

Partners Relief & Development

(a nonprofit Nevada corporation)

Financial Statements

December 31, 2020 and 2019

Partners Relief & Development

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Independent Auditor's Report

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

Qualified Opinion

We have audited the accompanying financial statements of Partners Relief & Development (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, except for the possible effects on the 2019 financial statements and statements of activities, functional expenses, and cash flows for the year ended December 31, 2020 of the matter described in the Basis for Qualified Opinion section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of Partners Relief & Development as of December 31, 2020 and 2019, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

We did not observe the physical inventory (stated at \$37,415) taken as of December 31, 2019, since our ability to access inventory was not reasonably achieved, and we were unable to obtain sufficient appropriate audit evidence about inventory quantities by other auditing procedures.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Partners Relief & Development and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Management 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, and for 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.

Independent Auditor's Report (continued)

Responsibilities of Management for the Financial Statements (continued)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Partners Relief & Development's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Partners Relief & Development's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Partners Relief & Development's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Brock and Company, CPAs, P.C.

Certified Public Accountants

Longmont, Colorado
June 1, 2021

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Partners Relief & Development

Statements of Financial Position

December 31	2020	2019
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,196,270	\$ 1,298,981
Contributions receivable	226,802	-
Inventories	27,089	37,415
Other current assets	236	994
Total current assets	<u>1,450,397</u>	<u>1,337,390</u>
Equipment and Software		
Equipment	6,917	6,917
Software	11,760	11,760
	<u>18,677</u>	<u>18,677</u>
Less accumulated depreciation	<u>(16,849)</u>	<u>(14,116)</u>
Net equipment and software	<u>1,828</u>	<u>4,561</u>
Other Assets		
Deposit	<u>2,947</u>	<u>2,000</u>
Total assets	<u>\$ 1,455,172</u>	<u>\$ 1,343,951</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 28,153	\$ 20,564
Accrued compensation and benefits	16,831	10,868
Total current liabilities	<u>44,984</u>	<u>31,432</u>
Net Assets		
Without donor restrictions	548,014	469,094
With donor restrictions	862,174	843,425
Total net assets	<u>1,410,188</u>	<u>1,312,519</u>
Total liabilities and net assets	<u>\$ 1,455,172</u>	<u>\$ 1,343,951</u>

The accompanying Notes are an integral
part of these financial statements

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Partners Relief & Development

Statement of Activities

Year ended December 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating Support			
Contributions and grants	\$ 2,505,137	\$ 1,198,124	\$ 3,703,261
In-kind contributions	116,250	-	116,250
Net assets released from restrictions			
Satisfaction of program restrictions	<u>1,179,375</u>	<u>(1,179,375)</u>	<u>-</u>
Total operating support	<u>3,800,762</u>	<u>18,749</u>	<u>3,819,511</u>
Operating Expenses			
Program services	3,321,663	-	3,321,663
Supporting services			
General and administrative	250,399	-	250,399
Fundraising	<u>220,141</u>	<u>-</u>	<u>220,141</u>
Total operating expenses	<u>3,792,203</u>	<u>-</u>	<u>3,792,203</u>
Total operating support in excess of operating expenses	8,559	18,749	27,308
Other Changes			
Paycheck Protection Program grant	68,145	-	68,145
Interest and other income	2,187	-	2,187
Merchandise sales, net	<u>29</u>	<u>-</u>	<u>29</u>
Total other changes	<u>70,361</u>	<u>-</u>	<u>70,361</u>
Change in Net Assets	78,920	18,749	97,669
Net Assets, Beginning of Year	<u>469,094</u>	<u>843,425</u>	<u>1,312,519</u>
Net Assets, End of Year	<u>\$ 548,014</u>	<u>\$ 862,174</u>	<u>\$ 1,410,188</u>

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Partners Relief & Development

Statement of Activities

Year ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Support			
Contributions and grants	\$ 2,311,084	\$ 1,815,978	\$ 4,127,062
In-kind contributions	55,385	-	55,385
Net assets released from restrictions			
Satisfaction of program restrictions	1,248,797	(1,248,797)	-
Total operating support	<u>3,615,266</u>	<u>567,181</u>	<u>4,182,447</u>
Operating Expenses			
Program services	2,821,156	-	2,821,156
Supporting services			
General and administrative	249,660	-	249,660
Fundraising	217,493	-	217,493
Total operating expenses	<u>3,288,309</u>	<u>-</u>	<u>3,288,309</u>
Total operating support in excess of operating expenses	326,957	567,181	894,138
Other Changes			
Interest and other income	512	-	512
Merchandise sales, net	374	-	374
Total other changes	<u>886</u>	<u>-</u>	<u>886</u>
Change in Net Assets	327,843	567,181	895,024
Net Assets, Beginning of Year	<u>141,251</u>	<u>276,244</u>	<u>417,495</u>
Net Assets, End of Year	<u>\$ 469,094</u>	<u>\$ 843,425</u>	<u>\$ 1,312,519</u>

