

CHURCHES FOR MIDDLE EAST PEACE

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2009 AND 2008

STANFIELD & PHILLIPS, LLC

CERTIFIED PUBLIC ACCOUNTANTS

CHURCHES FOR MIDDLE EAST PEACE

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INDEPENDENT AUDITOR'S REPORT

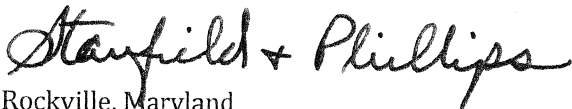
To the Board of Directors
CHURCHES FOR MIDDLE EAST PEACE

We have audited the accompanying statements of financial position of CHURCHES FOR MIDDLE EAST PEACE as of December 31, 2009 and 2008 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the management of CHURCHES FOR MIDDLE EAST PEACE. Our responsibility is to express an opinion on the financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CHURCHES FOR MIDDLE EAST PEACE as of December 31, 2009 and 2008, and the results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

The accompanying supplemental schedule of functional expenses on page 8 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements, and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Rockville, Maryland
October 6, 2010

CHURCHES FOR MIDDLE EAST PEACE
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2009 AND 2008

	ASSETS	
	2009	2008
Cash and cash equivalents	\$ 140,405	\$ 142,386
Accounts receivable	-	16,999
Prepaid expenses	1,710	1,425
Fixed assets, net (NOTE 3)	5,526	7,587
TOTAL ASSETS	<u>\$ 147,641</u>	<u>\$ 168,397</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 12,027	\$ 10,757
Deposit held	750	750
Total Liabilities	<u>12,777</u>	<u>11,507</u>
NET ASSETS		
Unrestricted	<u>134,864</u>	<u>156,890</u>
Total Net Assets	<u>134,864</u>	<u>156,890</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 147,641</u>	<u>\$ 168,397</u>

See auditor's report and accompanying notes to financial statements.

CHURCHES FOR MIDDLE EAST PEACE
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	Unrestricted	
	<u>2009</u>	<u>2008</u>
REVENUE		
Contributions	\$ 295,134	\$ 299,504
Conference income	6,969	5,421
Registration	15,265	11,110
Interest income	551	999
Other income	<u>2,232</u>	<u>-</u>
 TOTAL REVENUE	 <u>320,151</u>	 <u>317,034</u>
EXPENSES		
Program services	228,555	217,475
Management and general	71,183	48,290
Fundraising	<u>42,439</u>	<u>19,319</u>
 TOTAL EXPENSES	 <u>342,177</u>	 <u>285,084</u>
 CHANGE IN NET ASSETS	 (22,026)	 31,950
 NET ASSETS, BEGINNING OF YEAR	 <u>156,890</u>	 <u>124,940</u>
 NET ASSETS, END OF YEAR	 <u><u>\$ 134,864</u></u>	 <u><u>\$ 156,890</u></u>

See auditor's report and accompanying notes to financial statements.

CHURCHES FOR MIDDLE EAST PEACE
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (22,026)	\$ 31,950
Adjustments to reconcile change in net assets to net cash (used for) operating activities:		
Depreciation	2,061	2,156
(Increase) decrease in assets:		
Prepaid expenses	(285)	1,683
Accounts receivable	16,999	(16,999)
Increase (decrease) in liabilities		
Accounts payable	1,270	7,184
Deferred revenue	<u>-</u>	<u>(28,000)</u>
Cash (Used For) Operating Activities	<u>(1,981)</u>	<u>(2,026)</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,981)	(2,026)
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>142,386</u>	<u>144,412</u>
End of year	<u><u>\$ 140,405</u></u>	<u><u>\$ 142,386</u></u>

See auditor's report and accompanying notes to financial statements.

CHURCHES FOR MIDDLE EAST PEACE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

1. ORGANIZATION AND PURPOSE

CHURCHES FOR MIDDLE EAST PEACE (CMEP) is a coalition of 22 public policy offices of national churches and agencies - Orthodox, Catholic and Protestant. CMEP began its work in 1984 out of the conviction that the policy perspectives and long Middle East experience of our member bodies should be more widely known in the public policy arena. CMEP therefore seeks to maintain an on-going dialogue with Congress, the Administration and the diplomatic community, to advance such concerns, assessments, and advocacy positions.

