

**FINANCIAL STATEMENTS**



**PARENT ENCOURAGEMENT  
PROGRAM, INC.**

**FOR THE YEAR ENDED JUNE 30, 2016  
WITH SUMMARIZED FINANCIAL  
INFORMATION FOR 2015**

**PARENT ENCOURAGEMENT PROGRAM, INC.**

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Parent Encouragement Program, Inc.  
Kensington, Maryland

We have audited the accompanying financial statements of the Parent Encouragement Program, Inc. (PEP), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and change in net assets and cash flows for the year 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.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditor's 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.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PEP as of June 30, 2016, and the change 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.

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### **Report on Summarized Comparative Information**

We have previously audited PEP's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 9, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Other Matter**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Functional Expenses on pages 14 - 15 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in cursive script that reads "Gelman Rosenberg & Freedman".

December 16, 2016

**PARENT ENCOURAGEMENT PROGRAM, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2016**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2015**

**ASSETS**

	<u>2016</u>	<u>2015</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents, including certificates of deposit of \$291,021 and \$321,020 in 2016 and 2015, respectively	\$ 413,511	\$ 408,272
Investments	1,588	1,535
Accounts receivable	1,595	1,898
Pledges receivable	10,955	47,635
Inventory	12,770	15,385
Prepaid expenses	<u>2,510</u>	<u>2,294</u>
Total current assets	<u>442,929</u>	<u>477,019</u>
<b>FURNITURE AND EQUIPMENT</b>		
Equipment	35,166	35,166
Furniture and fixtures	22,218	22,218
Website	<u>10,000</u>	<u>10,000</u>
	67,384	67,384
Less: Accumulated depreciation and amortization	<u>(58,061)</u>	<u>(50,954)</u>
Net furniture and equipment	<u>9,323</u>	<u>16,430</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 452,252</u></b>	<b><u>\$ 493,449</u></b>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 3,417	\$ 572
Accrued salaries and benefits	14,481	14,088
Deferred tuition	<u>12,275</u>	<u>11,730</u>
Total current liabilities	<u>30,173</u>	<u>26,390</u>
<b>NET ASSETS</b>		
Unrestricted:		
Undesignated	128,170	137,583
Board-designated	<u>64,871</u>	<u>64,788</u>
Total unrestricted net assets	193,041	202,371
Temporarily restricted	204,534	240,184
Permanently restricted	<u>24,504</u>	<u>24,504</u>
Total net assets	<u>422,079</u>	<u>467,059</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 452,252</u></b>	<b><u>\$ 493,449</u></b>

## PARENT ENCOURAGEMENT PROGRAM, INC.

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2016  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2015**

	2016			2015	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
<b>REVENUE</b>					
Contributions:					
Membership	\$ 16,380	\$ -	\$ -	\$ 16,380	\$ 16,195
General support/gift campaign	227,756	-	-	227,756	205,586
Scholarship	-	2,500	-	2,500	2,000
Other	432	-	-	432	48
In-kind	8,217	-	-	8,217	9,381
Educational programs	232,455	-	-	232,455	251,261
Books and publications	11,793	-	-	11,793	19,527
Interest and investment income	483	104	-	587	1,265
Net assets released from donor restrictions	<u>38,254</u>	<u>(38,254)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue	<u>535,770</u>	<u>(35,650)</u>	<u>-</u>	<u>500,120</u>	<u>505,263</u>
<b>EXPENSES</b>					
Program Services:					
Educational Programs	476,175	-	-	476,175	462,744
Books and Publications	13,064	-	-	13,064	16,320
Scholarship Fund	3,673	-	-	3,673	6,578
Membership and Community	<u>75</u>	<u>-</u>	<u>-</u>	<u>75</u>	<u>485</u>
Total program services	<u>492,987</u>	<u>-</u>	<u>-</u>	<u>492,987</u>	<u>486,127</u>
Supporting Services:					
Management and General	6,907	-	-	6,907	18,802
Fundraising	<u>45,206</u>	<u>-</u>	<u>-</u>	<u>45,206</u>	<u>64,896</u>
Total supporting services	<u>52,113</u>	<u>-</u>	<u>-</u>	<u>52,113</u>	<u>83,698</u>
Total expenses	<u>545,100</u>	<u>-</u>	<u>-</u>	<u>545,100</u>	<u>569,825</u>
Change in net assets	(9,330)	(35,650)	-	(44,980)	(64,562)
Net assets at beginning of year	<u>202,371</u>	<u>240,184</u>	<u>24,504</u>	<u>467,059</u>	<u>531,621</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 193,041</u></b>	<b><u>\$ 204,534</u></b>	<b><u>\$ 24,504</u></b>	<b><u>\$ 422,079</u></b>	<b><u>\$ 467,059</u></b>

## PARENT ENCOURAGEMENT PROGRAM, INC.

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2016**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2015**

