

FRIENDS PEACE TEAMS, INC.

FINANCIAL STATEMENTS

October 31, 2019 and 2018



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



ZIELINSKI & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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, 2019 and 2018, 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, 2019 and 2018, 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 14, 2020

FRIENDS PEACE TEAMS, INC.

STATEMENTS OF FINANCIAL POSITION

October 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Cash	\$ 110,001	\$ 77,382
Investments (Note B)	741	755
Notes receivable	<u>-</u>	<u>370</u>
TOTAL ASSETS	<u>\$ 110,742</u>	<u>\$ 78,507</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	<u>\$ 124</u>	<u>\$ 103</u>
TOTAL LIABILITIES	<u>124</u>	<u>103</u>
Net assets		
Without donor restrictions	62,717	35,889
With donor restrictions (Note C)	<u>47,901</u>	<u>42,515</u>
TOTAL NET ASSETS	<u>110,618</u>	<u>78,404</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 110,742</u>	<u>\$ 78,507</u>

FRIENDS PEACE TEAMS, INC.

STATEMENTS OF ACTIVITIES

For the years ended October 31, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support						
African Great Lakes Initiative	\$ 142,445	\$ 12,337	\$ 154,782	\$ 196,613	\$ 12,880	\$ 209,493
Asia West Pacific	45,623	11,741	57,364	19,861	2,150	22,011
Peacebuilding en las Americas Initiative	40,686	6,386	47,072	34,636	19,751	54,387
Peace Ministries	21	6,714	6,735	-	-	-0-
Friends Peace Teams contributions	51,479	3,726	55,205	30,128	-	30,128
Net assets released from restrictions (Note D)	35,518	(35,518)	-0-	29,804	(29,804)	-0-
TOTAL SUPPORT	<u>315,772</u>	<u>5,386</u>	<u>321,158</u>	<u>311,042</u>	<u>4,977</u>	<u>316,019</u>
Revenues and Gains						
Investment income	87	-	87	82	-	82
Meeting income	14,684	-	14,684	15,497	-	15,497
Peace quest	-	-	-0-	385	-	385
TOTAL REVENUES AND GAINS	<u>14,771</u>	<u>-</u>	<u>14,771</u>	<u>15,964</u>	<u>-</u>	<u>15,964</u>
TOTAL SUPPORT, REVENUES AND GAINS	<u>330,543</u>	<u>5,386</u>	<u>335,929</u>	<u>327,006</u>	<u>4,977</u>	<u>331,983</u>
Expenses						
Program services						
African Great Lakes Initiative	135,121	-	135,121	215,002	-	215,002
Asia West Pacific	49,918	-	49,918	19,295	-	19,295
Peacebuilding en las Americas Initiative	53,152	-	53,152	43,131	-	43,131
TOTAL PROGRAM SERVICES	<u>238,191</u>	<u>-</u>	<u>238,191</u>	<u>277,428</u>	<u>-</u>	<u>277,428</u>
Supporting Activities						
Management and general	63,459	-	63,459	50,829	-	50,829
Fundraising	2,065	-	2,065	2,905	-	2,905
TOTAL SUPPORTING ACTIVITIES	<u>65,524</u>	<u>-</u>	<u>65,524</u>	<u>53,734</u>	<u>-</u>	<u>53,734</u>
TOTAL EXPENSES	<u>303,715</u>	<u>-</u>	<u>303,715</u>	<u>331,162</u>	<u>-</u>	<u>331,162</u>
CHANGES IN NET ASSETS	26,828	5,386	32,214	(4,156)	4,977	821
Net Assets, Beginning 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>
NET ASSETS, END OF YEAR	<u>\$ 62,717</u>	<u>\$ 47,901</u>	<u>\$ 110,618</u>	<u>\$ 35,889</u>	<u>\$ 42,515</u>	<u>\$ 78,404</u>

FRIENDS PEACE TEAMS, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

For the years ended October 31, 2019 and 2018

	2019				2018			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Operating Expenses								
Salaries	-	\$ 28,135	-	\$ 28,135	-	\$ 23,950	-	\$ 23,950
Payroll taxes and employee benefits	-	1,249	-	1,249	-	1,109	-	1,109
Medical expenses	-	7,652	-	7,652	-	-	-	-0-
Professional fees	-	2,272	-	2,272	-	2,164	-	2,164
Mail House	-	1,361	-	1,361	-	1,247	-	1,247
Miscellaneous	-	3,426	-	3,426	-	2,440	-	2,440
Supplies	-	4,192	-	4,192	-	2,946	-	2,946
Telephone	-	614	-	614	-	1,086	-	1,086
Postage	-	3,183	-	3,183	-	3,661	-	3,661
Printing	-	11,292	-	11,292	-	9,148	-	9,148
Asia West Pacific	\$ 49,918	-	-	49,918	\$ 19,295	-	-	19,295
Peacebuilding en las Americas	53,152	-	-	53,152	43,131	2,961	-	46,092
Technical School Uganda	45,605	-	-	45,605	90,482	-	-	90,482
Kenya	9,153	-	-	9,153	15,548	-	-	15,548
Burundi	21,047	-	-	21,047	34,736	-	-	34,736
Congo	3,025	-	-	3,025	1,700	-	-	1,700
AGLI in US	6,716	83	\$ 2,065	8,864	9,447	117	\$ 2,905	12,469
AGLI in Central Africa	15,704	-	-	15,704	15,472	-	-	15,472
Rwanda	33,871	-	-	33,871	47,617	-	-	47,617
TOTAL EXPENSES	\$ 238,191	\$ 63,459	\$ 2,065	\$ 303,715	\$ 277,428	\$ 50,829	\$ 2,905	\$ 331,162

