

**COLLATERAL REPAIR PROJECT**

**FINANCIAL STATEMENTS**

**MARCH 31, 2020**

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FINANCIAL STATEMENTS  
MARCH 31, 2020**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Collateral Repair Project

We have audited the accompanying financial statements of Collateral Repair Project (a non-profit organization), which comprise the statement of financial position as of March 31, 2020, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant 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 referred to above present fairly, in all material respects, the financial position of Collateral Repair Project as of March 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Wagner, Ferber, Fine & Ackerman PLLC*

Floral Park, New York  
February 8, 2021

**COLLATERAL REPAIR PROJECT  
STATEMENT OF FINANCIAL POSITION  
MARCH 31, 2020**

**ASSETS**

Current Assets	
Cash and cash equivalents	\$ 197,933
Contributions receivable	<u>50,082</u>
Total current assets	248,015
Property and Equipment, net	<u>13,320</u>
Total assets	<u><u>\$ 261,335</u></u>

**LIABILITIES AND NET ASSETS**

Current Liabilities	
Accounts payable	\$ 4,867
Credit card payable	<u>351</u>
Total current liabilities	<u>5,218</u>
Commitments and Contingencies	
Net Assets	
Without donor restrictions	254,110
With donor restrictions	<u>2,007</u>
Total net assets	<u>256,117</u>
Total liabilities and net assets	<u><u>\$ 261,335</u></u>

See independent auditors' report and accompanying notes to financial statements.

**COLLATERAL REPAIR PROJECT  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEAR ENDED MARCH 31, 2020**

	<u>Total</u>	<u>Without donor restrictions</u>	<u>With donor restrictions</u>
Revenues and support			
Foundations and grants	\$ 187,865	\$ -	\$ 187,865
Public support	659,280	652,590	6,690
In-kind donations	<u>12,000</u>	<u>12,000</u>	<u>-</u>
Total revenues and support before net assets released from restrictions	<u>859,145</u>	<u>664,590</u>	<u>194,555</u>
Net assets released from restrictions due to satisfaction of donor restrictions	<u>-</u>	<u>512,002</u>	<u>(512,002)</u>
Total revenues and support	<u>859,145</u>	<u>1,176,592</u>	<u>(317,447)</u>
Expenses			
General and administrative	142,636	142,636	-
Program services	890,059	890,059	-
Fundraising	<u>52,067</u>	<u>52,067</u>	<u>-</u>
Total expenses	<u>1,084,762</u>	<u>1,084,762</u>	<u>-</u>
Other Income (Expenses)			
Interest income	28	28	-
Exchange rate loss	<u>(700)</u>	<u>(700)</u>	<u>-</u>
Total other income (expenses)	<u>(672)</u>	<u>(672)</u>	<u>-</u>
Change in net assets	(226,289)	91,158	(317,447)
Net assets - beginning	<u>482,406</u>	<u>162,952</u>	<u>319,454</u>
Net assets - ending	<u>\$ 256,117</u>	<u>\$ 254,110</u>	<u>\$ 2,007</u>

See independent auditors' report and accompanying notes to financial statements.

**COLLATERAL REPAIR PROJECT  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED MARCH 31, 2020**

	<b>Total</b>	<b>General and Administrative</b>	<b>Program Services</b>	<b>Fundraising</b>
Compensation of officers, directors and key employees	\$ 60,000	\$ 19,835	\$ 21,309	\$ 18,856
Other salaries and wages	203,581	27,974	154,890	20,717
Payroll taxes	23,181	7,265	13,908	2,008
Professional fees	36,560	4,011	32,549	-
Advertising and promotion	890	113	-	777
Office expenses	8,889	4,273	4,500	116
Information technology	31,088	4,723	26,365	-
Occupancy	71,049	9,296	61,753	-
Travel	9,586	1,147	2,303	6,136
Food vouchers - monthly	216,054	-	216,054	-
Food vouchers - additional	130,971	-	130,971	-
Food	22,139	4,080	17,613	446
Family assistance	191,565	43,060	146,380	2,125
Back to school	32,972	-	32,972	-
Services and subscriptions	3,700	2,278	536	886
Bank charges	9,648	9,648	-	-
Direct aid	386	-	386	-
Registrations and government fees	643	643	-	-
Cleaning supplies and personal hygiene products	935	830	105	-
Hope workshop	4,368	-	4,368	-
Other program expenses and supplies	23,227	130	23,097	-
Depreciation	3,330	3,330	-	-
<b>Total functional expenses</b>	<b><u>\$ 1,084,762</u></b>	<b><u>\$ 142,636</u></b>	<b><u>\$ 890,059</u></b>	<b><u>\$ 52,067</u></b>

