

BEHRHORST PARTNERS FOR DEVELOPMENT, INC.

FINANCIAL STATEMENTS

June 30, 2011

CONTENTS

Independent Auditor's Report	1
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements.....	6



INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statement of financial position of Behrhorst Partners for Development, Inc. as of June 30, 2011, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of Behrhorst Partners for Development, Inc.'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 Behrhorst Partners for Development, Inc. as of June 30, 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.

Wegner CPAs, LLP

Wegner CPAs, LLP
Pewaukee, Wisconsin
June 15, 2012

Janesville Office:
3000 Milton Avenue
Suite 107
P.O. Box 2260
Janesville, WI 53547
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 1200
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.
STATEMENT OF FINANCIAL POSITION
June 30, 2011

ASSETS	
Cash	\$ 4,569
Investments	<u>506,822</u>
Total assets	<u><u>\$ 511,391</u></u>
LIABILITIES	
Deferred revenue	\$ 1,350
NET ASSETS	
Unrestricted	464,364
Temporarily restricted	<u>45,677</u>
Total net assets	<u><u>510,041</u></u>
Total liabilities and net assets	<u><u>\$ 511,391</u></u>

See accompanying notes.

BEHRHORST PARTNERS FOR DEVELOPMENT, INC.
STATEMENT OF ACTIVITIES
Year ended June 30, 2011

UNRESTRICTED NET ASSETS

SUPPORT AND REVENUE

Contributions	\$ 321,448
Tour income	10,714
Investment return	<u>68,377</u>

Total support and revenue	400,539
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EXPENSES

Program services	359,499
Management and general	34,060
Fundraising	<u>35,766</u>

Total expenses	429,325
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Net assets released from restrictions	<u>34,176</u>
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Change in unrestricted net assets	5,390
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TEMPORARILY RESTRICTED NET ASSETS

Contributions	32,807
Net assets released from restrictions	<u>(34,176)</u>

Change in temporarily restricted net assets	<u>(1,369)</u>
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Change in net assets	4,021
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Net assets - beginning of year	<u>506,020</u>
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Net assets - end of year	<u><u>\$ 510,041</u></u>
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See accompanying notes.

BEHRHORST PARTNERS FOR DEVELOPMENT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2011

	Program Services	Management and General	Fundraising	Total
Personnel	\$ 20,416	\$ 18,017	\$ 26,214	\$ 64,647
Grants and scholarships	319,707	-	-	319,707
Professional fees	-	1,200	-	1,200
Travel	11,552	2,579	2,503	16,635
Printing and postage	4,864	2,494	4,209	11,566
Office	501	5,738	382	6,621
Insurance	-	1,500	-	1,500
Conferences and meetings	1,748	1,801	1,748	5,298
Information technology	710	731	710	2,151
Total expenses	\$ 359,499	\$ 34,060	\$ 35,766	\$ 429,325

See accompanying notes.

BEHRHORST PARTNERS FOR DEVELOPMENT, INC.
STATEMENT OF CASH FLOWS
Year ended June 30, 2011

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 4,021
Adjustments to reconcile change in net assets to net cash flows from operating activities	
Donated stock	(1,041)
Net realized and unrealized gains on investments	(59,937)
Increase in deferred revenue	<u>1,350</u>
Net cash flows from operating activities	(55,607)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of investments	(458,481)
Proceeds from sales of investments	<u>474,807</u>
Net cash flows from investing activities	<u>16,326</u>

Change in cash (39,281)

Cash - beginning of year 43,850

Cash - end of year \$ 4,569

See accompanying notes.

BEHRHORST PARTNERS FOR DEVELOPMENT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

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 reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Assets of the restricted classes are created only by donor-imposed restrictions.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

Investments

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

Contributions

All contributions are considered available for BPD's general use unless specifically restricted by the donor. Contributions receivable in future periods or 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 statement of activities as net assets released from restrictions.

BEHRHORST PARTNERS FOR DEVELOPMENT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Expense Allocation

The costs of providing programs and other activities have been summarized on a functional basis in the statement of activities and in the statement 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 2007.

Date of Management's Review

Management has evaluated subsequent events through June 15, 2012, the date which the financial statements were available to be issued.

NOTE 2 – INVESTMENTS

Investments consist of the following:

Money market funds	\$ 166,989
Mutual funds	<u>339,833</u>
	<u><u>\$ 506,822</u></u>

Investment return is summarized as follows:

Interest and dividends	\$ 8,440
Net realized and unrealized gains	<u>59,937</u>
	<u><u>\$ 68,377</u></u>

BEHRHORST PARTNERS FOR DEVELOPMENT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 2 – INVESTMENTS (continued)

BPD has adopted the Financial Accounting Standards Board guidance on fair value measurements. A three-tier hierarchy is used to maximize the use of observable market data inputs and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Financial assets valued using level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Financial assets valued using level 3 inputs are based primarily on valuation models with significant unobservable pricing inputs and which result in the use of management estimates.

Fair value of assets measured on a recurring basis at June 30, 2011 is as follows:

	Fair Value	Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds	\$ 339,833	\$ 339,833	\$ -	\$ -

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

NOTE 3 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

Water projects	\$ 13,072
Scholarships	12,870
Strong Family Centers	18,460
Stoves	1,275
	<u>\$ 45,677</u>