

GENERATIONS FOR PEACE COMMISSION

FINANCIAL STATEMENTS

31 DECEMBER 2018

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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 2018, and its statement of activities, changes in net assets and cash flows for the year then ended in accordance with 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 2018;
- 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.

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 accounting policies set and described 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.

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.

Report on other legal and regulatory requirements

The Commission maintains duly organized accounting records and agrees in all material respects with the accompanying financial statements and recommends that the General Assembly ratify them.


PricewaterhouseCoopers "Jordan" L.L.C.

Amman - Jordan
13 May 2019 - Jordan

**GENERATIONS FOR PEACE COMMISSION
STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2018**

| | <u>Notes</u> | <u>2018</u> JD | <u>2017</u> JD |
|---|--------------|-------------------|-------------------|
| ASSETS | | | |
| NON-CURRENT ASSET | | | |
| Property and equipment | 3 | 865,445 | 786,737 |
| CURRENT ASSETS | | | |
| Receivables and other debit balances | 4 | 151,170 | 241,310 |
| Cash on hand and at banks | 5 | 1,311,655 | 1,501,637 |
| | | <u>1,462,825</u> | <u>1,742,947</u> |
| TOTAL ASSETS | | <u>2,328,270</u> | <u>2,529,684</u> |
| NET ASSETS AND LIABILITIES | | | |
| Net assets | | <u>1,250,361</u> | <u>2,190,232</u> |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Payables and other credit balances | 6 | 398,627 | 339,452 |
| Unearned revenues | 7 | 679,282 | - |
| | | <u>1,077,909</u> | <u>339,452</u> |
| TOTAL NET ASSETS AND LIABILITIES | | <u>2,328,270</u> | <u>2,529,684</u> |

The attached notes from 1 to 12 are an integral part of these financial statements

**GENERATIONS FOR PEACE COMMISSION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2018**

| | <u>Notes</u> | <u>2018</u> JD | <u>2017</u> JD |
|---------------------------------------|--------------|--------------------|--------------------|
| Revenues | | | |
| Donations | 8 | 3,004,050 | 4,621,989 |
| Revenue from events | | 80,300 | 18,313 |
| Other income | 9 | 2,742 | 7,716 |
| | | <u>3,087,092</u> | <u>4,648,018</u> |
| Expenditures | | | |
| Mission direct expenses | 10 | (3,590,385) | (3,276,165) |
| Mission indirect expenses | 11 | (430,203) | (421,430) |
| Other expenses | 12 | (6,375) | - |
| | | <u>(4,026,963)</u> | <u>(3,697,595)</u> |
| (Deficit) surplus for the year | | <u>(939,871)</u> | <u>950,423</u> |

The attached notes from 1 to 12 are an integral part of these financial statements

**GENERATIONS FOR PEACE COMMISSION
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 31 DECEMBER 2018**

| | <u>Net assets</u> JD |
|-----------------------------|-------------------------|
| 2018 | |
| Balance at 1 January 2018 | 2,190,232 |
| Deficit for the year | <u>(939,871)</u> |
| Balance at 31 December 2018 | <u>1,250,361</u> |
| 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> |

The attached notes from 1 to 12 are an integral part of these financial statements

**GENERATIONS FOR PEACE COMMISSION
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2018**

| | <u>2018</u> JD | <u>2017</u> JD |
|--|-------------------|-------------------|
| Operating activities | | |
| (Deficit) surplus for the year | (939,871) | 950,423 |
| Adjustments to | | |
| Depreciation | 123,454 | 105,606 |
| Loss (gain) on sale of property and equipment | 485 | (2,499) |
| Changes in net working capital | | |
| Receivables and other debit balances | 90,140 | 133,571 |
| Payables and other credit balances | 59,175 | 76,183 |
| Unearned revenues | 679,282 | - |
| Net cash flows from operating activities | <u>12,665</u> | <u>1,263,284</u> |
| Investing Activities | | |
| Purchases of property and equipment | (203,916) | (308,439) |
| Proceeds from sale of property and equipment | 1,269 | 5,350 |
| Net cash flows used in investing activities | <u>(202,647)</u> | <u>(303,089)</u> |
| Net change in cash and cash equivalents | (189,982) | 960,195 |
| Cash and cash equivalents at 1 January | 1,501,637 | 541,442 |
| Cash and cash equivalents at 31 December | <u>1,311,655</u> | <u>1,501,637</u> |

The attached notes from 1 to 12 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 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 9 May 2019.

