

GENERATIONS FOR PEACE COMMISSION

FINANCIAL STATEMENTS

31 DECEMBER 2021

GENERATIONS FOR PEACE COMMISSION

FINANCIAL STATEMENTS

31 DECEMBER 2021

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1 - 3
STATEMENT OF FINANCIAL POSITION	4
STATEMENT OF ACTIVITIES	5
STATEMENT OF CHANGES IN NET ASSETS	6
STATEMENT OF CASH FLOWS	7
NOTES TO THE FINANCIAL STATEMENTS	8 - 17



**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 of the Commission for the year ended 31 December 2021 are prepared, in all material respects, in accordance with the accounting policies described in note (2) to the financial statements.

What we have audited

The Commission's financial statements comprise:

- the statement of financial position as at 31 December 2021;
- 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 significant accounting policies and other explanatory information.

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 Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Emphasis of a matter - Basis of Accounting and Restriction on Distribution and Use

We draw attention to Note (2) to the financial statements, which describes the basis of accounting. The financial statements are prepared only for the Commission management and directors. As a result, the financial statements may not be suitable for another purpose.

Our report is intended solely for the use of the Commission management and directors and should not be distributed to or used by parties. Our opinion is not modified in respect of this matter.



INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE BOARD OF DIRECTORS OF GENERATIONS FOR PEACE COMMISSION
FOR THE YEAR ENDED 31 DECEMBER 2021

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 described in note (2) to the financial statements, 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.



INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE BOARD OF DIRECTORS OF GENERATIONS FOR PEACE COMMISSION
FOR THE YEAR ENDED 31 DECEMBER 2021

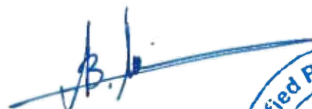
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If 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.

Report on other legal and regulatory requirements

The Commission maintains proper accounting records which are consistent, in all material aspects, with the accompanying financial statements. We recommend the General Assembly to approve them.

For and on behalf of PricewaterhouseCoopers "Jordan"


Abeer Al-Ansari
License No. (1112)



Amman – Jordan
12 December 2022

**GENERATIONS FOR PEACE COMMISSION
STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2021**

	<u>Notes</u>	<u>2021</u> JD	<u>2020</u> JD
ASSETS			
NON-CURRENT ASSET			
Property and equipment	4	<u>560,734</u>	<u>708,993</u>
CURRENT ASSETS			
Grant receivables and other debit balances	5	128,414	472,970
Cash on hand and at banks	6	<u>1,597,744</u>	<u>953,712</u>
		<u>1,726,158</u>	<u>1,426,682</u>
TOTAL ASSETS		<u>2,286,892</u>	<u>2,135,675</u>
NET ASSETS AND LIABILITIES			
Net assets		<u>513,931</u>	<u>555,035</u>
LIABILITIES			
CURRENT LIABILITIES			
Payables and other credit balances	7	329,892	277,091
Unearned revenues	8	<u>1,443,069</u>	<u>1,303,549</u>
		<u>1,772,961</u>	<u>1,580,640</u>
TOTAL NET ASSETS AND LIABILITIES		<u>2,286,892</u>	<u>2,135,675</u>

The attached notes from 1 to 14 are an integral part of these financial statements

**GENERATIONS FOR PEACE COMMISSION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2021**

	<u>Notes</u>	<u>2021</u> JD	<u>2020</u> JD
Revenues			
Grants Revenue	9	4,226,269	2,922,096
Revenue from events		108,764	103,016
Other income	10	182,036	32,932
		<u>4,517,069</u>	<u>3,058,044</u>
Expenditures			
Mission direct expenses	11	3,809,570	2,926,085
Mission indirect expenses	12	522,813	344,384
Depreciation expenses	4	219,917	115,878
Other expenses	13	5,873	7,821
		<u>4,558,173</u>	<u>3,394,168</u>
Deficit for the year		<u>(41,104)</u>	<u>(336,124)</u>

The attached notes from 1 to 14 are an integral part of these financial statements

