



Friends of **WATS**

REVIEWED

FINANCIAL

STATEMENTS

For the year ended December 31, 2015

Draft- For Disucssion Purposes Only

FRIENDS OF WATS

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The Brown Accounting Group

Independent Accountant's Review Report

February 5, 2016

To the Board of Directors & Management of
FRIENDS OF WATS
Easley, South Carolina

I have reviewed the accompanying financial statements of FRIENDS OF WATS, a non-profit organization, which comprise the statements of financial position as of December 31, 2015, and December 31, 2014, and the related statements of activities and changes in net assets, functional expenses, and cash flows (the "Financial Statements") for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, I do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

Accountant's Responsibility

My responsibility is to conduct the reviews in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. I believe that the results of those procedures provide a reasonable basis for my report.

Accountant's Conclusion

Based on my reviews, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

The Brown Accounting Group

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FRIENDS OF WATS

Statement of Financial Position

December 31, 2015 and December 31, 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
CURRENT ASSETS:		
Unrestricted Cash	\$118,228	\$121,995
Restricted Cash	-	-
Pledges Receivable	500	101,025
Prepaid Expenses	-	2,500
TOTAL CURRENT ASSETS	<u>118,728</u>	<u>225,520</u>
NONCURRENT ASSETS:		
Property & Equipment	13,000	-
Less: Accumulated Depreciation	433	-
TOTAL NONCURRENT ASSETS	<u>12,567</u>	<u>-</u>
TOTAL ASSETS	<u>131,295</u>	<u>225,520</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Pass-through Funds	3,200	8,700
Current portion of Note Payable	6,000	1,000
TOTAL CURRENT LIABILITIES	<u>9,200</u>	<u>9,700</u>
LONG-TERM LIABILITIES		
Noncurrent Portion of Note Payable	3,000	-
TOTAL NONCURRENT LIABILITIES	<u>3,000</u>	<u>-</u>
TOTAL LIABILITIES	<u>12,200</u>	<u>9,700</u>
NET ASSETS:		
Unrestricted	118,595	114,795
Temporarily Restricted	500	101,025
TOTAL NET ASSETS	<u>119,095</u>	<u>215,820</u>
TOTAL LAIBILITIES AND NET ASSETS	<u>\$131,295</u>	<u>\$225,520</u>

See independent accountant's report and notes to financial statements.

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FRIENDS OF WATS

Statement of Activities & Change In Net Assets
December 31, 2015

	Unrestricted	Temporarily Restricted	Total	Percent of Totals
CHANGE IN NET ASSETS:				
SUPPORT & REVENUES				
Contributions:				
Undesignated	\$ 93,217	\$ -	\$ 93,217	16%
Underwriting	-	91,450	91,450	15%
Nigeria Missionary Support:				
Special Projects	-	40,661	40,661	7%
Scholarships	-	105,707	105,707	18%
General Missions Support	240,363	-	240,363	40%
Staff Support	-	23,068	23,068	4%
TOTAL SUPPORT	333,580	260,886	594,466	<u>100%</u>
OTHER REVENUE				
Miscellaneous Income	263	-	-	
TOTAL REVENUE	263	-	263	
Net Assets Released From Restriction:				
Restrictions Satisfied By Payments Made	361,411	(361,411)	0	
TOTAL SUPPORT AND REVENUES	695,254	(100,525)	594,729	
EXPENSES				
Program Activities	554,758	-	554,758	
Support Services	136,696	-	136,696	
TOTAL EXPENSES	691,454	-	691,454	
CHANGE IN NET ASSETS	<u>3,800</u>	<u>(100,525)</u>	<u>(96,725)</u>	
Net Assets, Beginning of the Year	114,795	101,025	\$ 215,820	
NET ASSETS, END OF THE YEAR	<u>\$ 118,595</u>	<u>\$ 500</u>	<u>\$ 119,095</u>	

See Independent accountant's report and accompanying notes to financial statements.

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FRIENDS OF WATS

Statement of Activities & Change In Net Assets
December 31, 2014

	Unrestricted	Temporarily Restricted	Total	Percent of Totals
CHANGE IN NET ASSETS:				
SUPPORT & REVENUES				
Contributions:				
Undesignated	\$ 313,089	\$ -	\$ 313,089	30%
Underwriting	-	25,350	25,350	2%
Nigeria Missionary Support:				
Special Projects	-	185,775	185,775	18%
Scholarships	-	222,723	222,723	23%
General Missions Support	261,887	-	261,887	25%
Other Student Support	-	-	-	0%
Staff Support	-	30,555	30,555	3%
TOTAL SUPPORT	\$ 574,976	\$ 464,403	\$ 1,039,379	100%
Net Assets Released From Restriction:				
Restrictions Satisfied By Payments Made	438,748	(438,748)	-	
TOTAL REVENUES	1,013,724	25,655	1,039,379	
TOTAL SUPPORT AND REVENUES	\$ 1,013,724	\$ 25,655	\$ 1,039,379	
EXPENSES				
Program Activities	\$ 788,788	\$ -	\$ 788,788	
Support Services	165,460	-	165,460	
TOTAL EXPENSES	954,248	-	954,248	
CHANGE IN NET ASSETS	\$ 59,476	\$ 25,655	\$ 85,131	
Net Assets, Beginning of the Year	55,319	75,370	130,689	
NET ASSETS, END OF THE YEAR	\$ 114,795	\$ 101,025	\$ 215,820	

See independent accountant's report and notes to financial statements.

