

GENERATIONS FOR PEACE COMMISSION

FINANCIAL STATEMENTS

31 DECEMBER 2017

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**INDEPENDENT AUDITOR'S REPORT
TO THE BOARD OF DIRECTORS OF GENERATIONS FOR PEACE COMMISSION**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material aspects, the financial position of Generations for Peace Commission (later "the commission") as at 31 December 2017, and its statement of activities, changes in net assets and cash flows for the year then ended in accordance with 'other accounting policies' set and described in note (2).

What we have audited

The Commission's financial statements comprise:

- the statement of financial position as at 31 December 2017;
- the statement of activities for the year then ended;
- the statement of cash flows for the year then ended;
- the statement of changes in net assets for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Commission in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our ethical responsibilities in accordance with the IESBA Code.

Other Matters

The financial statement of the commission for the year ended 31 December 2016 was audited by another auditor whose report dated 17 May 2017 expressed unqualified 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 International Financial Reporting Standards, 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.

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 exists. 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.



- 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 exists, 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.

For and behalf of PricewaterhouseCoopers "Jordan" L.L.C.



**GENERATIONS FOR PEACE COMMISSION
STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2017**

	<u>Notes</u>	<u>2017</u> JD	<u>2016</u> JD
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	4	<u>786,737</u>	<u>586,755</u>
CURRENT ASSETS			
Receivables and other debit balances	5	241,310	374,881
Cash on hand and at banks	6	<u>1,501,637</u>	<u>541,442</u>
		<u>1,742,947</u>	<u>916,323</u>
TOTAL ASSETS		<u>2,529,684</u>	<u>1,503,078</u>
NET ASSETS AND LIABILITIES			
Net assets		<u>2,190,232</u>	<u>1,239,809</u>
CURRENT LIABILITIES			
Payables and other credit balances	7	<u>339,452</u>	<u>263,269</u>
TOTAL NET ASSETS AND LIABILITIES		<u>2,529,684</u>	<u>1,503,078</u>

The attached notes from 1 to 11 are an integral part of these financial statements

**GENERATIONS FOR PEACE COMMISSION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2017**

	<u>Notes</u>	<u>2017</u> JD	<u>2016</u> JD
Revenues			
Donations	8	4,621,989	2,631,625
Revenue generation from events		18,313	13,654
Other income	9	7,716	2,189
		<u>4,648,018</u>	<u>2,647,468</u>
Expenditures			
Mission Direct Expenses: programmes and research	10	(3,276,165)	(2,214,905)
Mission Indirect Expenses: fundraising and core administration	11	(421,430)	(399,806)
		<u>(3,697,595)</u>	<u>(2,614,711)</u>
Surplus for the year		<u>950,423</u>	<u>32,757</u>

The attached notes from 1 to 11 are an integral part of these financial statements

**GENERATIONS FOR PEACE COMMISSION
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 31 DECEMBER 2017**

	<u>Net assets</u> JD
2017	
Balance at 1 January 2017	1,239,809
Surplus for the year	<u>950,423</u>
Balance at 31 December 2017	<u>2,190,232</u>
2016	
Balance at 1 January 2016	1,207,052
Surplus for the year	<u>32,757</u>
Balance at 31 December 2016	<u>1,239,809</u>

The attached notes from 1 to 11 are an integral part of these financial statements

**GENERATIONS FOR PEACE COMMISSION
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2017**

	<u>2017</u>	<u>2016</u>
	JD	JD
Operating activities		
Surplus for the year	950,423	32,757
Adjustments to		
Depreciation	105,606	101,383
Gain on sale of property and equipment	(2,499)	-
Changes in net working capital		
Receivables and other debit balances	133,571	(144,000)
Payables and other credit balances	76,183	(11,430)
Net cash flows from (used in) operating activities	<u>1,263,284</u>	<u>(21,290)</u>
Investing Activities		
Proceeds from sale of property and equipment	5,350	-
Purchases of property and equipment	(308,439)	(73,565)
Net cash flows used in investing activities	<u>(303,089)</u>	<u>(73,565)</u>
Net change in cash and cash equivalents	960,195	(94,855)
Cash and cash equivalents at 1 January	541,442	636,297
Cash and cash equivalents at 31 December	<u>1,501,637</u>	<u>541,442</u>

