



Friends of **WATS**

REVIEWED

FINANCIAL
STATEMENTS

For the year ended December 31, 2016

Draft- For Disucssion Purposes Only

FRIENDS OF WATS

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The Brown Company, CPA's

February 14, 2017

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

We 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, 2016, and December 31, 2015, 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, we do not express such an opinion.

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 and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our 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 us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our reviews, we are 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 Company, CPA's

James D. Brown, CPA

James D. Brown, CPA
Spotsylvania, VA

FRIENDS OF WATS

Statement of Financial Position

December 31, 2016 and December 31, 2015

DRAFT - FOR DISCUSSION PURPOSES ONLY

	<u>2016</u>	<u>2015</u>
ASSETS		
CURRENT ASSETS:		
Unrestricted Cash	\$ 103,474	\$ 118,228
Restricted Cash	30,171	-
Pledges Receivable	-	500
Prepaid Expenses	<u>2,500</u>	<u>-</u>
TOTAL CURRENT ASSETS	<u>136,145</u>	<u>118,728</u>
 NONCURRENT ASSETS		
Property & Equipment	13,000	13,000
Less: Accumulated Depreciation	<u>3,033</u>	<u>433</u>
TOTAL NONCURRENT ASSETS	<u>9,967</u>	<u>12,567</u>
 TOTAL ASSETS	<u><u>146,112</u></u>	<u><u>131,295</u></u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Pass-through Funds	-	3,200
Current portion of Note Payable	<u>3,000</u>	<u>6,000</u>
	3,000	9,200
 LONG-TERM LIABILITIES		
Non-current Portion of Note Payable	<u>-</u>	<u>3,000</u>
TOTAL CURRENT AND LONG-TERM LIABILITIES	<u>3,000</u>	<u>12,200</u>
 NET ASSETS:		
Unrestricted	112,941	118,595
Temporarily Restricted	<u>30,171</u>	<u>500</u>
TOTAL NET ASSETS	<u>143,112</u>	<u>119,095</u>
 TOTAL LAIBILITIES AND NET ASSETS	<u><u>\$ 146,112</u></u>	<u><u>\$ 131,295</u></u>

See accountant's report and notes to financial statements

FRIENDS OF WATS

Statement of Activities & Change In Net Assets
December 31, 2016

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	Unrestricted	Temporarily Restricted	Total	Percent of Totals
CHANGE IN NET ASSETS:				
SUPPORT & REVENUES				
Contributions:				
Undesignated	\$ 47,908	\$ -	\$ 47,908	6%
Underwriting	-	87,070	87,070	12%
Nigeria Missionary Support:				
Special Projects	-	190,232	190,232	25%
Scholarships	-	207,501	207,501	27%
General Missions Support	199,259	-	199,259	26%
Other Designated Support	-	8,500	8,500	1%
Staff Support	-	16,285	16,285	2%
	<u>247,167</u>	<u>509,588</u>	<u>756,755</u>	<u>100%</u>
TOTAL SUPPORT				
Net Assets Released From Restriction:				
Restrictions Satisfied By Payments Made	<u>479,917</u>	<u>(479,917)</u>	<u>-</u>	
TOTAL SUPPORT AND REVENUES	<u>727,084</u>	<u>29,671</u>	<u>756,755</u>	
EXPENSES				
Program Activities	580,450	-	580,450	
Support Services	<u>152,288</u>	<u>-</u>	<u>152,288</u>	
TOTAL EXPENSES	<u>732,738</u>	<u>-</u>	<u>732,738</u>	
CHANGE IN NET ASSETS	<u>(5,654)</u>	<u>29,671</u>	<u>24,017</u>	
Net Assets, Beginning of the Year	<u>118,595</u>	<u>500</u>	<u>119,095</u>	
NET ASSETS, END OF THE YEAR	<u>\$ 112,941</u>	<u>\$ 30,171</u>	<u>\$ 143,112</u>	

See accountant's report and notes to financial statements

FRIENDS OF WATS

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

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	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	<u>-</u>	<u>23,068</u>	<u>23,068</u>	4%
Misceellaenous Income	<u>263</u>	<u>-</u>	<u>263</u>	
TOTAL SUPPORT	333,843	260,886	594,729	100%
REVENUES				
Net Assets Released From Restriction:				
Restrictions Satisfied By Payments Made	<u>361,411</u>	<u>(361,411)</u>	<u>-</u>	
TOTAL SUPPORT AND REVENUES	<u>695,254</u>	<u>(100,525)</u>	<u>594,729</u>	
EXPENSES				
Program Activities	554,758	-	554,758	
Support Services	<u>136,696</u>	<u>-</u>	<u>136,696</u>	
TOTAL EXPENSES	<u>691,454</u>	<u>-</u>	<u>691,454</u>	
CHANGE IN NET ASSETS	<u>3,800</u>	<u>(100,525)</u>	<u>(96,725)</u>	
Net Assets, Beginning of the Year	<u>114,795</u>	<u>101,025</u>	<u>215,820</u>	
NET ASSETS, END OF THE YEAR	<u>\$ 118,595</u>	<u>\$ 500</u>	<u>\$ 119,095</u>	