See independent auditors' report and accompanying notes to financial statements.

**COLLATERAL REPAIR PROJECT  
STATEMENT OF CASH FLOWS  
YEAR ENDED MARCH 31, 2020**

**Cash Flows from Operating Activities**

Change in net assets	\$ (226,289)
Adjustments to reconcile change in net assets to net cash used in operating activities	
Depreciation	3,330
Changes in operating assets and liabilities	
Contributions receivable	143,113
Accounts payable	2,383
Credit card payable	<u>(1,105)</u>
Net cash used in operating activities	(78,568)

**Cash Flows from Investing Activities**

Purchase of equipment	<u>(16,650)</u>
Net decrease in cash and cash equivalents	(95,218)
Cash and cash equivalents - beginning	<u>293,151</u>
Cash and cash equivalents - ending	<u><u>\$ 197,933</u></u>

**COLLATERAL REPAIR PROJECT  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2020**

**NOTE 1 - NATURE OF BUSINESS**

Collateral Repair Project (the "Organization") is a not-for-profit organization established in 2011. The Organization operates in Jordan, providing aid and community to Iraqi refugees and other civilian victims of war and conflict. Programs include a community center, health and wellness activities, educational classes, and direct aid in the form of food vouchers and other household goods.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Accounting***

The Organization's financial statements have been prepared in conformity with accounting policies generally accepted in the United States of America, which involves the application of the accrual method of accounting; accordingly, the financial statements reflect all material receivables, payables and other liabilities.

***Basis of Presentation***

In August 2016, the Financial Accounting Standards Board ("FASB") issued new rules for nonprofits which apply to annual financial statements issued for fiscal years beginning after December 15, 2017. ASU 2016-14, Not-For-Profit Entities (Topic 958).

Presentation of Financial Statements of Not-For-Profit Entities simplifies and improves how not-for-profit entities classify net assets as well as the information presented in the financial statements and notes about liquidity, financial performance, and cash flows.

In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-605, "Revenue Recognition", contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions.

The financial statement presentation is in conformity with FASB ASC 958, "Not-for-Profit Entities" which requires the Organization to report information regarding its financial position according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

- 1) Net assets without donor restrictions include assets, revenues, and gains that are available for support of the Organization's general operations. The net assets without donor restrictions at March 31, 2020 were \$254,110.

**COLLATERAL REPAIR PROJECT  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2020**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

***Basis of Presentation*** *(Continued)*

- 2) Net assets with donor restrictions include contributions that are donor restricted for uses which have not yet been fulfilled whether by the passage of time or by purpose. When a time restriction ends or a purpose restriction is accomplished, they are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from donor restrictions. The net assets with donor restrictions at March 31, 2020 were \$2,007.

***Revenue Recognition***

Revenues consists of grants and support from the public. All revenues are recorded in accordance with ASC 606 "Revenue from Contracts with Customers". Revenues are recognized when they are realized and earned. Revenue is considered realized and earned when: persuasive evidence of an arrangement exists; delivery has occurred or services have been rendered; the amount is fixed or determinable; and when collectability is reasonably assured.

***Cash and Cash Equivalents***

Cash and cash equivalents include cash on hand, deposits at banks and other short-term highly liquid investments with original maturities of three months or less.

