

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

FINANCIAL STATEMENTS

FOR THE YEARS ENDED  
AUGUST 31, 2018 and 2017

**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, 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***

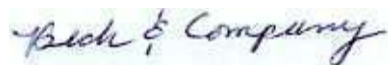
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about 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, 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.



Herndon, Virginia  
March 21, 2019

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

STATEMENTS OF FINANCIAL POSITION

AUGUST 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Cash	\$ 171,399	178,483
Unconditional promises to give, net	50,000	57,000
Prepaid expenses	8,121	15,784
Property and equipment, net	1,714	-
<b>TOTAL ASSETS</b>	<u>\$ 231,234</u>	<u>251,267</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 7,427	4,126
Accrued compensation and related liabilities	37,249	7,538
Prepaid donations	25,000	-
<b>TOTAL LIABILITIES</b>	<u>69,676</u>	<u>11,664</u>
<b>NET ASSETS</b>		
Net assets without donor restriction	66,558	239,603
Net assets with donor restriction	95,000	-
<b>TOTAL NET ASSETS</b>	<u>161,558</u>	<u>239,603</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 231,234</u>	<u>251,267</u>

See accompanying notes and independent auditor's reports

**ALLIANCE FOR MIDDLE EAST PEACE, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED AUGUST 31, 2018 and 2017**

	2018			2017		
	Net assets without donor restriction	Net assets with donor restriction	Total	Net assets without donor restriction	Net assets with donor restriction	Total
<b>REVENUE</b>						
Foundation grants	\$ 73,000	-	73,000	125,000	-	125,000
Individuals and board members	148,986	-	148,986	172,539	-	172,539
Membership dues	40,351	-	40,351	46,335	-	46,335
Restricted regional revenue	-	240,500	240,500	-	35,000	35,000
European regional revenue	-	60,921	60,921	-	-	-
Donated services	233,853	-	233,853	297,229	-	297,229
Released from restriction	206,421	(206,421)	-	180,000	(180,000)	-
<b>TOTAL REVENUE</b>	<u>702,611</u>	<u>95,000</u>	<u>797,611</u>	<u>821,103</u>	<u>(145,000)</u>	<u>676,103</u>
<b>EXPENSES</b>						
Program services						
Policy analysis, education, and advocacy	271,577	-	271,577	252,168	-	252,168
Public education and visibility	95,368	-	95,368	49,266	-	49,266
Meeting member needs	314,973	-	314,973	334,946	-	334,946
Total program services	<u>681,918</u>	<u>-</u>	<u>681,918</u>	<u>636,380</u>	<u>-</u>	<u>636,380</u>
Supporting services						
Management and general	89,867	-	89,867	82,025	-	82,025
Fundraising	103,871	-	103,871	66,163	-	66,163
Total supporting services	<u>193,738</u>	<u>-</u>	<u>193,738</u>	<u>148,188</u>	<u>-</u>	<u>148,188</u>
<b>TOTAL EXPENSES</b>	<u>875,656</u>	<u>-</u>	<u>875,656</u>	<u>784,568</u>	<u>-</u>	<u>784,568</u>
CHANGE IN NET ASSETS	(173,045)	95,000	(78,045)	36,535	(145,000)	(108,465)
NET ASSETS, beginning of year	239,603	-	239,603	203,068	145,000	348,068
NET ASSETS, end of year	<u>\$ 66,558</u>	<u>95,000</u>	<u>161,558</u>	<u>239,603</u>	<u>-</u>	<u>239,603</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, 2018

