

**GENERATIONS FOR PEACE COMMISSION**

**FINANCIAL STATEMENTS**

**31 DECEMBER 2013**

**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 2013 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 the 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 2013 and its revenues and expenses and cash flows for the year ended in the accordance with the accounting policies disclosed in Note (2).

Amman – Jordan  
25 June 2014



*Ernst & Young*

**GENERATIONS FOR PEACE COMMISSION  
STATEMENT OF ASSETS AND LIABILITIES  
AT 31 DECEMBER 2013**

|  | <u>Notes</u> | <u>2013</u><br>JD | <u>2012</u><br>JD |
|--|--------------|-------------------|-------------------|
| <b><u>Assets</u></b>                             |              |                   |                   |
| <b>Non – current assets</b>                      |              |                   |                   |
| Property and equipment                           | 3            | <u>717,530</u>    | <u>798,747</u>    |
| <b>Current assets -</b>                          |              |                   |                   |
| Accounts receivable and other current assets     | 4            | 212,232           | 213,944           |
| Cash on hand and at banks                        | 5            | <u>244,936</u>    | <u>302,664</u>    |
|  |              | 457,168           | 516,608           |
| <b>Total assets</b>                              |              | <u>1,174,698</u>  | <u>1,315,355</u>  |
| <b><u>Cumulative surplus and liabilities</u></b> |              |                   |                   |
| Cumulative surplus                               | 6            | <u>1,005,753</u>  | <u>1,135,538</u>  |
| <b>Current liabilities-</b>                      |              |                   |                   |
| Accounts payable and accrued expenses            |              | <u>168,945</u>    | <u>179,817</u>    |
| <b>Total cumulative surplus and liabilities</b>  |              | <u>1,174,698</u>  | <u>1,315,355</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 2013**

|                                | <u>Notes</u> | <u>2013</u><br>JD  | <u>2012</u><br>JD  |
|--------------------------------|--------------|--------------------|--------------------|
| <b>Revenues -</b>              |              |                    |                    |
| Donations                      | 7            | 1,531,306          | 1,508,404          |
| Interest income                |              | 69                 | 69                 |
|                                |              | <u>1,531,375</u>   | <u>1,508,473</u>   |
| <b>Expenses -</b>              |              |                    |                    |
| Camps and programmes expenses  |              | ( 789,708)         | ( 675,370)         |
| Administrative expenses        | 8            | ( 835,338)         | ( 772,352)         |
| Other expenses                 |              | ( 36,114)          | ( 4,945)           |
|                                |              | <u>(1,661,160)</u> | <u>(1,452,667)</u> |
| (Deficit) surplus for the year |              | <u>( 129,785)</u>  | <u>55,806</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 2013**

|   | <u>Notes</u> | <u>2013</u><br>JD | <u>2012</u><br>JD |
|---|--------------|-------------------|-------------------|
| <b><u>Operating Activities</u></b>                        |              |                   |                   |
| (Deficit) surplus for the year                            |              | (129,785)         | 55,806            |
| <b>Adjustments -</b>                                      |              |                   |                   |
| Depreciation  | 3            | 89,538            | 56,016            |
| <b>Working capital changes:</b>                           |              |                   |                   |
| Accounts receivable and other current assets              |              | 1,712             | (119,632)         |
| Accounts payable and accrued expenses                     |              | ( 10,872)         | 90,704            |
| <b>Net cash flows (used in) from operating activities</b> |              | <u>( 49,407)</u>  | <u>82,894</u>     |
| <b><u>Investing Activities</u></b>                        |              |                   |                   |
| Purchase of property and equipment                        | 3            | ( 8,321)          | (506,786)         |
| <b>Net cash flows used in investing activities</b>        |              | <u>( 8,321)</u>   | <u>(506,786)</u>  |
| Net decrease in cash and cash equivalents                 |              | ( 57,728)         | (423,892)         |
| Cash and cash equivalents at the beginning of the year    |              | 302,664           | 726,556           |
| <b>Cash and cash equivalents at the end of the year</b>   |              | <u>244,936</u>    | <u>302,664</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, and has been operating since 1 January 2008 as a project under the supervision of the Olympic Committee.

The Company has a foreign operational branch in the state of Maryland- USA which was established on 30 November 2012.

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 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 – 20   |
| Electrical devices                     | 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 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 2013**

