

FRIENDS PEACE TEAMS, INC.

FINANCIAL STATEMENTS

October 31, 2016 and 2015



ZIELINSKI & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

FRIENDS PEACE TEAMS, INC.

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Table of Contents

Independent Auditor’s Report.....	Page 1
Statements of Financial Position.....	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements.....	7



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Independent Auditor's Report

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

We have audited the accompanying financial statements of Friends Peace Teams, Inc. (a nonprofit organization), which comprise the statements of financial position as of October 31, 2016 and 2015, 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.

Auditor's 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 audits to obtain reasonable assurance about whether the financial statements are free of 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 Friends Peace Teams, Inc. as of October 31, 2016 and 2015, 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.

Zielinski & Associates

January 19, 2017

FRIENDS PEACE TEAMS, INC.

STATEMENTS OF FINANCIAL POSITION

October 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Cash	\$ 111,419	\$ 89,425
Donations receivable	-	2,540
Notes receivable (Note B)	<u>5,020</u>	<u>7,700</u>
TOTAL ASSETS	<u>\$ 116,439</u>	<u>\$ 99,665</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 12	\$ 12
Notes payable (Note C)	<u>176</u>	<u>1,976</u>
TOTAL LIABILITIES	<u>188</u>	<u>1,988</u>
Net assets		
Unrestricted	42,698	41,278
Temporarily restricted (Note D)	<u>73,553</u>	<u>56,399</u>
TOTAL NET ASSETS	<u>116,251</u>	<u>97,677</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 116,439</u>	<u>\$ 99,665</u>

FRIENDS PEACE TEAMS, INC.

STATEMENTS OF ACTIVITIES

For the years ended October 31, 2016 and 2015

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support						
African Great Lakes Initiative	\$ 203,214	\$ 31,115	\$ 234,329	\$ 258,033	\$ 32,574	\$ 290,607
Asia West Pacific	37,571	1,175	38,746	74,786	4,950	79,736
Peacebuilding en las Americas Initiative	27,398	24,304	51,702	22,757	12,363	35,120
Net assets released from restrictions (Note E)	39,441	(39,441)	-0-	52,010	(52,010)	-0-
TOTAL SUPPORT	<u>307,624</u>	<u>17,153</u>	<u>324,777</u>	<u>407,586</u>	<u>(2,123)</u>	<u>405,463</u>
Revenues and Gains						
Investment income	209	-	209	96	-	96
Contributions	22,437	-	22,437	16,748	-	16,748
Meeting income	18,700	-	18,700	13,409	-	13,409
Peace quest	475	-	475	-	-	-0-
Other income	1,322	-	1,322	-	-	-0-
TOTAL REVENUES AND GAINS	<u>43,143</u>	<u>-</u>	<u>43,143</u>	<u>30,253</u>	<u>-</u>	<u>30,253</u>
TOTAL SUPPORT, REVENUES AND GAINS	<u>350,767</u>	<u>17,153</u>	<u>367,920</u>	<u>437,839</u>	<u>(2,123)</u>	<u>435,716</u>
Expenses						
Program services						
African Great Lakes Initiative	245,510	-	245,510	277,261	-	277,261
Asia West Pacific	35,006	-	35,006	74,297	-	74,297
Peacebuilding en las Americas Initiative	31,952	-	31,952	19,198	-	19,198
TOTAL PROGRAM SERVICES	<u>312,468</u>	<u>-</u>	<u>312,468</u>	<u>370,756</u>	<u>-</u>	<u>370,756</u>
Supporting Activities						
Management and general	33,596	-	33,596	36,400	-	36,400
Fundraising	3,282	-	3,282	4,411	-	4,411
TOTAL SUPPORTING ACTIVITIES	<u>36,878</u>	<u>-</u>	<u>36,878</u>	<u>40,811</u>	<u>-</u>	<u>40,811</u>
TOTAL EXPENSES	<u>349,346</u>	<u>-</u>	<u>349,346</u>	<u>411,567</u>	<u>-</u>	<u>411,567</u>
CHANGES IN NET ASSETS	1,421	17,153	18,574	26,272	(2,123)	24,149
Net Assets, Beginning of Year	<u>41,278</u>	<u>56,399</u>	<u>97,677</u>	<u>15,006</u>	<u>58,522</u>	<u>73,528</u>
NET ASSETS, END OF YEAR	<u>\$ 42,698</u>	<u>\$ 73,553</u>	<u>\$ 116,251</u>	<u>\$ 41,278</u>	<u>\$ 56,399</u>	<u>\$ 97,677</u>

