

CREATING FRIENDSHIPS FOR PEACE, INC.

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 and 2018

CREATING FRIENDSHIPS FOR PEACE, INC.

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CREATING FRIENDSHIPS FOR PEACE, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Years ended December 31,

	2019		2018	
	Without donor restrictions	With donor restrictions	Without donor restrictions	With donor restrictions
	Total	Total	Total	Total
Support and Revenue				
Contributions	\$ 156,170	\$ 10,000	\$ 100,318	\$ 100,318
Application fees	3,480		2,920	2,920
Dividend income	2,171		1,917	1,917
Unrealized gain (loss)	20,755		(692)	(692)
Released from restriction	17,500	(17,500)	25,000	(25,000)
Total support and revenue	200,076	(7,500)	129,463	(25,000)
Expenses:				
Program Services				
Cyprus	176,592		95,591	95,591
Jerusalem	20,961		5,410	5,410
Supporting Services				
Fundraising	1,598		-	-
Office and Administrative	12,439		12,679	12,679
Total expenses	211,590	-	113,680	113,680
Increase (decrease) in net assets	(11,514)	(7,500)	15,783	(25,000)
Net assets, beginning	173,702	20,000	157,919	45,000
Net assets, ending	\$ 162,188	\$ 12,500	\$ 173,702	\$ 20,000
				\$ 193,702

See accompanying notes and independent auditors' report.

CREATING FRIENDSHIPS FOR PEACE, INC.

STATEMENTS OF FINANCIAL POSITION

<i>Years ended December 31,</i>	2019	2018
Assets		
Current assets:		
Cash in bank	\$ 77,681	\$ 72,693
Contributions receivable	9,800	11,287
Unconditional promises to give - current	5,000	15,000
Prepaid expenses	716	3,348
Total current assets	93,197	102,328
Other assets		
Investments	76,679	87,753
Unconditional promises to give - non current	5,000	5,000
Total other assets	81,679	92,753
Total Assets	\$ 174,876	\$ 195,081
Liabilities and net assets		
Current liabilities:		
Accounts payable	188	1,379
Total current liabilities	188	1,379
Net Assets:		
Without donor restrictions	162,188	173,702
With donor restrictions	12,500	20,000
Total net assets	174,688	193,702
Total Liabilities and Net Assets	\$ 174,876	\$ 195,081

See accompanying notes and independent auditors' report.

CREATING FRIENDSHIPS FOR PEACE, INC.

STATEMENTS OF CASH FLOWS

<i>Years ended December 31,</i>	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ (19,014)	\$ (9,217)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Unrealized loss (gain) on investments	(20,755)	692
Change in operating assets and liabilities:		
(Increase) decrease in unconditional promises to pay	10,000	25,000
(Increase) decrease in contributions receivable	1,487	(3,853)
(Increase) decrease in prepaid expenses	2,632	(2,372)
Increase (decrease) in accounts payable	(1,191)	1,280
Net cash (used) provided by operating activities	(26,841)	11,530
Cash flows from investing activities:		
Dividends reinvested	(2,171)	(1,917)
Investment sold	34,000	-
Donated investments	-	(20,515)
Net cash (used) provided by investing activities	31,829	(22,432)
Net (decrease) increase in cash	4,988	(10,902)
Cash, beginning of year	72,693	83,595
Cash, end of year	\$ 77,681	\$ 72,693

See accompanying notes and independent auditors' report.

CREATING FRIENDSHIPS FOR PEACE, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

Year ended December 31,

2019

	Program Expenses		Supporting Services	Fundraising	Total
	Cyprus	Jerusalem			
Travel	\$ 127,087	18,462	\$	\$	\$ 145,549
Insurance	3,323	86	1,501		4,910
Peace building activities	46,182	2,413			48,595
Bank charges			1,221		1,221
Meeting expenses				1,598	1,598
Fees			373		373
Postage & shipping			440		440
Professional fees			4,000		4,000
Software licensing			2,926		2,926
Supplies & printing			1,390		1,390
Telephone/teleconferencing			588		588
Total	\$ 176,592	20,961	\$ 12,439	\$ 1,598	\$ 211,590

Year ended December 31,

2018

	Program Expenses		Supporting Services	Fundraising	Total
	Cyprus	Jerusalem			
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
Meeting expenses			705		705
Fees			456		456
Postage & shipping			122		122
Professional fees			4,450		4,450
Software licensing			1,457		1,457
Software licen.sing			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.

Revenue and Support

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. Revenue from application fees considered to be exchange transactions is recognized as earned.

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 the 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, peacebuilding activities, and insurance costs have been allocated based on the number of participants in each program and supporting services that benefit from each type of expense.

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 2015 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 Subsequent Events

Subsequent events have been evaluated through February 17, 2020, which is the date the financial statements were available to be issued. This review and evaluation revealed no material event or transaction which would require an adjustment to or disclosure in the accompanying financial statements.

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, 2019, unconditional promises to give are expected to be collected as follows: \$5,000 in 2020, \$2,500 in 2021 and \$2,500 in 2022.

Note F Net Assets with Donor Restrictions

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

CREATING FRIENDSHIPS FOR PEACE, INC.

NOTES TO FINANCIAL STATEMENTS

Note G

Fair Value and 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, 2019 and 2018 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, 2019:

Total assets at end of year	\$ 174,876
Less nonfinancial assets:	
<u>Prepaid expenses and deposits</u>	<u>716</u>
Total financial assets at end of year	\$ 174,160
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 within one year	<u>\$ 169,160</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

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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, 2019 and 2018, 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, 2019 and 2018, 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 17, 2020