partners Relief and Development as of December 31, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Vander Spek & Corsello, CPAs*

Escondido, California  
May 10, 2012

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**Partners Relief and Development**  
Comparative Statements of Financial Position  
December 31, 2011 and 2010

| <b>Assets</b>                         | 2011       | 2010       |
|---------------------------------------|------------|------------|
| Current assets                        |            |            |
| Cash                                  | \$ 139,255 | \$ 145,582 |
| Investments                           | 7,500      | 23,500     |
| Accounts receivable                   | 3,285      | 2,743      |
| Inventory and other current assets    | 9,788      | 10,007     |
| Total current assets                  | 159,828    | 181,833    |
| Property and equipment, net           | 1,903      | 2,538      |
| Total assets                          | \$ 161,730 | \$ 184,371 |
| <br><b>Liabilities and net assets</b> |            |            |
| Current liabilities                   |            |            |
| Accounts payable and accrued expenses | \$ 37,887  | \$ 41,298  |
| Total liabilities                     | 37,887     | 41,298     |
| <b>Net assets</b>                     |            |            |
| Unrestricted                          | 31,102     | 116,739    |
| Temporarily restricted                | 92,741     | 26,334     |
| Total net assets                      | 123,843    | 143,073    |
| Total liabilities and net assets      | \$ 161,730 | \$ 184,371 |

See Notes to Financial Statements

**Partners Relief and Development**  
Statement of Activities  
For the Year Ended December 31, 2011  
with Comparative Totals for the Year Ended December 31, 2010

|  | Unrestricted | Temporarily<br>Restricted | 2011<br>Totals | 2010<br>Totals |
|--|--------------|---------------------------|----------------|----------------|
| Revenue and support  |              |                           |                |                |
| Contributions  | \$ 1,087,640 | \$ 483,793                | \$ 1,571,433   | \$ 1,339,120   |
| Donated services   | 30,000       |                           | 30,000         | 32,124         |
| Product sales  | 2,996        |                           | 2,996          | 2,659          |
| In-kind contributions  | 6,019        |                           | 6,019          | 104,819        |
| Urealized loss from investment   | (16,000)     |                           | (16,000)       | (26,500)       |
| Net assets released from restrictions,<br>satisfaction of program restrictions | 417,386      | (417,386)                 | -              | -              |
| Total revenue and support  | 1,528,041    | 66,407                    | 1,594,448      | 1,452,222      |
| Expenses   |              |                           |                |                |
| Program services   |              |                           |                |                |
| Funding of Partners Relief &<br>Development-Thailand                           | 1,371,283    |                           | 1,371,283      | 1,328,799      |
| Supporting services  |              |                           |                |                |
| Management and general   | 76,936       |                           | 76,936         | 125,571        |
| Resource development   | 165,459      |                           | 165,459        | 144,897        |
| Total Expenses   | 1,613,678    | -                         | 1,613,678      | 1,599,267      |
| Increase(decrease) in net assets   | (85,637)     | 66,407                    | (19,230)       | (147,045)      |
| Net assets at beginning of year  | 116,739      | 26,334                    | 143,073        | 290,118        |
| Net assets at end of year  | \$ 31,102    | \$ 92,741                 | \$ 123,843     | \$ 143,073     |

See Notes to Financial Statements

**Partners Relief and Development**  
Statement of Functional Expenses  
For the Year Ended For the Year Ended December 31, 2011  
with Comparative Totals for the Year Ended December 31, 2010

|  | Program<br>Services | Resource<br>Development | Management<br>and General | 2011<br>Totals      | 2010<br>Totals      |
|--|---------------------|-------------------------|---------------------------|---------------------|---------------------|
| Funding of Partners Relief &<br>Development-Thailand | 1,124,609           |                         |                           | 1,124,609           | 1,191,856           |
| Salaries and related expenses                        | 195,324             | 43,487                  | 53,611                    | 292,421             | 129,762             |
| Donated services                                     | 30,000              |                         |                           | 30,000              | 32,124              |
| In-kind donations                                    | 6,019               |                         |                           | 6,019               | 104,819             |
| Bank charges   |                     |                         | 2,128                     | 2,128               | 1,245               |
| Depreciation   |                     |                         | 635                       | 635                 | 635                 |
| Gifts and hospitality                                |                     |                         | 408                       | 408                 | 1,430               |
| Insurance  |                     |                         | 1,470                     | 1,470               | 2,512               |
| Marketing  |                     | 24,051                  | 1,419                     | 25,470              | 9,732               |
| Office expense                                       |                     |                         | 893                       | 893                 | 7,266               |
| Online fees  |                     |                         | 5,882                     | 5,882               | 4,833               |
| Postage and delivery                                 |                     | 6,273                   | 389                       | 6,663               | 15,735              |
| Professional services                                | 15,331              | 8,029                   | 6,305                     | 29,665              | 15,897              |
| Publications and appeals                             |                     |                         |                           | -                   | 30,357              |
| Rent   |                     |                         |                           | -                   | 4,004               |
| Software   |                     | 3,532                   |                           | 3,532               | 3,026               |
| Telephone  |                     | 20,832                  | 1,768                     | 22,599              | 7,276               |
| Travel   |                     |                         | 2,028                     | 2,028               | 19,482              |
| Website  |                     | 39,890                  |                           | 39,890              | 11,827              |
| Other expense  |                     | 19,365                  |                           | 19,365              | 5,450               |
|  | <u>\$ 1,371,283</u> | <u>\$ 165,459</u>       | <u>\$ 76,936</u>          | <u>\$ 1,613,678</u> | <u>\$ 1,599,267</u> |

