

BEHRHORST PARTNERS FOR DEVELOPMENT, INC.

FINANCIAL STATEMENTS

June 30, 2013 and 2012

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Wegner CPAs

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Behrhorst Partners for Development, Inc.
Ojibwa, Wisconsin

We have audited the accompanying financial statements of Behrhorst Partners for Development, Inc., which comprise the statements of financial position as of June 30, 2013 and 2012, 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 audit to obtain reasonable assurance about whether the financial statements are free from 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 Behrhorst Partners for Development, Inc. as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Wegner CPAs, LLP

Wegner CPAs, LLP
Pewaukee, Wisconsin
September 16, 2013

Janesville Office:
101 E. Milwaukee Street
Suite 425
Janesville, WI 53545
P: (608) 756-4020

Baraboo Office:
123 Second Street
P.O. Box 150
Baraboo, WI 53913
P: (608) 356-3966
F: (608) 356-2966

Pewaukee Office:
W239 N3490 Pewaukee Road
Suite 200
Pewaukee, WI 53072
P: (262) 522-7555
F: (262) 522-7550

Madison Office:
2110 Luann Lane
Madison, WI 53713
P: (608) 274-4020
F: (608) 274-0775

www.wegnercpas.com
info@wegnercpas.com
(888) 204-7665

BEHRHORST PARTNERS FOR DEVELOPMENT, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash	\$ 231,470	\$ 114,275
Investments	351,507	386,558
Promises to give	<u>1,625</u>	<u>5,390</u>
Total assets	<u>\$ 584,602</u>	<u>\$ 506,223</u>
LIABILITIES		
Deferred revenue	\$ 300	\$ 1,500
NET ASSETS		
Unrestricted	467,882	410,667
Temporarily restricted	<u>116,420</u>	<u>94,056</u>
Total net assets	<u>584,302</u>	<u>504,723</u>
Total liabilities and net assets	<u>\$ 584,602</u>	<u>\$ 506,223</u>

See accompanying notes.

BEHRHORST PARTNERS FOR DEVELOPMENT, INC.
STATEMENTS OF ACTIVITIES
Years ended June 30, 2013 and 2012

	2013	2012
UNRESTRICTED NET ASSETS		
SUPPORT AND REVENUE		
Contributions	\$ 322,278	\$ 752,000
Tour income	16,500	11,432
Investment return	45,684	(4,945)
Total unrestricted support and revenue	384,462	758,487
EXPENSES		
Program services	267,373	730,064
Management and general	43,965	45,887
Fundraising	71,773	46,687
Total expenses	383,111	822,637
Net assets released from restrictions	55,864	10,453
Change in unrestricted net assets	57,215	(53,697)
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	78,228	58,832
Net assets released from restrictions	(55,864)	(10,453)
Change in temporarily restricted net assets	22,364	48,379
Change in net assets	79,579	(5,318)
Net assets - beginning of year	504,723	510,041
Net assets - end of year	\$ 584,302	\$ 504,723

See accompanying notes.

BEHRHORST PARTNERS FOR DEVELOPMENT, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Years ended June 30, 2013 and 2012

	Program Services	Management and General	Fundraising	2013 Total
Personnel	\$ 3,822	\$ 13,698	\$ 51,198	\$ 68,718
Grants and scholarships	242,942	-	-	242,942
Professional fees	-	9,005	-	9,005
Travel	14,211	2,246	2,180	18,637
Printing and postage	4,153	5,584	13,038	22,775
Office	312	9,951	876	11,139
Insurance	-	1,500	-	1,500
Conferences and meetings	1,611	1,660	1,611	4,882
Information technology	322	321	2,870	3,513
Total expenses	\$ 267,373	\$ 43,965	\$ 71,773	\$ 383,111

	Program Services	Management and General	Fundraising	2012 Total
Personnel	\$ 6,562	\$ 15,902	\$ 34,652	\$ 57,116
Grants and scholarships	704,446	-	-	704,446
Professional fees	-	11,744	-	11,744
Travel	10,910	2,372	2,303	15,585
Printing and postage	4,570	4,763	6,214	15,547
Office	340	6,272	282	6,894
Insurance	-	1,500	-	1,500
Conferences and meetings	1,840	1,896	1,840	5,577
Information technology	1,395	1,438	1,395	4,228
Total expenses	\$ 730,064	\$ 45,887	\$ 46,687	\$ 822,637

See accompanying notes.

