



ZIELINSKI & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

HEADQUARTERS
2150 Hampton Avenue
St. Louis, Missouri 63139
1.800.489.2150
314.644.2150
Fax: 314.644.7132
www.zielinskico.com
mail@zielinskico.com

EUROPEAN LEGAL ADVISOR
Dalla Vedova
Studio Legale
12, Via V. Bachelet
00185 Roma, Italia
011.3906.444.0821
Fax: 011.3906.446.2165

January 16, 2018

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

Professional standards established by the American Institute of Certified Public Accountants (AICPA) require independent auditors to communicate certain matters directly to the Board of Directors. The standards require the auditor to ensure that the Board of Directors receive additional information regarding the scope and results of the audit to enhance the information flow and assist the Board of Directors in overseeing the financial reporting and disclosure process for which management is responsible.

In the balance of this report, we will present a brief explanation of each of the most significant communication requirements and our response as it relates to Friends Peace Teams, Inc.

1. Errors, Fraud, and Illegal Acts

We are not aware of any errors, fraud, or illegal acts as a result of our audit of the financial statements for the year ended October 31, 2017.

2. Communication on Matters of Internal Control

There are no matters of internal control that need to be communicated.

3. Financial Statement Adjustments

There were no adjusting entries made as of October 31, 2017:

4. Management Judgments and Accounting Estimates

There were no significant estimates subject to management judgments.

5. Significant Accounting Policies

The significant accounting policies are disclosed in Note A to the financial statements. There were no transactions involving controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

6. The Auditor's Responsibility Under Auditing Standards Generally Accepted in the United States of America

The auditor's report describes the auditor's role and differentiates management's responsibilities for the financial statements from the auditor's role in expressing an opinion on them. In addition, an engagement letter is issued annually which sets forth the terms and objectives of the audit and scope of services to be provided.

7. Major Issues Discussed with Management Prior to Retention

No major issues were discussed with management prior to our retention to perform the aforementioned audit.

8. Difficulties Encountered in Performing the Audit

We did not encounter any difficulties in dealing with management relating to the performance of the audit.

9. Consultations with Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

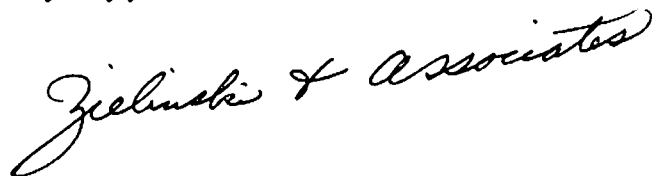
10. Disagreements with Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit or significant disclosures to be included in the financial statements.

These communication requirements are intended to provide you with information to assist in the carrying out of your responsibilities as members of the Board of Directors. We would be pleased to further discuss any of the items listed above or any other matters which you feel appropriate to address to us.

This letter is intended solely for the use of the Board of Directors and management of the Friends Peace Teams, Inc. and should not be used for any other purpose.

Very truly yours,



Zielinski & Associates, P.C.

FRIENDS PEACE TEAMS, INC.

FINANCIAL STATEMENTS

October 31, 2017 and 2016



ZIELINSKI & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

FRIENDS PEACE TEAMS, INC.

FINANCIAL STATEMENTS

October 31, 2017 and 2016

FRIENDS PEACE TEAMS, INC.

FINANCIAL STATEMENTS

October 31, 2017 and 2016

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



ZIELINSKI & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

HEADQUARTERS
2150 Hampton Avenue
St. Louis, Missouri 63139
1.800.489.2150
314.644.2150
Fax: 314.644.7132
www.zielinskico.com
mail@zielinskico.com

EUROPEAN LEGAL ADVISOR
Dalla Vedova
Studio Legale
12, Via V. Bachelet
00185 Roma, Italia
011.3906.444.0821
Fax: 011.3906.446.2165

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, 2017 and 2016, 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, 2017 and 2016, 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 16, 2018

FRIENDS PEACE TEAMS, INC.

