

CREATING FRIENDSHIPS FOR PEACE, INC.

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 and 2017

CREATING FRIENDSHIPS FOR PEACE, INC.

CONTENTS

Financial Statements

Statements of Activities and Changes in Net Assets	1
Statements of Financial Position.....	2
Statements of Cash Flows.....	3
Statement of Functional Expenses	4
Notes to Financial Statements	5
Independent Auditors' Report	8

CREATING FRIENDSHIPS FOR PEACE, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

<i>Years ended December 31,</i>	2018	2017			
	Without donor restrictions	With donor restrictions	Without donor restrictions	With donor restrictions	Total
Support and Revenue					
Contributions	\$ 103,238	\$	\$ 127,668	\$ 20,000	\$ 147,668
Dividend income	1,917		1,187		1,187
Unrealized gain (loss)	(692)		21,329		21,329
Released from restriction	25,000	(25,000)	25,000	(25,000)	-
Total support and revenue	129,463	(25,000)	175,184	(5,000)	170,184
Expenses:					
Program Services					
Teen travel	60,384		111,641		111,641
Chaperone travel	11,853		22,840		22,840
Coordinator travel	1,871		1,071		1,071
Executive director travel	8,805		2,620		2,620
Travel insurance	2,101		4,655		4,655
JPB travel expenses	5,410		-		-
U.S. Program Expenses	10,577		12,028		12,028
Supporting Services					
Office and Administrative	12,679		9,856		9,856
Total expenses	113,680	-	164,711	-	164,711
Increase (decrease) in net assets	15,783	(25,000)	10,473	(5,000)	5,473
Net assets, beginning	157,919	45,000	147,446	50,000	197,446
Net assets, ending	\$ 173,702	\$ 20,000	\$ 157,919	\$ 45,000	\$ 202,919

See accompanying notes and independent auditors' report.

CREATING FRIENDSHIPS FOR PEACE, INC.

STATEMENTS OF FINANCIAL POSITION

<i>Years ended December 31,</i>	2018	2017
Assets		
Current assets:		
Cash in bank	\$ 72,693	\$ 83,595
Contributions receivable	11,287	7,434
Unconditional promises to give - current	15,000	25,000
Prepaid expenses	3,348	976
Total current assets	102,328	117,005
Other assets		
Investments	87,753	66,013
Unconditional promises to give - non current	5,000	20,000
Total other assets	92,753	86,013
Total Assets	\$ 195,081	\$ 203,018
Liabilities and net assets		
Current liabilities:		
Accounts payable	1,379	99
Total current liabilities	1,379	99
Net Assets:		
Without donor restrictions	173,702	157,919
With donor restrictions	20,000	45,000
Total net assets	193,702	202,919
Total Liabilities and Net Assets	\$ 195,081	\$ 203,018

See accompanying notes and independent auditors' report.

CREATING FRIENDSHIPS FOR PEACE, INC.
STATEMENTS OF CASH FLOWS

<i>Years ended December 31,</i>	2018	2017
Cash flows from operating activities:		
Change in net assets	\$ (9,217)	\$ 5,473
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Unrealized loss (gain) on investments	692	(21,329)
Change in operating assets and liabilities:		
(Increase) decrease in unconditional promises to pay	25,000	5,000
(Increase) decrease in contributions receivable	(3,853)	25,579
(Increase) decrease in prepaid expenses	(2,372)	(976)
Increase (decrease) in accounts payable	1,280	(2,943)
Net cash (used) provided by operating activities	11,530	10,804
Cash flows from investing activities:		
Dividends reinvested	(1,917)	(1,187)
Donated investments	(20,515)	(20,547)
Net cash (used) by investing activities	(22,432)	(21,734)
Net (decrease) increase in cash	(10,902)	(10,930)
Cash, beginning of year	83,595	94,525
Cash, end of year	\$ 72,693	\$ 83,595

See accompanying notes and independent auditors' report.

CREATING FRIENDSHIPS FOR PEACE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31,

2018

	Program Expenses			Supporting Services	Total
	Cyprus	Jeruselem			
Travel	\$ 82,913	5,410	\$	2,560	\$ 90,883
Insurance	2,101			1,493	3,594
Peace building activities	10,577				10,577
Bank charges				653	653
Board meeting expenses				705	705
Fees				456	456
Postage & shipping				122	122
Professional fees				4,450	4,450
Softare licesning				1,457	1,457
Supplies & printing				193	193
Telephone/teleconferencing				590	590
Total	\$ 95,591	5,410	\$	12,679	\$ 113,680

See accompanying notes and independent auditors' report.

CREATING FRIENDSHIPS FOR PEACE, INC.

NOTES TO FINANCIAL STATEMENTS

Note A Summary of Significant Accounting Policies

Nature of Activities

Creating Friendships for Peace, Inc. (a not-for-profit organization), formerly known as Cyprus Friendship Program, has been established to promote and strengthen friendships between teens from divided communities and to extend those friendships to their family and friends. Creating Friendships for Peace, Inc. (CFP) raises funds to provide leadership training and conflict resolution skills to teens, enabling them to become agents of change in their countries. CFP is an all-volunteer organization.