FRIENDS OF WATS
Statement of Functional Expenses
For the Year Ended December 31, 2015

	Program Activities				Support Services				Total Expenses
	General			Total	Administrative			Total	
	Missions Support	Special Projects	Scholarships	Program Activities	Fundraising	Support Services			
Personnel Cost:									
Contract Staff	\$ 54,308			\$ 54,308	\$ 14,507	\$ 80,580	\$ 95,087	\$ 149,395	
Other Expenses:									
Guest House and Annex		35,383		35,383			-	35,383	
Nigeria Special Projects		41,044		41,044			-	41,044	
Student Support & General			140,897	140,897			-	140,897	
NBIC Support	143,335			143,335			-	143,335	
Accounting and Tax Fees	12,033			12,033	12,034		12,034	24,067	
Travel	40,944			40,944	9,064	7,476	16,541	57,485	
IT and Computer Expenses	2,732			2,732	2,731		2,731	5,463	
Faculty Support and Fellowships	32,372			32,372			-	32,372	
Fundraising Events				-		1,384	1,384	1,384	
Supplies and Office Expenses	2,042			2,042	2,042		2,042	4,084	
Bank and Credit Card Fees	3,942			3,942	3,941		3,941	7,883	
Board Meeting Expenses				-	2,937		2,937	2,937	
Textbooks	10,926			10,926	-	-	-	10,926	
Consultant Fees	34,800			34,800			-	34,800	
Total Other Expenses	283,126	76,427	140,897	500,450	32,749	8,860	41,610	542,059	
TOTAL	\$337,434	\$76,427	\$140,897	\$554,758	\$47,257	\$89,440	\$136,696	\$691,454	
% of Total	49%	11%	20%	80%	7%	13%	20%	100%	

See independent accountant's report and accompanying notes to financial statements.

FRIENDS OF WATS
Statement of Functional Expenses
For the Year Ended December 31, 2014

	Program Activities				Support Services			
	General	Special		Total		Total		
	Missions	Projects	Scholarships	Program Activities	Administrative	Fundraising	Support Services	Total Expenses
	Support							
Personnel Cost:								
Contract Staff	\$ 32,875			\$ 32,875	\$ 12,950	\$ 106,475	\$ 119,425	\$ 152,300
Other Expenses:								
Guest House and Annex		29,900		29,900			-	29,900
Nigeria Special Projects		42,376		42,376			-	42,376
Student Support & General			334,720	334,720			-	334,720
NBIC Support	180,367			180,367			-	180,367
Accounting and Tax Fees	8,105			8,105	8,105		8,105	16,210
Travel	21,868			21,868	6,318	13,212	19,530	41,398
IT and Computer Expenses	3,159			3,159	3,159		3,159	6,318
Faculty Support and Fellowships	40,330			40,330			-	40,330
Fundraising Events				-		2,027	2,027	2,027
Supplies and Office Expenses	3,684			3,684	3,684		3,684	7,368
Bank and Credit Card Fees	3,853			3,853	3,853		3,853	7,706
Board Meeting Expenses				-	2,851		2,851	2,851
Misc Other	2,352			2,352	1,625	1,201	2,826	5,178
Consultant Fees	85,198			85,198			-	85,198
Total Other Expenses	348,917	72,276	334,720	755,913	29,595	16,440	46,035	
TOTAL	\$ 381,792	\$ 72,276	\$ 334,720	\$ 788,788	\$ 42,545	\$ 122,915	\$ 165,460	\$ 954,248
% of Total	40%	8%	35%	83%	6%	13%	17%	100%

See independent accountant's report and accompanying notes to financial statements.

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FRIENDS OF WATS

Statement of Cash Flows

December 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets	\$ (96,725)
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Adjustments to reconcile changes in net assets to net
cash flows (used in) provided by operating activities:

Depreciation/Amortization	433
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Changes in Assets and Liabilities:

Pledges Receivable	100,525
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Prepaid Expenses	2,500
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Accrued Expenses & Pass Thru	(5,500)
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NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<u>1,233</u>
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CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of Vehicle	<u>(13,000)</u>
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NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	<u>(13,000)</u>
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CASH FLOWS FROM FINANCING ACTIVITIES:

Loan to Purchase Vehicle	9,000
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Repayment of Note Payable	<u>(1,000)</u>
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NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	<u>8,000</u>
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Net Increase (Decrease) in Cash	<u>(3,767)</u>
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Cash at Beginning of the Year	<u>121,995</u>
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CASH AT END OF THE YEAR	<u>\$118,228</u>
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Friends of WATS paid no interest for fiscal year 2015.

