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Friends of **WATS**

REVIEWED

FINANCIAL
STATEMENTS

For the year ended December 31, 2014

FRIENDS OF WATS

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The Brown Accounting Group

Accountant's Review Report

To the Board of Directors of
FRIENDS OF WATS
Greenville, South Carolina

March 2, 2015


We have reviewed the accompanying statement of financial position of FRIENDS OF WATS as of December 31, 2014, and December 31, 2013, and the related statements of changes in net assets, functional expenses, and cash flows (the "Financial Statements") for the years then ended. 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 Accounting Group



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FRIENDS OF WATS
Statement of Financial Position
December 31, 2014 and December 31, 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
CURRENT ASSETS:		
Unrestricted Cash	\$ 121,995	\$ 50,750
Restricted Cash	-	75,370
Pledges Receivable	101,025	17,569
Prepaid Expenses	<u>2,500</u>	<u>-</u>
 TOTAL CURRENT ASSETS	 <u>\$ 225,520</u>	 <u>\$ 143,689</u>
 TOTAL ASSETS	 <u>\$ 225,520</u>	 <u>\$ 143,689</u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Pass-through Funds	\$ 8,700	\$ -
Current portion of Note Payable	<u>1,000</u>	<u>12,000</u>
 LONG-TERM LIABILITIES		
Non-current Portion of Note Payable	<u>\$ -</u>	<u>\$ 1,000</u>
 TOTAL CURRENT AND LONG-TERM LIABILITIES	 <u>\$ 9,700</u>	 <u>\$ 13,000</u>
 NET ASSETS:		
Unrestricted	\$ 114,795	\$ 55,319
Temporarily Restricted	<u>101,025</u>	<u>75,370</u>
 TOTAL NET ASSETS	 <u>\$ 215,820</u>	 <u>\$ 130,689</u>
 TOTAL LAIBILITIES AND NET ASSETS	 <u>\$ 225,520</u>	 <u>\$ 143,689</u>

See accountant's report and notes to financial statements

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 accountant's report and notes to financial statements

FRIENDS OF WATS
Statement of Activities & Change In Net Assets
December 31, 2013

	Unrestricted	Temporarily Restricted	Total	Percent of Totals
CHANGE IN NET ASSETS:				
SUPPORT & REVENUES				
Contributions:				
Undesignated	\$ 72,019	\$ -	\$ 72,019	10%
Nigeria Missionary Support:				
Special Projects	-	178,788	178,788	24%
Scholarships	-	158,260	158,260	22%
General Missions Support	-	291,862	291,862	40%
Other Student Support	-	2,950	2,950	0%
Staff Support	-	29,425	29,425	4%
TOTAL SUPPORT	\$ 72,019	\$ 661,285	\$ 733,304	100%
REVENUES				
Net Assets Released From Restriction:				
Restrictions Satisfied By Payments Made	\$ 609,434	\$ (609,434)	\$ -	
Undesignated Donations Used in Missions	(23,519)	23,519	-	
TOTAL REVENUES	585,915	(585,915)	-	
TOTAL SUPPORT AND REVENUES	\$ 657,934	\$ 75,370	\$ 733,304	
EXPENSES				
Program Activities	\$ 562,396	\$ -	\$ 562,396	
Support Services	73,958	-	73,958	
TOTAL EXPENSES	636,354	-	636,354	
CHANGE IN NET ASSETS	\$ 21,580	\$ 75,370	\$ 96,950	
Net Assets, Beginning of the Year	33,739	-	33,739	
NET ASSETS, END OF THE YEAR	\$ 55,319	\$ 75,370	\$ 130,689	

See 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	Scholarships	Total	Administrative	Fundraising	Support	Total
	Missions	Projects	Program	Activities	Services	Expenses		
Personnel Cost:	\$ 32,875			\$ 32,875	\$ 12,950	\$ 106,475	\$ 119,425	\$ 152,300
Contract Staff								
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 Accountant's Report and Accompanying Notes to Financial Statements

