COLLATERAL REPAIR PROJECT

REPORT ON AUDIT OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

COLLATERAL REPAIR PROJECT

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Templeton
ACCOUNTANTS & ADVISORS

Report of Independent Auditors

To the Board of Directors
Collateral Repair Project
Brooklyn, New York

Opinion

We have audited the accompanying financial statements of Collateral Repair Project (a nonprofit organization), which comprise the statement of financial position as of March 31, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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, 2023, and the changes in its net assets, 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.

Management's Responsibility 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.

Templeton & Company, LLP

West Palm Beach, Florida
September 13, 2023

COLLATERAL REPAIR PROJECT

STATEMENT OF FINANCIAL POSITION
March 31, 2023

ASSETS

Current assets:	
Cash and cash equivalents	$ 535,966
Contributions receivable	231,841
Total current assets	767,807
Property and equipment, net	3,330
Total assets	$ 771,137

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable and accrued expenses	$ 311
Total current liabilities	311
Net assets:	
Without donor restrictions	333,877
With donor restrictions	436,949
Total net assets	770,826
Total liabilities and net assets	$ 771,137

See accompanying notes to financial statements.

COLLATERAL REPAIR PROJECT

STATEMENT OF ACTIVITIES
For the Year Ended March 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Foundations and grants	$ -	$ 706,671	$ 706,671
Public support	675,159	-	675,159
In-kind contributions	12,000	-	12,000
Net assets released from restrictions	365,503	(365,503)	-
Total support and revenue	1,052,662	341,168	1,393,830
Expenses:			
Program services	924,771	-	924,771
General and administrative	133,092	-	133,092
Fundraising	103,056	-	103,056
Total expenses	1,160,919	-	1,160,919
Change in net assets from operating activities	(108,257)	341,168	232,911
Other income:			
Interest income	21	-	21
Total other income	21	-	21
Change in net assets	(108,236)	341,168	232,932
Net assets - beginning of year	442,113	95,781	537,894
Net assets - end of year	$ 333,877	$ 436,949	$ 770,826

See accompanying notes to financial statements.

COLLATERAL REPAIR PROJECT

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended March 31, 2023

	Program Services	General and Administrative	Fundraising	Total
Compensation of officers, directors, and key employees	$ 44,550	$ -	$ 21,450	$ 66,000
Other salaries and wages	183,786	63,855	25,306	272,947
Payroll taxes	28,758	6,499	1,641	36,898
Insurance	17,200	3,484	1,735	22,419
Professional fees	44,540	4,231	-	48,771
Advertising and promotion	-	565	-	565
Office expenses	1,233	1,495	284	3,012
Information technology	24,415	626	-	25,041
Occupancy	104,604	13,599	-	118,203
Travel	16	497	-	513
Food vouchers - monthly	45,183	-	-	45,183
Food vouchers - additional	108,182	-	-	108,182
Food	4,473	1,859	76	6,408
Family assistance	120,370	27,749	38,446	186,565
Services and subscriptions	1,553	2,885	5,019	9,457
Bank charges	11	1,253	9,099	10,363
Direct aid	1,313	-	-	1,313
Registrations and government fees	-	50	-	50
Cleaning supplies and personal hygiene products	2,520	1,115	-	3,635
Program training fees	124,842	-	-	124,842
Program direct supplies	48,016	-	-	48,016
Program transportation	19,206	-	-	19,206
Depreciation	-	3,330	-	3,330
Total expenses	$ 924,771	$ 133,092	$ 103,056	$ 1,160,919

See accompanying notes to financial statements.

COLLATERAL REPAIR PROJECT

STATEMENT OF CASH FLOWS
For the Year Ended March 31, 2023

Cash flows from operating activities:	
Change in net assets	$ 232,932
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	3,330
Changes in operating assets and liabilities:	
Contributions receivable	(218,770)
Accounts payable	(11,307)
Net cash provided by operating activities	6,185
Increase in cash and cash equivalents	6,185
Cash and cash equivalents - beginning of year	529,781
Cash and cash equivalents - end of year	$ 535,966

See accompanying notes to financial statements.

Note 1 – Nature of Activities and Summary of Significant Accounting Policies

Nature of activities

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.

Basis of presentation

The Organization's financial statements are prepared on the accrual basis of accounting in accordance with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities.*

Net assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of donor restrictions, as follows:

Net assets without donor restrictions **-** Net assets without donor restrictions are resources available to support the Organization’s operations. The net assets without donor restrictions may be used at the discretion of the Organization’s management and the Board of Directors.

Net assets with donor restrictions **-** Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor’s instructions or when the stipulated time has passed.

When a donor’s restriction is satisfied either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Contributions and unconditional promises to give

The receipts of unconditional promises to give are reported as net assets without donor imposed restrictions unless explicit donor stipulations or circumstances surrounding the receipt of the promise make it clear that the donor did not intend it to be used to support activities of the current period. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value, which approximates fair value. Unconditional promises to give due in more than one year are reported at the present value of estimated future cash flows. Amortization of the discount is recorded as additional contribution revenue. An allowance for uncollectible promises to give is provided based on management’s judgment, including such factors as prior collection history and type of contribution.