**(3) PROPERTY AND EQUIPMENT**

|                                    | Office<br>equipments | Furniture<br>and<br>fixtures | Electrical<br>devices | Computers     | Decorations<br>& Leasehold<br>improvement | Total          |
|------------------------------------|----------------------|------------------------------|-----------------------|---------------|---|----------------|
| 2013 -                             | JD                   | JD                           | JD                    | JD            | JD  | JD             |
| <b>Cost:</b>                       |                      |                              |                       |               |   |                |
| Balance at 1 January 2013          | 4,954                | 161,066                      | 179,068               | 70,078        | 478,239                                   | 893,405        |
| Additions                          | -                    | 800                          | 1,815                 | 5,706         | -   | 8,321          |
| <b>Balance at 31 December 2013</b> | <b>4,954</b>         | <b>161,866</b>               | <b>180,883</b>        | <b>75,784</b> | <b>478,239</b>                            | <b>901,726</b> |
| <b>Accumulated depreciation:</b>   |                      |                              |                       |               |   |                |
| Balance at 1 January 2013          | 1,766                | 16,391                       | 23,199                | 24,133        | 29,169                                    | 94,658         |
| Depreciation for the year          | 594                  | 14,550                       | 36,176                | 14,306        | 23,912                                    | 89,538         |
| <b>Balance at 31 December 2013</b> | <b>2,360</b>         | <b>30,941</b>                | <b>59,375</b>         | <b>38,439</b> | <b>53,081</b>                             | <b>184,196</b> |
| <b>Net book value:</b>             |                      |                              |                       |               |   |                |
| <b>31 December 2013</b>            | <b>2,594</b>         | <b>130,925</b>               | <b>121,508</b>        | <b>37,345</b> | <b>425,158</b>                            | <b>717,530</b> |
| <b>2012 -</b>                      |                      |                              |                       |               |   |                |
| <b>Cost:</b>                       |                      |                              |                       |               |   |                |
| Balance at 1 January 2012          | 4,434                | 69,630                       | 37,390                | 44,369        | 230,796                                   | 386,619        |
| Additions                          | 520                  | 91,436                       | 141,678               | 25,709        | 247,443                                   | 506,786        |
| <b>Balance at 31 December 2012</b> | <b>4,954</b>         | <b>161,066</b>               | <b>179,068</b>        | <b>70,078</b> | <b>478,239</b>                            | <b>893,405</b> |
| <b>Accumulated depreciation:</b>   |                      |                              |                       |               |   |                |
| Balance at 1 January 2012          | 1,194                | 5,997                        | 7,378                 | 12,630        | 11,443                                    | 38,642         |
| Depreciation for the year          | 572                  | 10,394                       | 15,821                | 11,503        | 17,726                                    | 56,016         |
| <b>Balance at 31 December 2012</b> | <b>1,766</b>         | <b>16,391</b>                | <b>23,199</b>         | <b>24,133</b> | <b>29,169</b>                             | <b>94,658</b>  |
| <b>Net book value:</b>             |                      |                              |                       |               |   |                |
| <b>31 December 2012</b>            | <b>3,188</b>         | <b>144,675</b>               | <b>155,869</b>        | <b>45,945</b> | <b>449,070</b>                            | <b>798,747</b> |



**GENERATIONS FOR PEACE COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2013**

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**(4) ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS**

|                       | <u>2013</u>    | <u>2012</u>    |
|-----------------------|----------------|----------------|
|                       | JD             | JD             |
| Accounts receivable   | 99,330         | 124,250        |
| Promotional materials | 71,514         | 77,417         |
| Staff receivables     | 2,880          | 2,966          |
| Prepaid expenses      | 33,597         | 4,400          |
| Refundable deposits   | 4,911          | 4,911          |
|                       | <u>212,232</u> | <u>213,944</u> |

**(5) CASH ON HAND AND AT BANKS**

|                   | <u>2013</u>    | <u>2012</u>    |
|-------------------|----------------|----------------|
|                   | JD             | JD             |
| Cash on hand      | 332            | 4,908          |
| Balances at banks | 244,604        | 297,756        |
|                   | <u>244,936</u> | <u>302,664</u> |

**(6) THE MOVEMENT OF CUMULATIVE SURPLUS**

|                                | <u>2013</u>      | <u>2012</u>      |
|--------------------------------|------------------|------------------|
|                                | JD               | JD               |
| Balance at 1 January           | 1,135,538        | 1,079,732        |
| (Deficit) surplus for the year | (129,785)        | 55,806           |
| Balance at 31 December         | <u>1,005,753</u> | <u>1,135,538</u> |

**GENERATIONS FOR PEACE COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2013**

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**(7) DONATIONS**

|   | <u>2013</u>      | <u>2012</u>      |
|---|------------------|------------------|
|   | JD               | JD               |
| Donations from Jordan Olympic Committee | 1,080,000        | 1,200,000        |
| Donations from Royal Norwegian Embassy  | 242,188          | -                |
| Donations from other parties            | 209,118          | 308,404          |
|   | <u>1,531,306</u> | <u>1,508,404</u> |

**(8) ADMINISTRATIVE EXPENSES**

|                                    | <u>2013</u>    | <u>2012</u>    |
|------------------------------------|----------------|----------------|
|                                    | JD             | JD             |
| Salaries, wages and other benefits | 536,403        | 491,252        |
| Travel                             | 632            | 16,044         |
| Publicity and conferences          | 103,700        | 93,791         |
| Maintenance                        | 38,245         | 36,568         |
| Telecommunications                 | 9,780          | 11,163         |
| Stationery                         | 4,879          | 4,717          |
| Bank commissions                   | 1,483          | 817            |
| Security                           | 13,990         | 21,571         |
| Depreciation                       | 89,538         | 56,016         |
| Professional fees                  | 8,792          | 7,771          |
| Water and electricity              | 9,733          | 17,009         |
| Hospitality                        | 6,720          | 4,809          |
| Cleaning expenses                  | 8,915          | 10,824         |
| Insurance                          | 2,528          | -              |
|                                    | <u>835,338</u> | <u>772,352</u> |

**(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 enough cash to cover its liabilities and finance its operations.