

CREATING FRIENDSHIPS FOR PEACE, INC.

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 and 2024

CREATING FRIENDSHIPS FOR PEACE, INC.

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CREATING FRIENDSHIPS FOR PEACE, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

	2025		2024	
	Without donor restrictions	With donor restrictions	Without donor restrictions	With donor restrictions
Support and Revenue	Total	Total	Total	Total
Contributions of cash and other financial assets	\$ 108,694	\$ 34,950	\$ 153,554	\$ 15,000
Contributions of nonfinancial assets	11,020		4,212	
Miscellaneous income	250		-	
Dividend income	10,165		4,328	
Unrealized (loss) gain, net investment expenses	66,152	6,173	81,320	
Released from restriction	5,000	(5,000)	10,000	(10,000)
Total support and revenue	201,281	36,123	253,414	5,000
Expenses:				
Program Services				
Cyprus	104,078		84,378	84,378
Middle East	28,215		56,810	56,810
Northern Ireland	-		-	-
Fundraising	3,932		2,357	2,357
Supporting Services				
Office and Administrative	35,107		21,142	21,142
Total expenses	171,332	-	164,687	-
Increase (decrease) in net assets	29,949	36,123	88,727	5,000
Net assets, beginning	479,053	15,000	390,326	10,000
Net assets, ending	\$ 509,002	\$ 51,123	\$ 479,053	\$ 15,000
			\$ 164,687	\$ 494,053

See accompanying notes and independent auditors' report.

CREATING FRIENDSHIPS FOR PEACE, INC.

STATEMENTS OF FINANCIAL POSITION

<i>Years ended December 31,</i>	2025	2024
Assets		
Current assets:		
Cash in bank	\$ 124,574	\$ 153,283
Contributions receivable	3,725	6,675
Unconditional promises to give - current	15,000	14,160
Prepaid expenses	2,737	7,425
Total current assets	146,036	181,543
Other assets:		
Investments - operational	386,496	308,019
Investments - endowment	31,023	-
Unconditional promises to give - non current	-	5,000
Total other assets	417,519	313,019
Total Assets	\$ 563,555	\$ 494,562
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 3,430	\$ 509
Total current liabilities	3,430	509
Net Assets:		
Without donor restrictions	509,002	479,053
With donor restrictions	51,123	15,000
Total net assets	560,125	494,053
Total Liabilities and Net Assets	\$ 563,555	\$ 494,562

See accompanying notes and independent auditors' report.

CREATING FRIENDSHIPS FOR PEACE, INC.

STATEMENTS OF CASH FLOWS

<i>Years ended December 31,</i>	2025	2024
Cash flows from operating activities:		
Change in net assets	\$ 66,072	\$ 93,727
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Unrealized loss (gain) on investments, net	(72,325)	(81,320)
Change in operating assets and liabilities:		
(Increase) decrease in unconditional promises to give	4,160	(5,660)
(Increase) decrease in contributions receivable	2,950	1,727
(Increase) decrease in prepaid expenses	4,688	(5,483)
Increase (decrease) in accounts payable	2,921	(575)
Net cash (used) provided by operating activities	8,466	2,416
Cash flows from investing activities:		
Dividends reinvested	(10,165)	(4,328)
Transfer of cash to investments	(24,850)	-
Donated investment fees	(2,160)	-
Net cash (used) provided by investing activities	(37,175)	(4,328)
Net (decrease) increase in cash	(28,709)	(1,912)
Cash, beginning of year	153,283	155,195
Cash, end of year	\$ 124,574	\$ 153,283

See accompanying notes and independent auditors' report.

CREATING FRIENDSHIPS FOR PEACE, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

Year ended December 31,

2025

	Program Expenses			Fundraising	Supporting Services	Total
	Cyprus	Middle East				
Travel	\$ 86,229	5,124	\$	\$	\$	91,353
Insurance	1,161	296			1,740	3,197
Peace building activities	16,688	22,795				39,483
Bank charges					1,699	1,699
Board meeting					4,236	4,236
Fees					220	220
Postage & shipping					840	840
Professional fees					12,300	12,300
Rent					3,000	3,000
Software licensing					9,681	9,681
Supplies & printing			3,932		1,231	5,163
Telephone & teleconferencing					160	160
Total	\$ 104,078	28,215	\$ 3,932	\$	35,107	\$ 171,332

Year ended December 31,

2024

	Program Expenses			Fundraising	Supporting Services	Total
	Cyprus	Middle East				
Travel	\$ 63,852	40,629	\$	1,455	\$	105,936
Insurance	1,663	465			1,003	3,131
Peace building activities	18,863	15,716		308		34,887
Bank charges					1,609	1,609
Board meeting						-
Fees					25	25
Postage & shipping					441	441
Professional fees					4,925	4,925
Rent					1,000	1,000
Software licensing				594	8,354	8,948
Supplies & printing					3,785	3,785
Telephone & teleconferencing						-
Total	\$ 84,378	56,810	\$ 2,357	\$	21,142	\$ 164,687

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 consist 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.