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FRIENDS OF WATS

Statement of Functional Expenses

For the Year Ended December 31, 2016

	Program Activities				Support Services			
	General	Missions Support	Special Projects	Scholarships	Total Program Activities	Administrative	Fundraising	Total Support Services
Personnel Cost:								
Contract Staff	\$ 40,172				\$ 40,172	\$ 46,867	\$ 46,867	\$ 93,734
Other Expenses:								
Guest House and Annex			33,873		33,873			33,873
Nigeria Special Projects			116,000		116,000			116,000
Student Support & General				136,660	136,660			136,660
NBIC Support	150,435				150,435			150,435
Accounting and Tax Fees	11,225				11,225	11,225		11,225
Travel	15,667				15,667	2,600	23,408	26,008
IT and Computer Expenses	2,300				2,300	2,299		2,299
Faculty Support and Fellowships	24,391				24,391			
Fundraising Events								
Supplies and Office Expenses						1,920	1,920	1,920
Bank and Credit Card Fees	3,491				3,491	1,427	3,330	4,757
Board Meeting Expenses						3,490		3,490
Textbooks	3,937				3,937	8,855		8,855
Consultant Fees	42,300				42,300			
Total Other Expenses	253,745	149,873	136,660	540,278		29,896	28,658	58,554
TOTAL	\$ 293,917	\$ 149,873	\$ 136,660	\$ 580,450		\$ 76,763	\$ 75,525	\$ 152,288
% of Total	40%	20%	19%	79%		10%	10%	21%
								100%

See accountant's report and notes to financial statements

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FRIENDS OF WATS

Statement of Functional Expenses

For the Year Ended December 31, 2015

	Program Activities			Support Services		
	General	Special	Total	Administrative	Fundraising	Total
	Missions Support	Projects	Scholarships Activities	Services	Expenses	Expenses
Personnel Cost:	\$ 54,308		\$ 54,308	\$ 14,507	\$ 80,580	\$ 95,087
Contract Staff						\$ 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
NBIC Support	143,335		143,335	-	-	143,335
Accounting and Tax Fees	12,033		12,033	12,034		24,067
Travel	40,944		40,944	9,064	7,476	57,484
IT and Computer Expenses	2,732		2,732	2,731		5,463
Faculty Support and Fellowships	32,372		32,372	-		32,372
Fundraising Events			-	1,384		1,384
Supplies and Office Expenses	2,042		2,042	2,042		4,084
Bank and Credit Card Fees	3,942		3,942	3,941		7,883
Board Meeting Expenses			-	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	32,749	8,860	542,059
TOTAL	\$ 337,434	\$ 76,427	\$ 140,897	\$ 47,256	\$ 89,440	\$ 691,454
% of Total	49%	11%	20%	7%	13%	100%

See Accountant's Report and Accompanying Notes to Financial Statements

FRIENDS OF WATS

Statement of Cash Flows

December 31, 2016

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CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets \$ 24,017

Adjustments to Reconcile changes in net assets to net
cash flows (used in) provided by operating activities

Depreciation	2600
Pledges Receivable	500
Prepaid Expenses	(2,500)
Accrued Expenses & Pass-through	<u>(3,200)</u>

NET CASH USED IN OPERATING ACTIVITIES **21,417**

CASH FLOWS FROM INVESTING ACTIVITIES

No Investing Activities for 2016 -

NET CASH FLOWS (USED IN) PROVIDED BY INVESTING ACTIVITIES **-**

CASH FLOWS FROM FINANCING ACTIVITIES:

Repayment of Note Payable (6,000)

NET CASH PROVIDED BY FINANCING ACTIVITIES **(6,000)**

Net Increase (Decrease) in Cash 15,417

Cash at Beginning of the Year 118,228

CASH AT END OF THE YEAR **133,645**

FRIENDS OF WATS

Statement of Cash Flows

December 31, 2015

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CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets	\$ (96,725)
Adjustments to Reconcile changes in net assets to net cash flows (used in) provided by operating activities	
Depreciation	433
Pledges Receivable	100,525
Prepaid Expenses	2,500
Accrued Expenses & Pass-through	<u>(5,500)</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>1,233</u>

CASH FLOWS FROM INVESTING ACTIVITIES

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

CASH FLOWS FROM FINANCING ACTIVITIES:

Loan to Purchase Vehicle	9,000
Repayment of Note Payable	<u>(1,000)</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>8,000</u>

Net Increase (Decrease) in Cash	(3,767)
Cash at Beginning of the Year	121,995
CASH AT END OF THE YEAR	<u>118,228</u>

Friends of WATS paid no interest for fiscal year 2015

See accountant's report and notes to financial statements

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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, 2016, 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, 2016, 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, 2016 was \$2,600.

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.

See independent accountant's review report and financial statements.

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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, 2016, 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, 2016, 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, 2016, the Organization had \$133,645 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, which are current. Scheduled payoff is June, 2017

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

Years ending December 31:

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)	(3033.00)
Total property and equipment	<u>\$ 9,967.00</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, 2017, 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, 2016 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.