

GENERATIONS FOR PEACE COMMISSION

FINANCIAL STATEMENTS

31 DECEMBER 2016

INDEPENDENT AUDITOR'S REPORT
To the Board of Directors of Generations for Peace Commission
Amman- Jordan

Opinion

We have audited the financial statements of Generations for Peace Commission (the "Commission"), which comprise the statement of assets and liabilities as at 31 December 2016, and the statement of revenue and expenses and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the assets and liabilities of the Commission as at 31 December 2016, its revenues and expenses and cash flows for the year then ended in accordance with the accounting policies disclosed note (2).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards, are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Commission in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Jordan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting policies disclosed note (2), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



Building a better
working world

In preparing the financial statements, management is responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Commission or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Commission's financial reporting process.

Auditor's 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 a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exist. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.
- 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 the Commission's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



Building a better
working world

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If we conclude that a material uncertainty exist, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Commission to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Amman – Jordan
17 May 2017

Ernst + Young

**GENERATIONS FOR PEACE COMMISSION
STATEMENT OF ASSETS AND LIABILITIES
AT 31 DECEMBER 2016**

<u>Assets</u>	<u>Notes</u>	<u>2016</u> JD	<u>2015</u> JD
Non – current assets			
Property and equipment	3	<u>586,755</u>	<u>614,573</u>
Current assets -			
Accounts receivable and other current assets	4	374,881	230,881
Cash on hand and at banks	5	<u>541,442</u>	<u>636,297</u>
		916,323	867,178
Total assets		<u>1,503,078</u>	<u>1,481,751</u>
<u>Cumulative surplus and liabilities</u>			
Cumulative surplus	6	<u>1,239,809</u>	<u>1,207,052</u>
Current liabilities-			
Accounts payable and accrued expenses		<u>263,269</u>	<u>274,699</u>
Total cumulative surplus and liabilities		<u>1,503,078</u>	<u>1,481,751</u>

The attached notes from 1 to 10 form part of these financial statements

**GENERATIONS FOR PEACE COMMISSION
STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED 31 DECEMBER 2016**

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
		JD	JD
Revenues -			
Donations	7	2,631,625	1,995,284
Other income		-	14,008
Interest income		78	68
Loss from sale of property and equipment		-	(389)
Gain from foreign currency exchange		2,111	-
		<u>2,633,814</u>	<u>2,008,971</u>
Expenses -			
Programmes expenses		(1,147,075)	(840,949)
Administrative expenses	8	(1,452,006)	(1,221,741)
Other expenses		(1,976)	-
		<u>(2,601,057)</u>	<u>(2,062,690)</u>
Surplus (Deficit) for the year		<u>32,757</u>	<u>(53,719)</u>

The attached notes from 1 to 10 form part of these financial statements

**GENERATIONS FOR PEACE COMMISSION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
		JD	JD
<u>Operating Activities</u>			
Surplus (Deficit) for the year		32,757	(53,719)
Adjustments -			
Depreciation	3	101,383	102,538
Loss from sale of property and equipment		-	389
Working capital changes:			
Accounts receivable and other current assets		(144,000)	(73,863)
Accounts payable and accrued expenses		(11,430)	72,188
Net cash flows (used in) from operating activities		<u>(21,290)</u>	<u>47,533</u>
<u>Investing Activities</u>			
Proceeds from sale of property and equipment		-	250
Purchase of property and equipment	3	(73,565)	(20,081)
Net cash flows used in investing activities		<u>(73,565)</u>	<u>(19,831)</u>
Net increase in cash and cash equivalents		(94,855)	27,702
Cash and cash equivalents at the beginning of the year		636,297	608,595
Cash and cash equivalents at the end of the year		<u>541,442</u>	<u>636,297</u>

The attached notes from 1 to 10 form part of these financial statements

(1) GENERAL

Generations For Peace Commission was established on 28 June 2010 as a charitable organization, and has been operating since 1 January 2008 as a project under the supervision of the Olympic Committee.

The Commission has a foreign operational branch in the state of Maryland - USA which was established on 30 November 2012 as a non-profit charitable peace – building organization.

The Commission's objectives are:

1. To follow the finest traditions of Jordan's Royal Family and strive incessantly for the highest standards of planning, coordination, support, delivery and research of programmes, whether harnessing the power of sport or otherwise, that lead or contribute to sustainable peace for future generations.
2. To design, coordinate, support and conduct research on programmes for enhancing the awareness of the public concerning the effects and causes of conflicts and conflict resolution methodologies and sustaining peace.
3. To support communities facing conflicts to care and empowering a positive and creative environment.

(2-1) BASIS OF PREPARATION

The financial statements have been prepared in accordance with the Commission's, accounting policies mentioned below and the historical cost basis.

The financial statements are presented in Jordanian Dinars "JD" which is the functional currency of the Commission.

(2-2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Property and equipment

Property and equipment are stated at cost of purchase or the fair value at the donation date if it was donated. Depreciation is computed on a straight – line basis over its expected useful life using the following percentages:

	<u>%</u>
Office equipments	12
Furniture and fixtures	9
Electrical devices	20
Vehicles	20
Computers	20
Decorations and leasehold improvements	5

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

Cash and cash equivalents

Cash and cash equivalents represent cash on hand, bank balances and short term deposits with an original maturity of three months or less.

Accounts receivable

Accounts receivable are stated at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

Accounts payable and accruals

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by suppliers or not yet.

Recognition of Revenues and Expense

Donation revenues are recognised when realised.

Administrative expenses, camps and programmes expenses are recognised on an accrual basis.