Investments

Investments are measured at fair value and are composed of equities and mutual funds. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Unrealized gains or losses on investments are determined by the change in fair value at the beginning and end of the reporting period. Investment income is presented net of investment advisory and management fees, if any, on the accompanying Statements of Activities. Net realized and unrealized gains or losses on investments are included in net investment income.

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 2022 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 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 expenses for the years ended December 31, 2025 and 2024, were \$886 and \$3,738, respectively. Professional service discounts for the years ended December 31, 2025 and 2024 were \$10,134 and \$474, respectively.

Note D

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, 2025, unconditional promises to give are expected to be collected as follows: \$15,000 in 2026.

CREATING FRIENDSHIPS FOR PEACE, INC.

NOTES TO FINANCIAL STATEMENTS

Note E

Subsequent Events

Subsequent events have been evaluated through March 14, 2026, which is the date the financial statements were available to be issued.

Note F

Net Assets with Donor Restrictions

Of the unconditional promises to give described in Note D above, \$15,000 is donor restricted to the Warren R. Muir Endowment Fund. As of December 31, 2025, net assets with donor restrictions was \$51,123 for the Warren R. Muir Endowment Fund. As of December 31, 2024, net assets with donor restrictions was \$15,000; \$10,000 for the Warren R. Muir Endowment Fund and \$5,000 for future summer programs.

Note G

Fair Value Measurements

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 equities and mutual funds are measured at fair value, on a recurring basis as of December 31, 2025 and 2024, using Level 1 inputs.

Note H

Investments

The Organization's investments at December 31, 2025 and 2024 are recorded at fair value as summarized below:

	<u>2025</u>	<u>2024</u>
Cash	\$ 8,744	\$ 1,299
Equities	194,642	211,603
Mutual funds	214,133	95,117
<u>Total Investments</u>	<u>\$ 417,519</u>	<u>\$ 308,019</u>

Investment expenses for the years ended December 31, 2025 and 2024 were \$3,021 and \$275, respectively.

CREATING FRIENDSHIPS FOR PEACE, INC.

NOTES TO FINANCIAL STATEMENTS

Note I

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>2025</u>	<u>2024</u>
Total assets at end of year	\$ 563,555	\$ 494,562
Less nonfinancial assets:		
Prepaid expenses and deposits	<u>2,737</u>	<u>7,425</u>
Total financial assets at end of year	\$ 560,818	\$ 487,137
Less amounts unavailable for general expenditures within one year:		
Donor restricted assets – endowment	51,123	10,000
Donor restricted assets – purpose	<u>-</u>	<u>5,000</u>
Total financial assets available for general expenditures within one year	<u>\$ 509,695</u>	<u>\$ 472,137</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. Endowment funds consist of donor-restricted endowments and the income from donor-restricted endowments is restricted for specific purposes. Donor-restricted endowment funds are not available for general expenditure.

Note J

Endowment Fund

The Organization has established an endowment fund, named The Warren R. Muir Endowment Fund, to provide annual funding for peace building activities. The Warren R. Muir Endowment Fund is a permanent fund managed by the Organization's financial manager as part of the Organization's regular investment portfolio to generate income for the Organization to finance, sustain, and initiate programs as needed and approved by the Board of Directors. An investment committee manages the funds with the assistance of a national brokerage firm where the investments are held. Net assets associated with the endowment fund are classified and reported based on the existence of donor-imposed restrictions.

Governing Board's Interpretation of Law: The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At December 31, 2025 and 2024, there were no such donor stipulations. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of initial and subsequent gift amounts donated to the Endowment and (b) any accumulations to the

CREATING FRIENDSHIPS FOR PEACE, INC.

NOTES TO FINANCIAL STATEMENTS

Note J

Endowment Fund (continued)

Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. The following factors are considered in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the Fund
- The purposes of the Organization and the donor-restricted Endowment Fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

Investment and Spending Policies: Investment and spending policies for the Endowment Fund were adopted that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the endowment assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the Endowment Fund assets to provide the necessary capital to fund the spending policy and to cover the costs of managing the Endowment Fund investments. No distributions may be made until the full market value of the Endowment Fund exceeds its corpus. Total requests per year for expenditure from the Endowment Fund shall not exceed 4% of the Endowment value.

Changes in Endowment net assets for the years ended December 31, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Balance January 1,	\$ 10,000	\$ -
Investment income, net	6,173	-
Contributions	34,950	10,000
Less: Appropriations of endowment assets by Board of Directors	-	-
Balance December 31,	\$ 51,123	\$ 10,000



GEORGEN SCARBOROUGH

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KATHY J. GEORGEN, CPA

INDEPENDENT AUDITORS' REPORT

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

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, 2025 and 2024, 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, 2025 and 2024, 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.

A handwritten signature in cursive script that reads "George Scarborough Associates, PC". The signature is written in dark ink and is positioned above the date.

March 14, 2026