	Policy Analysis, Education and Advocacy	Public Education and Visibility	Meeting Member Needs	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Salary	\$ 31,862	\$ 58,900	\$ 167,391	\$ 258,153	\$ 31,860	\$ 68,000	\$ 99,860	\$ 358,013
Legal	163,697	-	70,156	233,853	-	-	-	233,853
Travel	3,675	4,648	42,014	50,337	5,750	12,042	17,792	68,129
Grants to region	63,180	-	-	63,180	-	-	-	63,180
Payroll tax	7,815	5,861	13,003	26,679	7,815	11,723	19,538	46,217
Office expense	-	22,450	1,528	23,978	2,707	465	3,172	27,150
Events	1,348	-	1,059	2,407	8,601	8,261	16,862	19,269
Meetings	-	-	18,127	18,127	-	-	-	18,127
Insurance	-	-	-	-	13,916	-	13,916	13,916
Professional fees	-	650	-	650	8,625	-	8,625	9,275
Miscellaneous	-	-	-	-	8,268	-	8,268	8,268
Meals and entertainment	-	1,583	521	2,104	-	1,583	1,583	3,687
Printing	-	1,276	-	1,276	-	1,276	1,276	2,552
Information technology	-	-	90	90	1,381	521	1,902	1,992
Trainings	-	-	1,084	1,084	-	-	-	1,084
Rent	-	-	-	-	713	-	713	713
Depreciation	-	-	-	-	231	-	231	231
	<u>\$ 271,577</u>	<u>\$ 95,368</u>	<u>\$ 314,973</u>	<u>\$ 681,918</u>	<u>\$ 89,867</u>	<u>\$ 103,871</u>	<u>\$ 193,738</u>	<u>\$ 875,656</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, 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.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED AUGUST 31, 2018 and 2017**

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ (78,045)	(108,465)
Adjustments to reconcile net assets to net cash provided (used) by operating activities:		
Depreciation expense	231	-
(Increase) decrease in operating assets:		
Receivables	7,000	78,000
Prepaid expense	7,663	(12,953)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	3,301	4,126
Accrued compensation and related liabilities	29,711	(665)
Prepaid donations	25,000	-
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 (5,139)	 (39,957)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(1,945)	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(1,945)	-
 NET INCREASE (DECREASE) OF CASH	 (7,084)	 (39,957)
CASH, BEGINNING OF YEAR	178,483	218,440
CASH, END OF YEAR	\$ 171,399	178,483
 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, 2018 and 2017

**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 net assets with donor restriction. These funds are released to net assets without donor restriction once the money is used for the donor purpose.

**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, 2018 and 2017

**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 net assets without donor restriction if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restriction. When a restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction.

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, 2018 and 2017, 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, 2015 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, 2018 and 2017

**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, 2018 and 2017, 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 two classes of net assets: net assets with donor restriction and net assets without donor restriction.

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

Net assets with donor restriction are contributions with donor imposed time and/or program restrictions. These restrictions require that resources be used for specific purposes and/or in a later period or after a specified date. Net assets with donor restriction become net assets without donor restriction 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, 2018 and 2017.

ALLIANCE FOR MIDDLE EAST PEACE, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED AUGUST 31, 2018 and 2017

**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, 2018 and 2017 was \$233,853 and \$297,229 respectively.

**Note 4. Property and Equipment**

ALLMEP held the following property and equipment as of August 31, 2018:

	2018	2017
Computer equipment	\$ 2,629	684
Total property and equipment	2,629	684
Less accumulated depreciation	(915)	(684)
Property and equipment, net	\$ 1,714	-

There was no depreciation and amortization expense for the years ended August 31, 2018 and 2017.

**Note 5. Receivables**

Receivables were comprised of the following at August 31, 2018 and 2017:

	2018	2017
Unconditional promises to give, net	\$ 50,000	-
Receivables, net	-	57,000
Total	\$ 50,000	57,000

Contributions receivable were due over the following periods:

	2018	2017
Due in less than one year	\$ 50,000	57,000
Due in one to five years	-	-
Total	\$ 50,000	57,000

**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, 2018 and 2017.

**Note 7. Concentrations**

During the year ended August 31, 2018, 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, 2017, ALLMEP received 33% of its revenue from five donors and 100% of the donated legal services are from two donors.

ALLIANCE FOR MIDDLE EAST PEACE, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED AUGUST 31, 2018 and 2017

**Note 8. Company Credit Card**

ALLMEP has a credit card with a total credit line of \$20,000. At August 31, 2018 and 2017, the credit cards had an outstanding balance of \$7,427 and \$4,126, respectively.

**Note 9. Net Assets with Donor Restriction**

Net assets with donor restriction are released from donor restrictions by incurring expenses satisfying the restricted purposes or by time elapsing on the restrictions.

Changes in net assets with donor restriction are as follows:

Balance August 31, 2017	Restricted Gifts and Grants	Transfers/ Releases	Balance August 31, 2018
<u>\$ -</u>	<u>\$ 301,241</u>	<u>\$ 206,421</u>	<u>\$ 95,000</u>

**Note 10. Date of Management Review**

In preparing the financial statements, ALLMEP has evaluated events and transactions for potential recognition or disclosure through March 21, 2019, the date the financial statements were available to be issued.