

FRIENDS OF PEB, INC.
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

**FRIENDS OF PEB, INC.
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Friends of PEB, Inc.
St. Cloud, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of Friends of PEB, Inc. (a Minnesota corporation), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
Friends of PEB, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Friends of PEB, Inc. as of December 31, 2015 and 2014, and the results of its changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

St. Cloud, Minnesota
July 18, 2016

**FRIENDS OF PEB, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2015 AND 2014**

	2015	2014
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 215,888	\$ 238,485
Prepaid Expenses	5,962	4,237
Total Assets	\$ 221,850	\$ 242,722
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 795	\$ 643
NET ASSETS		
Unrestricted	44,706	13,381
Temporarily Restricted	176,349	228,698
Total Net Assets	221,055	242,079
Total Liabilities and Net Assets	\$ 221,850	\$ 242,722

See accompanying Notes to Financial Statements.

**FRIENDS OF PEB, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2015**

	Unrestricted	Temporarily Restricted	Total
PUBLIC SUPPORT			
Contributions by Public	\$ 830,896	\$ 176,349	\$ 1,007,245
OTHER REVENUE			
Miscellaneous Income	532	-	532
Interest	2	-	2
Total Other Revenue	534	-	534
NET ASSETS RELEASED FROM RESTRICTIONS	228,698	(228,698)	-
Total Public Support and Other Revenue	1,060,128	(52,349)	1,007,779
FUNCTIONAL EXPENSES			
Program Services	938,808	-	938,808
Supporting Services:			
Management and General	28,130	-	28,130
Fund Raising	61,865	-	61,865
Total Functional Expenses	1,028,803	-	1,028,803
CHANGE IN NET ASSETS	31,325	(52,349)	(21,024)
Net Assets - Beginning of Year	13,381	228,698	242,079
NET ASSETS - END OF YEAR	\$ 44,706	\$ 176,349	\$ 221,055

See accompanying Notes to Financial Statements.

**FRIENDS OF PEB, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2014**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
PUBLIC SUPPORT			
Contributions by Public	\$ 638,122	\$ 228,698	\$ 866,820
Total Public Support	<u>638,122</u>	<u>228,698</u>	<u>866,820</u>
OTHER REVENUE			
Interest	<u>4</u>	<u>-</u>	<u>4</u>
Total Other Revenue	4	-	4
RESTRICTIONS	<u>72,368</u>	<u>(72,368)</u>	<u>-</u>
Total Public Support and Other Revenue	710,494	156,330	866,824
FUNCTIONAL EXPENSES			
Program Services	618,629	-	618,629
Supporting Services:			
Management and General	25,050	-	25,050
Fund Raising	<u>67,824</u>	<u>-</u>	<u>67,824</u>
Total Functional Expenses	<u>711,503</u>	<u>-</u>	<u>711,503</u>
CHANGE IN NET ASSETS	(1,009)	156,330	155,321
Net Assets - Beginning of Year	<u>14,390</u>	<u>72,368</u>	<u>86,758</u>
NET ASSETS - END OF YEAR	<u>\$ 13,381</u>	<u>\$ 228,698</u>	<u>\$ 242,079</u>

See accompanying Notes to Financial Statements.

FRIENDS OF PEB, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015			Total
	Program Services	Supporting Services		
		Management And General	Fund Raising	
Grants	\$ 923,615	\$ -	\$ -	\$ 923,615
Contract Services Payments	13,475	20,655	48,182	82,312
Insurance	-	1,000	-	1,000
Advertising	-	437	2,478	2,915
Printing	-	-	456	456
Postage and Shipping	-	-	2,036	2,036
Telephone	-	1,354	-	1,354
Travel and Meetings	1,718	2,150	8,713	12,581
Equipment	-	360	-	360
Bank Fees	-	650	-	650
Supplies	-	668	-	668
Miscellaneous	-	856	-	856
Total Functional Expenses	\$ 938,808	\$ 28,130	\$ 61,865	\$ 1,028,803