(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.

**GENERATIONS FOR PEACE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018**

(3) PROPERTY AND EQUIPMENT

| 2018 Cost | Office equipment | Furniture and fixtures | Electrical devices | Computers | Decorations and leasehold improvements | Vehicles | Total |
|---|---------------------|---------------------------|-----------------------|-----------|--|----------|-----------|
| | JD | JD | JD | JD | JD | JD | JD |
| At 1 January 2018 | 18,481 | 233,346 | 243,137 | 185,952 | 624,638 | 48,350 | 1,353,904 |
| Additions | 14,225 | 13,189 | 41,030 | 34,212 | 67,460 | 33,800 | 203,916 |
| Disposals | - | - | - | (3,117) | - | - | (3,117) |
| At 31 December 2018 | 32,706 | 246,535 | 284,167 | 217,047 | 692,098 | 82,150 | 1,554,703 |
| Accumulated depreciation | | | | | | | |
| At 1 January 2018 | 11,986 | 99,333 | 191,843 | 87,497 | 151,171 | 25,337 | 567,167 |
| Depreciation charge Related to disposals | 4,854 | 23,334 | 17,822 | 30,603 | 33,782 | 13,059 | 123,454 |
| At 31 December 2018 | 16,840 | 122,667 | 209,665 | (1,363) | - | - | (1,363) |
| Net book value | | | | | | | |
| At 31 December 2018 | 15,866 | 123,868 | 74,502 | 100,310 | 507,145 | 43,754 | 865,445 |

* The cost of fully depreciated assets in 2018 was equal to JD 333,174 (2017: JD 234,123)

* Depreciation charge is allocated between mission direct expenses and mission indirect expenses respectively at JD 103,701 and JD 19,753 (2017: 88,709 JD and 16,897 JD)

**GENERATIONS FOR PEACE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018**

| 2017 Cost | Office equipment | Furniture and fixtures | Electrical devices | Computers | Decorations and leasehold improvements | Vehicles | Total |
|---|---------------------|---------------------------|-----------------------|-----------|--|----------|-----------|
| | 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 |

**GENERATIONS FOR PEACE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018**

(4) RECEIVABLES AND OTHER DEBIT BALANCES

| | <u>2018</u> JD | <u>2017</u> JD |
|-------------------------|-------------------|-------------------|
| Grants receivable | 39,072 | 134,408 |
| Prepaid expenses | 17,986 | 45,540 |
| Promotional materials | 32,257 | 34,952 |
| Advances to contractors | 51,983 | 17,100 |
| Staff receivables | 5,520 | 4,399 |
| Refundable deposits | 4,352 | 4,911 |
| | <u>151,170</u> | <u>241,310</u> |

(5) CASH ON HAND AND AT BANKS

| | <u>2018</u> JD | <u>2017</u> JD |
|---------------|-------------------|-------------------|
| Cash on hand | 1,315 | 483 |
| Cash at banks | 1,310,340 | 1,501,154 |
| | <u>1,311,655</u> | <u>1,501,637</u> |

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

| | <u>2018</u> JD | <u>2017</u> JD |
|-------------------------|-------------------|-------------------|
| Restricted fund unspent | 1,229,149 | 772,859 |
| Unrestricted fund | 82,506 | 728,778 |
| | <u>1,311,655</u> | <u>1,501,637</u> |

(6) PAYABLES AND OTHER CREDIT BALANCES

| | <u>2018</u> JD | <u>2017</u> JD |
|---------------------|-------------------|-------------------|
| Accrued expenses | 264,274 | 175,274 |
| Outstanding cheques | 72,188 | 164,178 |
| Other payables | 62,165 | - |
| | <u>398,627</u> | <u>339,452</u> |

(7) UNEARNED REVENUES

Unearned revenues are donations received by the Commission but not yet spent, and classified as unearned for controlling purposes for certain donors' accounts. Most of these funds are restricted.

In 2019, the Commission will implement the control over all donors' accounts.

