

CREATING FRIENDSHIPS FOR PEACE, INC.

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 and 2021

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,	2022		2021	
	Without donor restrictions	With donor restrictions	Without donor restrictions	With donor restrictions
	<u>Total</u>	<u>Total</u>	<u>Total</u>	<u>Total</u>
Support and Revenue				
Contributions of cash and other financial assets	\$ 113,613	\$ 5,000	\$ 82,518	\$ 82,518
Contributions of nonfinancial assets	2,131		1,717	1,717
Dividend income	1,884		1,642	1,642
Unrealized (loss) gain	(30,353)		32,638	32,638
Released from restriction	2,500	(2,500)	15,250	(15,250)
Total support and revenue	89,775	2,500	133,765	(15,250)
Expenses:				
Program Services				
Cyprus	77,150		6,822	6,822
Jerusalem	47,834			-
Supporting Services				
Office and Administrative	19,661		18,308	18,308
Total expenses	144,645	-	25,130	-
Increase (decrease) in net assets	(54,870)	2,500	108,635	(15,250)
Net assets, beginning	365,715	2,500	257,080	17,750
Net assets, ending	\$ 310,845	\$ 5,000	\$ 365,715	\$ 2,500
				\$ 368,215

See accompanying notes and independent auditors' report.

CREATING FRIENDSHIPS FOR PEACE, INC.

STATEMENTS OF FINANCIAL POSITION

<i>Years ended December 31,</i>	2022	2021
Assets		
Current assets:		
Cash in bank	\$ 175,992	\$ 188,083
Volunteer receivable	660	-
Contributions receivable	4,725	10,100
Unconditional promises to give - current	5,000	7,500
Prepaid expenses	2,867	5,646
Total current assets	189,244	211,329
Other assets		
Investments	130,396	158,865
Unconditional promises to give - non current	-	-
Total other assets	130,396	158,865
Total Assets	\$ 319,640	\$ 370,194
Liabilities and net assets		
Current liabilities:		
Accounts payable	\$ 3,795	\$ 1,979
Total current liabilities	3,795	1,979
Net Assets:		
Without donor restrictions	310,845	365,715
With donor restrictions	5,000	2,500
Total net assets	315,845	368,215
Total Liabilities and Net Assets	\$ 319,640	\$ 370,194

See accompanying notes and independent auditors' report.

CREATING FRIENDSHIPS FOR PEACE, INC.

STATEMENTS OF CASH FLOWS

<i>Years ended December 31,</i>	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ (52,370)	\$ 93,385
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Unrealized loss (gain) on investments	30,353	(32,638)
Change in operating assets and liabilities:		
(Increase) decrease in unconditional promises to give	2,500	8,610
(Increase) decrease in contributions receivable	5,375	(3,950)
(Increase) decrease in prepaid expenses	2,779	(4,616)
(Increase) decrease in volunteer receivable	(660)	-
Increase (decrease) in accounts payable	1,816	1,979
Net cash (used) provided by operating activities	(10,207)	62,770
Cash flows from investing activities:		
Dividends reinvested	(1,884)	(1,642)
Donated investments	-	-
Net cash (used) provided by investing activities	(1,884)	(1,642)
Net (decrease) increase in cash	(12,091)	61,128
Cash, beginning of year	188,083	126,955
Cash, end of year	\$ 175,992	\$ 188,083

See accompanying notes and independent auditors' report.

CREATING FRIENDSHIPS FOR PEACE, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

Year ended December 31,

2022

	Program Expenses			Supporting Services	Total
	Cyprus	Jerusalem			
Travel	\$ 70,030	45,527	\$		\$ 115,557
Insurance	1,745	582		1,597	3,924
Peace building activities	5,375	1,725			7,100
Bank charges				629	629
Fees				361	361
Postage & shipping				541	541
Professional fees				7,300	7,300
Software licensing				8,074	8,074
Supplies & printing				1,009	1,009
Telephone/teleconferencing				150	150
Total	\$ 77,150	47,834	\$	19,661	\$ 144,645

Year ended December 31,

2021

	Program Expenses			Supporting Services	Total
	Cyprus	Jerusalem			
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	-	\$	18,308	\$ 25,130

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.

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 2019 are no longer subject to Federal tax examinations.

Note C Contributions of Nonfinancial Assets

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, at their estimated fair value, as additional support received with the offsetting to program expenses. Donated program travel expenses are valued at the price paid for the travel by CFP officers and volunteers. Professional service discounts given to the Organization are valued by the vendor at the time the invoice is presented. Donated program travel expenses for the years ended December 31, 2022, and 2021 were \$1,515 and \$272, respectively. Professional service discounts for the years ended December 31, 2022 and 2021 were \$616 and \$1,445, respectively.

Note D Subsequent Events

Subsequent events have been evaluated through February 27, 2023, 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, 2022, unconditional promises to give are expected to be collected as follows: \$5,000 in 2023.

CREATING FRIENDSHIPS FOR PEACE, INC.

NOTES TO FINANCIAL STATEMENTS

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.

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, 2022 and 2021 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:

	<u>2022</u>	<u>2021</u>
Total assets at end of year	\$ 319,640	\$ 370,194
Less nonfinancial assets:		
Prepaid expenses and deposits	<u>2,867</u>	5,646
Total financial assets at end of year	\$ 316,773	\$ 364,548
Less amounts unavailable for general expenditures within one year:		
Donor restricted assets	<u>5,000</u>	2,500
Total financial assets available for general expenditures within one year	<u>\$ 311,773</u>	<u>\$ 362,048</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, 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.

Due to improvements in international travel, CFP held its traditional 2022 summer program with teens from Cyprus and Israel/Palestine participating. Additionally, American teens were included with the foreign teens for the first time.

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 \$311,773 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.

Note J

New Accounting Pronouncements

The Organization has adopted Accounting Standards Update (ASU) No. 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets which became effective for annual periods beginning after June 15, 2021. ASU 2020-07 requires not-for-profits (NFPs) to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets, and provide additional disclosures about contributions of nonfinancial assets. The change in accounting principle resulting from the ASU was adopted and applied retrospectively for each period presented.

The Organization has adopted Accounting Standards Update (ASU) No. 2016-02 Leases (Topic 842), as amended, which became effective for annual periods beginning after December 15, 2021. ASU 2016-02 requires entities to recognize lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. For the years ended December 31, 2022 and 2021, the Organization has no leasing arrangements that require adoption under Topic 842.



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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, 2022 and 2021, 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, 2022 and 2021, 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 Auditors' 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" and remains an acute global emergency. Given the uncertainty of the situation, the duration of any business disruption and related financial impact cannot be reasonably estimated at this time.


February 27, 2023