**GENERATIONS FOR PEACE COMMISSION
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 31 DECEMBER 2021**

	<u>Net assets</u>
	JD
2021	
Balance at 1 January 2021	555,035
Deficit for the year	<u>(41,104)</u>
Balance at 31 December 2021	<u><u>513,931</u></u>
2020	
Balance at 1 January 2020	891,159
Deficit for the year	<u>(336,124)</u>
Balance at 31 December 2020	<u><u>555,035</u></u>

The attached notes from 1 to 14 are an integral part of these financial statements

**GENERATIONS FOR PEACE COMMISSION
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2021**

	<u>2021</u> JD	<u>2020</u> JD
Operating activities		
Deficit for the year	(41,104)	(336,124)
Adjustments to		
Depreciation	219,917	115,878
Gain on sale of property and equipment	(3,336)	-
Changes in net working capital		
Grant receivables and other debit balances	344,556	(314,006)
Payables and other credit balances	52,801	(99,673)
Unearned revenues	139,520	608,561
Net cash flows from (used in) operating activities	<u>712,354</u>	<u>(25,364)</u>
Investing Activities		
Purchases of property and equipment	(71,706)	(34,015)
Proceeds from sale of property and equipment	3,384	599
Net cash flows (used in) investing activities	<u>(68,322)</u>	<u>(33,416)</u>
Net change in cash and cash equivalents	644,032	(58,780)
Cash and cash equivalents at 1 January	953,712	1,012,492
Cash and cash equivalents at 31 December	<u>1,597,744</u>	<u>953,712</u>

The attached notes from 1 to 14 are an integral part of these financial statements

(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 Jordan 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 peacebuilding 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 11 December 2022.

(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 recognized 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	20
Furniture and fixtures	9
Electrical devices	20
Computers	20
Decorations and leasehold improvements*	5
Vehicles	20

*Or lease term, whichever is less

2.4 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. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Receivables are written off when there is no possibility of collection.

2.5 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.

2.6 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.

2.7 Revenue recognition

(a) Restricted Grants

Grants received are recognized only when there is reasonable assurance that the Commission will comply with any conditions attached to the grants and that the grants will be received.

(b) Unrestricted Grants

Unrestricted grants include all resources available for the general purposes of the Commission as stated in the bylaws of the Commission.

2.8 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 recognized as social security expense when they are due.

2.9 Financial instruments by category

	<u>2021</u> JD	<u>2020</u> JD
Assets as per the statement of financial position		
Financial assets at amortized cost		
Grants receivables and other debit balances (Excluding prepayments, promotional materials and advances to contractors)	57,032	99,275
Cash on hand and at banks	<u>1,597,744</u>	<u>953,712</u>
	<u>1,654,776</u>	<u>1,052,987</u>
Liabilities as per the statement of financial position		
Financial liabilities at amortized cost		
Payables and other credit balances	<u>329,892</u>	<u>277,091</u>

(3) FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Commission's activities expose it to a variety of financial risks: market risk (foreign exchange risk), 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.

(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, Danish Krone 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.

(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 Company's undiscounted financial liabilities mature within 12 months from the statement of financial position date.

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.

**GENERATIONS FOR PEACE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021**

(4) PROPERTY AND EQUIPMENT

	Office equipment	Furniture and fixtures	Electrical devices	Computers	Decorations and leasehold improvements	Vehicles	Total
	JD	JD	JD	JD	JD	JD	JD
2021							
Cost							
At 1 January 2021	40,255	275,231	283,878	248,832	698,719	82,150	1,629,065
Adjustments	-	(25,747)	-	-	25,747	-	-
Additions	-	371	2,331	63,351	5,653	-	71,706
Disposals	-	-	-	(16,782)	-	-	(16,782)
At 31 December 2021	<u>40,255</u>	<u>249,855</u>	<u>286,209</u>	<u>295,401</u>	<u>730,119</u>	<u>82,150</u>	<u>1,683,989</u>
Accumulated depreciation							
At 1 January 2021	29,181	164,700	250,170	172,678	244,687	58,656	920,072
Depreciation charge	4,326	23,101	19,741	95,929	66,601	10,219	219,917
Related to disposals	-	-	-	(16,734)	-	-	(16,734)
At 31 December 2021	<u>33,507</u>	<u>187,801</u>	<u>269,911</u>	<u>251,873</u>	<u>311,288</u>	<u>68,875</u>	<u>1,123,255</u>
Net book value							
At 31 December 2021	<u>6,748</u>	<u>62,054</u>	<u>16,298</u>	<u>43,528</u>	<u>418,831</u>	<u>13,275</u>	<u>560,734</u>