**GENERATIONS FOR PEACE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018**

(8) DONATIONS

| | <u>Notes</u> | <u>2018</u> JD | <u>2017</u> JD |
|--------------------|--------------|-------------------|-------------------|
| Restricted funds | 8/a | 1,778,320 | 3,327,204 |
| Unrestricted funds | 8/b | 1,225,730 | 1,294,785 |
| | | <u>3,004,050</u> | <u>4,621,989</u> |

(a) Donors of restricted funds are as follows:

| | <u>2018</u> JD | <u>2017</u> JD |
|--|-------------------|-------------------|
| Donations from UNICEF | 1,128,903 | 2,016,722 |
| Donations from EU | 262,260 | 541,287 |
| Donations from US Department of State | 234,028 | 338,544 |
| Donations from Olympic Council of Asia | 35,495 | - |
| Donations from GIZ Programme | 30,605 | 59,542 |
| Donations from Fund-UN WOMEN | 30,105 | - |
| Donations from USAID | 29,275 | 22,850 |
| Donations from UNFPA | 17,559 | 17,746 |
| Donations from Robert Bosch Stiftung | 10,090 | 31,524 |
| Donations from Jordan Olympic Committee | - | 175,000 |
| 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 |
| | <u>1,778,320</u> | <u>3,327,204</u> |

(b) Donors of unrestricted funds are as follows:

| | <u>2018</u> JD | <u>2017</u> JD |
|---|-------------------|-------------------|
| Donations from Jordan Olympic Committee | 1,000,000 | 1,000,000 |
| Donations from Samsung Electronics Levant Co, LTD | 127,800 | 170,386 |
| Donations from UAE | 69,377 | - |
| Donations from International Olympic Committee | 9,332 | - |
| Online Donations | 1,551 | - |
| Donations from Manaseer Group | - | 50,000 |
| Donations from US Department of State | 12,317 | 20,354 |
| Donations from MBC FZ LLC | - | 10,617 |
| Donations from EU | 5,353 | 13,912 |
| Donations from other parties | - | 29,516 |
| | <u>1,225,730</u> | <u>1,294,785</u> |

**GENERATIONS FOR PEACE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018**

(9) OTHER INCOME

| | <u>2018</u> JD | <u>2017</u> JD |
|--|-------------------|-------------------|
| Interest income | 2,742 | 65 |
| Gain on foreign currency exchange transactions | - | 5,152 |
| Gain on sale of property and equipment | - | 2,499 |
| | <u>2,742</u> | <u>7,716</u> |

(10) MISSION DIRECT EXPENSES

| | <u>2018</u> JD | <u>2017</u> JD |
|--|-------------------|-------------------|
| Programme expenses supported by restricted funds | 1,830,924 | 1,725,410 |
| Programme expenses supported by unrestricted funds | 23,350 | 57,132 |
| Research | 137,006 | 127,723 |
| Advanced training expenses | 61,183 | 68,520 |
| Salaries and staff benefits | 1,323,647 | 1,056,894 |
| Administrative media and communication | 214,275 | 240,486 |
| | <u>3,590,385</u> | <u>3,276,165</u> |

89.3% of salaries and staff benefits are allocated to mission direct costs expenses as of 31 December 2018 (88.6%: 2017).

(11) MISSION INDIRECT EXPENSES

| | <u>2018</u> JD | <u>2017</u> JD |
|---|-------------------|-------------------|
| Salaries and staff benefits | 243,618 | 201,313 |
| Fundraising | 100,111 | 131,115 |
| Generations For Peace Inc. Fundraising | 23,651 | 47,115 |
| Depreciation | 19,753 | 16,897 |
| Insurance | 8,409 | 314 |
| Communication | 7,794 | 8,479 |
| Customs and license fees | 7,125 | - |
| Maintenance | 5,439 | 3,055 |
| Telecommunication | 3,207 | 2,945 |
| Security fees | 2,424 | 2,216 |
| Electricity charges | 2,079 | 1,258 |
| Stationery | 1,485 | 1,290 |
| Hospitality | 1,320 | 1,630 |
| Generations For Peace Inc. Legal registration | 1,000 | 1,978 |
| Sanitation and cleaning | 762 | 490 |
| Audit Fees | 584 | 481 |
| Bank Charges | 570 | 304 |
| Business Travel | 476 | 252 |
| Water Charges | 361 | 184 |
| Translation Fees | 35 | 114 |
| | <u>430,203</u> | <u>421,430</u> |

GENERATIONS FOR PEACE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

(12) OTHER EXPENSES

| | <u>2018</u> JD | <u>2017</u> JD |
|--|-------------------|-------------------|
| Loss on foreign currency exchange transactions | 5,890 | - |
| Loss on sale of property and equipment | <u>485</u> | <u>-</u> |
| | <u>6,375</u> | <u>-</u> |