

THE ALLIANCE FOR MIDDLE EAST PEACE, INC.

Financial Statements

August 31, 2019 and 2018

**With Independent Auditors' Report
Certified Public Accountants**



Turner, Leins & Gold, LLC
Certified Public Accountants

THE ALLIANCE FOR MIDDLE EAST PEACE, INC.

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Independent Auditors' Report

To the Board of Directors of
The Alliance for Middle East Peace

We have audited the accompanying financial statements of the Alliance for Middle East Peace (a non-profit), which comprise the statements of financial position as of August 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 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 audit 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 the Alliance for Middle East Peace, as of August 31, 2019 and 2018 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Deferred Revenue

Note 7 of the financial statements refers to a prior period adjustment restating the financial statements for the fiscal year ending August 31, 2018. Our opinion is not modified in respect of this matter.

Prior Period Financial Statements

The financial statements of the Alliance for Middle East Peace as of August 31, 2018, were audited by Beck & Company, CPA's, P.C., who was acquired by Turner, Leins & Gold, LLC as of January 13, 2020, and whose prior period audit report expressed an unmodified opinion on those statements.

Turner, Leins & Gold, LLC.

Vienna, Virginia
August 6, 2020

The Alliance for Middle East Peace, Inc.
Statements of Financial Position
August 31, 2019 and 2018

	2019	2018 Restated
Current assets:		
Cash and equivalents	\$ 106,129	\$ 171,399
Contributions receivable	52,935	50,000
Prepaid expenses	3,365	8,121
Total current assets	162,429	229,520
Property and equipment, net	2,125	1,714
Total assets	\$ 164,554	\$ 231,234
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 6,630	\$ 7,427
Accrued payroll liability	4,280	37,249
Total current liabilities	10,910	44,676
Total liabilities	10,910	44,676
Net Assets:		
Without donor restrictions	153,644	66,558
With donor restriction	-	120,000
Total net assets	153,644	186,558
Total liabilities and net assets	\$ 164,554	\$ 231,234

See Accompanying Notes

The Alliance for Middle East Peace, Inc.
Statements of Activities
For the Years Ended August 31, 2019 and 2018

	2019	2018 Restated
Revenues and Support:		
Restricted	\$ 96,400	\$ 326,421
Member Dues	50,947	40,351
Board of Directors	64,763	60,357
Individuals	222,978	88,629
Foundation/Grants	180,096	73,000
Donated Services	377,951	233,853
Interest Income	84	-
Net assets released from restrictions	216,400	206,421
Total Revenues and Support	1,209,619	1,029,032
Expenses:		
Program services	566,074	681,918
Management and general	329,844	89,867
Fundraising	130,215	103,871
Total Expenses	1,026,133	875,656
Change in Net Assets without donor restriction	183,486	153,376
Changes in Net Assets with donor restriction		
Net assets released from restrictions	(216,400)	(206,421)
Changes in Net Assets with donor restriction	(216,400)	(206,421)
Total Change in Net Assets	(32,914)	(53,045)
Net Assets, Beginning of Year	186,558	239,603
Net Assets, End of Year	\$ 153,644	\$ 186,558

See Accompanying Notes

The Alliance for Middle East Peace, Inc.
Statement of Functional Expenses
For the Year Ended August 31, 2019

	Government Relations	Communications	Alumni Engagement	Member Programming	Total Program	Management and General	Fundraising	Total
Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 589	\$ -	\$ 589
Events	4,419	-	18,026	-	22,445	-	-	22,445
Information Technology	-	641	-	-	641	725	6,521	7,887
Insurance	-	-	-	-	-	5,202	-	5,202
Legal	75,683	75,683	37,842	-	189,208	189,208	-	378,416
Meals and Entertainment	594	178	-	1,917	2,689	988	1,265	4,942
Meetings	1,941	970	-	970	3,881	3,881	1,941	9,703
Miscellaneous	-	-	-	3,049	3,049	5,433	-	8,482
Office Expense	438	85	125	4,898	5,546	2,535	698	8,779
Payroll Taxes	-	-	-	23,961	23,961	50,169	-	74,130
Printing	1,199	121	-	117	1,437	603	965	3,005
Professional Fees	-	6,157	-	4,420	10,577	12,175	3,423	26,175
Salary	34,590	53,117	36,920	133,601	258,228	58,336	100,560	417,124
Travel	2,969	2,969	-	38,474	44,412	-	14,842	59,254
	<u>\$ 121,833</u>	<u>\$ 139,921</u>	<u>\$ 92,913</u>	<u>\$ 211,407</u>	<u>\$ 566,074</u>	<u>\$ 329,844</u>	<u>\$ 130,215</u>	<u>\$ 1,026,133</u>

The Alliance for Middle East Peace, Inc.
Statement of Functional Expenses
For the Year Ended August 31, 2018

