

CREATING FRIENDSHIPS FOR PEACE, INC.

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 and 2020

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,

2021 **2020**

	Without donor restrictions	With donor restrictions	<u>Total</u>	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Support and Revenue						
Contributions	\$ 84,235	\$ -	\$ 84,235	\$ 92,432	\$ 12,750	\$ 105,182
Application fees	-	-	-	4,260	-	4,260
Dividend income	1,642	-	1,642	1,730	-	1,730
Unrealized gain (loss)	32,638	-	32,638	12,176	-	12,176
Released from restriction	15,250	(15,250)	-	7,500	(7,500)	-
Total support and revenue	133,765	(15,250)	118,515	118,098	5,250	123,348
Expenses:						
Program Services						
Cyprus	6,822	-	6,822	2,125	-	2,125
Jerusalem	-	-	-	8,994	-	8,994
Supporting Services						
Fundraising	-	-	-	-	-	-
Office and Administrative	18,308	-	18,308	12,087	-	12,087
Total expenses	25,130	-	25,130	23,206	-	23,206
Increase (decrease) in net assets	108,635	(15,250)	93,385	94,892	5,250	100,142
Net assets, beginning	257,080	17,750	274,830	162,188	12,500	174,688
Net assets, ending	\$ 365,715	\$ 2,500	\$ 368,215	\$ 257,080	\$ 17,750	\$ 274,830

See accompanying notes and independent auditors' report.

CREATING FRIENDSHIPS FOR PEACE, INC.

STATEMENTS OF FINANCIAL POSITION

<i>Years ended December 31,</i>	2021	2020
Assets		
Current assets:		
Cash in bank	\$ 188,083	\$ 126,955
Contributions receivable	10,100	6,150
Unconditional promises to give - current	7,500	13,610
Prepaid expenses	5,646	1,030
Total current assets	211,329	147,745
Other assets		
Investments	158,865	124,585
Unconditional promises to give - non current	-	2,500
Total other assets	158,865	127,085
Total Assets	\$ 370,194	\$ 274,830
Liabilities and net assets		
Current liabilities:		
Accounts payable	\$ 1,979	\$ -
Total current liabilities	1,979	-
Net Assets:		
Without donor restrictions	365,715	257,080
With donor restrictions	2,500	17,750
Total net assets	368,215	274,830
Total Liabilities and Net Assets	\$ 370,194	\$ 274,830

See accompanying notes and independent auditors' report.

CREATING FRIENDSHIPS FOR PEACE, INC.

STATEMENTS OF CASH FLOWS

<i>Years ended December 31,</i>	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 93,385	\$ 100,142
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Unrealized loss (gain) on investments	(32,638)	(12,176)
Change in operating assets and liabilities:		
(Increase) decrease in unconditional promises to give	8,610	(6,110)
(Increase) decrease in contributions receivable	(3,950)	3,650
(Increase) decrease in prepaid expenses	(4,616)	(314)
Increase (decrease) in accounts payable	1,979	(188)
Net cash (used) provided by operating activities	62,770	85,004
Cash flows from investing activities:		
Dividends reinvested	(1,642)	(1,730)
Investment sold	-	-
Investment purchases	-	(34,000)
Donated investments	-	-
Net cash (used) provided by investing activities	(1,642)	(35,730)
Net (decrease) increase in cash	61,128	49,274
Cash, beginning of year	126,955	77,681
Cash, end of year	\$ 188,083	\$ 126,955

See accompanying notes and independent auditors' report.

CREATING FRIENDSHIPS FOR PEACE, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

Year ended December 31,

2021

	<u>Program Expenses</u>		<u>Supporting Services</u>	<u>Fundraising</u>	<u>Total</u>
	<u>Cyprus</u>	<u>Jerusalem</u>			
Travel	\$		\$	\$	-
Insurance		260	1,552		1,812
Peace building activities		6,562			6,562
Bank charges			201		201
Fees			641		641
Postage & shipping			340		340
Professional fees			7,200		7,200
Software licensing			6,660		6,660
Supplies & printing			1,564		1,564
Telephone/teleconferencing			150		150
Total	\$	6,822	-	\$	25,130

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
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
Total	\$	2,125	8,994	\$	12,087
				\$	-
				\$	23,206

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 Recognition

Contributions are recognized as revenue when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Contributions received are recorded with donor restrictions or without donor restrictions depending on the existence or 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. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Application fees are charged to participants who apply to the CFP summer program. The fee is to cover the cost of reviewing the application. Revenue from application fees is considered to be an exchange transaction and is recognized once the program application has been reviewed by CFP.

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, 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 2018 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 21, 2022, 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, 2021, unconditional promises to give are expected to be collected as follows: \$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, 2021 and 2020 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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Total assets at end of year	\$ 370,194	\$ 274,830
Less nonfinancial assets:		
Prepaid expenses and deposits	5,646	1,030
Total financial assets at end of year	\$ 364,548	273,800
Less amounts unavailable for general expenditures within one year:		
Contributions receivable due in more than one year	-	2,500
Donor restricted assets	2,500	17,750
Total financial assets available for general expenditures within one year	\$ 362,048	\$ 253,550

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, CFP was unable to hold its annual summer program in the United States due to international travel restrictions for 2021. Keeping the health and safety of its community top of mind, CFP conducted a summer 2021 program for the program participants in their home countries. The month-long program included in-person and virtual workshops, based on the conditions each week. There was no cost to the program participants. CFP's operations are heavily dependent on private and public donations from individuals, corporations and foundations. While the outbreak has had a continued material adverse impact on global economic and market conditions, CFP's donor base has continued their financial support, allowing CFP reserves to grow significantly.

CFP expects donations to increase during fiscal year 2022. Due to improvements in international travel, CFP is planning to hold its traditional 2022 summer program with teens from Cyprus and Israel/Palestine participating. Additionally, American teens will be included with the foreign teens for the first time. Two additional hosting areas were added in 2021, expanding the donor base.

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 \$362,048 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.



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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

Opinion

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, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Creating Friendships for Peace, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Creating Friendships for Peace, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Creating Friendships for Peace, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Creating Friendships for Peace, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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.



February 21, 2022