The attached notes from 1 to 11 are an integral part of these financial statements

**GENERATIONS FOR PEACE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2017**

(1) GENERAL INFORMATION

Generations for Peace Commission was established on 28 June 2010 as a charitable organization. In 2008 and before its establishment, the commission was operating 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.

The registered address of the Commission is P.O. Box 963772 Amman 11196 Hashemite Kingdom of Jordan.

The financial statements were approved by management on 28 May 2018

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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 which is the functional currency of the Commission.

The financial statements include combined information on the results of the Head Office in Amman - Jordan and the branch in Maryland - USA.

There are no areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant.

2.2 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Commission are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Jordanian Dinar, which is the Commission's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of activities.

2.3 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 equipment	12
Furniture and fixtures	9
Electrical devices	20
Computers	20
Decorations and leasehold improvements*	5
Vehicles	20

*Or lease term, whichever is less

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 amount, the assets are written down to their recoverable amount.

2.4 Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.5 Grant receivables

Grant receivables are amounts due from donors. Grant receivables are classified as current assets if payment is due within one year or less. If not, they are presented as non-current assets.

2.6 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks with original maturities of three months or less.

2.7 Payables

Payables are obligations to pay for goods or services acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.8 Revenue recognition

Grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Commission has complied with all attached conditions.

Unrestricted donations

Unrestricted donations include all resources available for the general purposes of the commission as stated in the bylaws of the commission.

Restricted donations

Donations received are recognized only when there is reasonable assurance that the commission will comply with any conditions attached to the donation and that the donation will be received.

2.9 Employee benefits

For defined contribution plans, the Commission pays contributions to pension insurance plans administered by the Social Security Corporation and on a mandatory basis. The Commission has no further payment obligations once the contributions have been paid. The contributions are recognised as social security expense when they are due.

(3) FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Commission's activities expose it to a variety of financial risks: market risk (foreign currency), credit risk and liquidity risk. The Commission's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Commission's financial performance.

**GENERATIONS FOR PEACE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2017**

(a) Market risk

Foreign exchange risk

The Commission has no major exposure to significant foreign exchange risk as the Commission's transactions are primarily denominated in Jordanian Dinar, US Dollar and Euro. There has been no change in the rate of the foreign exchange between the US Dollar and the Jordanian Dinar during the year.

The following table summarises the sensitivity of the statement of activities to the reasonably possible changes in currency exchange rates other than US dollar as at 31 December 2017 as a result of the translation of financial assets and liabilities denominated in foreign currencies, with all other variables held constant.

	<u>Increase in exchange rate</u>	<u>Effect on (loss) profit for the year</u>
	%	JD
2017		
EUR	1	865
CHF	1	3,413
2016		
EUR	1	-
CHF	1	-

The effect of decreases in exchange rates in the same percentages is expected to be equal and opposite to the effect of the increases shown above.

(b) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to donors, including outstanding grants' receivables and committed transactions. Deposits are made with banks that have acceptable credit rating.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through donors and sponsors.

The table below summarizes the maturities of the Commission's undiscounted financial liabilities at 31 December 2017, based on contractual payment dates and current market interest rates.

	<u>Less than 1 year</u>
	JD
At 31 December 2017	
Payables and other credit balances	<u>339,452</u>
At 31 December 2016	
Payables and other credit balances	<u>263,269</u>

**GENERATIONS FOR PEACE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2017**

3.2 Fair value estimation

Financial assets include cash, grants receivable and other current assets. Financial liabilities include deferred cheques, accruals and other current liabilities.