	<u>2016</u>	<u>2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (44,980)	\$ (64,562)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	7,107	7,107
Realized loss (gain) on sale of investments	574	(211)
Unrealized (gain) loss on investments	(53)	36
(Increase) decrease in:		
Accounts receivable	303	(1,710)
Pledges receivable	36,680	27,612
Inventory	2,615	(2,662)
Prepaid expenses	(216)	3,613
Increase (decrease) in:		
Accounts payable	2,845	(788)
Accrued salaries and benefits	393	(3,864)
Deferred tuition	<u>545</u>	<u>(2,106)</u>
Net cash provided (used) by operating activities	<u>5,813</u>	<u>(37,535)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales of investments	2,592	4,907
Purchases of investments	<u>(3,166)</u>	<u>(4,696)</u>
Net cash (used) provided by investing activities	<u>(574)</u>	<u>211</u>
Net increase (decrease) in cash and cash equivalents	5,239	(37,324)
Cash and cash equivalents at beginning of year	<u>408,272</u>	<u>445,596</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 413,511</u></b>	<b><u>\$ 408,272</u></b>
<b>SUPPLEMENTAL INFORMATION</b>		
Donated Securities	<b><u>\$ 3,166</u></b>	<b><u>\$ 4,696</u></b>

**PARENT ENCOURAGEMENT PROGRAM, INC.**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**

Organization -

The Parent Encouragement Program, Inc. (PEP) is a non-profit organization incorporated on February 14, 1984 under the laws of the State of Maryland. PEP was organized to foster and promote the interest of parents and children through meetings, lectures, writings and other media; and to conduct a school of adult education, which provides practical skills and support for parents striving to build families that are healthier, more harmonious and better equipped to function productively in a democratic society.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with FASB ASC 958, *Not-for-Profit Entities*.

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with PEP's financial statements for the year ended June 30, 2015, from which the summarized information was derived.

Cash and cash equivalents -

PEP considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. Cash and cash equivalents consist of operating funds deposited with local financial institutions and certificates of deposit.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000. At times during the year, PEP maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Investments -

Investments are recorded at their readily determinable fair value. Realized and unrealized gains and losses are included in investment income in the Statement of Activities and Change in Net Assets.

Accounts and pledges receivable -

Accounts and pledges receivable approximate fair value. Management considers all amounts to be fully collectable. Accordingly, an allowance for doubtful accounts has not been established.

Inventory -

Inventory, consisting of books and T-shirts, is reflected at cost, using the first-in, first-out method of accounting.

Furniture and equipment -

Furniture and equipment in excess of \$750 are recorded at cost or fair market value at the date of the gift. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, generally five years.



**PARENT ENCOURAGEMENT PROGRAM, INC.**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)**

Furniture and equipment (continued) -

Contributed furniture and equipment are recorded at their fair value at the date of the donation. In the absence of donor stipulations regarding how long the contributed assets must be used, PEP has adopted a policy of implying a time restriction on contributions of such assets that expire over the assets' useful lives. As a result, all contributions of furniture and equipment, and of assets contributed to acquire furniture and equipment, are recorded as temporarily restricted support.

Income taxes -

PEP is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. PEP is not a private foundation.

Uncertain tax positions -

For the year ended June 30, 2016, PEP has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

Deferred tuition -

Deferred tuition is comprised of prepaid tuition and prepaid consultations. PEP recognizes tuition and consultation revenue in the year the related event has occurred.

Net asset classification -

The net assets are reported in three self-balancing groups as follows:

- **Unrestricted net assets** include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of PEP and include both internally designated and undesignated resources.
- **Temporarily restricted net assets** include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of PEP and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities and Change in Net Assets as net assets released from restrictions.
- **Permanently restricted net assets** represent funds restricted by the donor to be maintained in-perpetuity by PEP.

Board-designated net assets -

The Board of Directors has set aside funds as a reserve for PEP's future cash needs. Such funds may be spent upon approval by the Board.

**PARENT ENCOURAGEMENT PROGRAM, INC.**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)**

Contributions -

Unrestricted and temporarily restricted contributions are recorded as revenue in the year notification is received from the donor. Temporarily restricted contributions are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Such funds in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying financial statements.

In-kind contributions -

In-kind contributions consisted of donated consulting on fundraising and legal services, as well as items donated for auction. All in-kind contributions are recorded at their estimated fair value on either the dates the services were provided (legal services) or the date of receipt (auction items).

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 and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Advertising costs -

Advertising costs are associated with PEP's educational programs and are charged to operations when incurred. The total amount of advertising expense for the year ended June 30, 2016 was \$23,192.

Allocation of functional expenses -

The costs of providing the various programs and supporting services have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and the supporting services based on employee time records.