	2014			Total
	Program Services	Supporting Services		
		Management And General	Fund Raising	
Grants	\$ 603,030	\$ -	\$ -	\$ 603,030
Contract Services Payments	14,400	19,123	51,173	84,696
Insurance	-	-	939	939
Advertising	-	32	183	215
Printing	-	-	1,495	1,495
Postage and Shipping	-	-	931	931
Telephone	-	1,842	-	1,842
Travel and Meetings	1,199	1,372	13,103	15,674
Equipment	-	1,355	-	1,355
Bank Fees	-	452	-	452
Supplies	-	287	-	287
Miscellaneous	-	587	-	587
Total Functional Expenses	\$ 618,629	\$ 25,050	\$ 67,824	\$ 711,503

See accompanying Notes to Financial Statements.

FRIENDS OF PEB, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Public Support	\$ 1,007,777	\$ 866,820
Interest Received	2	4
Cash Paid to Suppliers	(1,030,376)	(712,969)
Net Cash Provided (Used) by Operating Activities	(22,597)	153,855
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(22,597)	153,855
Cash and Cash Equivalents - Beginning of Year	238,485	84,630
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 215,888	\$ 238,485
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Change in Net Assets	\$ (21,024)	\$ 155,321
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
(Increase) Decrease in Current Assets:		
Prepaid Expenses	(1,725)	(597)
(Decrease) Increase in Current Liabilities:		
Accounts Payable	152	(869)
Net Cash Provided (Used) by Operating Activities	\$ (22,597)	\$ 153,855

See accompanying Notes to Financial Statements.

FRIENDS OF PEB, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Friends of PEB, Inc. (the Organization) is a nonprofit organization that help support and promote the education purposes and fund development of the Presbyterian Education Board of Pakistan and other institutions and organizations that support education and empowerment of women.

Basis of Presentation

Receipts are recorded as an increase in unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted – Resources over which the board of directors has discretionary control. Designated amounts represent those revenues, which the board has set aside for a particular purpose.

Temporarily Restricted – Those resources subject to donor imposed restrictions, which will be satisfied by actions of Friends of PEB, Inc. or passage of time.

Permanently Restricted – Those resources subject to a donor imposed restriction that they be maintained permanently by Friends of PEB, Inc. The donors of these resources would typically permit Friends of PEB, Inc. to use all or part of the income earned, including capital appreciation on related investments, for unrestricted or temporarily restricted purposes.

The Organization has elected to present temporarily restricted contributions, which are fulfilled in the same time period, within the unrestricted net asset class.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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. Estimates also affect the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and cash in bank. At times, such cash balances may be in excess of FDIC insurance limits.

FRIENDS OF PEB, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

Contributions are recognized as revenues in the period received. Contributions are reported as unrestricted, temporarily restricted, or permanently restricted depending on the absence or existence of donor stipulations that limit the use of the contributions. When a donor restriction expires, that is, when the stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions and reported as designated grants. Contributions whose restrictions are met in the year received are shown as unrestricted revenue.

Functional Expenses

The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases.

Advertising Expense

Advertising expense is expensed as incurred. The amounts charged to expense were \$2,915 and \$215 for the years ended December 31, 2015 and 2014, respectively.

Tax Status

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and corresponding state tax codes. The Organization is not a private foundation and contributions to the Organization qualify as a charitable tax deduction by the contributor.

The Organization files as a tax exempt organization, and should that status be challenged in the future, all years since inception would be subject to review by the IRS.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through July 18, 2016, the date the financial statements were available to be issued.

NOTE 2 CONCENTRATIONS

Revenue from three sources accounted for 48% and 52% of total public support for the years ended December 31, 2015 and 2014, respectively.

FRIENDS OF PEB, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 3 NET ASSETS

Net assets temporarily restricted are available for the following purposes or periods:

	<u>2015</u>	<u>2014</u>
Program Restricted	<u>\$ 176,349</u>	<u>\$ 228,698</u>

Net assets of \$228,698 and \$72,368 were released from donor restriction by incurring expenses satisfying the restricted purposes for the years ended December 31, 2015 and 2014, respectively.