The work of CMEP focuses on Washington in the knowledge that sound United States policy is crucial to achieving and maintaining just and stable relationships throughout the Middle East. In addition, CMEP seeks to help the members of our organizations advocate in a knowledgeable, timely and effective way their concerns about justice and peace for all people and countries in the region.

Among CMEP's principal advocacy concerns are: the avoidance and resolution of armed conflicts, human rights, arms control, foreign aid, and the unique nature of Jerusalem - sacred to Christians, Jews and Muslims.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of CMEP have been prepared on the accrual basis of accounting. Therefore, revenue and related assets are recognized when earned and expenses and related liabilities are recognized as the obligations are incurred.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, CMEP is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. SFAS No. 117 also requires CMEP to report expenses as a decrease in unrestricted net assets whether they are incurred to satisfy a donor's restrictions or not.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The term cash as used in the accompanying financial statements includes currency on hand, demand deposits, and highly liquid investments purchased with Financial Institutions with a maturity of three months or less.

Pursuant to Financial Accounting Standards Board Statement No. 105, there were no cash and cash equivalents as of December 31, 2009 and 2008 that were not covered by insurance provided by the federal government.

CHURCHES FOR MIDDLE EAST PEACE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2009 AND 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Furniture and Equipment

Furniture and equipment are carried at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Additions of \$500 or more are generally capitalized.

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restrictions. Restricted contributions and restricted investment income whose restrictions are met in the same reporting period are shown as unrestricted contributions and unrestricted investment income.

Income Taxes

CMEP is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) on any net income derived from activities related to its exempt purpose and is not a private foundation within the meaning of Section 509(a) of the Code. Accordingly, no provision for federal income taxes has been made.

3. FIXED ASSETS

Fixed assets consist of the following as of December 31:

	<u>2009</u>	<u>2008</u>
Computers	\$ 9,752	\$ 9,752
Furniture and equipment	<u>1,445</u>	<u>1,445</u>
	11,197	11,197
Less: Accumulated depreciation	<u>(5,671)</u>	<u>(3,610)</u>
	<u>\$ 5,526</u>	<u>\$ 7,587</u>

Depreciation expense for the years ended December 31, 2009 and 2008 was \$2,061 and \$2,156 respectively.

CHURCHES FOR MIDDLE EAST PEACE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2009 AND 2008

4. FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

5. SUBSEQUENT EVENTS

In accordance with FASB ASC 855, CMEP evaluated subsequent events through October 6, 2010, the date these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

CHURCHES FOR MIDDLE EAST PEACE
SCHEDULE OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2009
WITH COMPARATIVE TOTALS FOR 2008

	2009			2008	
	Program Services	Management & General	Fundraising	Total	Total
Salaries and wages	\$ 115,326	\$ 39,077	\$ 13,979	\$ 168,382	\$ 120,847
Printing	12,860	-	22,536	35,395	21,196
Conferences	27,047	-	-	27,047	24,067
Occupancy	15,215	5,155	1,844	22,214	19,999
Program costs	14,137	-	-	14,137	35,914
Payroll taxes	8,704	2,949	1,055	12,708	10,059
Postage	8,200	2,779	994	11,973	8,374
Administration	-	11,602	-	11,602	9,583
Professional fees	4,900	5,200	450	10,550	4,132
Travel	6,774	-	-	6,774	13,694
Telephone	4,176	1,415	506	6,097	4,184
Employee benefits	3,996	1,354	484	5,835	6,668
Supplies	3,330	1,128	404	4,862	2,538
Resources	2,345	-	-	2,345	1,330
Depreciation	1,412	478	171	2,061	2,156
Equipment maintenance	134	45	16	195	343
	<u>\$ 228,555</u>	<u>\$ 71,183</u>	<u>\$ 42,439</u>	<u>\$ 342,177</u>	<u>\$ 285,084</u>