

**FINANCIAL STATEMENTS**



**PARENT ENCOURAGEMENT  
PROGRAM, INC.**

**FOR THE YEAR ENDED JUNE 30, 2018  
WITH SUMMARIZED FINANCIAL  
INFORMATION FOR 2017**

**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, 2018, 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, 2018, 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 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 8, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, 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 page 14 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.



January 8, 2019

**PARENT ENCOURAGEMENT PROGRAM, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2018**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017**

**ASSETS**

	<b>2018</b>	<b>2017</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents, including certificates of deposit of \$175,603 and \$308,479 in 2018 and 2017, respectively	\$ 304,629	\$ 390,335
Accounts receivable	11,384	641
Pledges receivable	1,040	5,168
Inventory	9,899	12,493
Prepaid expenses	2,514	2,508
Total current assets	329,466	411,145
<b>FURNITURE AND EQUIPMENT</b>		
Equipment	35,166	35,166
Furniture and fixtures	22,218	22,218
Website	10,000	10,000
	67,384	67,384
Less: Accumulated depreciation and amortization	(65,572)	(63,982)
Net furniture and equipment	1,812	3,402
<b>TOTAL ASSETS</b>	<b>\$ 331,278</b>	<b>\$ 414,547</b>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 3,812	\$ 648
Accrued salaries and benefits	23,298	17,338
Deferred tuition	1,651	9,143
Total current liabilities	28,761	27,129
<b>NET ASSETS</b>		
Unrestricted:		
Undesignated	100,409	130,189
Board-designated	64,929	64,929
Total unrestricted net assets	165,338	195,118
Temporarily restricted	112,675	167,796
Permanently restricted	24,504	24,504
Total net assets	302,517	387,418
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 331,278</b>	<b>\$ 414,547</b>

## PARENT ENCOURAGEMENT PROGRAM, INC.

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2018  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017**

	2018			2017	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
<b>REVENUE</b>					
Contributions:					
Membership	\$ 11,381	\$ -	\$ -	\$ 11,381	\$ 13,305
General support/gift campaign	201,749	-	-	201,749	250,584
Scholarship	-	1,000	-	1,000	1,000
Other	671	33,150	-	33,821	2,631
In-kind	-	-	-	-	9,096
Educational programs	236,256	70,000	-	306,256	216,306
Books and publications	5,697	-	-	5,697	7,729
Interest income	1,030	131	-	1,161	1,172
Net assets released from donor restrictions	<u>159,402</u>	<u>(159,402)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue	<u>616,186</u>	<u>(55,121)</u>	<u>-</u>	<u>561,065</u>	<u>501,823</u>
<b>EXPENSES</b>					
Program Services:					
In Person Programs	421,820	-	-	421,820	461,898
Online Programs	166,442	-	-	166,442	-
Books and Products	2,586	-	-	2,586	7,987
Scholarship Fund	2,188	-	-	2,188	5,052
Membership	<u>298</u>	<u>-</u>	<u>-</u>	<u>298</u>	<u>4,207</u>
Total program services	<u>593,334</u>	<u>-</u>	<u>-</u>	<u>593,334</u>	<u>479,144</u>
Supporting Services:					
Management and General	25,428	-	-	25,428	15,831
Fundraising	<u>27,204</u>	<u>-</u>	<u>-</u>	<u>27,204</u>	<u>41,509</u>
Total supporting services	<u>52,632</u>	<u>-</u>	<u>-</u>	<u>52,632</u>	<u>57,340</u>
Total expenses	<u>645,966</u>	<u>-</u>	<u>-</u>	<u>645,966</u>	<u>536,484</u>
Change in net assets	(29,780)	(55,121)	-	(84,901)	(34,661)
Net assets at beginning of year	<u>195,118</u>	<u>167,796</u>	<u>24,504</u>	<u>387,418</u>	<u>422,079</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 165,338</u></b>	<b><u>\$ 112,675</u></b>	<b><u>\$ 24,504</u></b>	<b><u>\$ 302,517</u></b>	<b><u>\$ 387,418</u></b>

## PARENT ENCOURAGEMENT PROGRAM, INC.

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2018  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017**