The Organization reports non-cash contributions as net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Contributions of long-lived assets with explicit restrictions that specify how the assets are to be used and contributions of cash or other assets that must be used to acquire long-lived assets are reported as donor restricted contributions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued

Contributions and unconditional promises to give, continued

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, 2023 includes rent, contributed by a related party, totaling $12,000.

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 (1) identify the contract(s) with a customer, (2) identify the performance obligation in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) 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.

Revenue consists of grants and support from the public. Revenue is recognized when 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.

Fair value of financial instruments

Cash and cash equivalents, contributions receivable, accounts payable and accrued expenses are reflected in the financial statements at fair value because of the short-term maturity of these instruments.

Concentration of credit risk

Financial instruments that potentially subject the Organization to concentration of credit risk consist principally of cash and cash equivalents. Accounts at commercial banking institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. The Organization is exposed to risk for the amount of funds held in any one institution in excess of the insurance limit. The Organization minimizes its risk by periodically evaluating its banking relations and using those institutions with a high credit rating. The Organization has cash accounts with payment processors and in the country of Jordan which are not insured by the FDIC. The aggregate uninsured balance at March 31, 2023 is approximately $204,000. The Organization has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued

Property and equipment

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. A purchase is capitalized when its cost is $5,000 or greater and its useful life exceeds one year.

Depreciation of property and equipment is accounted for on the straight-line method over the estimated useful lives of the assets. The estimated useful life of the Organization's equipment is 5 years.

Impairment of long-lived assets

In accordance with FASB 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, 2023.

Functional allocation of expenses

The statement of functional expenses presents the natural classification detail of expenses by function. Program services are those that are related to the performance of the public service purpose of the Organization. Support services are those expenses incurred in the fundraising and management activities of the Organization. Expenses that can be identified as program or support services are charged directly to the program or support category and expenses that are common to both categories are allocated to the program or support services based on systematic methods and estimates made by management.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Organization generally does not conduct its fundraising activities in conjunction with other activities. In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs have been allocated between fund raising and general and administrative expenses in accordance with standards for accounting for costs of activity that include fund raising. Additionally, advertising costs are expensed as incurred.

Income taxes

The Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3). Accordingly, no provision for income taxes has been recorded in the financial statements. The Organization is required to operate in conformity with the provisions of the Internal Revenue Code to maintain its exempt status.

Management analyzes tax positions in jurisdictions where it is required to file income tax returns. Based on its evaluation, management did not identify any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease. Interest and penalties attributable to income taxes, if any, are included in operating expenses. No such interest or penalties were recorded for the year ended March 31, 2023. The Organization is no longer subject to income tax examinations for years prior to 2019.

Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued

Advertising

The Organization expenses the cost of advertising as incurred. Advertising expense was $565 for the year ended March 31, 2023.

Use of estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

New accounting pronouncement

In February 2016, the FASB issued ASU 2016-02, *Leases* to provide new guidance on lease accounting. The new guidance will continue to classify leases as either finance or operating and will result in the lessee recording a right-of-use asset and a corresponding lease liability on its balance sheet, with classification affecting the presentation for fiscal years beginning on or after December 15, 2021, and early adoption is permitted. A modified retrospective approach is required for all leases existing or entered into after the beginning of the earliest comparative period in the financial statements. The Organization adopted ASU 2016-02 on April 1, 2022. The adoption of this standard did not have a material impact on the Organization's financial statements since the majority of the Organization's leases are short-term leases.

Note 2 – Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of March 31, 2023 are:

Financial assets:	
Cash and cash equivalents	$ 535,966
Contributions receivable	231,841
	767,807
Less financial assets held to meet donor-imposed restrictions:	
Purpose-restricted net assets (Note 6)	(436,949)
Amount available for general expenditures within one year	$ 330,858

Note 3 – Contributions Receivable

Contributions receivable are stated at the amount management expects to collect from outstanding balances. At March 31, 2023, contributions receivable totaled $231,841. Management has provided no allowance for uncollectable contributions as of March 31, 2023.

Note 4 – Property and Equipment

The following is a summary of property and equipment as of March 31, 2023:

Equipment	$ 16,650
Less: accumulated depreciation	(13,320)
Property and equipment, net	$ 3,330

Total depreciation expense for the year ended March 31, 2023 amounted to $3,330.

Note 5 – Description of Leasing Arrangements

The Organization's lease arrangements include leases for program activities in Jordan. The lease agreements are short term agreements with either monthly renewal options or annual renewal options with a 3% annual increase as set forth in the lease agreements. Total rent expense for the year ended March 31, 2023 was $65,206. The minimum lease payments due under operating leases for the year ending March 31, 2024 is $53,386.

Note 6 – Net Assets

Net assets with donor restrictions as of March 31, 2023 are restricted for the following purposes:

Purpose restriction:	
Community program services	$ 436,949

Net assets are released from donor restriction by incurring costs or expenses satisfying the restricted purposes or by the occurrence of events as specified by the donors. Net assets in the amount of $365,503 were released from restrictions for the year ended March 31, 2023 for community program services.

Note 7 – Subsequent Events

The Organization evaluated events occurring subsequent to March 31, 2023 through September 13, 2023, the date on which the financial statements were available to be issued, for matters that should be recorded in the financial statements or disclosed in the footnotes thereto.