***Investments***

Investments in marketable securities are classified and accounted for as available-for-sale and accordingly, are carried at fair value based on market quotes, with unrealized and realized gains and/or losses reported included in earnings along with charges for impairments that are other than temporary. All other investments are carried at fair value based on management's estimate.

***Unconditional Promises to Give***

Contributions are recognized when the donor makes a promise to give the Organization that is, in substance, unconditional. The fair value of promises to give that are due in more than one year is estimated by discounting the future cash flows using a current risk-free rate of return based on the yield of a U.S. Treasury security with a maturity date similar to the expected collection period.

**COLLATERAL REPAIR PROJECT  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2020**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

***Contributions***

Contributions, including unconditional promises to give, are recorded in the period received at fair value which is net of estimated uncollectible amounts. All contributions are considered to be without donor restrictions unless specifically restricted by the donor. Amounts received that are designated by the donor for future periods or are restricted by the donor for specified purposes are reported as contributions with donor restrictions.

A donor restriction expires when a stipulated time restriction ends, when an unconditional promise with an implied time restriction is collected, or when a purpose restriction is accomplished. Upon expiration, contributions with donor restrictions are reclassified to contributions without donor restrictions and are reported in the Statement of Activities as net assets without donor restrictions.

***Donated Assets***

Donated marketable securities and other non-cash donations, if any, are recorded as contributions at their estimated fair value at the date of the donation.

***Volunteers***

A number of volunteers, including the members of the Board of Directors, have made significant contributions of time to the Organization's policy-making, program, and support functions. The value of this contributed time does not meet criteria for recognition as contributed services and accordingly, is not reflected in the accompanying financial statements.

***Property and Equipment, Net***

Property and equipment are stated at cost, less accumulated depreciation. The costs of additions and improvements are capitalized and expenditures for repairs and maintenance are expensed as incurred. Fully depreciated assets are retained in property and accumulated depreciation accounts until they are removed from service. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation and amortization are removed from the accounts and

**COLLATERAL REPAIR PROJECT  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2020**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

***Property and Equipment, Net*** *(Continued)*

the resulting gains or losses are included in operations. Depreciation of property and equipment is accounted for on the straight-line method over the estimated useful lives of the assets. A purchase is capitalized when its cost is \$5,000 or greater and its useful life exceeds one year.

***Impairment of Long-Lived Assets***

In accordance with ASC 360, long-lived assets, including property and equipment and intangible assets subject to amortization, are reviewed for impairment and written down to fair value whenever events or changes in circumstances indicate the carrying amount may not be recoverable through future undiscounted cash flows. An impairment loss is measured as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No impairment losses have been recognized for the year ended March 31, 2020.

***Donated Services***

Donated services, if any, are recognized as contributions in accordance with FASB ASC 958, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers provide services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria under FASB ASC 958 were not met. Contributed services for the year ended March 31, 2020 include rent, contributed by a related party, totaling \$12,000.

***Expense Allocation***

The cost of providing various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the program and support services benefited.

***Awards***

Awards that are given to individuals are recognized as an expense when awarded.

***Income Taxes***

The Organization has been approved as a tax-exempt organization under the Internal Revenue Code Section 501(c)(3). The Organization is also exempt from state and local income taxes. Accordingly, no provision for income taxes is made in the financial statements.

**COLLATERAL REPAIR PROJECT  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2020**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

***Income Taxes*** *(Continued)*

The Organization has concluded that there are no uncertain tax positions that would require recognition in the financial statements. If the Organization was to incur an income tax liability in the future, interest on any income tax liability would be reported as interest expense and penalties on any income tax liability would be reported as income taxes. The Organization's conclusions regarding uncertain tax positions may be subject to review and adjustment at a later date based upon ongoing analyses of tax laws, regulations and interpretations thereof as well as other factors. Generally, federal, state, and local authorities may examine the Organization's tax returns for three years from the date of filing; consequently, the respective tax returns for years prior to 2017 are no longer subject to examination by tax authorities.

