

FINANCIAL STATEMENTS



**FOR THE YEAR ENDED DECEMBER 31, 2021
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2020**

NONVIOLENT PEACEFORCE, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Nonviolent Peaceforce, Inc.
St. Paul, Minnesota

Opinion

We have audited the accompanying financial statements of Nonviolent Peaceforce, Inc. (the Organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and change 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 financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2021, and the change 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 the Organization 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

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, including omissions, 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 the Organization'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 the Organization'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.

Report on Summarized Comparative Information

The prior year summarized comparative information has been derived from the Organization's 2020 financial statements, which were audited by other auditors and, in their report dated May 17, 2021, they expressed an unmodified opinion on those statements.



May 8, 2022

NONVIOLENT PEACEFORCE, INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2021
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020

ASSETS		<u>2021</u>	<u>2020</u>
CURRENT ASSETS			
Cash and cash equivalents	\$	860,983	\$ 736,651
Investments		1,338,711	670,840
Grants and contributions receivable		946,800	1,161,341
Related party receivable		-	5,216
Prepaid expenses		<u>30,113</u>	<u>28,159</u>
Total current assets		<u>3,176,607</u>	<u>2,602,207</u>
FIXED ASSETS			
Equipment		65,745	55,199
Less: Accumulated depreciation		<u>(55,252)</u>	<u>(53,518)</u>
Net fixed assets		<u>10,493</u>	<u>1,681</u>
NONCURRENT ASSETS			
Grants and contributions receivable, net of current portion and discount of \$591		36,749	567,118
Deposits		<u>8,862</u>	<u>2,799</u>
Total noncurrent assets		<u>45,611</u>	<u>569,917</u>
TOTAL ASSETS		<u>\$ 3,232,711</u>	<u>\$ 3,173,805</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Paycheck protection loan payable	\$	-	\$ 98,700
Accounts payable		10,122	28,900
Related party payable		4,535	-
Accrued vacation and payroll liabilities		<u>47,843</u>	<u>18,777</u>
Total liabilities		<u>62,500</u>	<u>146,377</u>
NET ASSETS			
Without donor restrictions		2,015,762	1,276,142
With donor restrictions		<u>1,154,449</u>	<u>1,751,286</u>
Total net assets		<u>3,170,211</u>	<u>3,027,428</u>
TOTAL LIABILITIES AND NET ASSETS		<u>\$ 3,232,711</u>	<u>\$ 3,173,805</u>

See accompanying notes to financial statements.

NONVIOLENT PEACEFORCE, INC.

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020**

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE				
Individual contributions	\$ 1,053,623	\$ 88,647	\$ 1,142,270	\$ 2,910,154
Foundation and corporate grants and contributions	276,245	623,118	899,363	939,552
Contracts	233,957	-	233,957	26,721
Investment income, net	114,019	1,977	115,996	60,761
Other revenue	100	-	100	1,732
Net assets released from donor restrictions	<u>1,310,579</u>	<u>(1,310,579)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>2,988,523</u>	<u>(596,837)</u>	<u>2,391,686</u>	<u>3,938,920</u>
EXPENSES				
Program Services	<u>1,620,611</u>	<u>-</u>	<u>1,620,611</u>	<u>1,490,835</u>
Supporting Services:				
Management and General	375,331	-	375,331	171,913
Fundraising	<u>351,661</u>	<u>-</u>	<u>351,661</u>	<u>287,320</u>
Total supporting services	<u>726,992</u>	<u>-</u>	<u>726,992</u>	<u>459,233</u>
Total expenses	<u>2,347,603</u>	<u>-</u>	<u>2,347,603</u>	<u>1,950,068</u>
Change in net assets before other item	640,920	(596,837)	44,083	1,988,852
OTHER ITEM				
Forgiveness of debt	<u>98,700</u>	<u>-</u>	<u>98,700</u>	<u>-</u>
Change in net assets	739,620	(596,837)	142,783	1,988,852
Net assets at beginning of year	<u>1,276,142</u>	<u>1,751,286</u>	<u>3,027,428</u>	<u>1,038,576</u>
NET ASSETS AT END OF YEAR	<u>\$ 2,015,762</u>	<u>\$ 1,154,449</u>	<u>\$ 3,170,211</u>	<u>\$ 3,027,428</u>

