

COLLATERAL REPAIR PROJECT

FINANCIAL STATEMENTS

MARCH 31, 2022

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MARCH 31, 2022**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Collateral Repair Project

Opinion

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, 2022, 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.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Collateral Repair Project as of March 31, 2022, 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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 are required to be independent of Collateral Repair Project and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Collateral Repair Project's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

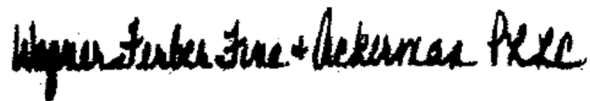
Auditor's Responsibilities for the Audit of the Financial Statements

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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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 Collateral Repair Project's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Collateral Repair Project's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

A handwritten signature in black ink that reads "Wayne Ferber, CPA". The signature is written in a cursive, slightly slanted style.

Floral Park, New York
December 12, 2022

**COLLATERAL REPAIR PROJECT
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2022**

ASSETS

Current Assets		
Cash and cash equivalents		\$ 529,781
Contributions receivable		<u>13,071</u>
Total current assets		542,852
Property and Equipment, net		<u>6,660</u>
Total assets		<u><u>\$ 549,512</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable		\$ 10,959
Credit card payable		<u>659</u>
Total current liabilities		<u>11,618</u>
Commitments and Contingencies		
Net Assets		
Without donor restrictions		442,113
With donor restrictions		<u>95,781</u>
Total net assets		<u>537,894</u>
Total liabilities and net assets		<u><u>\$ 549,512</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, 2022**

	<u>Total</u>	<u>Without donor restrictions</u>	<u>With donor restrictions</u>
Revenues and support			
Foundations and grants	\$ 513,642	\$ -	\$ 513,642
Public support	714,001	714,001	-
In-kind donations	12,000	12,000	-
	<u>1,239,643</u>	<u>726,001</u>	<u>513,642</u>
Total revenues and support before net assets released from restrictions			
	<u>1,239,643</u>	<u>726,001</u>	<u>513,642</u>
Net assets released from restrictions due to satisfaction of donor restrictions	<u>-</u>	<u>530,137</u>	<u>(530,137)</u>
Total revenues and support	<u>1,239,643</u>	<u>1,256,138</u>	<u>(16,495)</u>
Expenses			
General and administrative	152,259	152,259	-
Program services	885,502	885,502	-
Fundraising	81,344	81,344	-
	<u>1,119,105</u>	<u>1,119,105</u>	<u>-</u>
Total expenses			
	<u>1,119,105</u>	<u>1,119,105</u>	<u>-</u>
Other Income (Expenses)			
Interest income	17	17	-
Exchange rate loss	312	312	-
	<u>329</u>	<u>329</u>	<u>-</u>
Total other income (expenses)			
	<u>329</u>	<u>329</u>	<u>-</u>
Change in net assets	120,867	137,362	(16,495)
Net assets - beginning	<u>417,027</u>	<u>304,751</u>	<u>112,276</u>
Net assets - ending	<u>\$ 537,894</u>	<u>\$ 442,113</u>	<u>\$ 95,781</u>

**COLLATERAL REPAIR PROJECT
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MARCH 31, 2022**

	<u>Total</u>	<u>General and Administrative</u>	<u>Program Services</u>	<u>Fundraising</u>
Compensation of officers, directors and key employees	\$ 62,500	\$ 21,874	\$ 20,313	\$ 20,313
Other salaries and wages	277,695	59,773	169,643	48,279
Payroll taxes	41,045	14,069	25,447	1,529
Insurance	5,948	-	5,948	-
Professional fees	39,698	16,855	22,843	-
Advertising and promotion	619	415	-	204
Office expenses	2,337	2,314	23	-
Information technology	18,438	407	18,031	-
Occupancy	71,516	8,408	63,108	-
Travel	1,356	339	1,017	-
Food vouchers - monthly	57,676	-	57,676	-
Food vouchers - additional	128,333	-	128,333	-
Food	12,961	4,407	8,554	-
Family assistance	171,054	6,842	162,502	1,710
Services and subscriptions	10,941	6,127	985	3,829
Bank charges	8,432	2,530	422	5,480
Direct aid	1,375	-	1,375	-
Registrations and government fees	50	50	-	-
Cleaning supplies and personal hygiene products	1,719	16	1,703	-
Other program expenses and supplies	202,082	4,503	197,579	-
Depreciation	3,330	3,330	-	-
	<u>3,330</u>	<u>3,330</u>	<u>-</u>	<u>-</u>
 Total functional expenses	 <u>\$ 1,119,105</u>	 <u>\$ 152,259</u>	 <u>\$ 885,502</u>	 <u>\$ 81,344</u>