See Notes to Financial Statements

**Partners Relief and Development**  
 Statements of Cash Flows  
 For the Years Ended December 31, 2011 and 2010

|   | 2011        | 2010         |
|---|-------------|--------------|
| <b>Cash flows from operating activities</b>   |             |              |
| Change in net assets  | \$ (19,230) | \$ (147,045) |
| Adjustments to reconcile changes in net assets to net cash used in operating activities |             |              |
| Depreciation  | 635         | 635          |
| Increase in accounts receivable   | (541)       | (1,690)      |
| (Increase)decrease in inventories   | 220         | 675          |
| Increase in accounts payable  | (3,411)     | 20,809       |
| Net cash provided by operations   | (22,327)    | (126,616)    |
| <b>Cash flows from investing activities</b>   |             |              |
| Unrealized loss from investments held   | 16,000      | 26,500       |
| Purchase of fixed assets  |             |              |
| Net cash used by investing activities   | 16,000      | 26,500       |
| Net increase in cash  | (6,327)     | (100,116)    |
| Cash balance at beginning of year   | 145,582     | 245,698      |
| Cash balance at end of year   | \$ 139,255  | \$ 145,582   |

See Notes to the Financial Statements

# Partners Relief and Development

Notes to Financial Statements

December 31, 2011

## Note 1 – Organization and summary of significant accounting policies

### Nature of activities

Partners Relief and Development (PRADUSA) began as a 501(c)(3) not-for-profit corporation in 2001. PRADUSA provides 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. PRADUSA's work is carried out through Partners Relief & Development-Thailand, a related entity. PRADUSA raises money 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 accounting

The financial statements of the organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

### Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### Financial statement presentation

The organization adopted Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. In addition, the organization is required to present a statement of cash flows.

### Investments

Investments consist of 50,000 shares of a publicly traded stock that was donated to the Organization. The stock was recorded at its fair market value as of year-end. The donor stipulated that the stock should not be sold unless the per share value was \$1 or greater. Share prices at December 31, 2011 and 2010 were \$.15 and \$.47 respectively.



# Partners Relief and Development

Notes to Financial Statements

December 31, 2011

## Note 1 – Organization and summary of significant accounting policies (continued)

### Fair values of financial instruments

The following methods and assumptions were used by the Organization in estimating its fair value disclosures for financial instruments:

Cash and cash equivalents: The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

Investments: The fair values of investments are based on quoted market prices for those or similar investments. Unrealized gains and losses are included in the change in net assets.

### Inventory

Inventory consists of program-related books and other items available for sale. Inventory is valued at the lower of cost (first-in, first-out method) or market.

### Property and equipment

Acquisitions of property and equipment of \$2,500 or more are capitalized. Property and equipment are stated at cost, or if donated, at the approximate fair market value at the date of donation. Expenditures for maintenance and repairs are charged against operations. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

### Revenue and support

The organization adopted SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, whereby contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions. Contributions received with donor-imposed restrictions that are satisfied within the same reporting period are reported as unrestricted support in the period.

### Contributed materials and services

Non-cash gifts consist of donated merchandise that is subsequently released to Partners Thailand as a pass-through donation. All gifts are recorded at their estimated fair market value. PRADUSA records the fair market value of donated services as support together with the corresponding expense for the services rendered.

## Partners Relief and Development

Notes to Financial Statements

December 31, 2011

### Note 1 – Organization and summary of significant accounting policies (continued)

|  | <u>2011</u>      | <u>2010</u>       |
|--|------------------|-------------------|
| Professionals & skilled services:<br>psychologists, EMT specialists,<br>teachers, attorneys etc. | \$ 30,000        | \$ 30,300         |
| Support services:<br>students, aides etc   | -                | 1,824             |
| In-kind items:<br>software, solar chargers etc.  | <u>6,019</u>     | <u>104,819</u>    |
| Donations received and used in ministry  | <u>\$ 36,019</u> | <u>\$ 136,943</u> |

#### Income Taxes

Since the Organization is exempt from federal and state income tax liability, no provision is made for current or deferred income taxes. The Organization uses the same accounting methods for tax and financial reporting.

The Organization has adopted FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*, which provides accounting and disclosure guidance about uncertain tax positions taken by an organization. Management believes that all of the positions taken by the Organization in its federal and state Exempt Organization Income Tax Returns are more likely than not to be sustained upon examination. The Organization's Exempt Organization Returns are subject to examination by the IRS and FTB generally for three years after they are filed.

### Note 2 – Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting service benefited based on time and usage.