

**CREATING FRIENDSHIPS FOR PEACE, INC.**

**FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2020 and 2019**

**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,

	2020		2019	
	Without donor restrictions	With donor restrictions	Without donor restrictions	With donor restrictions
	<u>Total</u>	<u>Total</u>	<u>Total</u>	<u>Total</u>
<b>Support and Revenue</b>				
Contributions	\$ 92,432	\$ 12,750	\$ 156,170	\$ 10,000
Application fees	4,260		3,480	
Dividend income	1,730		2,171	
Unrealized gain (loss)	12,176		20,755	
Released from restriction	7,500	(7,500)	17,500	(17,500)
<b>Total support and revenue</b>	<b>118,098</b>	<b>5,250</b>	<b>200,076</b>	<b>(7,500)</b>
<b>Expenses:</b>				
<b>Program Services</b>				
Cyprus	2,125		176,592	
Jerusalem	8,994		20,961	
<b>Supporting Services</b>				
Fundraising	-		1,598	
Office and Administrative	12,087		12,439	
<b>Total expenses</b>	<b>23,206</b>	<b>-</b>	<b>211,590</b>	<b>-</b>
<b>Increase (decrease) in net assets</b>	<b>94,892</b>	<b>5,250</b>	<b>(11,514)</b>	<b>(7,500)</b>
<b>Net assets, beginning</b>	<b>162,188</b>	<b>12,500</b>	<b>173,702</b>	<b>20,000</b>
<b>Net assets, ending</b>	<b>\$ 257,080</b>	<b>\$ 17,750</b>	<b>\$ 162,188</b>	<b>\$ 12,500</b>
				<b>\$ 174,688</b>

See accompanying notes and independent auditors' report.

# CREATING FRIENDSHIPS FOR PEACE, INC.

## STATEMENTS OF FINANCIAL POSITION

<i>Years ended December 31,</i>	<b>2020</b>	2019
<b>Assets</b>		
<b>Current assets:</b>		
Cash in bank	\$ 126,955	\$ 77,681
Contributions receivable	6,150	9,800
Unconditional promises to give - current	13,610	5,000
Prepaid expenses	1,030	716
<b>Total current assets</b>	<b>147,745</b>	93,197
<b>Other assets</b>		
Investments	124,585	76,679
Unconditional promises to give - non current	2,500	5,000
<b>Total other assets</b>	<b>127,085</b>	81,679
<b>Total Assets</b>	<b>\$ 274,830</b>	\$ 174,876
<b>Liabilities and net assets</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ -	\$ 188
<b>Total current liabilities</b>	-	188
<b>Net Assets:</b>		
Without donor restrictions	257,080	162,188
With donor restrictions	17,750	12,500
<b>Total net assets</b>	<b>274,830</b>	174,688
<b>Total Liabilities and Net Assets</b>	<b>\$ 274,830</b>	\$ 174,876

*See accompanying notes and independent auditors' report.*

# CREATING FRIENDSHIPS FOR PEACE, INC.

## STATEMENTS OF CASH FLOWS

<i>Years ended December 31,</i>	<b>2020</b>	2019
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 100,142	\$ (19,014)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Unrealized loss (gain) on investments	(12,176)	(20,755)
Change in operating assets and liabilities:		
(Increase) decrease in unconditional promises to give	(6,110)	10,000
(Increase) decrease in contributions receivable	3,650	1,487
(Increase) decrease in prepaid expenses	(314)	2,632
Increase (decrease) in accounts payable	(188)	(1,191)
<b>Net cash (used) provided by operating activities</b>	<b>85,004</b>	<b>(26,841)</b>
<b>Cash flows from investing activities:</b>		
Dividends reinvested	(1,730)	(2,171)
Investment sold	-	34,000
Investment purchases	(34,000)	-
Donated investments	-	-
<b>Net cash (used) provided by investing activities</b>	<b>(35,730)</b>	<b>31,829</b>
<b>Net (decrease) increase in cash</b>	<b>49,274</b>	<b>4,988</b>
<b>Cash, beginning of year</b>	<b>77,681</b>	<b>72,693</b>
<b>Cash, end of year</b>	<b>\$ 126,955</b>	<b>\$ 77,681</b>