Basis of Accounting

The financial statements of Creating Friendships for Peace, Inc. have been prepared on the accrual basis of accounting in conformity with standards promulgated by the American Institute of Certified Public Accountants.

Basis of Presentation

Established standards for external financial reporting by not-for-profit organizations require that resources be classified for accounting and reporting purposes into net asset categories according to externally (donor) imposed restrictions. A description of the net asset categories follows:

Net Assets without Donor Restrictions: Net assets without donor restrictions are available for use in general operations.

Net Assets with Donor Restrictions: Net assets with donor restrictions consists of amounts that are subject to donor restrictions that may or will be met by expenditure or actions of CFP and/or the passage of time.

Contributions

Contributions are recognized as revenue when they are received or unconditionally pledged. Contributions received are recorded as net assets with donor restrictions or without donor restrictions depending on the existence and nature of any donor restrictions. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

CREATING FRIENDSHIPS FOR PEACE, INC.

NOTES TO FINANCIAL STATEMENTS

Note A Summary of Significant Accounting Policies (continued)

Functional Allocation Of Expenses

The costs of conducting its programs and supporting services activities of CFP have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services. Travel and insurance costs have been allocated based on programs and supporting services that benefit from each type of expense.

New Accounting Pronouncements

In 2016, Accounting Standards Update (ASU) 2016-14 was issued by the Financial Accounting Standards Board. ASU 2016-14 changes the net asset classification scheme and requires additional information regarding board designated net assets and underwater endowments, now requires expenses to be listed by function and nature, requires netting of investment expenses with investment income and disclosure of the details, the addition of qualitative and quantitative disclosures about liquidity, and eliminates the reconciliation of the indirect cash flow presentation. ASU 2016-14 becomes effective for fiscal years beginning after December 15, 2017.

Note B Income Taxes

The Organization is exempt from income taxes under Code Section 501(c)(3) of the Internal Revenue Code. The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires the Organization to report information regarding its exposure to various tax positions taken by the Organization. Management believes that the Organization has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Management is not aware of any circumstances or transactions that would jeopardize its tax-exempt status. Tax years before 2014 are no longer subject to Federal tax examinations.

Note C Contributions In-Kind

Many people have contributed significant amounts of time to the activities of the Organization without compensation. The Organization has also been provided in-kind donations by CFP officers and various members of the community. These items were recorded as additional support received with offsetting expenses recorded.

Note D Date of Management's Review

Management has evaluated subsequent events through February 8, 2019, the date the financial statements were available to be issued.

Note E Unconditional Promises to Give

The Organization has elected the fair value option as prescribed by FASB ASC 825-10 for recording unconditional promises to give. At December 31, 2018, unconditional promises to give are expected to be collected as follows: \$15,000 in 2019 and \$5,000 in 2020.

Note F Net Assets with Donor Restrictions

Unconditional promises to give described in Note E above are also designated for future summer programs.

CREATING FRIENDSHIPS FOR PEACE, INC.

NOTES TO FINANCIAL STATEMENTS

Note G

Investments

The Organization's investments in marketable securities with readily determinable fair market values are valued at their fair market values in the accompanying statements of financial position. The related dividends, along with unrealized gains and losses are included in the changes in net assets in the statements of activities.

The Organization's investments are valued using a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy defines three levels of inputs, giving the highest priority to unadjusted quoted prices in active markets for identical assets and the lowest priority to unobservable inputs.

Investments valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Investments valued using Level 2 inputs are based on observable market-based inputs other than quoted prices for identical assets in active markets. Investments valued using Level 3 inputs are based on management's assumptions and unobservable inputs.

The Organization's investments in equity securities are all measured at fair value as of December 31, 2018 and 2017 on a recurring basis, using Level 1 inputs.

Note H

Liquidity and Availability of Resources

The following table represents CFP's financial assets available to meet cash needs for general expenditures within one year of December 31, 2018:

Total assets at end of year	\$ 195,081
Less nonfinancial assets:	
<u>Prepaid expenses and deposits</u>	<u>3,348</u>
Total financial assets at end of year	\$ 191,733
Less amounts unavailable for general expenditures within one year:	
<u>Contributions receivable due in more than one year</u>	<u>5,000</u>
Total financial assets available for general expenditures <u>within one year</u>	<u>\$ 186,733</u>

As part of CFP's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, CFP invests cash in excess of its current requirements in a portfolio of investments designed to maximize long-term earnings with acceptable risk to investment principal.



GEORGEN SCARBOROUGH

ASSOCIATES, P C

Certified Public Accountants

243 Church Street, NW • Suite 100E • Vienna, VA 22180

phone: (703) 319-3990 • fax: (703) 319-3995

INDEPENDENT AUDITORS' REPORT

KATHY J. GEORGEN, CPA
D.H. SCARBOROUGH, RETIRED

To the Board of Directors
Creating Friendships for Peace, Inc.
Wolfeboro, NH

We have audited the accompanying financial statements of Creating Friendships for Peace, Inc. (a nonprofit organization) which comprise the statements of financial position as of December 31, 2018 and 2017, 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 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 Creating Friendships for Peace, Inc. as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Georgen Scarborough Associates, PC
February 8, 2019