See independent accountant's report and notes to financial statements.

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FRIENDS OF WATS

Statement of Cash Flows
December 31, 2014

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets	\$ 85,131
Decrease (Increase) in:	
Pledges Receivable	(81,806)
Prepaid Expenses	(2,500)
(Decrease) Increase in:	
Accrued Expenses & Pass Thru	<u>(8,700)</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>7,875</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Repayment of Note Payable	<u>(12,000)</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>(12,000)</u>
Net Increase (Decrease) in Cash	(4,125)
Cash at Beginning of the Year	126,120
CASH AT END OF THE YEAR	<u><u>\$121,995</u></u>

Friends of WATS paid no interest for fiscal year 2014

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FRIENDS OF WATS

NOTES TO FINANCIAL STATEMENTS

NOTE 1: **NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Activities

FRIENDS OF WATS (the “Organization”) is a non-profit organization, incorporated in the State of Indiana and located with a principal office in Easley, SC, which develops, promotes and supports Christian education in Nigeria and West Africa, and engages in related activities and ministries for the development, promotion, and maintenance of Christian schools and colleges in Nigeria and West Africa.

Basis of Accounting

The Organization prepares its financial statements on the accrual basis of accounting and accordingly reflects all significant receivables, payables, and other liabilities. The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. This will affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation

The Organization presents its financial position and activities according to the following three classes of net assets:

- i. *Unrestricted* net assets include those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by contract or by Board designation.
- ii. *Temporarily restricted* net assets are those net assets whose use by the Organization has been limited by donors to later periods of time or after specified dates or to specified purposes.
- iii. *Permanently restricted* net assets are those net assets whose use by the Organization has donor-imposed restrictions that stipulate resources be maintained permanently but permits the Organization to use up to or expend part or all of the income (or economic benefits) derived from the donated assets. As of December 31, 2015, the Organization had no permanently restricted net assets.

See independent accountant’s review report and financial statements.

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FRIENDS OF WATS

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Promises To Give – Revenues and Reclassifications

Contributions are recognized when a donor makes an unconditional promise to give to the Organization where the promise is definite and the amount is known. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other contributions which are donor-restricted, are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Contributed Services

During the year ended December 31, 2015, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. During the year, many individuals volunteered their time and performed a variety of tasks that assisted the Organization. The Organization is estimated to receive more than 2,000 volunteer hours per year.

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.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at the approximate fair value at the date of donation. Property and equipment, which costs \$500 or more are capitalized. Depreciation and amortization are computed using the straight-line depreciation method over the useful lives of the assets, estimated to be five years. The cost of maintenance and repairs is recorded as expenses as incurred. Depreciation expenses for the year ended December 31, 2015 was \$433.

Financial Statement Presentation

Under Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations, the Organization is required to report 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.

Contributions

Under SFAS No. 116, Accounting for Contributions Received and Contributions Made, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the absence or existence and nature of any donor restrictions.

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FRIENDS OF WATS

NOTES TO FINANCIAL STATEMENTS – CONTINUED

Income Taxes

The Organization is a not-for-profit organization, exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities, and is classified by the Internal Revenue Service as other than a private foundation. For the year ended December 31, 2015, the Organization had no tax liability on unrelated business activity.

The Federal Form 990, *Return of Organization Exempt from Income Tax*, is subject to examination by the Internal Revenue Service, generally for three years after it is filed. For the year ended December 31, 2015, the Organization determined that there are no material uncertain tax positions which qualify for recognition or disclosure in the financial statements.

On January 24, 2003, the Organization adopted its current trade name “Friends of WATS,” a/k/a “FWATS” used in its operations as a public charity. The Organization’s legal name, Friends of Wesley International Bible College, remains unchanged.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Currently bank deposits are insured by the FDIC up to \$250,000. As of December 31, 2015, the Organization had \$118,228 on deposit.

NOTE 2- LONG-TERM DEBT

The Organization’s long-term debt consists of the following: The Organization received an interest-free, unsecured note in the amount of \$10,000, payable to the Cornerstone Foundation, due in monthly installments of \$500, beginning which are current.

Future scheduled maturities of long-term debt are as follows:

Years ending December 31:

2016 \$6,000.00

2017 \$3,000.00

NOTE 3- PROPERTY & EQUIPMENT

The Organization’s property & equipment at December 31, 2015 consisted of the following:

Vehicle	\$13,000.00
Less accumulated depreciation (2 months)	(433.00)
Total property and equipment	<u>\$ 12,567.00</u>

See independent accountant’s review report and financial statements.

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FRIENDS OF WATS

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE 4- SUBSEQUENT EVENTS

As of February 16, 2016, the Date the financial statements were available to be issued, the Organization did not have any subsequent events affecting the amounts reported in the financial statements for the year ended December 31, 2015 or which are required to be disclosed in the notes to the financial statements for the year ended.

See independent accountant's review report and financial statements.