

FRIENDS OF PEB, INC.
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

(See Independent Auditors' Report)

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Independent Auditors' Report

The Board of Directors
Friends of PEB, Inc.

Opinion

We have audited the accompanying financial statements of Friends of PEB (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Friends of PEB as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Friends of PEB and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Friends of PEB's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

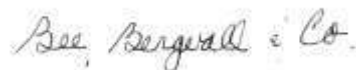
In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Friends of PEB's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Friends of PEB's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Friends of PEB's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 27, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Bee, Bergvall & Company, P.C.
Certified Public Accountants

Warrington, PA
September 29, 2022

Friends of PEB, Inc.

Statements of Financial Position

For the Years Ended December 31, 2021 and 2020

<u>ASSETS</u>		<u>2021</u>	<u>2020</u>
Current Assets			
Cash and Cash Equivalents - without donor restrictions - undesignated	\$	57,860	\$ 14,907
Cash and Cash Equivalents - without donor restrictions - board designated - reserve		52,036	56,987
Cash and Cash Equivalents - with donor restrictions		<u>628,534</u>	<u>482,413</u>
Total Cash and Cash Equivalents		738,430	554,307
Prepaid Expenses		<u>977</u>	<u>977</u>
TOTAL ASSETS		<u>\$ 739,407</u>	<u>\$ 555,284</u>
 <u>LIABILITIES AND NET ASSETS</u>			
Accounts Payable	\$	<u>2,325</u>	\$ <u>12,980</u>
Total Liabilities	\$	<u>2,325</u>	<u>12,980</u>
Net Assets			
Without Donor Restrictions			
Undesignated	\$	56,512	\$ 2,904
Board Designated - reserve		52,036	56,987
With Donor Restrictions		<u>628,534</u>	<u>482,413</u>
Total Net Assets		<u>737,082</u>	<u>542,304</u>
TOTAL LIABILITIES AND NET ASSETS		<u>\$ 739,407</u>	<u>\$ 555,284</u>

See independent auditors' report and
accompanying notes to financial statements

Friends of PEB, Inc.

Statements of Activities

For the Years Ended December 31, 2021 and 2020

	2021			2020		
	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Revenues and Support						
Contributions	\$ 226,649	\$ 826,968	\$ 1,053,617	\$ 243,507	\$ 489,354	\$ 732,861
PPP loan forgiveness income	24,980	-	24,980	25,114	-	25,114
Interest income	49	-	49	3,583	-	3,583
Net assets released from restrictions	<u>680,847</u>	<u>(680,847)</u>	<u>-</u>	<u>360,543</u>	<u>(360,543)</u>	<u>-</u>
Total Revenues and Support	<u>932,525</u>	<u>146,121</u>	<u>1,078,646</u>	<u>632,747</u>	<u>128,811</u>	<u>761,558</u>
Expenses						
Program services	730,166	-	730,166	515,857	-	515,857
Support services						
Management and general	87,965	-	87,965	87,583	-	87,583
Resource development	<u>65,737</u>	<u>-</u>	<u>65,737</u>	<u>72,325</u>	<u>-</u>	<u>72,325</u>
Total Expenses	<u>883,868</u>	<u>-</u>	<u>883,868</u>	<u>675,765</u>	<u>-</u>	<u>675,765</u>
Increase (Decrease) in Net Assets	48,657	146,121	194,778	(43,018)	128,811	85,793
Net Assets at Beginning of Year	<u>59,891</u>	<u>482,413</u>	<u>542,304</u>	<u>102,909</u>	<u>353,602</u>	<u>456,511</u>
Net Assets at End of Year	<u>\$ 108,548</u>	<u>\$ 628,534</u>	<u>\$ 737,082</u>	<u>\$ 59,891</u>	<u>\$ 482,413</u>	<u>\$ 542,304</u>

See independent auditors' report and
accompanying notes to financial statements

Friends of PEB, Inc.