FRIENDS OF WATS

Statement of Functional Expenses

For the Year Ended December 31, 2013

	Program Activities				Support Services			
	General	Special Projects	Scholarships	Total Program Activities	Administrative	Fundraising	Support Services	Total Expenses
Personnel Cost:	\$ 37,400	\$ -	\$ -	\$ 37,400	\$ 9,595	\$ 26,955	\$ 36,550	\$ 73,950
Contract Staff								
Other Expenses:								
Guest House and Annex		28,300		28,300			-	\$ 28,300
General Support	137,148	34,436		171,584			-	\$ 171,584
Student Scholarship	39,350		1,550	40,900			-	\$ 40,900
NBIC Support	215,959			215,959			-	\$ 215,959
Accounting and Tax Fees	5,830			5,830	11,830		11,830	\$ 17,660
IT and Online Services	5,148			5,148	4,061		4,061	\$ 9,209
Interest	1,150			1,150			-	\$ 1,150
Travel	3,967			3,967	2,022	9,793	11,814	\$ 15,782
Honoraria			3,000	3,000			-	\$ 3,000
Faculty Support and Fellowships	9,600		11,050	20,650			-	\$ 20,650
Fundraising Events				-		1,356	1,356	\$ 1,356
Supplies and Office Expenses	1,895			1,895	2,206		2,206	\$ 4,101
Bank and Credit Card Fees	5,614			5,614			-	\$ 5,614
Board Meeting Expenses				-	2,087		2,087	\$ 2,087
Printing and Publishing	2,044			2,044		2,428	2,428	\$ 4,473
Rent	1,625			1,625	1,625		1,625	\$ 3,250
Consultant Fees	17,329			17,329			-	\$ 17,329
Total Other Expenses	446,660	62,736	15,600	524,996	23,831	13,577	37,408	\$ 562,404
TOTAL	484,060	62,736	15,600	562,396	33,426	40,532	73,958	636,354
% of Total	76%	10%	2%	88%	6%	6%	12%	100%

See accountant's report and notes to financial statements

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	(82,706)
Prepaid Expenses	(2,500)
(Decrease) Increase in:	
Accrued Expenses	<u>(2,300)</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>7,875</u> 5,500

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

See accountant's report and notes to financial statements

FRIENDS OF WATS

Statement of Cash Flows

December 31, 2013

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets	\$ 96,950
Decrease (Increase) in: Pledges Receivable	39,967
(Decrease) Increase in: Due to New Beginnings	(36,295)
Accrued Expenses	<u>(1,000)</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>99,622</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Proceeds from a Short-term Loan	<u>(32,000)</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>(32,000)</u>
Net Increase (Decrease) in Cash	67,622
Cash at Beginning of the Year	58,498
CASH AT END OF THE YEAR	<u>\$126,120</u>

Friends of WATS paid interest for the year in the amount of: **\$ 1,150**

FRIENDS OF WATS
NOTES TO FINANCIAL STATEMENTS

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

Nature of Activities

FRIENDS OF WATS (the "Organization") develops and promotes Christian schools and colleges 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.

Promises To Give

Contributions are recognized when a donor makes an unconditional promise to give to the Organization. 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, 2014, 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

The Organization maintains no property and equipment.

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 Sample Financial Statements from PPC –Preparing Nonprofit Financial Statements according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

See Accountant's Review Report and Financial Statements

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 of donor restrictions and depending upon the nature of any donor restrictions.

Income Taxes

The Organization is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. On January 24, 2003, the Organization adopted its current trade name "Friends of WATS," a/k/a "FWATS" which is used in its operations as a public charity.

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, 2014 and December 31, 2013 respectively, the Organization had \$121,995 and \$126,120 on deposit.

NOTE B- LONG-TERM DEBT

The Organization's long-term debt consists of the following:

In 2013 the Organization received an interest-free, unsecured note in the amount of \$14,000 payable to Ira Pence, a member of the Board of Directors, due in monthly installments of \$1000 which are current. Scheduled maturities as of December 31, 2014 and 2013, respectively, were \$1000 and \$12,000.