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Statement of Functional Expenses

Year ended December 31, 2020

	Program Services	Supporting Services		Total
		General and Administrative	Fundraising	
Salaries and wages	\$ 773,178	\$ 147,685	\$ 80,706	\$ 1,001,569
Payroll taxes	53,041	10,783	2,924	66,748
Employee benefits	41,201	6,654	2,664	50,519
Total personnel costs	867,420	165,122	86,294	1,118,836
Program expenses	2,220,956	-	-	2,220,956
Legal and professional fees	117,377	24,627	72,174	214,178
Technology and communications	20,031	11,631	32,954	64,616
Marketing	35,970	972	11,666	48,608
Printing and postage	23,126	1,629	7,817	32,572
Travel and meals	13,392	7,653	2,870	23,915
Occupancy	10,501	5,250	5,250	21,001
Office expenses	1,170	15,382	167	16,719
Miscellaneous expenses	6,256	7,746	894	14,896
Insurance	-	5,687	-	5,687
Training and education	5,464	-	55	5,519
Depreciation	-	2,733	-	2,733
Bank and credit card fees	-	1,967	-	1,967
Total operating expenses	\$ 3,321,663	\$ 250,399	\$ 220,141	\$ 3,792,203

The accompanying Notes are an integral
part of these financial statements

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Partners Relief & Development

Statement of Functional Expenses

Year ended December 31, 2019

	Program Services	Supporting Services		Total
		General and Administrative	Fundraising	
Salaries and wages	\$ 691,298	\$ 107,292	\$ 134,466	\$ 933,056
Payroll taxes	44,915	6,587	8,384	59,886
Employee benefits	29,212	4,284	5,453	38,949
Total personnel costs	<u>765,425</u>	<u>118,163</u>	<u>148,303</u>	<u>1,031,891</u>
Program expenses	1,894,181	-	-	1,894,181
Travel and meals	61,573	35,060	12,769	109,402
Technology and communications	17,590	10,447	29,349	57,386
Legal and professional fees	20,750	20,614	10,000	51,364
Marketing	30,724	864	10,019	41,607
Printing and postage	16,980	1,133	5,781	23,894
Miscellaneous expenses	8,058	9,796	1,143	18,997
Occupancy	-	18,863	-	18,863
Office expenses	1,154	15,246	99	16,499
Insurance	-	8,425	-	8,425
Bank and credit card fees	-	8,144	-	8,144
Training and education	4,721	4	30	4,755
Depreciation	-	2,901	-	2,901
Total operating expenses	<u>\$ 2,821,156</u>	<u>\$ 249,660</u>	<u>\$ 217,493</u>	<u>\$ 3,288,309</u>

The accompanying Notes are an integral
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Statements of Cash Flows

Increase (Decrease) in Cash and Cash Equivalents

Years ended December 31	2020	2019
Cash Flows From Operating Activities		
Change in net assets	\$ 97,669	\$ 895,024
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	2,733	2,901
Net realized and unrealized gain on investments	-	(463)
Increase (decrease) from changes in assets and liabilities		
Contributions receivable	(226,802)	-
Inventories	10,326	(2,723)
Other current assets	758	3,508
Deposit	(947)	(2,000)
Accounts payable	7,589	17,244
Accrued compensation and benefits	5,963	(1,199)
Net cash provided (used) by operating activities	<u>(102,711)</u>	<u>912,292</u>
Cash Flows From Investing Activities		
Net proceeds from sale of investments	-	9,490
Purchases of equipment	-	(2,886)
Net cash provided by investing activities	<u>-</u>	<u>6,604</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(102,711)	918,896
Cash and Cash Equivalents, Beginning of Year	<u>1,298,981</u>	<u>380,085</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,196,270</u>	<u>\$ 1,298,981</u>

The accompanying Notes are an integral part of these financial statements

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Partners Relief & Development

Notes to Financial Statements

December 31, 2020 and 2019

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.