* The cost of fully depreciated assets in 2021 was equal to JD 343,165 (2020: JD 351,028)

**GENERATIONS FOR PEACE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021**

	Office equipment	Furniture and fixtures	Electrical devices	Computers	Decorations and leasehold improvements	Vehicles	Total
	JD	JD	JD	JD	JD	JD	JD
2020							
Cost							
At 1 January 2020	40,255	256,711	284,167	236,711	698,719	82,150	1,598,713
Additions	-	18,520	-	15,495	-	-	34,015
Disposals	-	-	(289)	(3,374)	-	-	(3,663)
At 31 December 2020	40,255	275,231	283,878	248,832	698,719	82,150	1,629,065
Accumulated depreciation							
At 1 January 2020	22,221	146,355	230,081	140,321	219,745	48,535	807,258
Depreciation charge	6,960	18,345	20,378	35,132	24,942	10,121	115,878
Related to disposals	-	-	(289)	(2,775)	-	-	(3,064)
At 31 December 2020	29,181	164,700	250,170	172,678	244,687	58,656	920,072
Net book value							
At 31 December 2020	<u>11,074</u>	<u>110,531</u>	<u>33,708</u>	<u>76,154</u>	<u>454,032</u>	<u>23,494</u>	<u>708,993</u>

**GENERATIONS FOR PEACE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021**

(5) GRANT RECEIVABLES AND OTHER DEBIT BALANCES

	<u>2021</u>	<u>2020</u>
	JD	JD
Grant receivables	98,402	132,412
Provision for doubtful debt	<u>(38,882)</u>	<u>(38,882)</u>
	59,520	93,530
Advances to contractors	42,871	65,266
Prepaid expenses	11,951	308,429
Refundable deposits	5,745	5,745
Staff receivables	<u>8,327</u>	<u>-</u>
	<u><u>128,414</u></u>	<u><u>472,970</u></u>

Movement on the provision for doubtful debts is as follows:

	<u>2021</u>	<u>2020</u>
	JD	JD
Balance at 1 January	38,882	38,882
provided during the year	-	-
Written off during the year	<u>-</u>	<u>-</u>
Balance at 31 December	<u><u>38,882</u></u>	<u><u>38,882</u></u>

* Details of gross exposure of grants receivables are:

	<u>2021</u>	<u>2020</u>
	JD	JD
Neither past due nor impaired	59,520	93,530
Impaired	<u>38,882</u>	<u>38,882</u>
	<u><u>98,402</u></u>	<u><u>132,412</u></u>

As per the credit policy of the Commission, donors are extended a credit period up to 30 days in the normal course of business. Receivables that are less than twelve months past due are not considered impaired. As of 31 December 2021, there were no receivables past due.

The fair value of grant receivables approximates their carrying value as at 31 December 2021 and 2020 respectively.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable.

The Commission does not hold any collateral as a security against grant receivables.

**GENERATIONS FOR PEACE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021**

(6) CASH ON HAND AND AT BANKS

	<u>2021</u> JD	<u>2020</u> JD
Cash on hand	3,431	1,939
Cash at banks	1,594,313	951,773
	<u>1,597,744</u>	<u>953,712</u>

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

	<u>2021</u> JD	<u>2020</u> JD
Restricted fund	1,417,199	654,640
Unrestricted fund	180,545	299,072
	<u>1,597,744</u>	<u>953,712</u>

(7) PAYABLES AND OTHER CREDIT BALANCES

	<u>2021</u> JD	<u>2020</u> JD
Accrued expenses	264,112	247,967
Payables	45,110	6,535
Other payables	20,670	22,589
	<u>329,892</u>	<u>277,091</u>

(8) UNEARNED REVENUES

Unearned revenues are donations received by the Commission from donors but not yet spent. It is classified as unearned for controlling purposes for all donors' accounts. All of these funds are restricted.