STATEMENTS OF FINANCIAL POSITION

October 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Cash	\$ 77,225	\$ 111,419
Notes receivable (Note B)	<u>370</u>	<u>5,020</u>
TOTAL ASSETS	<u>\$ 77,595</u>	<u>\$ 116,439</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 12	\$ 12
Notes payable (Note C)	<u>-</u>	<u>176</u>
TOTAL LIABILITIES	<u>12</u>	<u>188</u>
Net assets		
Unrestricted	40,045	42,698
Temporarily restricted (Note D)	<u>37,538</u>	<u>73,553</u>
TOTAL NET ASSETS	<u>77,583</u>	<u>116,251</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 77,595</u>	<u>\$ 116,439</u>

FRIENDS PEACE TEAMS, INC.

STATEMENTS OF ACTIVITIES

For the years ended October 31, 2017 and 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support						
African Great Lakes Initiative	\$ 205,728	\$ 13,009	\$ 218,737	\$ 203,213	\$ 31,116	\$ 234,329
Asia West Pacific	31,995	2,413	34,408	37,571	1,175	38,746
Peacebuilding en las Americas Initiative	34,076	10,176	44,252	27,398	24,304	51,702
Net assets released from restrictions (Note E)	<u>61,613</u>	<u>(61,613)</u>	<u>-0-</u>	<u>39,441</u>	<u>(39,441)</u>	<u>-0-</u>
TOTAL SUPPORT	<u>333,412</u>	<u>(36,015)</u>	<u>297,397</u>	<u>307,623</u>	<u>17,154</u>	<u>324,777</u>
Revenues and Gains						
Investment income	110	-	110	209	-	209
Contributions	23,027	-	23,027	22,437	-	22,437
Meeting income	14,494	-	14,494	18,700	-	18,700
Peace quest	165	-	165	475	-	475
Other income	<u>-</u>	<u>-</u>	<u>-0-</u>	<u>1,322</u>	<u>-</u>	<u>1,322</u>
TOTAL REVENUES AND GAINS	<u>37,796</u>	<u>-</u>	<u>37,796</u>	<u>43,143</u>	<u>-</u>	<u>43,143</u>
TOTAL SUPPORT, REVENUES AND GAINS	<u>371,208</u>	<u>(36,015)</u>	<u>335,193</u>	<u>350,766</u>	<u>17,154</u>	<u>367,920</u>
Expenses						
Program services						
African Great Lakes Initiative	239,774	-	239,774	245,510	-	245,510
Asia West Pacific	41,831	-	41,831	35,006	-	35,006
Peacebuilding en las Americas Initiative	<u>50,178</u>	<u>-</u>	<u>50,178</u>	<u>31,952</u>	<u>-</u>	<u>31,952</u>
TOTAL PROGRAM SERVICES	<u>331,783</u>	<u>-</u>	<u>331,783</u>	<u>312,468</u>	<u>-</u>	<u>312,468</u>
Supporting Activities						
Management and general	39,984	-	39,984	33,596	-	33,596
Fundraising	<u>2,094</u>	<u>-</u>	<u>2,094</u>	<u>3,282</u>	<u>-</u>	<u>3,282</u>
TOTAL SUPPORTING ACTIVITIES	<u>42,078</u>	<u>-</u>	<u>42,078</u>	<u>36,878</u>	<u>-</u>	<u>36,878</u>
TOTAL EXPENSES	<u>373,861</u>	<u>-</u>	<u>373,861</u>	<u>349,346</u>	<u>-</u>	<u>349,346</u>
CHANGES IN NET ASSETS	(2,653)	(36,015)	(38,668)	1,420	17,154	18,574
Net Assets, Beginning 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>
NET ASSETS, END OF YEAR	<u>\$ 40,045</u>	<u>\$ 37,538</u>	<u>\$ 77,583</u>	<u>\$ 42,698</u>	<u>\$ 73,553</u>	<u>\$ 116,251</u>