Contributions Receivable. Unconditional promises to give are recognized as revenue in the period received. Contributions receivable are recorded at the amount the Organization expects to receive, allowing for estimated uncollectible contributions. The allowance for uncollectible contributions is estimated based on management's review of specific contributions outstanding. As of December 31, 2020, management believes all contributions receivable are fully collectible, and accordingly, no allowance for doubtful accounts has been recorded. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

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

Partners Relief & Development

Notes to Financial Statements

December 31, 2020 and 2019

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

Equipment and Software. It is the Organization's policy to capitalize equipment and software at cost for purchases over \$2,500, while repair and maintenance items are charged to expense. Donations of equipment and software 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 and software 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 \$2,733 and \$2,901 for the years ended December 31, 2020 and 2019, respectively. 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 2020 and 2019.

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 \$116,250 and \$55,385 for the years ended December 31, 2020 and 2019, respectively.

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 1, 2021, the date at which the financial statements were available for release.

Partners Relief & Development

Notes to Financial Statements

December 31, 2020 and 2019

Note 2 – Liquidity and Availability

The Organization had \$1,423,072 and \$1,298,981 and in financial assets available within one year of December 31, 2020 and 2019, respectively. 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 years ended December 31, 2020 and 2019, the level of liquidity and reserves was managed within the guiding principles.

Note 3 – Net Assets With Donor Restrictions

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

	Purpose Restrictions			Total
	Middle East and Southeast Asia Funds	Relief and Development Team Support	Time Restrictions	
Balance, January 1, 2019	\$ 276,244	\$ -	\$ -	\$ 276,244
Additions	1,789,798	26,180	-	1,815,978
Releases	(1,235,745)	(13,052)	-	(1,248,797)
Balance, December 31, 2019	830,297	13,128	-	843,425
Additions	962,680	8,642	226,802	1,198,124
Releases	(1,169,160)	(10,215)	-	(1,179,375)
Balance, December 31, 2020	\$ 623,817	\$ 11,555	\$ 226,802	\$ 862,174

Note 4 – Operating Lease

The Organization leases office space in Ada, Michigan under a noncancelable operating lease. The lease requires monthly payments of \$1,550, and expires in January 2022. Rent expense, including shared operating costs, under the lease totaled \$19,273 and \$11,000 for the years ended December 31, 2020 and 2019, respectively.

Future annual minimum lease payments required under the noncancelable operating lease are as follows at December 31, 2020:

Year	Facilities
2021	\$ 18,600
2022	1,550
	\$ 20,150

Partners Relief & Development

Notes to Financial Statements

December 31, 2020 and 2019

Note 4 – Operating Lease (continued)

The Organization leased other office space under a month-to-month operating lease. Rent expense under the lease totaled \$7,338 for the year ended December 31, 2019.

Note 5 – Paycheck Protection Program and Subsequent Event

During May 2020, the Organization received proceeds from the Paycheck Protection Program administered by the U.S. Small Business Administration of \$68,145. Proceeds from the program are considered a government grant if at least 60% of the proceeds are spent on eligible payroll, with the remaining 40% on other narrowly specified expenses. As of December 31, 2020, the Organization fulfilled the requirements of the program. Accordingly, the Organization recognized grant revenue totaling \$68,145 in the accompanying statement of activities.

In March 2021, the Organization received proceeds from a second draw of the Paycheck Protection Program administered by the U.S. Small Business Administration of \$75,607. Proceeds from the program are considered a government grant if at least 60% of the proceeds are spent on eligible payroll, with the remaining 40% on other narrowly specified expenses within the covered period.

Note 6 – Retirement Plan

The Organization participates 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 \$43,394 and \$36,200 to the plan for the years ended December 31, 2020 and 2019, respectively.

Note 7 – Concentrations of Credit Risk

Bank Deposits. At certain times during the years ended December 31, 2020 and 2019, the Organization maintained cash balances in excess of federally insured limits.

Major Donor. The Organization had a single donor that comprised 15% and 28% of total revenues for the years ended December 31, 2020 and 2019, respectively.

Note 8 – Risks and Uncertainty

During 2020, a health care pandemic occurred in the United States and internationally. In response to the crisis, the federal, state, and municipal governments enacted various policies to curtail group gatherings until the risk has diminished. Certain program services of the Organizations are subject to closure or substantially modified operations. Additionally, the global economy has been negatively impacted. No reliable estimate of the potential future financial impacts of this uncertainty on the Organization can be made at this time.