

THE ALLIANCE FOR MIDDLE EAST PEACE, INC.

Financial Statements

August 31, 2020 and 2019

**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 and Management of
The Alliance for Middle East Peace, Inc.

We have audited the accompanying financial statements of the Alliance for Middle East Peace, Inc. (a non-profit), which comprise the statements of financial position as of August 31, 2020 and 2019 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, 2020 and 2019 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.

Report on Summarized Comparative Information

We have previously audited the Alliance for Middle East Peace, Inc.'s 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 06, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Turner, Leino & Gold, L.L.C.

Vienna, Virginia
May 26, 2021

The Alliance for Middle East Peace, Inc.
Statements of Financial Position
August 31, 2020 and 2019

| Assets | <u>2020</u> | <u>2019</u> |
|-----------------------------------|--------------------------|--------------------------|
| Current assets: | | |
| Cash and equivalents | \$ 680,222 | \$ 106,129 |
| Accounts receivable | - | 52,935 |
| Prepaid expenses | - | 3,365 |
| Tax refund receivable | 4,459 | - |
| Total current assets | <u>684,681</u> | <u>162,429</u> |
| Property and equipment, net | <u>1,602</u> | <u>2,125</u> |
| Total assets | <u><u>\$ 686,283</u></u> | <u><u>\$ 164,554</u></u> |
| | | |
| Liabilities and Net Assets | | |
| Current Liabilities: | | |
| Accounts payable | \$ 4,411 | \$ 6,630 |
| Accrued payroll liability | - | 4,280 |
| Total current liabilities | <u>4,411</u> | <u>10,910</u> |
| Net Assets: | | |
| Without donor restrictions | 669,725 | - |
| With donor restriction | <u>12,147</u> | <u>153,644</u> |
| Total net assets | <u>681,872</u> | <u>153,644</u> |
| Total liabilities and net assets | <u><u>\$ 686,283</u></u> | <u><u>\$ 164,554</u></u> |

See Accompanying Notes

The Alliance for Middle East Peace, Inc.
Statements of Activities
For the Years Ended August 31, 2020 and 2019

| | <u>Without Donor</u> | <u>With Donor Restriction</u> | <u>Totals</u> | |
|---------------------------------------|--------------------------|-----------------------------------|-------------------|-------------------|
| | | | <u>2020</u> | <u>2019</u> |
| Revenues and Support: | | | | |
| Members dues | \$ 106 | \$ - | \$ 106 | \$ 50,947 |
| Individual donations | 732,976 | 42,647 | 775,623 | 287,741 |
| Foundation grants | 299,113 | - | 299,113 | 276,496 |
| PPP grant income | 60,400 | - | 60,400 | - |
| Donated services | 307,648 | - | 307,648 | 377,951 |
| Interest income | 1,686 | - | 1,686 | 84 |
| Net assets released from restrictions | 30,500 | (30,500) | - | - |
| Total Revenues and Support | <u>1,432,429</u> | <u>12,147</u> | <u>1,444,576</u> | <u>993,219</u> |
| Expenses: | | | | |
| Program services | 613,388 | - | 613,388 | 566,074 |
| Management and general | 160,267 | - | 160,267 | 329,844 |
| Fundraising | 142,693 | - | 142,693 | 130,215 |
| Total Expenses | <u>916,348</u> | <u>-</u> | <u>916,348</u> | <u>1,026,133</u> |
| Change in net assets | 516,081 | 12,147 | 528,228 | (32,914) |
| Net Assets, Beginning of Year | <u>153,644</u> | <u>-</u> | <u>153,644</u> | <u>186,558</u> |
| Net Assets, End of Year | <u>\$ 669,725</u> | <u>\$ 12,147</u> | <u>\$ 681,872</u> | <u>\$ 153,644</u> |

See Accompanying Notes

The Alliance for Middle East Peace, Inc.
Statements of Functional Expenses
For the Years Ended August 31, 2020 and 2019

2020

| | Government Relations | Communications and Advocacy | Alumni Engagement | Member Services | Program Services | Management and General | Fundraising | Total |
|--------------------------|-----------------------------|------------------------------------|--------------------------|------------------------|-------------------------|-------------------------------|--------------------|-------------------|
| Salary and related taxes | \$ 34,758 | \$ 61,069 | \$ 4,693 | \$ 241,386 | \$ 341,906 | \$ 62,719 | \$ 112,870 | \$ 517,495 |
| Information Technology | - | 1,497 | - | - | 1,497 | 817 | 9,788 | 12,102 |
| Depreciation | - | - | - | - | - | 523 | - | 523 |
| Events | 5,248 | - | - | - | 5,248 | - | - | 5,248 |
| Insurance | - | - | - | - | - | 7,118 | - | 7,118 |
| Legal | 147,004 | 5,583 | - | 72,211 | 224,798 | 72,990 | 9,860 | 307,648 |
| Meals and Entertainment | - | - | - | 783 | 783 | - | - | 783 |
| Miscellaneous | - | - | - | - | - | 322 | - | 322 |
| Office Expense | 604 | 177 | 221 | 20,939 | 21,941 | 8,039 | 991 | 30,971 |
| Printing and editing | 4,949 | - | - | - | 4,949 | 469 | - | 5,418 |
| Professional fees | - | 649 | - | - | 649 | 6,170 | 60 | 6,879 |
| Training and conferences | - | - | - | - | - | 1,100 | - | 1,100 |
| Travel | 1,825 | 1,825 | - | 7,967 | 11,617 | - | 9,124 | 20,741 |
| | <u>\$ 194,388</u> | <u>\$ 70,800</u> | <u>\$ 4,914</u> | <u>\$ 343,286</u> | <u>\$ 613,388</u> | <u>\$ 160,267</u> | <u>\$ 142,693</u> | <u>\$ 916,348</u> |