See notes to financial statements

FRIENDS PEACE TEAMS, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

For the years ended October 31, 2016 and 2015

	2016				2015			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Operating Expenses								
Salaries	-	\$ 16,631	-	\$ 16,631	-	\$ 21,609	-	\$ 21,609
Payroll taxes and employee benefits	-	1,159	-	1,159	-	1,653	-	1,653
Professional fees	-	2,040	-	2,040	-	2,040	-	2,040
Mail House	-	406	-	406	-	976	-	976
Miscellaneous	-	2,007	-	2,007	-	986	-	986
Supplies	-	2,956	-	2,956	-	2,941	-	2,941
Telephone	-	818	-	818	-	704	-	704
Postage	-	1,628	-	1,628	-	1,270	-	1,270
Printing	-	3,625	-	3,625	-	2,726	-	2,726
Asia West Pacific	\$ 35,006	-	-	35,006	\$ 74,297	-	-	74,297
Peacebuilding en las Americas	31,952	2,194	-	34,146	19,198	1,318	-	20,516
Tours by Africans	2,256	-	-	2,256	5,205	-	-	5,205
Technical School Uganda	34,501	-	-	34,501	50,337	-	-	50,337
Kenya	34,759	-	-	34,759	35,869	-	-	35,869
Burundi	88,383	-	-	88,383	82,680	-	-	82,680
AGLI in Kenya	6,166	-	-	6,166	6,347	-	-	6,347
AGLI in US	10,675	132	\$ 3,282	14,089	14,347	177	\$ 4,411	18,935
AGLI in Central Africa	3,846	-	-	3,846	6,453	-	-	6,453
Congo	-	-	-	-0-	7,787	-	-	7,787
Rwanda	64,674	-	-	64,674	61,931	-	-	61,931
Central African Republic	-	-	-	-0-	5,636	-	-	5,636
Designated expenses	250	-	-	250	250	-	-	250
Conferences	-	-	-	-0-	419	-	-	419
TOTAL EXPENSES	\$ 312,468	\$ 33,596	\$ 3,282	\$ 349,346	\$ 370,756	\$ 36,400	\$ 4,411	\$ 411,567

FRIENDS PEACE TEAMS, INC.

STATEMENTS OF CASH FLOWS

For the years ended October 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities		
Changes in net assets	\$ 18,574	\$ 24,149
Adjustments to reconcile changes in net assets to net cash provided by operating activities—		
Decrease in donations receivable	2,540	9,478
Decrease in notes receivable	2,680	7,900
Decrease in accounts payable	-	-
Decrease in notes payable	<u>(1,800)</u>	<u>(1,800)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>21,994</u>	<u>39,727</u>
NET INCREASE IN CASH	21,994	39,727
Cash, Beginning of Year	<u>89,425</u>	<u>49,698</u>
CASH, END OF YEAR	<u>\$ 111,419</u>	<u>\$ 89,425</u>

FRIENDS PEACE TEAMS, INC.

NOTES TO FINANCIAL STATEMENTS

October 31, 2016 and 2015

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, 2016 and 2015

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.

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and from comparable state law whereby only unrelated business income when earned, as defined by Section 509(a)(1) of the Code, is subject to federal income tax. The Organization currently has no unrelated business income.

The Organization does not believe there are any material uncertain tax positions and, accordingly, they will not recognize any liability for them. For the years ended October 31, 2016 and 2015, there were no penalties or interest recorded or included in the financial statements.

The Organization's Forms 990, Return of Organization Exempt from Income Taxes for the years ended 2016, 2015, and 2014 are subject to examination by the IRS, generally three years after they were filed.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through January 19, 2017, the date the financial statements were available to be issued.

FRIENDS PEACE TEAMS, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

October 31, 2016 and 2015

NOTE B—NOTES RECEIVABLE

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

Years ending October 31:

2017	\$	3,220
2018		300
Thereafter		<u>1,500</u>
	\$	<u>5,020</u>

NOTE C—NOTES PAYABLE

The Organization borrowed funds from various parties. These notes are non-interest bearing. Payments are made as requested with no set due dates.

NOTE D—TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2016</u>	<u>2015</u>
African Great Lakes Initiative	\$ 37,818	\$ 36,616
Asia West Pacific	6,525	5,820
Peacebuilding en las Americas Initiative	<u>29,210</u>	<u>13,963</u>
	<u>\$ 73,553</u>	<u>\$ 56,399</u>

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>2016</u>	<u>2015</u>
Purpose restrictions accomplished:		
African Great Lakes Initiative	\$ 29,913	\$ 45,143
Asia West Pacific	470	100
Peacebuilding en las Americas Initiative	<u>9,058</u>	<u>6,767</u>
	<u>\$ 39,441</u>	<u>\$ 52,010</u>