Fair value measurement -

PEP adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. PEP accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

**2. INVESTMENTS**

At June 30, 2016, investments consisted of the following:

	<u>Fair Value</u>	<u>Cost</u>
<b>Stocks</b>	<b>\$ <u>1,588</u></b>	<b>\$ <u>1,915</u></b>

PARENT ENCOURAGEMENT PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

2. INVESTMENTS (Continued)

Included in interest and investment income are the following at June 30, 2016:

Interest from cash and equivalents and investments	\$	1,108
Realized loss		(574)
Unrealized gain		<u>53</u>
<b>TOTAL INTEREST AND INVESTMENT INCOME</b>	<b>\$</b>	<b><u>587</u></b>

3. TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2016, temporarily restricted net assets consisted of the following:

Endowment	\$	127,337
Next Generation Campaign		39,888
Campaign Initiatives		6,918
Transition Contributions		<u>30,391</u>
<b>TOTAL TEMPORARILY RESTRICTED NET ASSETS</b>	<b>\$</b>	<b><u>204,534</u></b>

4. NET ASSETS RELEASED FROM DONOR RESTRICTIONS

The following is a summary of net assets which were released from donor restrictions by incurring expenses, which satisfied the restricted purposes specified by the donors:

Scholarship	\$	2,500
Next Generation Campaign		3,333
Campaign Initiatives		2,031
Transition Contributions		<u>30,390</u>
<b>TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS</b>	<b>\$</b>	<b><u>38,254</u></b>

5. LEASE COMMITMENTS

PEP leases office space under a three-year agreement, which originated in September 2013. During 2016, PEP signed an extension to their agreement, which extends through August 2019. Base rent for 2016 was \$24,800 per year, plus a proportionate share of expenses. The base rental increases each year as stipulated in the lease agreement.

The following is a schedule of the future minimum lease payments:

**Year Ending June 30,**

2017	\$	25,460
2018		26,060
2019		26,660
2020		<u>4,460</u>
	<b>\$</b>	<b><u>82,640</u></b>

Rent expense for the year ended June 30, 2016 was \$24,800.

PARENT ENCOURAGEMENT PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

6. TAX DEFERRED ANNUITY FOR EMPLOYEES

In January 2001, PEP established a 403(b) tax deferred annuity to allow employees to defer income for retirement. All employees are eligible to participate. No matching contributions are provided by PEP.

7. FAIR VALUE MEASUREMENT

In accordance with FASB ASC 820, *Fair Value Measurement*, PEP has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

**Level 1.** These are investments where values are based on unadjusted quoted prices for identical assets in an active market PEP has the ability to access.

**Level 2.** These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

**Level 3.** These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used at June 30, 2016.

- *Stocks* - Valued at the closing price reported on the active market in which the individual securities are traded.

The table below summarizes, by level within the fair value hierarchy, PEP's investments as of June 30, 2016:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Asset Class:</b>				
Stocks	\$ <u>1,588</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,588</u>

8. ENDOWMENT

PEP's endowment consists of donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. Contributions received, that were restricted by the donors, are to be invested in-perpetuity. Interest earned on the invested balance is to be used to support scholarships for parents to attend PEP's classes and programs. As required by Generally Accepted Accounting Principles (GAAP), net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

**PARENT ENCOURAGEMENT PROGRAM, INC.**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**8. ENDOWMENT (Continued)**

The Board of Directors has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary.

As a result of this interpretation, PEP classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by PEP in a manner consistent with the standard of prudence prescribed by SPMIFA.

In accordance with SPMIFA, PEP considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purpose of the organization and the donor-restricted endowment fund;
- General economic conditions and the possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments; and
- Investment policies of the organization.

Endowment net asset composition by type of fund as of June 30, 2016:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Donor-Restricted Endowment Funds</b>	\$ <u>127,337</u>	\$ <u>24,504</u>	\$ <u>151,841</u>

Changes in endowment net assets for the year ended June 30, 2016:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 127,233	\$ 24,504	\$ 151,737
Investment income	<u>104</u>	<u>-</u>	<u>104</u>
<b>ENDOWMENT NET ASSETS, END OF YEAR</b>	\$ <u>127,337</u>	\$ <u>24,504</u>	\$ <u>151,841</u>

Funds with Deficiencies -

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires PEP to retain as fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets. There were no deficiencies of this nature as of June 30, 2016.

**PARENT ENCOURAGEMENT PROGRAM, INC.**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**8. ENDOWMENT (Continued)**

Return Objectives and Risk Parameters -

PEP has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment, while seeking to maintain the purchasing power of the endowment assets.

Contributions were received that were restricted by the donors to be invested in-perpetuity. Interest earned on the invested balance is to be used to support scholarships for parents to attend PEP's classes and programs. Endowment assets include those assets of donor-restricted funds that PEP must hold in-perpetuity. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a certificate of deposit.