	Government Relations	Communications	Member Programming	Total Program	Management and General	Fundraising	Total
Depreciation	-	-	-	-	231	-	231
Events	1,348	-	1,059	2,407	8,601	8,261	19,269
Information Technology	-	-	90	90	1,381	521	1,992
Insurance	-	-	-	-	13,916	-	13,916
Legal	163,697	-	70,156	233,853	-	-	233,853
Meals and Entertainment	-	1,583	521	2,104	-	1,583	3,687
Meetings	-	-	18,127	18,127	-	-	18,127
Miscellaneous	-	-	-	-	8,268	-	8,268
Office Expense	-	22,450	1,528	23,978	2,707	465	27,150
Payroll Taxes	7,815	5,861	13,003	26,679	7,815	11,723	46,217
Printing	-	1,276	-	1,276	-	1,276	2,552
Professional Fees	-	650	-	650	8,625	-	9,275
Regional Operations	63,180	-	-	63,180	-	-	63,180
Rent	-	-	-	-	713	-	713
Salary	31,862	58,900	167,391	258,153	31,860	68,000	358,013
Trainings	-	-	1,084	1,084	-	-	1,084
Travel	3,675	4,648	42,014	50,337	5,750	12,042	68,129
	<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>\$ 875,656</u>

See Accompanying Notes

The Alliance for Middle East Peace, Inc.
Statements of Cash Flows
For the Years Ended August 31, 2019 and 2018

	2019	2018
		Restated
Cash Flows from Operating Activities:		
Change in Net Assets	\$ (32,914)	\$ (53,045)
Adjustments to reconcile change in net assets to cash provided by operating activities		
Depreciation and amortization	589	231
Change in assets and liabilities		
Accounts receivable	(2,935)	7,000
Prepaid expenses	4,756	7,663
Accounts payable and accrued liabilities	(797)	3,301
Accrued payroll	(32,969)	29,711
Net Cash Used in Operating Activities	<u>(64,270)</u>	<u>(5,139)</u>
Cash Flows from Investing Activities		
Purchase of equipment	<u>(1,000)</u>	<u>(1,945)</u>
Net Cash (Used In) Investing Activities	<u>(1,000)</u>	<u>(1,945)</u>
Net Change in Cash & Equivalents	(65,270)	(7,084)
Cash & Equivalents, Beginning of Year	<u>171,399</u>	<u>178,483</u>
Cash & Equivalents, End of Year	<u>\$ 106,129</u>	<u>\$ 171,399</u>

See Accompanying Notes

The Alliance for Middle East Peace, Inc.
Notes to the Financial Statements
August 31, 2019 and 2018

Note 1. Organization and Nature of Operations

The Alliance for Middle East Peace, Inc. (“ALLMEP”) is a nonprofit organization, incorporated in Delaware. Its primary purpose is to promote people-to-people coexistence in the Middle East.

Note 2. Summary of Significant Accounting Policies

This summary of significant accounting policies of the Organization is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management, who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles in the United States of America and have been consistently applied in the preparation of the financial statements.

Basis of Presentation

The financial statements of ALLMEP have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require ALLMEP to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of ALLMEP management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of ALLMEP or by the passage of time. Other donor restrictions could be perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Measure of Operations

The statements of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to ALLMEP's ongoing services. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Cash and Equivalents

The Organization's cash consists of cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase, except for those amounts that are held in the investment portfolio which are invested for long-term purposes.

The Alliance for Middle East Peace, Inc.
Notes to the Financial Statements
August 31, 2019 and 2018

Note 2. Summary of Significant Accounting Policies (continued)

Concentrations of Credit Risk

Financial instruments that potentially subject ALLMEP to concentrations of credit risk consist principally of cash and investments. The Organization maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. ALLMEP's cash and cash equivalent accounts have been placed with high credit quality financial institutions. ALLMEP has not experienced, nor does it anticipate, any losses with respect to such accounts. There were no uninsured balances as of August 31, 2019 and 2018, respectively.

Contributions Receivable

Contributions receivables are unconditional promises to give that are expected to be collected in one year or less are recorded at net realizable value. Allowances for contributions receivable are determined by management based on an assessment of collectability. Management considers past history, current economic conditions and the overall viability of the donor. Receivables are written off only when management believes amounts will not be collected. Based on this assessment, ALLMEP considers contributions receivable to be fully collectable. Accordingly, no allowance for doubtful accounts is required as of August 31, 2019 or 2018.

Property and Equipment

Property and equipment are stated at cost at the date of purchase less accumulated depreciation. Depreciation is calculated using the straight-line method over the lesser of the estimated useful lives of the assets or the lease term. The useful lives range from three to 10 years. ALLMEP's policy is to capitalize renewals and betterments acquired for greater than \$500 and expense normal repairs and maintenance as incurred. Management periodically evaluates whether events or circumstances have occurred indicating that the carrying amount of long-lived assets may not be recovered.