Statements of Functional Expenses

For the Years Ended December 31, 2021 and 2020

	2021				2020			
	Program Services	General & Admin	Resource Development	Total	Program Services	General & Admin	Resource Development	Total
Expenses								
Advertising and promotion	\$ -	\$ -	\$ 3,095	\$ 3,095	\$ 299	\$ -	\$ 3,984	\$ 4,283
Bank and credit card fees	-	3,063	-	3,063	-	4,192	-	4,192
Compensation and related expenses	35,011	47,709	57,898	140,618	38,404	53,894	61,004	153,302
Development costs	-	-	-	-	185	-	-	185
Grants	690,315	-	-	690,315	471,472	-	-	471,472
Insurance	216	1,924	265	2,405	300	1,409	493	2,202
License and filing fees	-	7,600	-	7,600	-	7,174	-	7,174
Office expense and supplies	-	4,357	-	4,357	-	2,991	-	2,991
Postage and shipping	-	-	862	862	-	-	1,168	1,168
Professional fees	4,332	21,993	-	26,325	4,815	16,563	1,274	22,652
Telephone	292	583	292	1,167	382	771	382	1,535
Travel and meetings	-	736	3,325	4,061	-	589	4,020	4,609
Total Functional Expenses	<u>\$ 730,166</u>	<u>\$ 87,965</u>	<u>\$ 65,737</u>	<u>\$ 883,868</u>	<u>\$ 515,857</u>	<u>\$ 87,583</u>	<u>\$ 72,325</u>	<u>\$ 675,765</u>

See independent auditors' report and
accompanying notes to financial statements

Friends of PEB, Inc.

Statements of Cash Flows

For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ 194,778	\$ 85,793
(Increase) decrease in:		
Prepaid expenses	-	1,713
Increase (decrease) in:		
Accounts payable	<u>(10,655)</u>	<u>5,893</u>
Net Cash Provided by (Used in) Operating Activities	<u>184,123</u>	<u>93,399</u>
Net Increase (decrease) in Cash and Cash Equivalents	184,123	93,399
Cash and Cash Equivalents at Beginning of Year	<u>554,307</u>	<u>460,908</u>
Cash and Cash Equivalents at End of Year	<u>\$ 738,430</u>	<u>\$ 554,307</u>

Supplemental Information:

There were no noncash investing or financing activities during the years ended December 31, 2021 and 2020.

See independent auditors' report and
accompanying notes to financial statements

Friends of PEB, Inc.

Notes to Financial Statements

For the Years Ended December 31, 2021 and 2020

(See Independent Auditors' Report)

NOTE 1. Nature of the Organization

Friends of PEB, Inc. was originally organized and incorporated in 2008, in the state of Virginia, as a non-profit corporation dedicated to helping support and promote the education purposes and fund development of the Presbyterian Education Board (PEB) of Pakistan and other institutions and organizations that support education and empowerment of girls and boys in Pakistan. Program expenses include funding for construction, maintenance, equipment, supplies, training and scholarships for students at the 24 schools owned and operated by PEB of Pakistan. The Organization is supported by approximately 340 individuals, organizations and churches nationwide. The Organization's headquarters is currently located in Coatesville, Pennsylvania.

Friends of PEB, Inc., is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code and comparable state law. The Organization is however required to file Federal and various State information returns. Contributions to the Organization are tax deductible within the limitations prescribed by the Code.

NOTE 2. Summary of Significant Accounting Policies

Basis of Accounting: The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation: Financial statement presentation follows accounting principles generally accepted in the United States of America, in which the Organization is required to report information regarding their financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Net assets without donor restrictions are not subject to donor-imposed stipulations but do include those that are designated by actions of the Board. Net assets with donor restrictions are those that are subject to donor-imposed stipulations that may, or will be met, either by the actions of the Organization and/or the passage of time or those that are subject to donor-imposed stipulations that they be maintained permanently by the Organization. When a restriction expires because of the actions of the Organization and/or the passage of time, the net asset is reclassified to those without donor restrictions.

Friends of PEB, Inc.

Notes to Financial Statements

For the Years Ended December 31, 2021 and 2020

(See Independent Auditors' Report)

NOTE 2. Summary of Significant Accounting Policies (Continued)

Financial Statement Presentation: (continued)

Generally, donors with stipulations that the Organization maintains the assets permanently permit the Organization to use part or all of the income earned on any related investments for general or specific purposes. At December 31, 2021 and 2020, there were no such permanent donor restrictions.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Accounting for Uncertainty in Income Taxes: The Organization is exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization is not a private foundation as defined in Sections 170 and 509 of the Internal Revenue Code. As required by the FASB Accounting Standards Codification, entities are required to determine whether it is more likely than not that a tax position will be sustained upon examination by the appropriate taxing authorities before any part of the benefit can be recorded in the financial statements. It also provides guidance on the recognition, measurement, and classification of income tax uncertainties, along with any related interest or penalties. This standard had no impact on the Organization's financial statements. The Organization's federal tax return is subject to audit by taxing authorities. The Organization's returns open audit period is for the years ending December 31, 2018-2020.

Cash Equivalents: The Organization considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents, including money market accounts.

Promises to Give: There were no unconditional or conditional promises to give at December 31, 2021 or 2020.

