

THE ALLIANCE FOR MIDDLE EAST PEACE, INC.
(a nonprofit organization)

Financial Statements

For the Years Ended
August 31, 2022 and 2021

With Independent Auditors' Report
Certified Public Accountants



Turner, Leins & Gold, LLC
Certified Public Accountants

THE ALLIANCE FOR MIDDLE EAST PEACE, INC.

Table of Contents

Independent Auditors' Report	1
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	7
Notes to Financial Statements	8



Independent Auditors' Report

To the Board of Directors and Management of
The Alliance for Middle East Peace, Inc.

Opinion

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, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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, 2022 and 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Alliance for Middle East Peace, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Alliance for Middle East Peace, Inc's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Alliance for Middle East Peace, Inc's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Alliance for Middle East Peace, Inc's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Lerner, Leins + Gold, LLC

Vienna, Virginia
May 11, 2023

The Alliance for Middle East Peace, Inc.
Statement of Financial Position
August 31, 2022
(August 31, 2021 comparative totals)

Assets	2022	2021
Current assets:		
Cash and equivalents	\$ 1,103,532	\$ 953,140
Grants receivable	75,000	75,000
Prepaid expense	4,069	-
Total current assets	<u>1,182,601</u>	<u>1,028,140</u>
Investments	28,256	-
Grants receivable, long-term	-	75,000
Property and equipment, net	<u>3,553</u>	<u>1,013</u>
Total assets	<u><u>\$ 1,214,410</u></u>	<u><u>\$ 1,104,153</u></u>
 Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 11,599	\$ 8,729
Accrued payroll	1,026	-
Total current liabilities	<u>12,625</u>	<u>8,729</u>
Net Assets:		
Without donor restrictions	1,104,085	945,424
With donor restriction	97,700	150,000
Total net assets	<u>1,201,785</u>	<u>1,095,424</u>
Total liabilities and net assets	<u><u>\$ 1,214,410</u></u>	<u><u>\$ 1,104,153</u></u>

See Accompanying Notes

The Alliance for Middle East Peace, Inc.
Statement of Activities
For the Year Ended August 31, 2022
(August 31, 2021 comparative totals)

	Without Donor Restriction	With Donor Restriction	Totals	
			2022	2021
Revenues and Support:				
Members dues	\$ 22,822	\$ -	\$ 22,822	\$ -
Individual donations	651,829	-	651,829	826,071
Foundation grants	644,762	22,700	667,462	415,900
Donated services	28,630	-	28,630	310,114
Investment (loss)	(13,735)	-	(13,735)	(32)
Miscellaneous income	3,293	-	3,293	-
Net assets released from restrictions	75,000	(75,000)	-	-
Total Revenues and Support	1,412,601	(52,300)	1,360,301	1,552,053
Expenses:				
Program services	799,612	-	799,612	644,106
Management and general	204,856	-	204,856	303,142
Fundraising	249,472	-	249,472	191,253
Total Expenses	1,253,940	-	1,253,940	1,138,501
Change in net assets	158,661	(52,300)	106,361	413,552
Net Assets, Beginning of Year	945,424	150,000	1,095,424	681,872
Net Assets, End of Year	\$ 1,104,085	\$ 97,700	\$ 1,201,785	\$ 1,095,424

See Accompanying Notes

The Alliance for Middle East Peace, Inc.
Statement of Functional Expenses
For the Year Ended August 31, 2022

	Government Relations	Communication and Advocacy	Alumni Engagement	Member Services	Total Program Services	Management and General	Fundraising	2022 Total
Advertising	\$ -	\$ 2,743	\$ -	\$ -	\$ 2,743	\$ -	\$ -	\$ 2,743
Contributions	60,000	-	-	93,000	153,000	-	-	153,000
Depreciation	-	-	-	-	-	1,017	-	1,017
Information and Technology	-	9,878	-	1,868	11,746	23,220	7,472	42,438
Insurance	-	-	-	-	-	10,202	-	10,202
Legal	-	-	-	-	-	28,630	-	28,630
Licenses and Fees	4	3	1	5	13	4,310	8	4,331
Meals and entertainment	3,102	-	620	2,854	6,576	2,730	3,102	12,408
Meetings	-	-	-	18,203	18,203	-	-	18,203
Miscellaneous	-	-	-	-	-	2,261	-	2,261
Office Expense	238	318	-	367	923	6,998	794	8,715
Payroll Tax	11,353	7,568	3,784	15,137	37,842	13,623	24,219	75,684
Printing and editing	-	2,869	-	-	2,869	-	-	2,869
Professional fees	41,753	623	-	18,847	61,223	35,419	14,021	110,663
Salaries	132,318	70,589	24,279	250,800	477,986	76,446	174,098	728,530
Training and conferences	-	-	-	730	730	-	-	730
Travel	7,727	2,576	-	15,455	25,758	-	25,758	51,516
	<u>\$ 256,495</u>	<u>\$ 97,167</u>	<u>\$ 28,684</u>	<u>\$ 417,266</u>	<u>\$ 799,612</u>	<u>\$ 204,856</u>	<u>\$ 249,472</u>	<u>\$ 1,253,940</u>

