

FRIENDS PEACE TEAMS, INC.

FINANCIAL STATEMENTS

October 31, 2012 and 2011



ZIELINSKI & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

FRIENDS PEACE TEAMS, INC.

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Independent Auditors' Report

Board of Directors
Friends Peace Teams, Inc.
St. Louis, Missouri

We have audited the accompanying statements of financial position of Friends Peace Teams, Inc. (a non-profit organization) as of October 31, 2012 and 2011, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Friends Peace Teams, Inc. as of October 31, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Zielinski & Associates

March 19, 2013

FRIENDS PEACE TEAMS, INC.

STATEMENTS OF FINANCIAL POSITION

October 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Assets		
Cash	\$ 31,944	\$ 66,372
Notes receivable (Note B)	22,575	15,911
Prepaid expenses	<u>-</u>	<u>4,875</u>
TOTAL ASSETS	<u>\$ 54,519</u>	<u>\$ 87,158</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 51	\$ 14,618
Notes payable (Note C)	<u>15,339</u>	<u>18,939</u>
TOTAL LIABILITIES	<u>15,390</u>	<u>33,557</u>
Net assets		
Unrestricted	(5,195)	(10,339)
Temporarily restricted (Note D)	<u>44,324</u>	<u>63,940</u>
TOTAL NET ASSETS	<u>39,129</u>	<u>53,601</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 54,519</u>	<u>\$ 87,158</u>

FRIENDS PEACE TEAMS, INC.

STATEMENTS OF ACTIVITIES

For the years ended October 31, 2012 and 2011

	2012			2011		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support						
African Great Lakes Initiative	\$ 223,764	\$ 37,863	\$ 261,627	\$ 272,522	\$ 33,249	\$ 305,771
Indonesia Initiative	24,598	-	24,598	47,931	-	47,931
Peacebuilding en las Americas Initiative	31,082	-	31,082	29,574	-	29,574
Net assets released from restrictions (Note E)	57,479	(57,479)	-0-	44,487	(44,487)	-0-
TOTAL SUPPORT	<u>336,923</u>	<u>(19,616)</u>	<u>317,307</u>	<u>394,514</u>	<u>(11,238)</u>	<u>383,276</u>
Revenues and Gains						
Investment income	64	-	64	392	-	392
Contributions	22,656	-	22,656	24,072	-	24,072
Meeting income	13,686	-	13,686	13,843	-	13,843
TOTAL REVENUES AND GAINS	<u>36,406</u>	<u>-</u>	<u>36,406</u>	<u>38,307</u>	<u>-</u>	<u>38,307</u>
TOTAL SUPPORT, REVENUES AND GAINS	<u>373,329</u>	<u>(19,616)</u>	<u>353,713</u>	<u>432,821</u>	<u>(11,238)</u>	<u>421,583</u>
Expenses						
Program services						
African Great Lakes Initiative	265,053	-	265,053	315,860	-	315,860
Asia West Pacific	25,402	-	25,402	51,056	-	51,056
Peacebuilding en las Americas Initiative	31,322	-	31,322	33,255	-	33,255
TOTAL PROGRAM SERVICES	<u>321,777</u>	<u>-</u>	<u>321,777</u>	<u>400,171</u>	<u>-</u>	<u>400,171</u>
Supporting Activities						
Management and general	42,700	-	42,700	49,002	-	49,002
Fundraising	3,708	-	3,708	3,900	-	3,900
TOTAL EXPENSES	<u>368,185</u>	<u>-</u>	<u>368,185</u>	<u>453,073</u>	<u>-</u>	<u>453,073</u>
CHANGES IN NET ASSETS	5,144	(19,616)	(14,472)	(20,252)	(11,238)	(31,490)
Net Assets, Beginning of Year	<u>(10,339)</u>	<u>63,940</u>	<u>53,601</u>	<u>9,913</u>	<u>75,178</u>	<u>85,091</u>
NET ASSETS, END OF YEAR	<u>\$ (5,195)</u>	<u>\$ 44,324</u>	<u>\$ 39,129</u>	<u>\$ (10,339)</u>	<u>\$ 63,940</u>	<u>\$ 53,601</u>

FRIENDS PEACE TEAMS, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

For the years ended October 31, 2012 and 2011

	2012				2011			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Operating Expenses								
Salaries	\$ 7,698	\$ 22,681	-	\$ 30,379	\$ 9,578	\$ 32,171	-	\$ 41,749
Payroll taxes and employee benefits	612	1,939	-	2,551	729	2,288	-	3,017
Professional fees	-	3,220	-	3,220	-	-	-	-0-
Work camps expense	11,481	-	-	11,481	25,405	-	-	25,405
Supplies	-	769	-	769	-	2,528	-	2,528
Telephone	165	1,081	-	1,246	724	1,493	-	2,217
Postage	1,553	1,433	\$ 2,953	5,939	2,652	1,814	\$ 2,097	6,563
Printing	6,254	4,561	755	11,570	11,161	3,790	1,803	16,754
Asia West Pacific	25,402	-	-	25,402	51,056	-	-	51,056
Peacebuilding en las Americas	31,322	-	-	31,322	33,255	-	-	33,255
Tours by Africans	2,863	-	-	2,863	8,692	-	-	8,692
Conferences, conventions, travel, and meetings	1,027	285	-	1,312	7,517	813	-	8,330
Children of Hope Uganda	560	-	-	560	4,428	-	-	4,428
Technical School Uganda	73,388	-	-	73,388	62,861	-	-	62,861
Kenya	32,745	-	-	32,745	23,275	-	-	23,275
Burundi	48,066	-	-	48,066	63,528	-	-	63,528
AGLI in Kenya	10,045	-	-	10,045	7,105	-	-	7,105
AGLI in US	3,367	134	-	3,501	772	-	-	772
AGLI in Central Africa	-	-	-	-0-	3,855	-	-	3,855
Congo	16,951	-	-	16,951	44,945	-	-	44,945
Rwanda	47,678	-	-	47,678	32,524	-	-	32,524
Designated expenses	600	-	-	600	6,109	-	-	6,109
Mail House	-	1,098	-	1,098	-	969	-	969
Miscellaneous	-	5,499	-	5,499	-	624	-	624
Bad debt expense	-	-	-	-0-	-	2,512	-	2,512
TOTAL EXPENSES	\$ 321,777	\$ 42,700	\$ 3,708	\$ 368,185	\$ 400,171	\$ 49,002	\$ 3,900	\$ 453,073

FRIENDS PEACE TEAMS, INC.