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (84,901)	\$ (34,661)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	1,590	5,921
Realized gain on sale of investments	-	(184)
(Increase) decrease in:		
Accounts receivable	(10,743)	954
Pledges receivable	4,128	5,787
Inventory	2,594	277
Prepaid expenses	(6)	2
Increase (decrease) in:		
Accounts payable	3,164	(2,769)
Accrued salaries and benefits	5,960	2,857
Deferred tuition	(7,492)	(3,132)
Net cash used by operating activities	<u>(85,706)</u>	<u>(24,948)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales of investments	-	6,938
Purchases of investments	-	(5,166)
Net cash provided by investing activities	<u>-</u>	<u>1,772</u>
Net decrease in cash and cash equivalents	(85,706)	(23,176)
Cash and cash equivalents at beginning of year	<u>390,335</u>	<u>413,511</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 304,629</u></b>	<b><u>\$ 390,335</u></b>
<b>SUPPLEMENTAL INFORMATION</b>		
<b>Donated Securities</b>	<b><u>\$ -</u></b>	<b><u>\$ 5,166</u></b>

**PARENT ENCOURAGEMENT PROGRAM, INC.**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**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, 2017, 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.

Accounts and pledges receivable -

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

Inventory -

Inventory consists of books and t-shirts. During the year ended June 30, 2018, PEP adopted FASB ASU 2015-11, *Simplifying the Measurement of Inventory* and applied prospectively. As such, inventory is stated at the lower of cost or net realizable value using the first-in, first-out method of accounting.

Furniture and equipment -

Furniture and equipment purchases in excess of \$750 are recorded at cost and depreciated using the straight-line method over the estimated useful lives of the related assets, generally five years. 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.



PARENT ENCOURAGEMENT PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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

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, 2018, 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. PEP recognizes tuition 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.

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.

**PARENT ENCOURAGEMENT PROGRAM, INC.**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

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, 2018 was \$5,157.

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.

Risks and uncertainties -

PEP invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

New accounting pronouncements (not yet adopted) -

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (Topic 958), intended to improve financial reporting for not-for-profit entities. The ASU will reduce the current three classes of net assets into two: with and without donor restrictions. The change in each of the classes of net assets must be reported on the Statement of Activities and Change in Net Assets. The ASU also requires various enhanced disclosures around topics such as board designations, liquidity, functional classification of expenses, investment expenses, donor restrictions, and underwater endowments. The ASU is effective for fiscal years beginning after December 15, 2017. Early adoption is permitted. The ASU should be applied on a retrospective basis in the year the ASU is first applied. While the ASU will change the presentation of PEP's financial statements, it is not expected to alter PEP's reported financial position.

**PARENT ENCOURAGEMENT PROGRAM, INC.**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

New accounting pronouncements (not yet adopted) (continued) -

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which is intended to clarify and improve current guidance about whether a transfer of assets is an exchange transaction or a contribution. The amendments in this ASU provide a more robust framework to determine when a transaction should be accounted for as a contribution under Subtopic 958-605 or as an exchange transaction accounted for under other guidance (for example, Topic 606). The amendments also provide additional guidance about how to determine whether a contribution is conditional or unconditional. The amendments in this ASU could result in more grants and contracts being accounted for as contributions than under previous GAAP. The ASU recommends application on a modified prospective basis; however, retrospective application is permitted. PEP has not yet decided on a transition method. The ASU is effective for fiscal years beginning after December 15, 2018.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). The ASU establishes a comprehensive revenue recognition standard for virtually all industries under generally accepted accounting principles in the United States (U.S. GAAP) including those that previously followed industry-specific guidance. The guidance states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB issued ASU 2015-14 in August 2015 that deferred the effective date of ASU 2014-09 by a year; thus, the effective date is fiscal years beginning after December 15, 2018. Early adoption is permitted. PEP has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on its financial statements.

In 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position and disclosing key information about leasing arrangements. The ASU is effective for private entities for fiscal years beginning after December 15, 2019. Early adoption is permitted. The ASU should be applied at the beginning of the earliest period presented using a modified retrospective approach.

PEP plans to adopt the new ASUs at the respective required implementation dates.

**2. TEMPORARILY RESTRICTED NET ASSETS**

At June 30, 2018, temporarily restricted net assets consisted of the following:

Endowment	\$ 107,593
Cancellier Charitable Fund	<u>5,082</u>
<b>TOTAL TEMPORARILY RESTRICTED NET ASSETS</b>	<b><u>\$ 112,675</u></b>

**PARENT ENCOURAGEMENT PROGRAM, INC.**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**3. 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:

Online Program	\$ 50,000
PEPNet Online Program Campaign	15,000
Transition Contributions	5,000
Next Generation Campaign	27,884
Campaign Initiatives	1,060
Cancellier Charitable Fund	4,898
Educational Programs	34,560
Endowment	20,000
Scholarships	<u>1,000</u>
<b>TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS</b>	<b>\$ <u>159,402</u></b>

**4. 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 2018 was \$26,060 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,**

2019	\$ 26,660
2020	<u>4,460</u>
	<b>\$ <u>31,120</u></b>

Occupancy expense for the year ended June 30, 2018 was \$26,060.