See notes to financial statements

FRIENDS PEACE TEAMS, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

For the years ended October 31, 2017 and 2016

	2017				2016			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Operating Expenses								
Salaries	-	\$ 20,312	-	\$ 20,312	-	\$ 16,631	-	\$ 16,631
Payroll taxes and employee benefits	-	1,535	-	1,535	-	1,159	-	1,159
Professional fees	-	2,101	-	2,101	-	2,040	-	2,040
Mail House	-	652	-	652	-	406	-	406
Miscellaneous	-	1,199	-	1,199	-	2,007	-	2,007
Supplies	-	3,358	-	3,358	-	2,956	-	2,956
Telephone	-	563	-	563	-	818	-	818
Postage	-	1,374	-	1,374	-	1,628	-	1,628
Printing	-	5,361	-	5,361	-	3,625	-	3,625
Asia West Pacific	\$ 41,831	-	-	41,831	\$ 35,006	-	-	35,006
Peacebuilding en las Americas	50,178	3,445	-	53,623	31,952	2,194	-	34,146
Tours by Africans	2,622	-	-	2,622	2,256	-	-	2,256
Technical School Uganda	37,522	-	-	37,522	34,501	-	-	34,501
Kenya	29,265	-	-	29,265	34,759	-	-	34,759
Burundi	69,881	-	-	69,881	88,383	-	-	88,383
AGLI in Kenya	30	-	-	30	6,166	-	-	6,166
AGLI in US	6,810	84	\$ 2,094	8,988	10,675	132	\$ 3,282	14,089
AGLI in Central Africa	19,350	-	-	19,350	3,846	-	-	3,846
Rwanda	74,044	-	-	74,044	64,674	-	-	64,674
Designated expenses	250	-	-	250	250	-	-	250
TOTAL EXPENSES	\$ 331,783	\$ 39,984	\$ 2,094	\$ 373,861	\$ 312,468	\$ 33,596	\$ 3,282	\$ 349,346

FRIENDS PEACE TEAMS, INC.

STATEMENTS OF CASH FLOWS

For the years ended October 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash Flows from Operating Activities		
Changes in net assets	\$ (38,668)	\$ 18,574
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities—		
Decrease in donations receivable	-	2,540
Decrease in notes receivable	4,650	2,680
Decrease in accounts payable	-	-
Decrease in notes payable	<u>(176)</u>	<u>(1,800)</u>
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<u>(34,194)</u>	<u>21,994</u>
NET (DECREASE) INCREASE IN CASH	(34,194)	21,994
Cash, Beginning of Year	<u>111,419</u>	<u>89,425</u>
CASH, END OF YEAR	<u>\$ 77,225</u>	<u>\$ 111,419</u>

FRIENDS PEACE TEAMS, INC.

NOTES TO FINANCIAL STATEMENTS

October 31, 2017 and 2016

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, 2017 and 2016

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, 2017 and 2016, 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 2017, 2016, and 2015 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 TBD, the date the financial statements were available to be issued.

FRIENDS PEACE TEAMS, INC.

NOTES TO FINANCIAL STATEMENTS *(Continued)*

October 31, 2017 and 2016

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:

**Year ending
October 31:**

2018 \$ 370

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:

	2017	2016
African Great Lakes Initiative	\$ 15,101	\$ 37,818
Asia West Pacific	3,703	6,525
Peacebuilding en las Americas Initiative	18,734	29,210
	\$ 37,538	\$ 73,553

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.

	2017	2016
Purpose restrictions accomplished:		
African Great Lakes Initiative	\$ 35,726	\$ 29,913
Asia West Pacific	5,235	470
Peacebuilding en las Americas Initiative	20,652	9,058
	\$ 61,613	\$ 39,441

NOTE F—RECLASSIFICATION

As of October 31, 2016, certain balances have been reclassified for comparative purposes.