STATEMENTS OF CASH FLOWS

For the years ended October 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash Flows from Operating Activities		
Changes in net assets	\$ (14,472)	\$ (31,490)
Adjustments to reconcile changes in net assets to net cash used in operating activities—		
(Increase) decrease in loans receivable	(6,664)	5,046
Decrease (increase) in prepaid expenses	4,875	(3,220)
(Decrease) increase in accounts payable	(14,567)	14,097
Decrease in other liabilities	<u>(3,600)</u>	<u>(8,401)</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>(34,428)</u>	<u>(23,968)</u>
Cash Flows from Investing Activities		
Sales of investments	<u>-</u>	<u>52</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>-</u>	<u>52</u>
NET DECREASE IN CASH	(34,428)	(23,916)
Cash, Beginning of Year	<u>66,372</u>	<u>90,288</u>
CASH, END OF YEAR	<u>\$ 31,944</u>	<u>\$ 66,372</u>

FRIENDS PEACE TEAMS, INC.

NOTES TO FINANCIAL STATEMENTS

October 31, 2012 and 2011

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Friends Peace Teams, Inc. (the Organization) is a New York not-for-profit corporation organized for the charitable purpose of promoting social welfare and a peaceful world. The purpose of Friends Peace Teams, Inc. includes inviting, challenging, and empowering individual Friends and Friends' churches meetings of the Religious Society of Friends (Quakers) to participate in spirit-led peace teamwork locally and internationally.

Friends Peace Teams, Inc., among other activities, may organize peace teams, promote participation in peace teams among Friends, and help local Friends' meetings and Friends' churches engage in peace work; may distribute printed materials, carry out publicity work, fundraise, make presentations; and may organize training sessions, conferences, and workshops.

Among other activities, Friends Peace Teams, Inc. is organized for and may engage in lessening community conflict, eliminating prejudice and discrimination, defending and advancing human and civil rights, promoting educational opportunities, and promoting mechanisms for non-violent resolution of conflict.

Currently, Friends Peace Teams, Inc. has three programs or initiatives:

- African Great Lakes Initiative (AGLI)
- Asia West Pacific, formerly Indonesia Initiative
- Peacebuilding en las Americas (PLA)

Basis of Presentation

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of Friends Peace Teams, Inc. and changes therein are classified and reported as follows:

Unrestricted net assets—net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets—net assets subject to donor-imposed stipulations that may or will be met either by actions of Friends Peace Teams, Inc. and/or the passage of time.

Cash

Friends Peace Teams, Inc. considers cash on hand and deposits in banks as cash.

Use of 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 those estimates.

FRIENDS PEACE TEAMS, INC.

NOTES TO FINANCIAL STATEMENTS *(Continued)*

October 31, 2012 and 2011

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue Recognition

Friends Peace Teams, Inc. reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Functional Expenses

Directly identifiable expenses are charged to programs and supporting services. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Notes Receivable

Notes receivable are reported at their outstanding principal. Notes receivable are considered by management to be fully collectible and, accordingly, no allowance for doubtful accounts is considered necessary. In making that determination, management evaluated the financial condition of the borrowers and current economic conditions.

Tax Status

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been reflected in the Organization's financial statements.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through March 19, 2013, the date the financial statements were available to be issued.

FRIENDS PEACE TEAMS, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

October 31, 2012 and 2011

NOTE B—NOTES RECEIVABLE

The Organization loaned funds to various parties. These notes are non-interest bearing. Future scheduled maturities of notes receivable are as follows:

Years ending October 31:

2013	\$	5,100
2014		5,100
2015		5,100
2016		2,700
2017		2,075
Thereafter		<u>2,500</u>
	\$	<u>22,575</u>

NOTE C—NOTES PAYABLE

The Organization borrowed funds from various parties. These notes are non-interest bearing. Future scheduled maturities of notes payable are as follows:

Years ending October 31:

2013	\$	4,035
2014		2,800
2015		2,800
2016		2,800
2017		2,175
Thereafter		<u>729</u>
	\$	<u>15,339</u>

NOTE D—TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available for the following purposes at October 31:

	<u>2012</u>	<u>2011</u>
African Great Lakes Initiative	\$ <u>44,324</u>	\$ <u>63,940</u>

FRIENDS PEACE TEAMS, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

October 31, 2012 and 2011

NOTE E—NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors.

	<u>2012</u>	<u>2011</u>
Purpose restrictions accomplished:		
African Great Lakes Initiative	\$ <u>57,479</u>	\$ <u>44,487</u>

NOTE F—RECLASSIFICATION

As of October 31, 2011, certain balances have been reclassified for comparative purposes.

NOTE G—PRIOR PERIOD ADJUSTMENT

Temporarily restricted net assets at the beginning of 2011 have been increased by \$75,178 to recognize temporarily restricted contributions erroneously recognized as liabilities.