Friends of PEB, Inc.

Notes to Financial Statements

For the Years Ended December 31, 2021 and 2020

(See Independent Auditors' Report)

NOTE 2. Summary of Significant Accounting Policies (Continued)

Prepaid Expenses: Insurance is expensed in the current contract period. Accordingly, insurance expenditures for future contract periods are included in prepaid expenses. Other expenses are expensed in the period to which they apply.

Advertising Expenses: Advertising costs are expensed as incurred. The amount charged to advertising expense for the years ended December 31, 2021 and 2020 was \$3,095 and \$4,283 respectively.

Net Assets/Contributions

Net assets without donor restrictions: Amounts without donor restrictions are those currently available at the discretion of the Board for use in the Organization's programs and those resources invested in property and equipment. All contributions are considered to be without donor restrictions unless specifically restricted by the donor or subject to other legal restrictions.

Net assets with donor restrictions: Net assets subject to expenditure for specific purposes are detailed at Note 5 of the financial statements and at December 31, 2021 and 2020 are \$628,534 and \$482,413 respectively. Currently there are no net assets subject to the passage of time.

Availability of Financial Assets: The Organization is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditures within one year. As part of the Organization's liquidity management, it has policies to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. There are three specific policies that are employed. The first policy refers to the supporting service income. All contributions are subject to a 15% administrative charge with the exception of amounts restricted by donors for supporting service income or resource development. The amounts collected from the 15% administrative charge are referred to as supporting services income and are used to pay for the general non-restricted operating expenses of the Organization.

Friends of PEB, Inc.

Notes to Financial Statements

For the Years Ended December 31, 2021 and 2020

(See Independent Auditors' Report)

NOTE 2. Summary of Significant Accounting Policies (Continued)

Availability of Financial Assets: (continued)

The second policy is a Board-designated operating reserve with the goal of having the balance consist of cash and cash equivalents, without donor restriction, and be equal to six months operating expenses. Pursuant to organizational policy, at the end of the calendar year, the Organization evaluates the unused portion of the supporting service income and the Board decides whether to increase the Board-designated operating reserve balance so that it is sufficiently funded. Once the Board can sufficiently fund the operating reserve to equal the six months of operating expenses goal, any remaining excess supporting service income will be available for various program expenses at the discretion of the Board. At December 31, 2021 and 2020, the Board-designated operating reserve fund balance was \$52,036 and \$56,987, respectively, which for 2021 was less than the equivalent of six months of the upcoming budgeted annual operating expenses as determined by the Board. There are currently no excess supporting service income amounts available to be used for program expenses.

The third policy includes investing of cash in excess of daily requirements in short-term investments which began in 2019.

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. However, amounts already appropriated from the board-designated operating reserve of \$52,036 and \$56,987 for the years ended December 31, 2021 and 2020, respectively, for general expenditures within one year of the balance sheet date, have not been subtracted as unavailable:

	<u>2021</u>	<u>2020</u>
Financial assets, at year end - cash and cash equivalents	\$ 738,430	\$ 554,307
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor	<u>(628,534)</u>	<u>(482,413)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 109,896</u>	<u>\$ 71,894</u>

Friends of PEB, Inc.

Notes to Financial Statements

For the Years Ended December 31, 2021 and 2020

(See Independent Auditors' Report)

NOTE 2. Summary of Significant Accounting Policies (Continued)

Revenue and Support Recognition: In accordance with accounting principles generally accepted in the United States of America, contributions are recorded as without donor restrictions, with donor restrictions, or restricted in perpetuity depending on the existence or nature of any donor restrictions. Contributions are normally recorded and recognized as income when cash is received or when donated assets are transferred. However, if the amounts were to be received in advance of a program, they would be recorded as revenues with donor restrictions. At December 31, 2021 there were amounts received in advance for the years 2022 and 2023 in the amount of \$3,718. At December 31, 2020, there were amounts received in advance for the years 2021 and 2022 in the amount of \$6,051. Accordingly, those amounts are reflected in the Statements of Financial Position as part of the net assets with donor restrictions balance of \$628,534 and \$482,413, respectively.

Functional Allocation of Expenses: Expenses are recorded when incurred in accordance with the accrual basis of accounting. The costs of providing programs and supporting activities have been summarized on a functional basis in the Statements of Activities and Statements of Functional Expenses. Accordingly, certain costs have been allocated among the program and supporting activities on the basis of time and effort.

PPP Loan Forgiveness Income: As a response to the COVID-19 outbreak, the U.S. government has responded with relief legislation. Certain legislation, under the CARES Act, authorized emergency loans to businesses, including not-for-profit organizations, by establishing, and providing funding for, forgivable bridge loans under the Paycheck Protection Program (PPP).

