Partners Relief & Development

(a nonprofit Nevada corporation)
Ada, Michigan

Financial Statements

December 31, 2018

Partners Relief & Development

Table of Contents

Independent Auditors' Report

To the Board of Directors
Partners Relief & Development
Ada, Michigan

We have audited the accompanying financial statements of Partners Relief & Development (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 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.

1600 BROADWAY, SUITE 1600 | DENVER, CO 80202 | P 303.532.9398 | WWW.ALTRUIC.COM

Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Partners Relief & Development as of December 31, 2018, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Altruic Advisors, PLLC

Certified Public Accountants

Denver, Colorado
June 27, 2019

Partners Relief & Development

Statement of Financial Position

December 31, 2018

ASSETS		
Current Assets		
Cash and cash equivalents	$	**380,085**
Investments		**9,027**
Inventories		**34,692**
Other current assets		**4,502**
Total current assets		**428,306**
Equipment		
Equipment		**4,031**
Software		**11,760**
		15,791
Less accumulated depreciation		**(11,215)**
Net equipment		**4,576**
Total assets	$	**432,882**
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	$	**3,320**
Accrued compensation and benefits		**12,067**
Total current liabilities		**15,387**
Net Assets		
Net assets without donor restrictions		**141,251**
Net assets with donor restrictions		**276,244**
Total net assets		**417,495**
Total liabilities and net assets	$	**432,882**

The accompanying Notes are an integral
part of these financial statements

Partners Relief & Development

Statement of Activities

Year ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Support			
Contributions	$ 1,690,982	$ 1,306,298	$ 2,997,280
In-kind contributions	87,894	-	87,894
Net assets released from restrictions			
Satisfaction of program restrictions	1,466,783	(1,466,783)	-
Expiration of time restrictions	10,000	(10,000)	-
Total operating support	3,255,659	(170,485)	3,085,174
Operating Expenses			
Program services	2,657,781	-	2,657,781
Supporting services			
General and administrative	386,957	-	386,957
Fundraising	211,861	-	211,861
Total operating expenses	3,256,599	-	3,256,599
Total operating support in excess (deficit) of operating expenses	(940)	(170,485)	(171,425)
Other Changes			
Merchandise sales, net	2,493	-	2,493
Loss on disposal of equipment	(1,219)	-	(1,219)
Net unrealized loss on investments	(1,124)	-	(1,124)
Total other changes	150	-	150
Change in Net Assets	(790)	(170,485)	(171,275)
Net Assets, Beginning of Year, As Previously Reported	142,041	124,879	266,920
Prior period adjustment	-	321,850	321,850
Net Assets, Beginning of Year, As Restated	142,041	446,729	588,770
Net Assets, End of Year	$ 141,251	$ 276,244	$ 417,495

Partners Relief & Development

Statement of Functional Expenses

Year ended December 31, 2018

	Program Services	Supporting Services: General and Administrative	Supporting Services: Fundraising	Total
Salaries and wages	$ 623,226	$ 228,446	$ 96,630	$ 948,302
Employee benefits	23,587	14,812	1,013	39,412
Payroll taxes	34,723	24,035	4,147	62,905
Total personnel costs	681,536	267,293	101,790	1,050,619
Program expenses	1,889,662	-	-	1,889,662
Travel and meals	27,271	32,732	54,113	114,116
Legal and professional fees	17,346	32,666	7,480	57,492
Technology and communications	2,302	16,753	25,280	44,335
Marketing	26,067	544	6,189	32,800
Printing and postage	7,078	1,747	13,982	22,807
Office expenses	3,703	12,565	-	16,268
Miscellaneous expenses	2,292	5,982	3,027	11,301
Bank and credit card fees	-	8,970	-	8,970
Depreciation	-	3,744	-	3,744
Insurance	-	3,099	-	3,099
Occupancy	-	809	-	809
Training and education	524	53	-	577
Total expenses	$ 2,657,781	$ 386,957	$ 211,861	$ 3,256,599