See Accompanying Notes

The Alliance for Middle East Peace, Inc.
Statement of Functional Expenses
For the Year Ended August 31, 2021

	Government Relations	Communication and Advocacy	Alumni Engagement	Member Services	Total Program Services	Management and General	Fundraising	2021 Total
Salaries and benefits	\$ 44,577	\$ 54,532	\$ 7,101	\$ 253,362	\$ 359,572	\$ 70,812	\$ 131,326	\$ 561,710
Information technology	176	9,241	176	176	9,769	702	22,373	32,844
Depreciation	-	-	-	-	-	589	-	589
Legal	147,624	6,084	-	46,193	199,901	79,553	30,659	310,113
Meals and entertainment	-	-	-	1,006	1,006	-	-	1,006
Miscellaneous	10	5	-	31,499	31,514	4,479	415	36,408
Office Expense	1,410	1,849	240	2,445	5,944	5,094	4,871	15,909
Professional fees	10,048	345	25,400	-	35,793	138,427	1,227	175,447
Training and conferences	-	-	-	-	-	3,486	-	3,486
Travel	76	76	-	455	607	-	382	989
	<u>\$ 203,921</u>	<u>\$ 72,132</u>	<u>\$ 32,917</u>	<u>\$ 335,136</u>	<u>\$ 644,106</u>	<u>\$ 303,142</u>	<u>\$ 191,253</u>	<u>\$ 1,138,501</u>

See Accompanying Notes

The Alliance for Middle East Peace, Inc.
Statement of Cash Flows
For the Year Ended August 31, 2022
(August 31, 2021 comparative totals)

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 106,361	\$ 413,552
Adjustments to reconcile change in net assets to cash provided by operating activities		
Depreciation and amortization	1,017	589
Change in assets and liabilities		
Grants receivable	75,000	(150,000)
Prepaid expenses	(4,069)	-
Tax refund receivable	-	4,459
Disposal of fixed assets	(3,557)	-
Accounts payable	2,870	4,318
Accrued payroll	1,026	-
Net Cash Provided by Operating Activities	<u>178,648</u>	<u>272,918</u>
Cash Flows from Investing Activities:		
Investment in Equity Securities	<u>(28,256)</u>	<u>-</u>
Net Cash (Used in) Investing Activities	<u>(28,256)</u>	<u>-</u>
Net Change in Cash & Equivalents	150,392	272,918
Cash & Equivalents, Beginning of Year	<u>953,140</u>	<u>680,222</u>
Cash & Equivalents, End of Year	<u><u>\$ 1,103,532</u></u>	<u><u>\$ 953,140</u></u>
Supplemental Information:		
Investment in equity funds received as contributions	\$ 42,600	\$ -

See Accompanying Notes

The Alliance for Middle East Peace, Inc.
Notes to the Financial Statements
August 31, 2022 and 2021

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 ALLMEP is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the ALLMEP'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. Restricted donations for which the purpose restriction is satisfied in the same year the donation is received, are reported as unrestricted donations.

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, 2022 and 2021

Note 2. Summary of Significant Accounting Policies (continued)

Investments

Investments, primarily consisting of equity securities, are stated at fair value. Investments in equity securities with readily determinable values are valued based on quoted market prices in active markets in which the securities are traded. Gains and losses, both realized and unrealized, resulting from increases or decreases in the fair value of investments are reflected in the statements of activities and changed in net assets as increases or decreases in net assets without donor restrictions unless the use was restricted by explicit donor stipulations or by law.

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 uninsured balances as of August 31, 2022 and 2021 totaling \$852,890 and \$703,211, respectively.

Contributions and Grants Receivable

Contributions and grants receivable are unconditional promises to give that are expected to be collected in one year or less are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are also recorded at net realizable value. Generally accepted accounting principles require that unconditional promises to give that are expected to be collected in future years be recorded at the present value of their estimated future cash flows. However, the effect of the use net realizable value is not materially different from the result that would have been obtained had the present value method been used.

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 receivables to be fully collectable. Accordingly, no allowance for doubtful accounts has been recorded of August 31, 2022 and 2021.

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.

The Alliance for Middle East Peace, Inc.
Notes to the Financial Statements
August 31, 2022 and 2021

Note 2. Summary of Significant Accounting Policies (Continued)

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 totaling \$28,630 and \$310,114 for the years ended August 31, 2022 and 2021, 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 as 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, 2022 and 2021, 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, 2022 and 2021

Note 2. Summary of Significant Accounting Policies (Continued)

Accounting Pronouncements Adopted in the Current Year

Gifts In-Kind

In September 2020, the Financial Accounting Standards Board (“FASB”) issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958), which is effective for fiscal years beginning after June 15, 2021, with early adoption permitted, and is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, along with expanded disclosure requirements. The Organization adopted and implemented this pronouncement on September 1, 2021 using the prospective method of application. The adoption of ASU 2020-07 resulted in no material changes to the recognition of collections.

