

**ALLIANCE FOR
MIDDLE EAST PEACE, INC.**

FINANCIAL STATEMENTS

FOR THE YEARS ENDED
AUGUST 31, 2017 and 2016

ALLIANCE FOR MIDDLE EAST PEACE, INC.
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BECK & COMPANY
Certified Public Accountants, P.C.

To: Board of Directors
Alliance for Middle East Peace, Inc.
Washington, D.C.

We have audited the accompanying financial statements of Alliance for Middle East Peace, Inc. (a nonprofit organization), which comprise the statements of financial position as of August 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

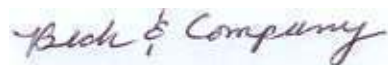
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from 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 Alliance for Middle East Peace, Inc. as of August 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.



Herndon, Virginia
January 31, 2018

ALLIANCE FOR MIDDLE EAST PEACE, INC.

STATEMENTS OF FINANCIAL POSITION

AUGUST 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash	\$ 178,483	218,440
Unconditional promises to give, net	57,000	135,000
Prepaid expenses	15,784	2,831
Property and equipment, net	-	-
TOTAL ASSETS	<u>\$ 251,267</u>	<u>356,271</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued liabilities	\$ 4,126	-
Accrued compensation and related liabilities	7,538	8,203
TOTAL LIABILITIES	<u>11,664</u>	<u>8,203</u>
NET ASSETS		
Unrestricted net assets	239,603	203,068
Temporarily restricted net assets	-	145,000
TOTAL NET ASSETS	<u>239,603</u>	<u>348,068</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 251,267</u>	<u>356,271</u>

See accompanying notes and independent auditor's reports

ALLIANCE FOR MIDDLE EAST PEACE, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED AUGUST 31, 2017 and 2016

	2017			2016		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
REVENUE						
Foundation grants	\$ 125,000	-	125,000	52,500	-	52,500
Individuals and board members	172,539	-	172,539	64,733	-	64,733
Membership dues	46,335	-	46,335	46,085	-	46,085
Restricted regional revenue	-	35,000	35,000	-	108,580	108,580
Unrestricted regional revenue	-	-	-	15,000	-	15,000
Donated services	297,229	-	297,229	303,762	-	303,762
Released from restriction	180,000	(180,000)	-	201,580	(201,580)	-
TOTAL REVENUE	821,103	(145,000)	676,103	683,660	(93,000)	590,660
EXPENSES						
Program services						
Policy analysis, education, and advocacy	252,168	-	252,168	256,261	-	256,261
Public education and visibility	49,266	-	49,266	68,159	-	68,159
Meeting member needs	334,946	-	334,946	166,909	-	166,909
Total program services	636,380	-	636,380	491,329	-	491,329
Supporting services						
Management and general	82,025	-	82,025	82,893	-	82,893
Fundraising	66,163	-	66,163	57,948	-	57,948
Total supporting services	148,188	-	148,188	140,841	-	140,841
TOTAL EXPENSES	784,568	-	784,568	632,170	-	632,170
CHANGE IN UNRESTRICTED NET ASSETS	36,535	(145,000)	(108,465)	51,490	(93,000)	(41,510)
UNRESTRICTED NET ASSETS, beginning of year	203,068	145,000	348,068	151,578	238,000	389,578
UNRESTRICTED NET ASSETS, end of year	\$ 239,603	-	239,603	203,068	145,000	348,068

See accompanying notes and independent auditor's reports

ALLIANCE FOR MIDDLE EAST PEACE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2017

	Policy Analysis, Education and Advocacy	Public Education and Visibility	Meeting Member Needs	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Legal	\$ 208,185	\$ -	\$ 89,222	\$ 297,407	\$ -	\$ -	\$ -	\$ 297,407
Salary	27,700	35,720	148,364	211,784	27,700	36,500	64,200	275,984
Travel	3,476	4,843	38,809	47,128	5,927	11,461	17,388	64,516
Payroll tax	6,919	5,189	24,470	36,578	6,919	10,379	17,298	53,876
Events	5,888	-	8,354	14,242	17,271	5,530	22,801	37,043
Meetings	-	-	11,266	11,266	-	-	-	11,266
Professional fees	-	600	2,580	3,180	8,050	-	8,050	11,230
Office expense	-	2,108	3,582	5,690	1,608	310	1,918	7,608
Trainings	-	-	6,595	6,595	-	-	-	6,595
Insurance	-	-	-	-	6,256	-	6,256	6,256
Miscellaneous	-	-	-	-	4,713	-	4,713	4,713
Information technology	-	-	225	225	1,556	1,177	2,733	2,958
Meals and entertainment	-	498	1,479	1,977	-	498	498	2,475
Rent	-	-	-	-	2,025	-	2,025	2,025
Printing	-	308	-	308	-	308	308	616
	<u>\$ 252,168</u>	<u>\$ 49,266</u>	<u>\$ 334,946</u>	<u>\$ 636,380</u>	<u>\$ 82,025</u>	<u>\$ 66,163</u>	<u>\$ 148,188</u>	<u>\$ 784,568</u>

