

Partners Relief and Development
Financial Statements
December 31, 2010

Partners Relief and Development
Financial Statements
December 31, 2010

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses.....	4
Statements of Cash Flows	5
Notes to Financial Statements	6 - 8

Independent Auditor's Report

To the Board of Trustees of
Partners Relief and Development
Redlands, California

We have audited the accompanying comparative statements of financial position of Partners Relief and Development (a nonprofit organization) as of December 31, 2010 and 2009 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.

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, 2010, 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
March 30, 2011

*Members of American Institute
of Certified Public Accountants
and California Society of
Certified Public Accountants*

350 W. Fifth Avenue, Suite 300
Escondido, California 92025
Voice 760-741-2659
Fax 760-743-7428

12631 E. Imperial Hwy., Suite 117E
Santa Fe Springs, California 90670
Voice 562-864-2504
Fax 562-864-1109

www.VanderSpekCPAs.com

Partners Relief and Development
 Comparative Statements of Financial Position
 December 31, 2010 and 2009

Assets	2010	2009
Current assets		
Cash	\$ 145,582	\$ 245,698
Investments	23,500	50,000
Accounts receivable	2,743	1,054
Inventory and other current assets	10,007	10,683
Total current assets	181,833	307,435
Property and equipment, net	2,538	3,173
Total assets	\$ 184,371	\$ 310,607
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 41,298	\$ 20,489
Total liabilities	41,298	20,489
Net assets		
Unrestricted	116,739	192,467
Temporarily restricted	26,334	97,651
Total net assets	143,073	290,118
Total liabilities and net assets	\$ 184,371	\$ 310,607

See Notes to Financial Statements

Partners Relief and Development
Statement of Activities
For the Year Ended December 31, 2010
with Comparative Totals for the Year Ended December 31, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2010 Totals</u>	<u>2009 Totals</u>
Revenue and support				
Contributions	\$ 932,151	\$ 406,969	\$ 1,339,120	\$ 1,407,785
Donated services	32,124		32,124	29,200
Product sales	2,659		2,659	4,863
In-kind contributions	104,819		104,819	4,487
Unrealized loss from investment	(26,500)		(26,500)	
Net assets released from restrictions, satisfaction of program restrictions	<u>478,286</u>	<u>(478,286)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>1,523,539</u>	<u>(71,317)</u>	<u>1,452,222</u>	<u>1,446,335</u>
Expenses				
Program services				
Funding of Partners Relief & Development-Thailand	1,328,799		1,328,799	1,025,401
Supporting services				
Management and general	125,571		125,571	122,105
Resource development	<u>144,897</u>		<u>144,897</u>	<u>143,575</u>
Total Expenses	<u>1,599,267</u>	<u>-</u>	<u>1,599,267</u>	<u>1,291,081</u>
Increase(decrease) in net assets	(75,728)	(71,317)	(147,045)	155,254
Net assets at beginning of year	<u>192,467</u>	<u>97,651</u>	<u>290,118</u>	<u>134,864</u>
Net assets at end of year	<u>\$ 116,739</u>	<u>\$ 26,334</u>	<u>\$ 143,073</u>	<u>\$ 290,118</u>

See Notes to Financial Statements

Partners Relief and Development
Statement of Functional Expenses
For the Year Ended For the Year Ended December 31, 2010
with Comparative Totals for the Year Ended December 31, 2009

	Program Services	Resource Development	Management and General	2010 Totals	2009 Totals
Funding of Partners Relief & Development-Thailand	\$ 1,191,856			\$1,191,856	\$ 991,714
Salaries and related expenses		\$ 50,472	\$ 79,290	129,762	124,972
Donated services	32,124			32,124	29,200
In-kind donations	104,819			104,819	4,487
Bank charges			1,245	1,245	898
Depreciation			635	635	
Gifts and hospitality			1,430	1,430	1,743
Insurance			2,512	2,512	772
Marketing		9,516	216	9,732	6,411
Office expense			7,266	7,266	6,364
Online fees			4,833	4,833	7,031
Postage and delivery		13,245	2,491	15,735	18,736
Professional services		9,292	6,605	15,897	23,264
Publications and appeals		28,038	2,319	30,357	15,062
Rent			4,004	4,004	6,600
Software		3,026		3,026	521
Telephone			7,276	7,276	1,175
Travel		19,482		19,482	47,485
Website		11,827		11,827	4,157
Other expense			5,450	5,450	489
	<u>\$ 1,328,799</u>	<u>\$ 144,897</u>	<u>\$ 125,571</u>	<u>\$1,599,267</u>	<u>\$ 1,291,081</u>

See Notes to Financial Statements

Partners Relief and Development
 Statements of Cash Flows
 For the Years Ended December 31, 2010 and 2009

	2010	2009
Cash flows from operating activities		
Change in net assets	\$ (147,045)	\$ 155,255
Adjustments to reconcile changes in net assets to net cash used in operating activities		
Depreciation	635	
Donated stock investment		(50,000)
Increase in accounts receivable	(1,690)	(1,054)
Increase(decrease) in inventories	675	(9,219)
Increase in accounts payable	20,809	16,354
	<u>(126,616)</u>	<u>111,336</u>
Cash flows from investing activities		
Unrealized loss from investments held	26,500	
Purchase of fixed assets		(3,173)
	<u>26,500</u>	<u>(3,173)</u>
Net cash provided by operations	<u>(126,616)</u>	<u>111,336</u>
Net cash used by investing activities	<u>26,500</u>	<u>(3,173)</u>
Net increase in cash	(100,116)	108,163
Cash balance at beginning of year	<u>245,698</u>	<u>137,535</u>
Cash balance at end of year	<u>\$ 145,582</u>	<u>\$ 245,698</u>

See Notes to the Financial Statements

Partners Relief and Development

Notes to Financial Statements

December 31, 2010

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, 2010 and 2009 were \$.47 and \$1 respectively.

Partners Relief and Development

Notes to Financial Statements

December 31, 2010

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, 2010

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

	<u>2010</u>	<u>2009</u>
Professionals & skilled services: psychologists, EMT specialists, teachers, attorneys etc.	\$ 30,300	\$ 29,200
Support services: students, aides etc	1,824	
Total donated services	<u>\$ 32,124</u>	<u>\$ 29,200</u>
In-kind items: software, solar chargers etc.	\$104,819	\$ 4,487

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.