*See accompanying notes and independent auditors' report.*

**CREATING FRIENDSHIPS FOR PEACE, INC.**

**STATEMENTS OF FUNCTIONAL EXPENSES**

*Year ended December 31,*

**2020**

	<u>Program Expenses</u>		<u>Supporting Services</u>	<u>Fundraising</u>	<u>Total</u>
	<u>Cyprus</u>	<u>Jerusalem</u>			
Travel	\$		8,724	\$	\$ 8,724
Insurance		174	270	1,510	1,954
Peace building activities		1,951			1,951
Bank charges			381		381
Meeting expenses					-
Fees			80		80
Postage & shipping			315		315
Professional fees			5,000		5,000
Software licensing			3,081		3,081
Supplies & printing			1,030		1,030
Telephone/teleconferencing			690		690
<b>Total</b>	<b>\$</b>	<b>2,125</b>	<b>8,994</b>	<b>\$ 12,087</b>	<b>\$ - \$ 23,206</b>

*Year ended December 31,*

**2019**

	<u>Program Expenses</u>		<u>Supporting Services</u>	<u>Fundraising</u>	<u>Total</u>
	<u>Cyprus</u>	<u>Jerusalem</u>			
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
<b>Total</b>	<b>\$</b>	<b>176,592</b>	<b>20,961</b>	<b>\$ 12,439</b>	<b>\$ 1,598 \$ 211,590</b>

*See accompanying notes and independent auditors' report.*

# 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, peace building 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 2016 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 15, 2021, 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, 2020, unconditional promises to give are expected to be collected as follows: \$13,610 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, 2020 and 2019 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, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Total assets at end of year	<b>\$ 274,830</b>	\$ 174,876
Less nonfinancial assets:		
Prepaid expenses and deposits	<u>1,030</u>	716
Total financial assets at end of year	<b>\$ 273,800</b>	174,160
Less amounts unavailable for general expenditures within one year:		
Contributions receivable due in more than one year	<u>2,500</u>	5,000
Donor restricted assets	<u>17,750</u>	12,500
Total financial assets available for general expenditures within one year	<b><u>\$ 253,550</u></b>	<u>\$ 156,660</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.



# CREATING FRIENDSHIPS FOR PEACE, INC.

## NOTES TO FINANCIAL STATEMENTS

### Note I

#### **COVID-19 Impact on the Financial Statements**

As a result of the COVID-19 pandemic, in March 2020, CFP was unable to hold its annual summer program in the United States due to international travel restrictions. Keeping the health and safety of its community top of mind, CFP conducted a virtual program for the program participants in the summer of 2020 in their home countries. There was no cost to the program participants for this virtual program. CFP's operations are heavily dependent on private and public donations from individuals, corporations and foundations. The outbreak has had a continued material adverse impact on economic and market conditions, triggering a period of global economic slowdown.

This situation may depress donations during fiscal year 2021. Due to the continued uncertainty of international travel, CFP's 2021 summer program will continue the virtual program in Cyprus and include a new virtual peacebuilding program for American teenagers. Applications for this new US program have been received and 20 students from seven US states have been selected to participate in the pilot program. These decisions by CFP management will ensure that CFP will not experience a net loss of revenue in 2021. CFP management is planning for an expanded international program in 2022 and is creating financial reserves and developing additional US hosting areas to accommodate this growth.

CFP will continue to evaluate the financial implications of COVID-19 to the financial statements and will mitigate lost contribution revenue by implementing cost-savings strategies. CFP has \$253,550 of financial assets available for general expenditures within one year (see Note H) and CFP management does not foresee the need to find alternative sources of revenue or financing.



# GEORGEN SCARBOROUGH

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

## INDEPENDENT AUDITORS' REPORT

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, 2020 and 2019, 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, 2020 and 2019, 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.

**Emphasis of Matter**

As discussed in Note I to the financial statements, in March 2020 the World Health Organization declared COVID-19 to constitute a “Public Health Emergency of International Concern.” Given the uncertainty of the situation, the duration of any business disruption and related financial impact cannot be reasonably estimated at this time.

*George Scarborough Associates, PC*  
February 15, 2021