See accompanying notes and independent auditor's reports

ALLIANCE FOR MIDDLE EAST PEACE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED AUGUST 31, 2016

	Policy Analysis, Education and Advocacy	Public Education and Visibility	Meeting Member Needs	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Legal	\$ 226,290	\$ 30,115	\$ 4,293	\$ 260,698	\$ 34,870	\$ 8,194	\$ 43,064	\$ 303,762
Salary	20,276	27,866	82,358	130,500	18,943	29,747	48,690	179,190
Travel	2,635	3,314	24,339	30,288	4,112	8,651	12,763	43,051
Payroll tax	5,490	4,118	16,548	26,156	5,490	8,236	13,726	39,882
Trainings	-	-	23,983	23,983	-	-	-	23,983
Meetings	-	-	12,151	12,151	-	-	-	12,151
Accounting	-	535	-	535	7,537	-	7,537	8,072
Office expense	-	1,757	1,281	3,038	2,751	103	2,854	5,892
Events	1,570	-	523	2,093	839	1,601	2,440	4,533
Insurance	-	-	-	-	2,745	-	2,745	2,745
Miscellaneous	-	-	-	-	2,560	-	2,560	2,560
Information technology	-	-	220	220	1,343	961	2,304	2,524
Meals and entertainment	-	454	1,213	1,667	-	455	455	2,122
Rent	-	-	-	-	1,703	-	1,703	1,703
	<u>\$ 256,261</u>	<u>\$ 68,159</u>	<u>\$ 166,909</u>	<u>\$ 491,329</u>	<u>\$ 82,893</u>	<u>\$ 57,948</u>	<u>\$ 140,841</u>	<u>\$ 632,170</u>

See accompanying notes and independent auditor's reports

ALLIANCE FOR MIDDLE EAST PEACE, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ (108,465)	285,343
Adjustments to reconcile net assets to net cash provided (used) by operating activities:		
(Increase) decrease in operating assets:		
Receivables	78,000	(90,000)
Prepaid expense	(12,953)	(4,826)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	4,126	1,220
Accrued compensation and related liabilities	(665)	3,271
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(39,957)	195,008
NET INCREASE (DECREASE) OF CASH	(39,957)	195,008
CASH, BEGINNING OF YEAR	218,440	23,891
CASH, END OF YEAR	\$ 178,483	218,899
 SUPPLEMENTAL DISCLOSURES:		
Interest paid	\$ -	-
Income taxes paid	\$ -	-

See accompanying notes and independent auditor's reports

ALLIANCE FOR MIDDLE EAST PEACE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2017 and 2016

Note 1. Nature of the Organization

Alliance for Middle East Peace, Inc. (ALLMEP) was incorporated under the laws of Delaware as a nonprofit organization and is exempt from income taxes on its exempt activities under Section 501(c)(3) of the Internal Revenue Code.

ALLMEP's primary purpose is to promote people-to-people coexistence in the Middle East.

Note 2. Summary of Significant Accounting Policies

Basis of Accounting:

The financial statements are prepared using the accrual method of accounting, in accordance with U.S. generally accepted accounting principles.

Use of Estimates:

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Grants and Contributions:

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Donated Goods and Services:

Donated services and related expenses for specific expertise are recognized as contributions. In addition, ALLMEP also receives donated services from volunteers and board members to carry out its activities. These services do not meet the criteria for recognition as contributed services, and accordingly they are not recorded in the financial statements.

Cash and Cash Equivalents:

ALLMEP considers cash on hand and deposits in banks to be cash.

ALLIANCE FOR MIDDLE EAST PEACE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2017 and 2016

Note 2, continued

Unconditional Promises to Give:

Contributions are recognized when the donor makes a promise to give to ALLMEP that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

ALLMEP uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Property and Equipment:

Property and equipment are capitalized at cost. Property and equipment are depreciated over their estimated useful lives using the straight-line method. ALLMEP capitalizes all property and equipment with a cost of \$500 or more. Expenditures for major repairs and improvements are capitalized; expenditures for minor repairs and maintenance costs are expensed as incurred. Upon the retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the respective accounts and the resulting gain or loss, if any, is included in revenue or expenses in the accompanying statement of activities.

Income Taxes:

ALLMEP is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC), except for income from activities not related to its tax-exempt purpose. No provision for income taxes was recorded during the years ended August 31, 2017 and 2016, since ALLMEP had no significant unrelated business income. ALLMEP is not a private foundation pursuant to section 509(a)(1) of the IRC.