Recent Accounting Pronouncements Issued Not Yet Effective

Leases

In February 2016, the FASB issued the Accounting Standards Update (“ASU”) 2016-02, *Leases* (Topic 842), which requires the recognition of a “right to use” asset and a lease liability, initially measured at the present value of the lease payments, on all of the Organization’s lease obligations. This ASU is effective for fiscal years beginning after December 15, 2021. Management does not expect this ASU to have a significant impact on the Organization’s financial statements.

Note 3 - Availability and Liquidity

Liquid assets for the year ending August 31, 2022 are as follows:

Cash and cash equivalents	\$ 1,103,532
Investments	28,256
Grants receivable	75,000
Total financial assets	1,206,788
Less amounts not available to be used within one year:	
Grants receivable, long-term	-
Financial assets available to meet general expenditures over the next twelve months	\$ 1,206,788

The Alliance for Middle East Peace, Inc.
Notes to the Financial Statements
August 31, 2022 and 2021

Note 4 – Property and Equipment, net

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

	2022		2021
Property and equipment	\$ 6,502	\$	2,945
Less: Accumulated depreciation and amortization	(2,949)		(1,932)
Property and equipment, net	\$ 3,553	\$	1,013

Depreciation expense totaled \$1,017 and \$589 for the years ended August 31, 2022 and 2021, respectively.

Note 5 – Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

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 with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs to the valuation methodology that are significant to the measurement of fair value of assets or liabilities.

To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement is disclosed is determined based on the lowest level input that is significant to the fair value measurement

The Alliance for Middle East Peace, Inc.
Notes to the Financial Statements
August 31, 2022 and 2021

Note 5 – Fair Value Measurements (Continued)

Below is a schedule of the fair market value of the Association’s investment assets.

Fair Value Measurements at August 31, 2022				
	Total	Level 1	Level 2	Level 3
Equities	\$ 28,256	\$ 28,256	\$ -	\$ -
	\$ 28,256	\$ 28,256	\$ -	\$ -
Fair Value Measurements at August 31, 2021				
	Total	Level 1	Level 2	Level 3
Equities	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -

Note 6 - Investments – Available for Sale

Available for sale investments in equity securities consists of the following at August 31:

	Cost	Market Value	Unrealized Depreciation
August 31, 2022	\$ 42,600	\$ 28,256	\$ (14,344)
August 31, 2021	\$ -	\$ -	\$ -

In accordance with *ASU-2016-01*, unrealized investment gains and losses on equity investments with readily determinable fair values are measured at fair value with changes in fair value recognized in net income, as other income. These gains and losses are attributable only to changes in fair values for the period in which they are reported. The Association recorded unrealized losses of \$14,344 and \$0 in other income for the years ending August 31, 2022 and 2021.

Note 7 – Net Assets

A summary of net assets with donor restriction at August 31, 2022 is as follows:

Description	Balance 8/31/2021	Additions	Usage	Balance 8/31/2022
State department grant	\$ -	\$ 106,945	\$ (84,245)	\$ 22,700
Time restricted grants receivable	150,000	-	(75,000)	75,000
Total	\$ 150,000	\$ 106,945	\$ (159,245)	\$ 97,700

The Alliance for Middle East Peace, Inc.
Notes to the Financial Statements
August 31, 2022 and 2021

Note 8 - Related Party Transactions

The Alliance for Middle East Peace has two divisions. A United States division and a European division, which is located in France. The two divisions share an Executive Director and a Board of Directors. Otherwise, they are separate entities, with separate personnel, financial records and budgets. During the year ended August 31, 2022 and 2021, the Organization contributed \$150,000 and \$0, respectively, to the European division.

For the years ended August 31, 2022 and 2021, the Organization paid a media firm, owned by a member of the Board of Directors, \$15,560 and \$3,560, respectively for video work.

For the years ended August 31, 2022 and 2021, the Organization paid an entity owned by the Executive Director, \$25,000 and \$14,650, respectively, for strategic planning work.

For the year ended August 31, 2022 and 2021, the Organization paid the President and Founder salaries for services provided in Israel totaling \$64,375 and \$0, respectively.

Note 9 – Retirement Plan

The Organization established a defined contribution 401(k) plan covering all eligible employees on January 1, 2022. For the 401(k) Plan, employees may contribute up to the maximum amount allowable by law. The plan includes an automatic deferral of 4% of eligible compensation, unless the participant makes an affirmative election. The Organization, at the discretion of the board, may make discretionary contributions to the participants. The Organization accrued a discretionary contribution totaling \$11,428 as of August 31, 2022.

Note 10 – Subsequent Events

The Organization has evaluated events and transactions subsequent to the balance sheet date through May 11, 2023, the date the financial statements were available to be issued. Management has not identified any events that have occurred subsequent to August 31, 2022 that require recognition or disclosure in the financial statements.