

FRIENDS PEACE TEAMS, INC.

FINANCIAL STATEMENTS

October 31, 2018 and 2017



ZIELINSKI & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

FRIENDS PEACE TEAMS, INC.

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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, 2018 and 2017, 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, 2018 and 2017, 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 15, 2019

FRIENDS PEACE TEAMS, INC.

STATEMENTS OF FINANCIAL POSITION

October 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash	\$ 77,382	\$ 77,225
Investments (Note B)	755	-
Notes receivable (Note C)	<u>370</u>	<u>370</u>
TOTAL ASSETS	<u>\$ 78,507</u>	<u>\$ 77,595</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	<u>\$ 103</u>	<u>\$ 12</u>
TOTAL LIABILITIES	<u>103</u>	<u>12</u>
Net assets		
Unrestricted	35,889	40,045
Temporarily restricted (Note D)	<u>42,515</u>	<u>37,538</u>
TOTAL NET ASSETS	<u>78,404</u>	<u>77,583</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 78,507</u>	<u>\$ 77,595</u>

FRIENDS PEACE TEAMS, INC.

STATEMENTS OF ACTIVITIES

For the years ended October 31, 2018 and 2017

	2018			2017		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support						
African Great Lakes Initiative	\$ 196,613	\$ 12,880	\$ 209,493	\$ 205,728	\$ 13,009	\$ 218,737
Asia West Pacific	19,861	2,150	22,011	31,995	2,413	34,408
Peacebuilding en las Americas Initiative	34,636	19,751	54,387	34,076	10,176	44,252
Net assets released from restrictions (Note E)	29,804	(29,804)	-0-	61,613	(61,613)	-0-
TOTAL SUPPORT	<u>280,914</u>	<u>4,977</u>	<u>285,891</u>	<u>333,412</u>	<u>(36,015)</u>	<u>297,397</u>
Revenues and Gains						
Investment income	82	-	82	110	-	110
Contributions	30,128	-	30,128	23,027	-	23,027
Meeting income	15,497	-	15,497	14,494	-	14,494
Peace quest	385	-	385	165	-	165
TOTAL REVENUES AND GAINS	<u>46,092</u>	<u>-</u>	<u>46,092</u>	<u>37,796</u>	<u>-</u>	<u>37,796</u>
TOTAL SUPPORT, REVENUES AND GAINS	<u>327,006</u>	<u>4,977</u>	<u>331,983</u>	<u>371,208</u>	<u>(36,015)</u>	<u>335,193</u>
Expenses						
Program services						
African Great Lakes Initiative	212,041	-	212,041	239,774	-	239,774
Asia West Pacific	19,295	-	19,295	41,831	-	41,831
Peacebuilding en las Americas Initiative	46,092	-	46,092	50,178	-	50,178
TOTAL PROGRAM SERVICES	<u>277,428</u>	<u>-</u>	<u>277,428</u>	<u>331,783</u>	<u>-</u>	<u>331,783</u>
Supporting Activities						
Management and general	50,829	-	50,829	39,984	-	39,984
Fundraising	2,905	-	2,905	2,094	-	2,094
TOTAL SUPPORTING ACTIVITIES	<u>53,734</u>	<u>-</u>	<u>53,734</u>	<u>42,078</u>	<u>-</u>	<u>42,078</u>
TOTAL EXPENSES	<u>331,162</u>	<u>-</u>	<u>331,162</u>	<u>373,861</u>	<u>-</u>	<u>373,861</u>
CHANGES IN NET ASSETS	(4,156)	4,977	821	(2,653)	(36,015)	(38,668)
Net Assets, Beginning 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>
NET ASSETS, END OF YEAR	<u>\$ 35,889</u>	<u>\$ 42,515</u>	<u>\$ 78,404</u>	<u>\$ 40,045</u>	<u>\$ 37,538</u>	<u>\$ 77,583</u>