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

**COLLATERAL REPAIR PROJECT
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2022**

Cash Flows from Operating Activities

Change in net assets	\$ 120,867
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	3,330
Bad debt	4,503
Changes in operating assets and liabilities	
Contributions receivable	(5,723)
Accounts payable	(3,104)
Credit card payable	<u>415</u>
Net cash provided by operating activities	<u>120,288</u>
Net increase in cash and cash equivalents	120,288
Cash and cash equivalents - beginning	<u>409,493</u>
Cash and cash equivalents - ending	<u><u>\$ 529,781</u></u>

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

**COLLATERAL REPAIR PROJECT
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022**

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 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, 2022 were \$442,113.
- 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, 2022 were \$ 95,781.

**COLLATERAL REPAIR PROJECT
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022**

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

Revenue Recognition

The Organization recognizes revenue in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Revenue from Contracts with Customers (“ASC, Topic 606”). The guidance requires that an entity recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance requires an entity to follow a five-step model to (a) identify the contract(s) with a customer, (b) identify the performance obligation in the contract, (c) determine the transactions price, (d) allocate the transaction price to be the performance obligations in the contract, and (e) recognize revenue when (or as) the entity satisfies the performance obligation. In determining the transaction price, an entity may include variable consideration only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized would not occur when the uncertainty associated with the variable consideration is resolved.

Revenues consists of grants and support from the public. 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, 2022**

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 on the date of acquisition, or at their fair market value on their date of donation and are depreciated using the straight-line method. 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 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.

**COLLATERAL REPAIR PROJECT
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2022.

Translation of Foreign Currency

Assets and liabilities denominated in foreign currencies are translated at year end rates of exchange, where as the Statement of Activities accounts are translated at current rates of exchange during the year. Gains and losses resulting from foreign currency transactions are included in Statements of Activities and Changes in Net Assets.

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, 2022 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 based on the nature of the expense or reasonable methodologies developed by management.

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

**COLLATERAL REPAIR PROJECT
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022**

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

in the financial statements.

The Organization is subject to the provisions of the FASB ASC Topic 740 income taxes, related to accounting and reporting for uncertainty in income taxes. 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 2019 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, 2022, advertising expense was \$619.

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 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 are required to recognize a lease liability 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 has no 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.

**COLLATERAL REPAIR PROJECT
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022**

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

Subsequent Events

The Organization has evaluated subsequent events or transactions through December 12, 2022, 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, 2022, contributions receivable aggregated \$ 13,071. Management has provided no allowance as of March 31, 2022.

NOTE 4 - PROPERTY AND EQUIPMENT

Major classes of property and equipment consist of the following:

	Estimated Useful Lives- Years	<u>2022</u>
Equipment	5	\$16,650
Less: accumulated depreciation		<u>9,990</u>
Property and equipment, net		<u>\$ 6,660</u>

Related depreciation expense for the year ended March 31, 2022 was \$3,330.

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, 2022, 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 aggregated uninsured balance at March 31, 2022 was approximately \$277,000.

Facility Leases

The Organization has entered into several leases for facilities used for program activities in Jordan. Depending on agreements, the leases have either monthly renewal options, or annual renewal options with 3% annual increase as set forth

**COLLATERAL REPAIR PROJECT
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022**

NOTE 6 - COMMITMENTS AND CONTINGENCIES *(Continued)*

Facility Leases *(Continued)*

in the agreements. The aggregating rents amount on the commitment dates was approximately \$40,000. One of the facilities, used for community center programs, is leased for a nominal amount from a related party (see Note 2). The aggregated rent expense for the year ended March 31, 2022 was \$52,230.

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. The community centers started gradually reopening in June 2021. It is unknown when normal operations will resume.

NOTE 7 - 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	\$ 529,781
Contributions receivable	<u>13,071</u>
Total financial assets available within one year	<u><u>\$ 542,852</u></u>