2019

| | Government Relations | Communications and Advocacy | Alumni Engagement | Member Services | Program Services | Management and General | Fundraising | Total |
|--------------------------|-----------------------------|------------------------------------|--------------------------|------------------------|-------------------------|-------------------------------|--------------------|---------------------|
| Salary and related taxes | \$ 34,590 | \$ 53,117 | \$ 36,920 | \$ 157,562 | \$ 282,189 | \$ 108,505 | \$ 100,560 | \$ 491,254 |
| Information Technology | - | 641 | - | - | 641 | 725 | 6,521 | 7,887 |
| Depreciation | - | - | - | - | - | 589 | - | 589 |
| Events | 4,419 | - | 18,026 | - | 22,445 | - | - | 22,445 |
| 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 |
| Printing and editing | 1,199 | 121 | - | 117 | 1,437 | 603 | 965 | 3,005 |
| Professional fees | - | 6,157 | - | 4,420 | 10,577 | 12,175 | 3,423 | 26,175 |
| 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> |

See Accompanying Notes

The Alliance for Middle East Peace, Inc.
Statements of Cash Flows
For the Years Ended August 31, 2020 and 2019

| | <u>2020</u> | <u>2019</u> |
|---|-------------------|-------------------|
| Cash Flows from Operating Activities: | | |
| Change in Net Assets | \$ 528,228 | \$ (32,914) |
| Adjustments to reconcile change in net assets to cash provided by operating activities | | |
| Depreciation and amortization | 523 | 589 |
| Change in assets and liabilities | | |
| Accounts receivable | 52,935 | (2,935) |
| Prepaid expenses | 3,365 | 4,756 |
| Tax refund receivable | (4,459) | |
| Accounts payable | (2,219) | (797) |
| Accrued payroll | (4,280) | (32,969) |
| Net Cash Provided by (Used in) Operating Activities | <u>574,093</u> | <u>(64,270)</u> |
| Cash Flows from Investing Activities | | |
| Purchase of equipment | - | (1,000) |
| Net Cash (Used In) Investing Activities | - | (1,000) |
| Net Change in Cash & Equivalents | 574,093 | (65,270) |
| Cash & Equivalents, Beginning of Year | <u>106,129</u> | <u>171,399</u> |
| Cash & Equivalents, End of Year | <u>\$ 680,222</u> | <u>\$ 106,129</u> |

See Accompanying Notes

The Alliance for Middle East Peace, Inc.
Notes to the Financial Statements
August 31, 2020 and 2019

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, 2020 and 2019

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, 2020 and 2019, 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, 2020 or 2019.

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.

The Alliance for Middle East Peace, Inc.
Notes to the Financial Statements
August 31, 2020 and 2019

Note 2. Summary of Significant Accounting Policies (Continued)

Donated Services

ALLMEP received donated professional legal services totaling \$307,648 and \$377,951 for the years ended August 31, 2020 and 2019, 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.

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, 2020 and 2019, 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.

The Alliance for Middle East Peace, Inc.
Notes to the Financial Statements
August 31, 2020 and 2019

Note 3. Availability and Liquidity

Liquid assets for the year ending August 31, 2020 is as follows:

| | |
|--|------------|
| Financial assets at year end: | |
| Cash and cash equivalents | \$ 680,222 |
| Tax refund receivable | 4,459 |
| Total financial assets | 684,681 |
| Less amounts not available to be used within one year: | |
| Net assets with donor restrictions | (12,147) |
| Less net assets with purpose restrictions to be met in less than a year | 12,147 |
| | - |
| Financial assets available to meet general expenditures over the next twelve months | |
| | \$ 684,681 |

Note 4 – Property and Equipment, net

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

| | |
|--------------------------------|----------|
| Computers and office equipment | \$ 2,945 |
| Less: Accumulated depreciation | (1,343) |
| Property and equipment, net | \$ 1,602 |

Depreciation expense totaled \$523 for the year ended August 31, 2020.

Note 5 – Net Assets

A summary of net assets with donor restriction at August 31, 2020 and 2019 is as follows:

| Description | Balance 8/31/2019 | Additions | Usage | Balance 8/31/2020 |
|-------------------------|----------------------|-----------|-------------|----------------------|
| European region | \$ - | \$ 12,147 | \$ - | \$ 12,147 |
| Israel/Palestine region | - | 30,500 | (30,500) | - |
| Total | \$ - | \$ 42,647 | \$ (30,500) | \$ 12,147 |

The Alliance for Middle East Peace, Inc.
Notes to the Financial Statements
August 31, 2020 and 2019

Note 6. Prior Year Summarized Comparative Information

The financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended August 31, 2019 of the prior year, from which the summarized information was derived.

Note 7 – Subsequent Events

The Organization has evaluated events and transactions subsequent to the balance sheet date through May 26, 2021, the date the financial statements were available to be issued. Management has not identified any events that have occurred subsequent to August 31, 2020 that require recognition or disclosure in the financial statements.