**5. 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.

**6. 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, 2018**

**6. 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, 2018:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Donor-Restricted Endowment Funds</b>	\$ <u>107,593</u>	\$ <u>24,504</u>	\$ <u>132,097</u>

Change in endowment net assets for the year ended June 30, 2018:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 127,462	\$ 24,504	\$ 151,966
Investment income	131	-	131
Appropriation of endowment assets for expenditure	<u>(20,000)</u>	<u>-</u>	<u>(20,000)</u>
<b>ENDOWMENT NET ASSETS, END OF YEAR</b>	\$ <u>107,593</u>	\$ <u>24,504</u>	\$ <u>132,097</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, 2018.

**PARENT ENCOURAGEMENT PROGRAM, INC.**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**6. 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.

**7. SUBSEQUENT EVENTS**

In preparing these financial statements, PEP has evaluated events and transactions for potential recognition or disclosure through January 8, 2019, the date the financial statements were issued.

## **SUPPLEMENTAL INFORMATION**

## PARENT ENCOURAGEMENT PROGRAM, INC.

SCHEDULE OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2018

	Program Services					Supporting Services				
	In Person Programs	Online Programs	Books and Products	Scholarship Fund	Membership	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Salaries	\$ 241,241	\$ 66,364	\$ 355	\$ 301	\$ 239	\$ 308,500	\$ 13,198	\$ 17,065	\$ 30,263	\$ 338,763
Payroll taxes	18,104	4,992	27	23	18	23,164	628	1,208	1,836	25,000
Contractor services	20,902	65,256	27	22	3	86,210	261	280	541	86,751
Professional fees	11,666	4,606	71	60	8	16,411	703	755	1,458	17,869
Leader reimbursements	50,898	2,680	-	-	-	53,578	-	-	-	53,578
Occupancy	17,013	6,718	104	88	12	23,935	1,025	1,100	2,125	26,060
Mailing services	8,484	-	-	-	-	8,484	-	-	-	8,484
Postage and delivery	1,294	358	6	5	1	1,664	55	469	524	2,188
Printing and design	7,273	-	-	-	-	7,273	-	3,120	3,120	10,393
Computer and internet services	4,451	3,415	13	11	2	7,892	131	141	272	8,164
Advertising and publicity	4,288	577	4	4	1	4,874	240	43	283	5,157
Supplies	3,637	1,312	260	9	1	5,219	155	194	349	5,568
Room rental	9,161	-	-	-	-	9,161	55	-	55	9,216
Telephone	3,605	1,423	22	19	3	5,072	217	233	450	5,522
Photocopying expenses	2,549	1,000	16	13	2	3,580	153	164	317	3,897
Refreshments	1,538	353	3	3	-	1,897	30	32	62	1,959
Cost of goods sold	(1)	-	1,608	-	-	1,607	2,594	-	2,594	4,201
Scholarships used	689	-	-	1,572	-	2,261	-	-	-	2,261
Equipment and furnishings	114	1,908	1	1	-	2,024	7	7	14	2,038
Repairs and maintenance	207	82	1	1	-	291	12	13	25	316
Staff professional development	3,537	1,060	-	-	-	4,597	-	-	-	4,597
Travel and meetings	186	-	-	-	-	186	35	-	35	221
Dues and subscription	669	264	4	3	1	941	40	991	1,031	1,972
Fees	-	-	-	-	-	-	-	691	691	691
Insurance	4,507	1,780	28	23	3	6,341	272	292	564	6,905
Bank charges	93	37	1	1	-	132	252	6	258	390
Credit card expenses	4,677	1,847	29	24	3	6,580	288	332	620	7,200
Depreciation	1,038	410	6	5	1	1,460	63	67	130	1,590
Miscellaneous expenses	-	-	-	-	-	-	5,014	1	5,015	5,015
<b>TOTAL</b>	<b>\$ 421,820</b>	<b>\$ 166,442</b>	<b>\$ 2,586</b>	<b>\$ 2,188</b>	<b>\$ 298</b>	<b>\$ 593,334</b>	<b>\$ 25,428</b>	<b>\$ 27,204</b>	<b>\$ 52,632</b>	<b>\$ 645,966</b>