FRIENDS PEACE TEAMS, INC.

STATEMENTS OF CASH FLOWS

For the years ended October 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities		
Changes in net assets	\$ 32,214	\$ 821
Adjustments to reconcile changes in net assets to net cash provided by operating activities—		
Decrease in notes receivable	370	-
Increase in accounts payable	<u>21</u>	<u>91</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>32,605</u>	<u>912</u>
Cash Flows from Investing Activities		
Investment activity, net	<u>14</u>	<u>(755)</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>14</u>	<u>(755)</u>
NET INCREASE IN CASH	32,619	157
Cash, Beginning of Year	<u>77,382</u>	<u>77,225</u>
CASH, END OF YEAR	<u>\$ 110,001</u>	<u>\$ 77,382</u>

FRIENDS PEACE TEAMS, INC.

NOTES TO FINANCIAL STATEMENTS

October 31, 2019 and 2018

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 four programs or initiatives:

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

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:

Net assets without restrictions—net assets that are not subject to donor-imposed stipulations.

Net assets with restrictions—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, 2019 and 2018

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, net assets with restrictions are reclassified to net assets without restrictions 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.

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, 2019 and 2018, 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 2019, 2018, and 2017 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 14, 2020, the date the financial statements were available to be issued.

FRIENDS PEACE TEAMS, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

October 31, 2019 and 2018

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, 2019 and 2018:

	Fair Value	
	2019	2018
Mutual funds (Level 1)	\$ 741	\$ 755

Investment return for the years ended October 31, 2019 and 2018 consisted of:

	2019	2018
Interest and dividends	\$ 87	\$ 103
Realized loss	-	(21)
	<u>\$ 87</u>	<u>\$ 82</u>

FRIENDS PEACE TEAMS, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

October 31, 2019 and 2018

NOTE C—NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available for the following purposes at October 31:

	<u>2019</u>	<u>2018</u>
African Great Lakes Initiative	\$ 12,337	\$ 12,880
Asia West Pacific	11,741	2,150
Peacebuilding en las Americas Initiative	13,383	27,485
Peace Ministries	6,714	-
Medical expenses	<u>3,726</u>	<u>-</u>
	<u>\$ 47,901</u>	<u>\$ 42,515</u>

NOTE D—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>2019</u>	<u>2018</u>
Purpose restrictions accomplished:		
African Great Lakes Initiative	\$ 12,880	\$ 15,101
Asia West Pacific	2,150	3,703
Peacebuilding en las Americas Initiative	<u>20,488</u>	<u>11,000</u>
	<u>\$ 35,518</u>	<u>\$ 29,804</u>

NOTE E—LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's financial assets available within one year of the Statement of Financial Position date for general expenditures are as follows:

Cash	\$ 110,001
Investments	<u>741</u>
Total Financial Assets Available Within One Year	110,742
Less:	
Net assets with donor restrictions	<u>47,901</u>
Total Financial Assets Available to Management for General Expenditure Within One Year	<u>\$ 62,841</u>

FRIENDS PEACE TEAMS, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

October 31, 2019 and 2018

NOTE F—NEW ACCOUNTING PRONOUNCEMENT

On August 18, 2016, the FASB issued ASU 2016-14, Non-For-Profit Entities (Topic 958) Presentation of Financial Statements of Non-For-Profit Entities. The Organization has adjusted the presentation of its financial statements accordingly, applying the changes retrospectively to the comparative period presented. The new standards change the following aspects of the Organization’s financial statements:

The temporarily restricted net asset class has been renamed net assets with donor restrictions.

The unrestricted net asset class has been renamed net assets without donor restrictions.

The financial statements include a new disclosure about liquidity and availability of resources (Note E).

The changes have the following effect on net assets as of October 31, 2019:

	<u>As Originally Presented</u>	<u>After Adoption of ASU 2016-14</u>
Unrestricted net assets	\$ 62,717	-
Temporarily restricted net assets	47,901	-
Net assets without donor restrictions	-	\$ 62,717
Net assets with donor restrictions	<u>-</u>	<u>47,901</u>
Total Net Assets	<u>\$ 110,618</u>	<u>\$ 110,618</u>

NOTE G—RECLASSIFICATION

As of October 31, 2018, certain balances have been reclassified for comparative purposes.