Strategies Employed for Achieving Objectives -

To satisfy its long-term rate-of-return objectives, PEP relies on a total return strategy in which investment returns are achieved through the current yield (interest and dividends). PEP invests in the certificate of deposit to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy -

The Board of Directors authorizes appropriations of spending during the Board approval of the budget. The Board considers the long-term expected return on its endowment. Accordingly, over the long-term, the Board expects the current spending policy to allow its endowment to grow annually. This is consistent with PEP's objective to maintain the purchasing power of the endowment assets held in-perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

**9. SUBSEQUENT EVENTS**

In preparing these financial statements, PEP has evaluated events and transactions for potential recognition or disclosure through December 16, 2016, the date the financial statements were issued.

## **SUPPLEMENTAL INFORMATION**

**PARENT ENCOURAGEMENT PROGRAM, INC.**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2016**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2015**

	2016				
	Program Services				
	Educational Programs	Books and Publications	Scholarship Fund	Membership and Community	Total Program Services
Salaries	\$ 282,615	\$ 2,021	\$ 556	\$ 11	\$ 285,203
Payroll taxes and fringe benefits	21,461	151	41	1	21,654
Speaker fees and expenses	3,000	-	-	-	3,000
Leader fees	34,545	-	-	-	34,545
Program supplies	3,326	3	1	-	3,330
Event supplies/ miscellaneous	110	1	-	51	162
Computer software and supplies	5,402	137	38	1	5,578
Advertising and publicity	23,023	-	-	-	23,023
Printing	489	-	-	-	489
Postage and delivery	4,682	127	36	1	4,846
Room rental	10,975	-	-	-	10,975
Child care	1,458	-	-	-	1,458
Staff training	2,410	13	4	-	2,427
Cost of books sold	191	8,874	-	-	9,065
Can Do Kids Fair	2,549	7	2	-	2,558
Leadership development	4,576	-	-	-	4,576
Credit card expenses	6,290	172	49	1	6,512
Utilities/ rent	22,472	445	125	3	23,045
Telephone	4,962	136	38	1	5,137
Office supplies	1,817	50	14	-	1,881
Meetings	19	-	-	-	19
Dues and subscriptions	597	15	4	-	616
Repairs and maintenance	5,112	140	39	1	5,292
Depreciation and amortization	6,216	170	48	1	6,435
Insurance	6,000	151	42	1	6,194
Professional fees	15,349	421	118	2	15,890
Professional advice pro bono	640	18	5	-	663
Other educational event expenses	5,210	-	-	-	5,210
Donated auction items	-	-	-	-	-
Bank charges	52	1	-	-	53
Website development	180	-	-	-	180
Classroom equipment/ furnishings	40	-	-	-	40
Uncollected debt	-	-	-	-	-
Scholarships	-	-	2,510	-	2,510
In-Kind expenses	-	-	-	-	-
Miscellaneous	407	11	3	-	421
<b>TOTAL</b>	<b>\$ 476,175</b>	<b>\$ 13,064</b>	<b>\$ 3,673</b>	<b>\$ 75</b>	<b>\$ 492,987</b>



					2015
<b>Supporting Services</b>					
<b>Management and General</b>	<b>Fundraising</b>	<b>Total Supporting Services</b>	<b>Total Expenses</b>	<b>Total Expenses</b>	
\$ 4,562	\$ 22,810	\$ 27,372	\$ 312,575	\$ 315,791	
347	1,743	2,090	23,744	24,956	
-	-	-	3,000	7,500	
-	-	-	34,545	40,758	
128	11	139	3,469	3,168	
70	5	75	237	1,011	
70	469	539	6,117	5,324	
-	169	169	23,192	23,476	
-	4,686	4,686	5,175	7,333	
65	1,120	1,185	6,031	6,179	
160	-	160	11,135	12,948	
-	-	-	1,458	1,913	
7	45	52	2,479	-	
-	-	-	9,065	11,204	
4	25	29	2,587	2,846	
-	-	-	4,576	962	
88	605	693	7,205	6,879	
227	1,528	1,755	24,800	27,925	
69	467	536	5,673	4,711	
25	636	661	2,542	2,836	
150	18	168	187	-	
228	251	479	1,095	973	
71	481	552	5,844	4,663	
87	585	672	7,107	7,107	
77	518	595	6,789	6,022	
215	1,445	1,660	17,550	16,990	
8	60	68	731	8,581	
-	-	-	5,210	6,221	
-	3,245	3,245	3,245	800	
2	5	7	60	189	
-	-	-	180	-	
-	-	-	40	835	
-	-	-	-	188	
-	-	-	2,510	4,725	
-	4,241	4,241	4,241	-	
247	38	285	706	4,811	
<b>\$ 6,907</b>	<b>\$ 45,206</b>	<b>\$ 52,113</b>	<b>\$ 545,100</b>	<b>\$ 569,825</b>	