Revenue and Support Recognition

Membership dues - Dues are recognized as revenue over the applicable membership period. Dues received prior to the beginning of the year to which they relate are recorded as deferred revenue.

Grants - ALLMEP records grant income as revenues in the period promised. Grants are recorded as with or without donor restriction depending on the existence of any donor restrictions.

Contributions – Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets with donor restrictions in the reporting period in which the contribution is recognized. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Donated Services

ALLMEP received donated professional legal services of \$377,951 and \$233,853 for the years ended August 31, 2019 and 2018, respectively. Such amounts, which are based upon information provided by third-party service providers, are recorded at their estimated fair value determined on the date of contribution and are reported as donated services on the accompanying statements of activities and legal services on the statements of functional expenses.

The Alliance for Middle East Peace, Inc.
Notes to the Financial Statements
August 31, 2019 and 2018

Note 2. Summary of Significant Accounting Policies (Continued)

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. Management allocates all costs directly when possible. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on their natural cost driver. The expense that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries	Time and effort
Occupancy and related costs	Square Footage
Overhead	Time and effort

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.

Income Taxes

The Organization is a not for profit organization that is exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code. The exemption is on all income except unrelated business income. Internal Revenue Code 513(a) defines an unrelated trade or business of an exempt organization as any trade or business which is not substantially related to the exercise or performance of its exempt purpose.

In June 2006, the Financial Accounting Standards Board (FASB) released FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes. For the years ended August 31, 2019 and 2018, the Organization has considered FASB ASC 740-10 and determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements. Tax returns are generally open to examination 3 years after filing.

New and Recently Issued Accounting Pronouncements

The FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly.

The FASB issued ASU No. 2014-09, *Revenue from Contracts with Customer (Topic 606)*, which amends the existing accounting standard for revenue recognition. AU 2014-09 supersedes the revenue recognition requirements in ASC 605 and more industry-specific guidance throughout the Industry Topics in ASC. Under the new standard, recognition of revenue occurs when a customer obtains control of promised good or services in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services. In addition, the stand requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The effective date the revenue recognition guidance for non-public entities is reporting periods beginning after December 15, 2019 with early adoption permitted. ALLMEP has elected not to adopt ASU 2014-09 early, but is evaluating the impact of adopting the new standard on the Organization’s financial statements.

The Alliance for Middle East Peace, Inc.
Notes to the Financial Statements
August 31, 2019 and 2018

Note 3. Availability and Liquidity

Liquid assets for the years ending 2019 and 2018 are as follows:

Financial assets at year end:	2019	2018
Cash and cash equivalents	\$ 106,129	\$ 171,399
Contributions receivable	52,935	50,000
Total financial assets	<u>159,064</u>	<u>221,399</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	-	120,000
Less net assets with purpose restrictions to be met in less than a year	-	(120,000)
	<u>-</u>	<u>-</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 159,064</u>	<u>\$ 221,399</u>

Note 4 – Property and Equipment, net

Below is a schedule of fixed assets as of August 31,

	2019	2018
Computers and office equipment	\$ 2,945	\$ 2,629
Less: Accumulated depreciation and amortization	(820)	(915)
Property and equipment, net	<u>\$ 2,125</u>	<u>\$ 1,714</u>

Depreciation expense totaled \$589 and \$231 for the years ended August 31, 2019 and 2018.

Note 5 – Net Assets

Net assets released from net assets with donor purpose restrictions are as follows for the year ending August 31:

	2019	2018
Beginning Restricted Net Assets	\$ 120,000	\$ -
European	11,400	60,921
Israel/Palestine	85,000	265,500
Released from Restriction	(216,400)	(206,421)
Ending Restricted Net Assets	<u>\$ -</u>	<u>\$ 120,000</u>

The Alliance for Middle East Peace, Inc.
Notes to the Financial Statements
August 31, 2019 and 2018

Note 6 – Vacation Liability

During the fiscal year ending August 31, 2019, ALLMEP altered their vacation policy to provide vacation with no ability to “cash-out” unused leave. The related liability of \$20,822 as of August 31, 2018 was removed during the period ending August 31, 2019 by reducing salary expense. The net effect was to increase change in net assets and total net assets by \$20,822 as of August 31, 2019 and the year then ended.

Note 7 – Deferred Revenue

During the fiscal year ending August 31, 2018, grant revenue of \$25,000 was incorrectly deferred to the fiscal year ending August 31, 2019. This has been restated resulting in an increase in net assets with donor restrictions and change in net assets as of August 31, 2019, and for the year then ending, as well as an elimination of the liability on the statement of financial position.

Note 8 – Subsequent Events

Management has evaluated subsequent events through August 6, 2020, the date the financial statements were available to be issued. The Organization is not aware of any material subsequent events.