***Advertising Costs***

In accordance with FASB ASC720 "Other Expenses", advertising costs are expensed when incurred. For the year ended March 31, 2020, advertising expense was \$890.

***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses, and the disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

***Recent Accounting Pronouncements***

In January 2016, the Financial Accounting Standards Board Issued Accounting Standards Update (ASU) No. 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities*, which amends the guidance on the classification and measurement of financial instruments. The guidance amends certain disclosure requirements associated with the fair value of financial instruments. ASU No. 2016-01 is effective for fiscal years beginning after December 15, 2018. Early adoption is permitted. The Organization, which chose to early adopt this standard, has concluded that this update has no effect on the current financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The amendments in this ASU revise the accounting related to lessee accounting. Under the new guidance, lessees will be required to recognize a lease liability

**COLLATERAL REPAIR PROJECT  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2020**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

***Recent Accounting Pronouncements*** *(Continued)*

and a right-of-use asset for substantially all leases with lease terms in excess of twelve months. The new lease guidance also simplifies the accounting for sale and leaseback transactions primarily because lessees must recognize lease assets and lease liabilities. The amendments in this ASU were extended and are effective for the period beginning after December 15, 2021 and are to be applied through a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. Early adoption is permitted. The Organization believes that the new standard will not have an impact on its statement of financial condition. The Organization continues to evaluate the effect that the implementation of this ASU will have on its financial statements and related disclosures.

***Subsequent Events***

The Organization has evaluated subsequent events or transactions through February 8, 2021, the date which the financial statements are available to be issued.

**NOTE 3 - CONTRIBUTIONS RECEIVABLE**

Contributions receivable are stated at the amount management expects to collect from outstanding balances. At March 31, 2020, contributions receivable aggregated \$50,082. Management has provided no allowance as of March 31, 2020.

**NOTE 4 - PROPERTY AND EQUIPMENT**

Major classes of property and equipment consist of the following:

	<b>Estimated Useful Lives- Years</b>	<b><u>2020</u></b>
Equipment	5	\$16,650
Less: accumulated depreciation		<u>3,330</u>
Property and equipment, net		<u>\$13,320</u>

**COLLATERAL REPAIR PROJECT  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2020**

**NOTE 5 - COMMITMENTS AND CONTINGENCIES**

***Concentration of Credit Risk***

Financial instruments that potentially subject the entity to concentrations of credit risk consist principally of cash in banks in excess of the U.S. Federal Deposit Insurance Corporation ("FDIC") insured \$250,000 limit. At March 31, 2020, there were no cash balances in excess of the FDIC limit. The Organization has cash accounts with payment processors and in the country of Jordan which are not insured by the FDIC. The uninsured balance at March 31, 2020 aggregated \$103,946.

***Facility Leases***

The Organization has entered into several leases for facilities used for program activities in Jordan. The leases are all annual leases with commitments aggregating \$33,735 for the year ending March 31, 2021. One of the facilities, used for community center programs, is leased for a nominal amount from a related party (see Note 2). The rent expense aggregated \$42,228 for the year ending March 31, 2020.

***COVID-19***

As a result of the spread of the COVID-19 Coronavirus, economic uncertainties have arisen which are likely to have a financial impact. This financial impact is not currently measurable. One result is that the Organization's community centers have been closed nearly continuously since March 15, 2020 with all of its activities and programs moved online. It is unknown when normal operations will resume.

**NOTE 6 - LIQUIDITY AND AVAILABILITY**

The Organization's financial assets available within one year of the balance sheet date for general expenditures are as follows:

Cash and cash equivalents	\$ 197,933
Contributions receivable	<u>50,082</u>
Total financial assets available within one year	<u><u>248,015</u></u>

**NOTE 7 - SUBSEQUENT EVENTS**

As a result of the COVID-19 pandemic, the Organization's community centers have been closed nearly continuously since March of 2020 with all of its activities and programs moved online.