BEHRHORST PARTNERS FOR DEVELOPMENT, INC.
STATEMENTS OF CASH FLOWS
Years ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 79,579	\$ (5,318)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Donated stock	(3,187)	-
Net realized and unrealized (gain) loss on investments	(38,124)	12,663
(Increase) decrease in promises to give	3,765	(5,390)
Increase (decrease) in deferred revenue	(1,200)	150
Net cash flows from operating activities	<u>40,833</u>	<u>2,105</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of donated stock	3,249	-
Purchases of investments	(185,000)	(974,366)
Proceeds from sales of investments	258,113	1,081,967
Net cash flows from investing activities	<u>76,362</u>	<u>107,601</u>
Change in cash	117,195	109,706
Cash - beginning of year	<u>114,275</u>	<u>4,569</u>
Cash - end of year	<u>\$ 231,470</u>	<u>\$ 114,275</u>
SUPPLEMENTAL DISCLOSURES		
Noncash investing transactions		
Donated stock	\$ 3,187	\$ -

See accompanying notes.

BEHRHORST PARTNERS FOR DEVELOPMENT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

Behrhorst Partners for Development, Inc. (BPD) strengthens and expands processes of community development and participation that enhances people's lives. BPD works in respectful partnership with Mayan Guatemalans to have a positive impact on the problems associated with Guatemala's history of violence against indigenous populations, natural disasters, poverty, illiteracy and disastrously high rates of infant and maternal death. BPD supports sustainable development initiatives that strive to improve the health and well-being of particularly vulnerable sectors of society. BPD also promotes through experience-based education an understanding of the principles of participatory community development and the conditions under which it is most effective.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

BPD is required to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted net assets—Net assets that are not restricted by donors. Designations are voluntary board-approved segregations of unrestricted net assets for specific purposes, projects, or investments.

Temporarily restricted net assets—Net assets whose use has been limited by donor-imposed time restrictions or purpose restrictions.

Permanently restricted net assets—Net assets that have been restricted by donors to be maintained by BPD in perpetuity.

Investments

BPD carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. Realized and unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

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

Promises to Give

Promises to give are recognized as support in the period received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

BPD considers all promises to give to be fully collectible. Accordingly, no allowance for doubtful promises is presented. If promises to give become uncollectible, they will be charged to operations when that determination is made. All promises to give are expected to be collected within one year.

BEHRHORST PARTNERS FOR DEVELOPMENT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

All contributions are considered available for BPD's general use unless specifically restricted by the donor. Contributions restricted by the donor are reported as increases in temporarily or permanently restricted net assets. Contributions received with temporary restrictions that are met in the reporting period in which the revenue is recognized are reported as increases unrestricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Expense Allocation

The costs of providing programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

BPD's program services include partnering with the Association Behrhorst Partners for Development to provide grants to extremely isolated communities of Guatemala. These grants are provided to bring running water to communities and homes to prevent infectious diseases, build vented stoves to prevent burns and deforestation, improve sanitary conditions with gray filers and latrines, and empowering women to combat chronic malnutrition and stimulate early childhood development through the Strong Family Centers. In addition, BPD also conducts guided tours of Guatemala to bring awareness of the region to participants.

Income Taxes

BPD is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. BPD's federal exempt organization returns are subject to examination by the Internal Revenue Service, generally for three years after they are filed. With few exceptions, BPD is no longer subject to such examinations for tax years before 2009.

Estimates

The preparation of financial statements 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Date of Management's Review

Management has evaluated subsequent events through September 16, 2013, the date which the financial statements were available to be issued.

BEHRHORST PARTNERS FOR DEVELOPMENT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

NOTE 2 – INVESTMENTS

Investments consist of the following at June 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Money market funds	\$ 24,033	\$ 51,611
Exchange traded funds	<u>327,474</u>	<u>334,947</u>
Investments	<u>\$ 351,507</u>	<u>\$ 386,558</u>

Investment return for the years ended June 30, 2013 and 2012 consisted of the following:

	<u>2013</u>	<u>2012</u>
Interest and dividends	\$ 7,560	\$ 7,718
Net realized and unrealized gain (loss)	<u>38,124</u>	<u>(12,663)</u>
Investment return	<u>\$ 45,684</u>	<u>\$ (4,945)</u>

NOTE 3 – FAIR VALUE MEASUREMENTS

Fair value of assets measured on a recurring basis at June 30, 2013 and 2012 is as follows:

	<u>Fair Value</u>	<u>Quoted Price in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Exchange traded funds - 2013	<u>\$ 327,474</u>	<u>\$ 327,474</u>	<u>\$ -</u>	<u>\$ -</u>
Exchange traded funds - 2012	<u>\$ 334,947</u>	<u>\$ 334,947</u>	<u>\$ -</u>	<u>\$ -</u>

Fair values for mutual funds are determined by reference to quoted market prices and other relevant information generated by market transactions.

BEHRHORST PARTNERS FOR DEVELOPMENT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

NOTE 4 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at June 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Water projects	\$ 24,710	\$ 34,917
Scholarships	11,220	12,870
Agriculture/nutrition projects	1,376	-
Strong Family Centers	76,321	9,282
Latrines	886	36,987
Family planning	500	-
Stoves	1,407	-
	<u> </u>	<u> </u>
Temporarily restricted net assets	<u>\$ 116,420</u>	<u>\$ 94,056</u>