In accordance with authoritative guidance on accounting for uncertainty in income taxes issued by the FASB, ALLMEP recognizes tax liabilities for uncertain tax positions when it is more likely than not that a tax position will not be sustained upon examination and settlement with various taxing authorities. Liabilities for uncertain tax positions are measured based upon the largest amount of benefit that is greater than 50% likely of being realized upon settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods. ALLMEP is generally no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years ended August 31, 2014 and prior.

Fair Value of Financial Instruments:

The fair value of ALLMEP's cash and cash equivalents, grants receivable, accounts payable, and accrued expenses approximates their carrying amounts due to the relatively short maturity of these items.

ALLIANCE FOR MIDDLE EAST PEACE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2017 and 2016

Note 2, concluded

Concentrations of Credit Risk:

ALLMEP's assets that are exposed to credit risk consist primarily of cash and cash equivalents, and unconditional promises to give. Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits. ALLMEP has never experienced any losses related to these balances. All non-interest bearing cash balances were fully insured at August 31, 2017 and 2016, and ALLMEP had no interest-bearing amounts on deposit in excess of federally insured limits. Unconditional promises to give consist primarily of grants due from private foundations. Historically, ALLMEP has not experienced significant losses related to promises to give and, therefore, believes that the credit risk related to these receivables is minimal.

Functional Allocation of Expenses:

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Subsequent Events:

Subsequent events are events or transactions that take place after the reporting period for the statement of financial position. Certain of these events or transactions, recognized subsequent events provide additional evidence about conditions and estimates that existed at the date of the statement of financial position and retroactively revise those amounts reflected in the financial statements. Other subsequent events, not recognized subsequent events, did not exist at the date of the statement of financial position, but arose after that date and are reported as additional disclosures in the notes to the financial statements. Management evaluates all significant subsequent events from the statement of financial position date through the date the financial statements are available to be issued.

Classes of Net Assets:

ALLMEP is required to report its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets are net assets without a donor imposed time and/or program restriction. The funds are available to ALLMEP to maintain its operations.

Temporarily restricted net assets are contributions with donor imposed time and/or program restrictions. These temporary restrictions require that resources be used for specific purposes and/or in a later period or after a specified date. Temporarily restricted net assets become unrestricted when the time restrictions expire or the funds are used for their restricted purposes and are reported in the accompanying statement of activities as net assets released from restrictions. This method of accounting is also followed when the restrictions on contributions are met in the same period that the contributions are received.

Permanently restricted net assets must be maintained by ALLMEP in perpetuity. There were no permanently restricted net assets as of August 31, 2017 and 2016.

ALLIANCE FOR MIDDLE EAST PEACE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2017 and 2016

Note 3. Contributed Services

The fair value of donated professional services and related expenses included as contributions in the financial statements and corresponding program expenses for the years ended August 31, 2017 and 2016 was \$297,407 and \$303,762 respectively.

Note 4. Property and Equipment

ALLMEP held the following property and equipment as of August 31, 2017:

	2017	2016
Computer equipment	\$ 684	684
Total property and equipment	684	684
Less accumulated depreciation	(684)	(684)
Property and equipment, net	\$ -	-

There was no depreciation and amortization expense for the years ended August 31, 2017 and 2016.

Note 5. Receivables

Receivables were comprised of the following at August 31, 2017 and 2016:

	2017	2016
Unconditional promises to give, net	\$ -	135,000
Receivables, net	57,000	-
Total	\$ 57,000	135,000

Contributions receivable were due over the following periods:

	2017	2016
Due in less than one year	\$ 57,000	135,000
Due in one to five years	-	-
Total	\$ 57,000	135,000

Note 6. Employee Benefit Plan

ALLMEP has adopted a 403(b) retirement plan. Under the plan, employees may make voluntary contributions on a pre-tax basis. ALLMEP does not provide any company contributions to the plan; therefore plan expenses were \$0 for the years ended August 31, 2017 and 2016.

Note 7. Concentrations

During the year ended August 31, 2017, ALLMEP received 33% of its revenue from five donors and 100% of the donated legal services are from two donors. During the year ended August 31, 2016, ALLMEP received 31% of its revenue from one donor and 100% of the donated legal services are from three donors.

ALLIANCE FOR MIDDLE EAST PEACE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2017 and 2016

Note 8. Company Credit Card

ALLMEP has a credit card with a total credit line of \$20,000. At August 31, 2017 and 2016, the credit cards had an outstanding balance of \$4,126 and \$0, respectively.

Note 9. Temporarily Restricted Net Assets

Temporarily restricted net assets are released from donor restrictions by incurring expenses satisfying the restricted purposes or by time elapsing on the restrictions.

Changes in temporarily restricted net assets are as follows:

Balance August 31, 2016	Restricted Gifts and Grants	Transfers/ Releases	Balance August 31, 2017
\$ 145,000	\$ 35,000	\$ 180,000	\$ -

Note 10. Date of Management Review

In preparing the financial statements, ALLMEP has evaluated events and transactions for potential recognition or disclosure through January 31, 2018, the date the financial statements were available to be issued.