The fair values of financial instruments are not materially different from their carrying value.

3.3 Financial instruments by category

	<u>2017</u>	<u>2016</u>
	JD	JD
Assets as per statement of financial position		
Receivables and other debit balances		
Receivables and other debit balances (Excluding prepayments, promotional materials and advances to suppliers)	143,718	292,971
Cash on hand and at banks	<u>1,501,637</u>	<u>541,442</u>
	<u>1,645,355</u>	<u>834,413</u>
Liabilities as per statement of financial position		
Financial liabilities at amortized cost		
Payables and other credit balances	<u>339,452</u>	<u>263,269</u>

**GENERATIONS FOR PEACE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2017**

(4) PROPERTY AND EQUIPMENT

2017 Cost	Office equipment		Furniture and fixtures		Electrical devices		Computers		Decorations and leasehold improvements		Vehicles		Total	
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
At 1 January 2017	18,481	191,796	210,513	131,650	478,239	31,450	1,062,129							
Additions	-	41,550	32,624	70,966	146,399	16,900	308,439							
Disposals	-	-	-	(16,664)	-	-	(16,664)							
At 31 December 2017	18,481	233,346	243,137	185,952	624,638	48,350	1,353,904							
Accumulated depreciation														
At 1 January 2017	8,720	79,454	164,189	79,323	124,817	18,871	475,374							
Depreciation charge Related to disposals	3,266	19,879	27,654	21,987	26,354	6,466	105,606							
At 31 December 2017	11,986	99,333	191,843	87,497	151,171	25,337	567,167							
Net book value														
At 31 December 2017	6,495	134,013	51,294	98,455	473,467	23,013	786,737							

* The cost of fully depreciated assets in 2017 was equal to 234,123 JD (2016: 67,872 JD)

* Depreciation charge is allocated between programme expenses and fundraising expenses respectively at 88,709 JD and 16,897 JD (2016: 77,051 JD and 24,332 JD)

**GENERATIONS FOR PEACE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2017**

	Office equipment		Furniture and fixtures		Electrical devices		Computers		Decorations and leasehold improvements		Vehicles		Total	
	JD		JD		JD		JD		JD		JD		JD	
2016														
Cost														
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	
At 31 December 2016	18,481		191,796		210,513		131,650		478,239		31,450		1,062,129	
Accumulated depreciation														
At 1 January 2016	5,552		61,895		132,204		60,855		100,905		12,580		373,991	
Depreciation charge	3,168		17,559		31,985		18,468		23,912		6,291		101,383	
At 31 December 2016	8,720		79,454		164,189		79,323		124,817		18,871		475,374	
Net book value														
At 31 December 2016	9,761		112,342		46,324		52,327		353,422		12,579		586,755	

**GENERATIONS FOR PEACE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2017**

(5) RECEIVABLES AND OTHER DEBIT BALANCES

	<u>2017</u>	<u>2016</u>
	JD	JD
Grants receivable	134,408	281,537
Prepaid expenses	45,540	38,518
Promotional materials	34,952	43,392
Advances to contractors	17,100	-
Staff receivables	4,399	5,973
Refundable deposits	4,911	5,461
	<u>241,310</u>	<u>374,881</u>

(6) CASH ON HAND AND AT BANKS

	<u>2017</u>	<u>2016</u>
	JD	JD
Cash on hand	483	9,506
Cash at banks	1,501,154	531,936
	<u>1,501,637</u>	<u>541,442</u>

Below is the classification of cash on hand and at banks based on restricted an unrestricted funds:

	<u>2017</u>	<u>2016</u>
	JD	JD
Restricted fund unspent	772,859	121,454
Unrestricted fund	728,778	419,988
	<u>1,501,637</u>	<u>541,442</u>

(7) PAYABLES AND OTHER CREDIT BALANCES

	<u>2017</u>	<u>2016</u>
	JD	JD
Accrued expenses	175,274	181,668
Outstanding cheques	164,178	81,601
	<u>339,452</u>	<u>263,269</u>