(9) GRANTS REVENUE

	<u>Notes</u>	<u>2021</u> JD	<u>2020</u> JD
Restricted funds	10/a	3,470,400	2,223,563
Unrestricted funds	10/b	755,869	698,533
		<u>4,226,269</u>	<u>2,922,096</u>

**GENERATIONS FOR PEACE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021**

(a) Breakdown of restricted funds are as follows:

	<u>2021</u>	<u>2020</u>
	JD	JD
UNICEF	1,096,929	1,449,219
Novo Nordisk Foundation	628,901	114,456
RDPP	610,535	93,732
USEM	439,264	-
Olympic Refuge Foundation ORF	315,093	88,117
UN WOMEN	144,094	114,544
GIZ	104,856	-
Porticus Foundation	55,410	63,530
UNFPA	37,738	21,154
Laureus Sport for Good Foundation - Jordan	37,580	34,988
UNDP	-	88,888
USAID	-	80,283
EU	-	53,604
Laureus Sport for Good Foundation - USA	-	10,468
US Department of State	-	3,540
Others	-	7,040
	<u>3,470,400</u>	<u>2,223,563</u>

(b) Breakdown of unrestricted funds are as follows:

	<u>2021</u>	<u>2020</u>
	JD	JD
Jordan Olympic Committee	700,000	649,992
Online Donations	19,404	27,301
MBC FZ LLC	-	21,240
Board members donations	27,074	-
Others	9,391	-
	<u>755,869</u>	<u>698,533</u>

(10) OTHER INCOME

	<u>2021</u>	<u>2020</u>
	JD	JD
Other Income	178,700	32,801
Gain on sale of property and equipment	3,336	131
	<u>182,036</u>	<u>32,932</u>

**GENERATIONS FOR PEACE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021**

(11) MISSION DIRECT EXPENSES

	<u>2021</u> JD	<u>2020</u> JD
Salaries and staff benefits	1,805,187	1,343,740
Program expenses supported by restricted funds	1,703,658	1,258,309
Administrative media and communication	132,953	125,923
Research	108,192	104,999
Program expenses supported by unrestricted funds	59,580	92,506
Advanced training expenses	-	608
	<u>3,809,570</u>	<u>2,926,085</u>

86% of salaries and staff benefits are allocated to mission direct costs expenses as of 31 December 2021 (2020: 85%).

(12) MISSION INDIRECT EXPENSES

	<u>2021</u> JD	<u>2020</u> JD
Salaries and staff benefits	293,868	228,678
Recruitment and relocation costs	50,508	4,026
Fundraising expenses	38,474	89,293
Telecommunication	24,829	-
Stationery	17,813	2,636
Maintenance	14,382	1,397
Electricity charges	11,540	2,279
Audit Fees	10,856	5,446
Translation Fees	9,711	-
Security fees	8,740	1,553
Rentals	7,832	-
Business Travel	7,543	275
Transportation	5,364	1,169
Insurance	4,378	379
Generations for Peace Inc. Legal registration	4,212	-
Bank Charges	3,899	516
Communication	1,645	3,203
Water Charges	1,188	197
Others	6,031	3,337
	<u>522,813</u>	<u>344,384</u>

(13) OTHER EXPENSES

	<u>2021</u> JD	<u>2020</u> JD
Loss on foreign currency exchange transactions	5,873	7,821

(14) CONTINGENT LIABILITIES

The Commission appears as a defendant in lawsuits within the Jordanian court of law amounting to JD 9,000 as at 31 December 2021. The provision balance booked against this legal case amounted to JD 7,000. Management of the Commission and their legal advisor believes that no extra liabilities will arise from this legal case.