

GENERATIONS FOR PEACE COMMISSION

FINANCIAL STATEMENTS

31 DECEMBER 2011

**INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS
GENERATIONS FOR PEACE COMMISSION
AMMAN - JORDAN**

We have audited the accompanying financial statements of Generations for Peace Commission which comprise the statement of assets and liabilities as at 31 December 2011 and the statement of revenues and expenses and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting policies disclosed in 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of 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 present fairly, in all material respects, the statement of assets and liabilities of the commission as of 31 December 2011 and its the revenues and expenses and cash flows for the year ended in the accordance with accounting policies disclosed in Note (2).

Amman – Jordan
26 June 2012



**GENERATIONS FOR PEACE COMMISSION
STATEMENT OF ASSETS AND LIABILITIES
AT 31 DECEMBER 2011**

	<u>Notes</u>	<u>2011</u> JD	<u>2010</u> JD
<u>Assets</u>			
Non – current assets -			
Property and equipment	3	<u>347,977</u>	<u>257,506</u>
Current assets -			
Other current assets	4	94,312	5,574
Cash on hand and at banks	5	<u>726,556</u>	<u>19,903</u>
		<u>820,868</u>	<u>25,477</u>
Total assets		<u><u>1,168,845</u></u>	<u><u>282,983</u></u>
<u>Cumulative surplus and liabilities</u>			
Cumulative surplus		<u>1,079,732</u>	<u>175,230</u>
Current liabilities-			
Accounts payable and accrued expenses		<u>89,113</u>	<u>107,753</u>
Total cumulative surplus and liabilities		<u><u>1,168,845</u></u>	<u><u>282,983</u></u>

The attached notes from 1 to 9 form part of these financial statements

**GENERATIONS FOR PEACE COMMISSION
STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED 31 DECEMBER 2011**

	<u>Notes</u>	<u>2011</u> JD	<u>2010</u> JD
Revenues:			
Donations	6	1,662,274	1,366,279
Interest revenue		1,330	1,174
		<u>1,663,604</u>	<u>1,367,453</u>
Expenses:			
Camps and programmes expenses		(310,810)	(766,470)
Administrative expenses	7	(448,292)	(343,306)
		<u>(759,102)</u>	<u>(1,109,776)</u>
Surplus for the year		<u>904,502</u>	<u>257,677</u>

The attached notes from 1 to 9 form part of these financial statements

**GENERATIONS FOR PEACE COMMISSION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2011**

	<u>Notes</u>	<u>2011</u> JD	<u>2010</u> JD
<u>Operating Activities</u>			
Surplus for the year		904,502	257,677
Adjustments -			
Depreciation	3	33,828	2,115
Working capital changes:			
Other current assets		(88,738)	8,008
Accounts payable and accrued expenses		(18,640)	(160,263)
Net cash flows from operating activities		<u>830,952</u>	<u>107,537</u>
<u>Investing Activities</u>			
Purchase of property and equipment	3	(124,299)	(235,485)
Net cash flows used in investing activities		<u>(124,299)</u>	<u>(235,485)</u>
Net increase (decrease) in cash and cash equivalents		706,653	(127,948)
Cash and cash equivalents at the beginning of the year		19,903	147,851
Cash and cash equivalents at the end of the year		<u>726,556</u>	<u>19,903</u>

The attached notes from 1 to 9 form part of these financial statements

(1) GENERAL

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

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 system, 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 in the donation date if it was donated. Depreciation is computed on a straight – line basis over its expected useful life as the following percentages:

	<u>%</u>
Devices and equipments	12
Furniture and fixture	9 - 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 often the deduction of the bank overdrafts.

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 & Expense

Donation revenues are recognised when realised.

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

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

(3) PROPERTY AND EQUIPMENT

2011 -	Office equipments	Furniture and fixture	Computers	Decorations & Leasehold improvement	Projects Under construction	Total
	JD	JD	JD	JD	JD	JD
Cost:						
Balance at 1 January 2011	2,677	80	9,641	-	249,922	262,320
Additions	1,757	87,814	34,728	-	-	124,299
Disposals	-	19,126	-	230,796	(249,922)	-
Balance at 31 December 2011	4,434	107,020	44,369	230,796	-	386,619
Accumulated depreciation:						
Balance at 1 January 2011	679	14	4,121	-	-	4,814
Depreciation for the year	515	13,361	8,509	11,443	-	33,828
Balance at 31 December 2011	1,194	13,375	12,630	11,443	-	38,642
Net book value:						
31 December 2011	3,240	93,645	31,739	219,353	-	347,977
2010 -						
Cost:						
Balance at 1 January 2010	2,301	80	7,454	-	17,000	26,835
Additions	376	-	2,187	-	232,922	235,485
Balance at 31 December 2010	2,677	80	9,641	-	249,922	262,320
Accumulated depreciation:						
Balance at 1 January 2010	360	7	2,332	-	-	2,699
Depreciation for the year	319	7	1,789	-	-	2,115
Balances at 31 December 2010	679	14	4,121	-	-	4,814
Net book value:						
31 December 2010	1,998	66	5,520	-	249,922	257,506

(4) OTHER CURRENT ASSETS

	<u>2011</u>	<u>2010</u>
	JD	JD
Promotional materials	65,198	3,808
Staff receivables	98	1,480
Prepaid expenses	24,254	-
Refundable deposits	4,762	286
	<u>94,312</u>	<u>5,574</u>

(5) CASH ON HAND AND AT BANKS

	<u>2011</u>	<u>2010</u>
	JD	JD
Cash on hand	4,999	3,523
Balances at banks	721,557	16,380
	<u>726,556</u>	<u>19,903</u>

(6) DONATIONS

	<u>2011</u>	<u>2010</u>
	JD	JD
Donations from Jordan Olympic Committee	1,346,705	1,360,279
Donations from other parties	315,569	6,000
	<u>1,662,274</u>	<u>1,366,279</u>

(7) ADMINISTRATIVE EXPENSES

	<u>2011</u>	<u>2010</u>
	JD	JD
Salaries, wages and other benefits	254,214	45,033
Travel and transportation	10,887	101,351
Publicity, conferences and consultations	76,391	181,130
Maintenance	4,909	7,100
Telecommunications	4,566	4,246
Stationery	7,218	2,034
Bank commissions	459	92
Security	18,201	-
Depreciation	33,828	2,115
Professional fees	9,860	-
Water and electricity	17,823	-
Hospitality	3,444	205
Cleaning expenses	6,492	-
	<u>448,292</u>	<u>343,306</u>

(8) 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.

(9) RISK MANAGEMENT

Liquidity risk

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