(8) DONATIONS

	<u>Notes</u>	<u>2017</u>	<u>2016</u>
		JD	JD
Restricted funds	8/a	3,327,204	1,191,280
Unrestricted funds	8/b	1,294,785	1,440,345
		<u>4,621,989</u>	<u>2,631,625</u>

**GENERATIONS FOR PEACE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2017**

(a) Donors of restricted funds are as follows:

	<u>2017</u>	<u>2016</u>
	JD	JD
Donations from UNICEF	2,016,722	700,214
Donations from EU	541,287	165,394
Donations from US Department of State	338,544	119,803
Donations from Jordan Olympic Committee	175,000	
Donations from GIZ Programme	59,542	-
Donations from Royal Belgian Embassy	55,537	-
Donations from Fondation Genevoise de Bienfaisance Valeria Rossi di Montelera	34,326	-
Donations from International Basketball Foundation	34,126	-
Donations from Robert Bosch Stiftung	31,524	-
Donations from USAID	22,850	63,911
Donations from UNFPA	17,746	-
Donations from Royal Norwegian Embassy	-	48,879
Donations from the Nommontu Foundation	-	35,500
Donations from INTI PAYMI Fund	-	35,496
Donations from United State Institute of Peace	-	16,545
Donations from Niwano Peace Foundation	-	5,538
	<u>3,327,204</u>	<u>1,191,280</u>

(b) Donors of unrestricted funds are as follows:

	<u>2017</u>	<u>2016</u>
	JD	JD
Donations from Jordan Olympic Committee	1,000,000	1,200,000
Donations from Samsung Electronics Levant Co, LTD	170,386	170,267
Donations from Manaseer Group	50,000	-
Donations from US Department of State	20,354	
Donations from MBC FZ LLC	10,617	-
Donations from EU	13,912	
Donations from Orange - Jordan Tele Company	-	45,000
Donations from other parties	29,516	25,078
	<u>1,294,785</u>	<u>1,440,345</u>

(9) OTHER INCOME

	<u>2017</u>	<u>2016</u>
	JD	JD
Gain on foreign currency exchange transactions	5,152	2,111
Gain on sale of property and equipment	2,499	-
Interest income	65	78
	<u>7,716</u>	<u>2,198</u>

**GENERATIONS FOR PEACE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2017**

10) PROGRAMMES AND RESEARCH EXPENSES

	<u>2017</u>	<u>2016</u>
	JD	JD
Programme expenses supported by restricted funds	1,725,410	881,142
Programme expenses supported by unrestricted funds	57,132	86,776
Research	127,723	40,974
Advanced training expenses	68,520	71,362
Programme salaries - indirect cost	1,056,894	921,370
Administrative media and communication - Indirect cost	240,486	213,281
	<u>3,276,165</u>	<u>2,214,905</u>

84% of salaries and staff benefits are direct costs to the programme expense as of 31 December 2017 (76%: 31 December 2016).

(11) FUNDRAISING AND CORE ADMINISTRATIVE EXPENSES

	<u>2017</u>	<u>2016</u>
	JD	JD
Salaries and Staff Benefits	201,313	290,959
Fundraising	131,115	-
Depreciation	16,897	24,332
Communication	8,479	16,037
Maintenance	3,055	3,204
Telecommunication	2,945	3,448
Security Fees	2,216	3,207
Hospitality	1,630	2,604
Stationery	1,290	1,160
Electricity Charges	1,258	698
Sanitation and cleaning	490	610
Audit Fees	481	1,200
Insurance	314	298
Bank Charges	304	556
Business Travel	252	1,782
Water Charges	184	250
Translation Fees	114	-
Generations For Peace Inc. Fundraising	47,115	46,323
Generations For Peace Inc. Legal registration	1,978	3,138
	<u>421,430</u>	<u>399,806</u>