The accompanying Notes are an integral part of these financial statements

Partners Relief & Development

Statement of Cash Flows

Increase (Decrease) in Cash and Cash Equivalents

Year ended December 31, 2018

Cash Flows From Operating Activities	
Change in net assets	**$ (171,275)**
Adjustments to reconcile change in net assets to net cash used by operating activities	
Depreciation	**3,744**
Net unrealized loss on investments	**1,124**
Loss on disposal of equipment	**1,219**
Donated investments	**(10,151)**
Increase (decrease) from changes in assets and liabilities	
Contributions receivable	**10,000**
Inventories	**(28,734)**
Other current assets	**(2,363)**
Deposit	**700**
Accounts payable	**(12,310)**
Accrued compensation and benefits	**2,389**
Net cash used by operating activities	**(205,657)**
Cash Flows From Investing Activities	
Net proceeds from sale of investments	**242**
Net cash provided by investing activities	**242**
Net Decrease in Cash and Cash Equivalents	**(205,415)**
Cash and Cash Equivalents, Beginning of Year	**585,500**
Cash and Cash Equivalents, End of Year	**$ 380,085**

The accompanying Notes are an integral part of these financial statements

Note 1 – Nature of Organization and Significant Accounting Policies

Nature of Organization. Partners Relief & Development (the Organization) is a Nevada non-profit corporation established in 2001 to provide direct care to children and families affected by war and oppression in Southeast Asia and the Middle East through sustainable development, the strengthening of families, and emergency relief. The Organization's work spans the following key areas: nutrition; education; health; care for children; income generation; migrant assistance; shelter and emergency relief. The Organization's revenues and other support are derived principally from charitable contributions from interested parties.

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.

Basis of Presentation. The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions. Net assets resulting from revenues generated by receiving contributions that have no donor stipulations and receiving investment and other income, less expenses incurred in providing program related services, raising contributions, and performing administrative functions.

Net Assets With Donor Restrictions. Net assets resulting from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished.

Use of Estimates. The preparation of 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.

Cash and Cash Equivalents. Cash consists of checking and savings accounts held at financial institutions. For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments with maturities of three months or less to be cash equivalents.

Investments. The Organization's 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. The Organization's management determines the valuation policies utilizing information provided by the investment advisors and custodians.

Unrealized gains and losses are included in the accompanying statements of activities. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Note 1 – Nature of Organization and Significant Accounting Policies (continued)

Fair Value Measurements. The Organization reports using fair value measurements, which among other things requires enhanced disclosures about investments that are measured and reported at fair value and establishes a framework for measuring fair value. The 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 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization 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 for identical or similar assets or liabilities in inactive markets;
- Inputs other than 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 measurements. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Organization values debt and equity securities with readily determinable market values at fair value as determined by quoted market prices on national securities exchanges valued at the closing price on the last business day of the fiscal year. Securities traded on the over-the-counter market are valued at the last reported bid price.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no changes in the methodology used at December 31, 2018.

Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the statement of financial position.

Note 1 – Nature of Organization and Significant Accounting Policies (continued)

Inventories. Inventories consist of books, clothing, and other accessories sold at conferences, and is stated at the lower of cost (first-in, first-out method) or market.

Equipment. It is the Organization's policy to capitalize equipment at cost for purchases over $2,500, while repair and maintenance items are charged to expense. Donations of equipment are capitalized at their estimated fair value at the date of gift. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Equipment is depreciated using straight-line methods over the estimated useful lives of the assets, which is generally five years for equipment and software. Depreciation expense totaled $3,744 for the year ended December 31, 2018. Amortization of software is included in depreciation expense.

Impairment of Long-Lived Assets. In the event that facts and circumstances indicate that equipment, or other assets, may be impaired, an evaluation of recoverability would be performed. If an evaluation is required, the estimated future undiscounted cash flows associated with the asset are compared to the asset's carrying amount to determine if a write-down to market value would be necessary. No impairment losses were recorded during the year ended December 31, 2018.

Contributions. Contributions are recognized when the donation is received. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions and grants that are restricted by the donor or grantor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

Contributed Services. Contributed services are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills and are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributed services totaled $87,894 for the year ended December 31, 2018.