See notes to financial statements

FRIENDS PEACE TEAMS, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

For the years ended October 31, 2018 and 2017

	2018				2017			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Operating Expenses								
Salaries	-	\$ 23,950	-	\$ 23,950	-	\$ 20,312	-	\$ 20,312
Payroll taxes and employee benefits	-	1,109	-	1,109	-	1,535	-	1,535
Professional fees	-	2,164	-	2,164	-	2,101	-	2,101
Mail House	-	1,247	-	1,247	-	652	-	652
Miscellaneous	-	2,440	-	2,440	-	1,199	-	1,199
Supplies	-	2,946	-	2,946	-	3,358	-	3,358
Telephone	-	1,086	-	1,086	-	563	-	563
Postage	-	3,661	-	3,661	-	1,374	-	1,374
Printing	-	9,148	-	9,148	-	5,361	-	5,361
Asia West Pacific	\$ 19,295	-	-	19,295	\$ 41,831	-	-	41,831
Peacebuilding en las Americas	43,131	2,961	-	46,092	50,178	3,445	-	53,623
Tours by Africans	-	-	-	-0-	2,622	-	-	2,622
Technical School Uganda	90,482	-	-	90,482	37,522	-	-	37,522
Kenya	15,548	-	-	15,548	29,265	-	-	29,265
Burundi	34,736	-	-	34,736	69,881	-	-	69,881
Congo	1,700	-	-	1,700	-	-	-	-0-
AGLI in Kenya	-	-	-	-0-	30	-	-	30
AGLI in US	9,447	117	\$ 2,905	12,469	6,810	84	\$ 2,094	8,988
AGLI in Central Africa	15,472	-	-	15,472	19,350	-	-	19,350
Rwanda	47,617	-	-	47,617	74,044	-	-	74,044
Designated expenses	-	-	-	-0-	250	-	-	250
TOTAL EXPENSES	\$ 277,428	\$ 50,829	\$ 2,905	\$ 331,162	\$ 331,783	\$ 39,984	\$ 2,094	\$ 373,861

FRIENDS PEACE TEAMS, INC.

STATEMENTS OF CASH FLOWS

For the years ended October 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities		
Changes in net assets	\$ 821	\$ (38,668)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities—		
Decrease in notes receivable	-	4,650
Increase in accounts payable	91	-
Decrease in notes payable	<u>-</u>	<u>(176)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>912</u>	<u>(34,194)</u>
Cash Flows from Investing Activities		
Investment activity, net	<u>(755)</u>	<u>-</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(755)</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH	157	(34,194)
Cash, Beginning of Year	<u>77,225</u>	<u>111,419</u>
CASH, END OF YEAR	<u>\$ 77,382</u>	<u>\$ 77,225</u>

FRIENDS PEACE TEAMS, INC.

NOTES TO FINANCIAL STATEMENTS

October 31, 2018 and 2017

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, 2018 and 2017

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.

Investments

The Organization receives investment contributions from donors, which are deposited at fair value into mutual funds. The contributed investments are liquidated and withdrawn from the investment account as soon as possible. The mutual fund requires a minimum balance of \$750.

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, 2018 and 2017, 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 2018, 2017, and 2016 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 15, 2019, the date the financial statements were available to be issued.

FRIENDS PEACE TEAMS, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

October 31, 2018 and 2017

NOTE B—INVESTMENTS

The Organization adopted FASB Accounting Standards Codification (ASC) Topic 820. Topic 820 defines fair value as 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. Topic 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value.

- Level 1—Quoted prices in active markets for identical assets or liabilities.
- Level 2—Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following table presents the fair value measurements of investments recognized in the accompanying Statements of Financial Position measured at fair value on a recurring basis and the level within the ASC 820 fair value hierarchy in which the fair value measurements fall at October 31, 2018 and 2017:

	Fair Value	
	2018	2017
Mutual funds (Level 1)	\$ 755	-
	<u>\$ 755</u>	<u>\$ -0-</u>

Investment return for the years ended October 31, 2018 and 2017 consisted of:

	2018	2017
Interest and dividends	\$ 103	\$ 110
Realized loss	<u>(21)</u>	<u>-</u>
	<u>\$ 82</u>	<u>\$ 110</u>

FRIENDS PEACE TEAMS, INC.

NOTES TO FINANCIAL STATEMENTS (*Continued*)

October 31, 2018 and 2017

NOTE C—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 D—TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2018</u>	<u>2017</u>
African Great Lakes Initiative	\$ 12,880	\$ 15,101
Asia West Pacific	2,150	3,703
Peacebuilding en las Americas Initiative	<u>27,485</u>	<u>18,734</u>
	<u>\$ 42,515</u>	<u>\$ 37,538</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>2018</u>	<u>2017</u>
Purpose restrictions accomplished:		
African Great Lakes Initiative	\$ 15,101	\$ 35,726
Asia West Pacific	3,703	5,235
Peacebuilding en las Americas Initiative	<u>11,000</u>	<u>20,652</u>
	<u>\$ 29,804</u>	<u>\$ 61,613</u>