On February 19, 2021, the Organization received PPP proceeds of \$24,980 from Wells Fargo Bank through the Small Business Administration (SBA). Under the PPP rules, the SBA will forgive the proceeds received if eligibility and certain other criteria are met related to the use of the funds. The Organization borrowed the funds for the purpose of paying payroll costs. The portion of the proceeds received that is not forgiven, if any, would be converted into an unsecured term note payable, and would be paid back in eighteen equal and consecutive monthly principal and interest payments at an interest rate of 1% per year. On May 20, 2021, the Organization received a letter based on their PPP loan forgiveness application, stating the loan had been satisfied and forgiven.

Friends of PEB, Inc.

Notes to Financial Statements

For the Years Ended December 31, 2021 and 2020

(See Independent Auditors' Report)

NOTE 2. Summary of Significant Accounting Policies (Continued)

PPP Loan Forgiveness Income: (continued)

There is no explicit guidance within U.S. Generally Accepted Accounting Principles (GAAP) on the accounting for government grants to business or not-for-profit entities. FASB ASC 105 describes the decision-making framework for determining guidance to apply when guidance for a transaction or event is not specified within U.S. GAAP. That guidance suggests using analogous types of existing guidance. Accordingly, management has elected to analogize to the International Accounting Standards (IAS) 20, Accounting for Government Grants and Disclosure, as well as FASB ASC 958-605 Not-For-Profit Entities-Revenue Recognition. Using both sets of guidance together, the Organization has determined that the grant model is appropriate. Under the grant model, the initial loan proceeds were recorded as a liability in the form of a forgivable loan, and once the eligibility and criteria for forgiveness were met, the liability was converted into government grant income entitled "PPP loan forgiveness income" as reflected in the Statement of Activities.

NOTE 3. Concentration of Credit Risk

Deposits with Banks: At December 31, 2021 and 2020, and during both years, the Organization maintained an operating and savings accounts with an area FDIC insured financial institution. During the year, the combined amounts exceeded the federally insured limit of \$250,000 and therefore the Organization had a concentration of credit risk for the amounts that exceeded that limit for those deposits. In the event of nonperformance by the institution, there would be a credit risk of accounting loss. Management of Friends of PEB, Inc. does not anticipate nonperformance by the institution. The combined balance in that institution at the years ended December 31, 2021 and 2020 was \$709,970 and \$554,307, respectively.

Sources of Funding: Contributions are received from many individuals, organizations and churches. The largest ten contributors represent approximately 69% of the total revenues and support.

NOTE 4. Related Party Transactions

There were no related party transactions during the years ended December 31, 2021 and 2020.

Friends of PEB, Inc.

Notes to Financial Statements

For the Years Ended December 31, 2021 and 2020

(See Independent Auditors' Report)

NOTE 5. Schedule of Net Assets

The following schedule shows the activity in the net asset accounts for the year ended December 31, 2021.

	<u>Balance</u> <u>12/31/2020</u>	<u>Income</u>	<u>Expenses</u>	<u>Transfers</u>	<u>Balance</u> <u>12/31/2021</u>
Undesignated	\$ 2,904	\$ 83,168	\$ (44,560)	\$ 15,000	\$ 56,512
Board designated - reserve	56,987	49	-	(5,000)	52,036
Supporting services	-	168,462	(158,462)	(10,000)	-
Total Without Donor Restrictions	<u>59,891</u>	<u>251,679</u>	<u>(203,022)</u>	<u>-</u>	<u>108,548</u>
Construction/maintenance	408,546	414,840	(277,442)	-	545,944
Furnishings/equipment	-	425	(425)	-	-
Schools, general	-	71,148	(58,945)	-	12,203
Scholarships, K-10 2020-21	67,591	3,328	(71,804)	885	-
Scholarships, K-10 2021-22	6,051	291,516	(230,013)	(885)	66,669
Scholarships, K-10 2022-23	-	41,968	(38,250)	-	3,718
SHE/SHA	-	60	(60)	-	-
Student clothing/gifts	225	1,040	(1,265)	-	-
Library	-	2,000	(2,000)	-	-
Medical assistance	-	643	(643)	-	-
Total with Donor Restrictions	<u>482,413</u>	<u>826,968</u>	<u>(680,847)</u>	<u>-</u>	<u>628,534</u>
Total	<u>\$ 542,304</u>	<u>\$ 1,078,647</u>	<u>\$ (883,869)</u>	<u>\$ -</u>	<u>\$ 737,082</u>