Functional Allocation of Expenses. The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, direct expenses have been allocated to the applicable program for which the expenses were incurred. Indirect expenses have been allocated between program and supporting services based on an analysis of personnel time and space utilized for the related activities.

Income Taxes. The Organization is a nonprofit corporation exempt from income taxes as described in Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation. Accordingly, no provision for income taxes has been made.

Subsequent Events. The Organization evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through June 27, 2019, the date at which the financial statements were available for release.

Note 2 - New Accounting Pronouncement and Prior Period Adjustment

In August 2016, the FASB issued Accounting Standards Update (ASU) 2016-14, Presentation of Financial Statements of Not-for-Profit Entities, with the stated purpose of improving financial reporting by not-for-profit entities. During the year ended December 31, 2018, the Organization adopted the requirements of ASU 2016-14 and, as a result, adjusted the presentation of its financial statements accordingly. The new standard changes the following aspects of the Organization's financial statements.

The temporarily restricted net asset class has been renamed "net assets with donor restrictions".

The unrestricted net asset class has been renamed "net assets without donor restrictions".

The financial statements include a new disclosure about liquidity and availability of resources (Note 7).

The Organization has recorded a prior period adjustment to correct financial reporting errors for the classification of net assets with donor restrictions discovered by management after the release of the December 31, 2017 financial statements. The financial statements have been restated to increase net assets with donor restrictions by $321,850 at December 31, 2017.

Note 3 - Fair Value Measurement

The following table summarizes the Organization's fair value of assets measured on a recurring basis by fair value hierarchy as of December 31, 2018:

	Level 1	Level 2	Level 3	Total
Debt and equity securities				
U.S. Equities	$ 9,027	$ -	$ -	$ 9,027

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

The Organization evaluated the significance of transfers between levels based upon the nature of the financial instruments and size of the transfer relative to total net assets available for benefits. For the year ended December 31, 2018, there were no significant transfers in or out of fair value levels.

Net investment earnings (loss) consisted of the following for the years ended December 31, 2018:

Net unrealized loss on investments	$ (1,124)

Note 4 - Net Assets with Donor Restrictions

The following summarizes the changes in net assets with donor restrictions:

	Purpose Restrictions			
	Middle East and Southeast Asia Funds	Missionary Support	Time Restriction	Total
Balance, January 1, 2018	$ 405,277	$ 31,452	$ 10,000	$ 446,729
Additions	1,301,894	4,404	-	1,306,298
Releases	(1,430,927)	(35,856)	(10,000)	(1,476,783)
Balance, December 31, 2018	$ 276,244	$ -	$ -	$ 276,244

Note 5 - Operating Lease and Subsequent Event

The Organization leased office space under a month-to-month operating lease. The lease required monthly minimum payments of $400. Rent expense under the lease totaled $809 for the year ended December 31, 2018.

In January 2019, the Organization leased office space in Ada, Michigan under a noncancelable operating lease that commenced in February 2019. The lease requires monthly payments of $1,000, and expires in January 2022

Note 6 – Retirement Plan

In January 2018, the Organization began to participate in a deferred compensation retirement plan under Internal Revenue Code Section 403(b). The plan covers substantially all employees and allows the Organization to provide a discretionary matching contribution equal to a uniform percentage or dollar amount of each employee's elective deferral. The Organization determines the formula for the discretionary matching contribution annually. The Organization contributed $35,509 to the plan for the year ended December 31, 2018.

Note 7 - Liquidity and Availability

The Organization had $428,306 in financial assets available within one year of December 31, 2018. The Organization receives significant contributions and promises to give that are restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability; maintaining adequate liquid assets to fund near-term operating needs; and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. To achieve these guiding principles, the Organization forecasts its future cash flows and monitors its liquidity monthly. During the year ended December 31, 2018, the level of liquidity and reserves was managed within the guiding principles.

Note 8 – Concentrations of Credit Risk

Bank Deposits. At certain times during the year ended December 31, 2018, the Organization maintained cash balances in excess of federally insured limits.

Major Donor. The Organization had a single donor that comprised 14% of total revenues for the year ended December 31, 2018.