Interest revenue and other revenues are recognised on an accrual basis.

**GENERATIONS FOR PEACE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016**

(3) PROPERTY AND EQUIPMENT

	Office equipment	Furniture and fixtures	Electrical Devices	Computers	Decorations & Leasehold improvement	Vehicles	Total
2016 -	JD	JD	JD	JD	JD	JD	JD
Cost:							
Balance at 1 January 2016	15,987	175,306	182,404	105,178	478,239	31,450	988,564
Additions	2,494	16,490	28,109	26,472	-	-	73,565
Balance at 31 December 2016	18,481	191,796	210,513	131,650	478,239	31,450	1,062,129
Accumulated depreciation:							
Balance at 1 January 2016	5,552	61,895	132,204	60,855	100,905	12,580	373,991
Depreciation for the year	3,168	17,559	31,985	18,468	23,912	6,291	101,383
Balance at 31 December 2016	8,720	79,454	164,189	79,323	124,817	18,871	475,374
Net book value:							
31 December 2016	9,761	112,342	46,324	52,327	353,422	12,579	586,755
2015 -							
Cost:							
Balance at 1 January 2015	17,895	173,826	182,086	87,371	478,239	31,450	970,867
Additions	476	1,480	318	17,807	-	-	20,081
Disposals	(2,384)	-	-	-	-	-	(2,384)
Balance at 31 December 2015	15,987	175,306	182,404	105,178	478,239	31,450	988,564
Accumulated depreciation:							
Balance at 1 January 2015	4,249	46,155	95,792	43,719	76,993	6,290	273,198
Depreciation for the year	3,048	15,740	36,412	17,136	23,912	6,290	102,538
Disposals	(1,745)	-	-	-	-	-	(1,745)
Balance at 31 December 2015	5,552	61,895	132,204	60,855	100,905	12,580	373,991
Net book value:							
31 December 2015	10,435	113,411	50,200	44,323	377,334	18,870	614,573

**GENERATIONS FOR PEACE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016**

(4) ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS

	<u>2016</u>	<u>2015</u>
	JD	JD
Accounts receivable	281,537	149,269
Promotional materials	43,392	46,626
Staff receivables	5,973	9,225
Prepaid expenses	38,518	7,550
Advances to contractors	-	13,000
Refundable deposits	5,461	5,211
	<u>374,881</u>	<u>230,881</u>

(5) CASH ON HAND AND AT BANKS

	<u>2016</u>	<u>2015</u>
	JD	JD
Cash on hand	9,506	13,294
Balances at banks	531,936	623,003
	<u>541,442</u>	<u>636,297</u>
Restricted fund unspent	121,454	95,012
Unrestricted fund	419,988	541,285
	<u>541,442</u>	<u>636,297</u>

(6) MOVEMENT OF CUMULATIVE SURPLUS

	<u>2016</u>	<u>2015</u>
	JD	JD
Balance at 1 January	1,207,052	1,260,771
Surplus (Deficit) for the year	32,757	(53,719)
Balance at 31 December	<u>1,239,809</u>	<u>1,207,052</u>

**GENERATIONS FOR PEACE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016**

(7) DONATIONS

	<u>2016</u>	<u>2015</u>
	JD	JD
<u>Unrestricted donors fund</u>		
Donations from Jordan Olympic Committee	1,200,000	1,080,000
Donations from Samsung Electronics Levant Co, LTD	170,267	168,612
Donations from Orange – Jordan Tele Company	45,000	25,000
Donations from DHL	-	25,000
Donations from UNESCO	-	8,393
Donations from other parties	25,078	23,602
	<u>1,440,345</u>	<u>1,330,607</u>
<u>Restricted donors fund</u>		
Donations from UNICEF	700,214	198,517
Donations from EU-EDIHR	165,394	-
Donations from US Department of State	119,803	-
Donations from USAID	63,911	166,645
Donations from Royal Norwegian Embassy	48,879	202,391
Donations from the Nommontu Foundation	35,500	-
Donations from INTI RAYMI Fund	35,496	35,500
Donations from United States Institute of Peace	16,545	-
Donations from Niwano Peace Foundation	5,538	-
Donations from MEPI	-	6,203
Donations from Royal Belgian Embassy	-	55,421
	<u>1,191,280</u>	<u>664,677</u>
	<u>2,631,625</u>	<u>1,995,284</u>

**GENERATIONS FOR PEACE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016**

(8) ADMINISTRATIVE EXPENSES

	<u>2016</u>	<u>2015</u>
	JD	JD
Salaries and Staff Benefits*	1,212,328	1,003,853
Business Travel	7,424	11,721
Maintenance	17,784	20,647
Telecommunications	14,368	16,485
Stationery	4,834	4,501
Bank Charges	2,315	6,346
Security	16,036	13,363
Depreciation	101,383	102,538
Water and electricity	5,694	10,498
Professional fees	5,000	3,947
Hospitality	10,850	8,070
Cleaning expenses	2,540	3,320
Insurance	1,990	2,108
Generations For Peace Inc	<u>49,460</u>	<u>14,344</u>
	<u>1,452,006</u>	<u>1,221,741</u>

* 76% of the salaries and staff benefits are direct cost to the programmes expenses as of 31 December 2016 and 2015.

(9) FAIR VALUE

The fair value of financial assets and financial liabilities are not materially different from their carrying amounts as disclosed in the statement of assets and liabilities.

(10) RISK MANAGEMENT

Liquidity risk

The Commission manages liquidity risk by maintaining adequate cash to cover its liabilities and finance its operations.