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CHURCHES FOR MIDDLE EAST PEACE

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2010 AND 2009

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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, 2010 and 2009 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, 2010 and 2009, 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
June 30, 2011

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CHURCHES FOR MIDDLE EAST PEACE
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2010 AND 2009

	ASSETS	
	2010	2009
Cash and cash equivalents	\$ 96,369	\$ 140,405
Accounts receivable	8,367	-
Prepaid expenses	3,455	1,710
Fixed assets, net (NOTE 3)	16,870	5,526
TOTAL ASSETS	<u>\$ 125,061</u>	<u>\$ 147,641</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	2,017	\$ 12,027
Deferred revenue	1,600	750
Total Liabilities	<u>3,617</u>	<u>12,777</u>
NET ASSETS		
Unrestricted	<u>121,444</u>	<u>134,864</u>
Total Net Assets	<u>121,444</u>	<u>134,864</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 125,061</u>	<u>\$ 147,641</u>

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

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CHURCHES FOR MIDDLE EAST PEACE
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	Unrestricted	
	2010	2009
REVENUE		
Contributions	\$ 316,295	\$ 295,134
International travel income	14,530	-
Conference and registration income	17,025	22,234
Interest income	1,569	551
Other income	1,600	2,232
TOTAL REVENUE	351,019	320,151
EXPENSES		
Program services	247,922	228,555
Management and general	77,485	71,183
Fundraising	39,032	42,439
TOTAL EXPENSES	364,439	342,177
CHANGE IN NET ASSETS	(13,420)	(22,026)
NET ASSETS, BEGINNING OF YEAR	134,864	156,890
NET ASSETS, END OF YEAR	\$ 121,444	\$ 134,864

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

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CHURCHES FOR MIDDLE EAST PEACE
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (13,420)	\$ (22,026)
Adjustments to reconcile change in net assets to net cash (used for) operating activities:		
Depreciation	1,950	2,061
(Increase) decrease in assets:		
Prepaid expenses	(1,745)	(285)
Accounts receivable	(8,367)	16,999
Increase (decrease) in liabilities		
Accounts payable	(10,010)	1,270
Deferred revenue	850	-
	<u>(30,742)</u>	<u>(1,981)</u>
Cash (Used For) Operating Activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	<u>(13,294)</u>	<u>-</u>
Cash (Used For) Investing Activities	<u>(13,294)</u>	<u>-</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(44,036)	(1,981)
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>140,405</u>	<u>142,386</u>
End of year	<u>\$ 96,369</u>	<u>\$ 140,405</u>

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

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CHURCHES FOR MIDDLE EAST PEACE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

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

CMEP reports 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. CMEP reports 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.

Cash Concentration

CMEP maintains accounts with federally-insured institutions. These accounts usually do not exceed insured limits, and management does not consider this a significant concentration of credit risk.

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CHURCHES FOR MIDDLE EAST PEACE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010 AND 2009

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.

Deferred Revenue

Deferred Revenue consists of rent received from sub-lease of space that has not yet been earned due to timing difference.

Income Taxes

CMEP is exempt from federal income taxes on related income under Section 501(c)(3) of the Internal Revenue Service code and has not been classified as a private foundation by the IRS. CMEP adopted guidance issued by the Financial Accounting Standards Board regarding accounting for uncertainty in income taxes. This guidance requires an assessment of the likelihood of a tax position being sustained upon examination by the taxing authorities and prescribes the minimum recognition level. The adoption of this guidance did not impact CMEP's financial position or results of operations.

The income tax positions taken by CMEP for any years open under the various statutes of limitations are that CMEP continues to be exempt from income taxes and that CMEP has no unrelated business income that is subject to income taxes. Fiscal years 2007 and later remain subject to examination by the IRS.

3. FIXED ASSETS

Fixed assets consist of the following as of December 31:

	<u>2010</u>	<u>2009</u>
Computers	\$ 23,046	\$ 9,752
Furniture and equipment	<u>1,445</u>	<u>1,445</u>
	24,491	11,197
Less: Accumulated depreciation	<u>(7,621)</u>	<u>(5,671)</u>
	<u>\$ 16,870</u>	<u>\$ 5,526</u>

Depreciation expense for the years ended December 31, 2010 and 2009 was \$1,950 and \$2,061 respectively.

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CHURCHES FOR MIDDLE EAST PEACE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010 AND 2009

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

CMEP evaluated subsequent events through June 30, 2011, 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.

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CHURCHES FOR MIDDLE EAST PEACE
SCHEDULE OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2010
WITH COMPARATIVE TOTALS FOR 2009

	2010				2009
	Program Services	Management & General	Fundraising	Total	Total
Salaries and wages	\$ 109,629	\$ 37,710	\$ 13,447	\$ 160,786	\$ 168,382
Printing	12,261	-	18,958	31,219	35,395
Conferences	46,332	-	-	46,332	27,047
Occupancy	16,124	5,546	1,978	23,648	22,214
Program costs	12,184	-	-	12,184	14,137
Payroll taxes	8,387	2,885	1,029	12,301	12,708
Postage	12,128	4,172	1,487	17,787	11,973
Administration	-	10,295	-	10,295	11,602
Professional fees	-	11,652	270	11,922	10,550
Travel	14,237	-	-	14,237	6,774
Telephone	4,921	1,692	603	7,216	6,097
Employee benefits	4,551	1,566	558	6,675	5,835
Supplies	4,154	1,429	510	6,093	4,862
Resources	1,447	-	-	1,447	2,345
Depreciation	1,330	457	163	1,950	2,061
Equipment maintenance	237	81	29	347	195
	<u>\$ 247,922</u>	<u>\$ 77,485</u>	<u>\$ 39,032</u>	<u>\$ 364,439</u>	<u>\$ 342,177</u>