NONVIOLENT PEACEFORCE, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020**

	2021				2020	
	Program Services	Supporting Services			Total Expenses	Total Expenses
		Management and General	Fundraising	Total Supporting Services		
Salaries - US staff	\$ 483,319	\$ 163,069	\$ 199,572	\$ 362,641	\$ 845,960	\$ 436,662
Benefits	29,902	3,269	24,795	28,064	57,966	26,910
Payroll taxes	35,438	657	24,795	25,452	60,890	36,878
Contracted employees	12,770	823	-	823	13,593	18,927
Professional services	155,578	87,746	9,872	97,618	253,196	256,630
Contributions to NP AISBL and affiliates	785,157	-	-	-	785,157	934,911
Travel	50,657	4,257	2,329	6,586	57,243	59,294
Occupancy	16,722	9,843	8,801	18,644	35,366	14,342
Internet and telecommunications	219	6,559	358	6,917	7,136	4,938
Copying and printing	15,789	55	57,788	57,843	73,632	59,729
Postage and shipping	248	2,378	9,924	12,302	12,550	27,033
Supplies	3,338	30,054	75	30,129	33,467	22,518
Equipment expenses	1,548	411	-	411	1,959	3,011
Advertising	13,146	27,769	2,312	30,081	43,227	9,592
Meetings and training	12,868	3,889	654	4,543	17,411	12,156
Membership and registration fees	3,820	14,511	4,902	19,413	23,233	8,221
Bank, credit card and exchange fees	92	4,805	5,484	10,289	10,381	9,680
Insurance	-	13,502	-	13,502	13,502	7,429
Depreciation	-	1,734	-	1,734	1,734	1,207
TOTAL	\$ 1,620,611	\$ 375,331	\$ 351,661	\$ 726,992	\$ 2,347,603	\$ 1,950,068

See accompanying notes to financial statements.

NONVIOLENT PEACEFORCE, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 142,783	\$ 1,988,852
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,734	1,207
Unrealized gain	(87,639)	(27,566)
Realized loss (gain)	1,445	(33,398)
Forgiveness of debt	(98,700)	-
Discount on long-term receivables	(17,851)	18,442
Receipt of contributed securities	(66,522)	-
Proceeds from the sale of contributed securities	64,532	-
Decrease (increase) in:		
Grants and contributions receivable	762,761	(1,385,807)
Related party receivable	5,216	(5,216)
Prepaid expenses	(1,954)	4,766
Deposits	(6,063)	-
(Decrease) increase in:		
Accounts payable	(18,778)	16,797
Related party payable	4,535	-
Accrued vacation and payroll liabilities	29,066	7,328
Other accrued liabilities	-	(16,997)
Related party payable	-	(65,041)
Net cash provided by operating activities	<u>714,565</u>	<u>503,367</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	(10,546)	(1,955)
Purchase of investments	<u>(579,687)</u>	<u>(200,000)</u>
Net cash used by investing activities	<u>(590,233)</u>	<u>(201,955)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Plan Loan	<u>-</u>	<u>98,700</u>
Net cash provided by financing activities	<u>-</u>	<u>98,700</u>
Net increase in cash and cash equivalents	124,332	400,112
Cash and cash equivalents at beginning of year	<u>736,651</u>	<u>336,539</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 860,983</u>	<u>\$ 736,651</u>

NONVIOLENT PEACEFORCE, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

Nonviolent Peaceforce, Inc. (the Organization) was incorporated on February 20, 2002 under the State of Minnesota's Nonprofit Corporations Act and is located in St. Paul, Minnesota. The Organization serves as a United States fundraising office for Nonviolent Peaceforce ("NP") a global nonprofit organization whose purpose is to increase the safety of civilians through trained unarmed civilian peacekeepers. In partnership with local groups, these peacekeepers apply proven nonviolent strategies to protect human rights, deter violence, and help create space for local peacekeepers to carry out their work. The US office is responsible for advocacy, outreach, communications, education and private philanthropy. NP's head office is located in Geneva, Switzerland, and along with the US office in St. Paul, NP has offices in Brussels, Belgium ("NP AISBL"), the Philippines, South Sudan, Iraq, and Myanmar. NP currently has active operations in South Sudan, Syria, Iraq, Myanmar, and the Philippines.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions.

Descriptions of the two net asset categories are as follows:

- **Net Assets without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board designated and are also reported as net assets without donor restrictions.
- **Net Assets with Donor Restrictions** - Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in "net assets with donor restrictions", depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities and Change in Net Assets as net assets released from donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

The financial statements include certain prior year summarized comparative information in total but not by net asset class; such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

The accompanying financial statements represent the activity of the Organization only. The financial statements of the Organization are included in the consolidated financial statements of Nonviolent Peaceforce International in accordance with FASB ASC 958-810, *Not-for-Profit Entities, Consolidation*. The consolidated financial statements are available at the Organization's headquarters.

NONVIOLENT PEACEFORCE, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Cash and cash equivalents -

The Organization considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, the Organization maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Investments -

Investments are recorded at their readily determinable fair value. Interest, dividends, realized and unrealized gains and losses are included in investment income, which is presented net of investment expenses paid to external investment advisors, in the accompanying Statement of Activities and Change in Net Assets.

Investments acquired by gift are recorded at their fair value at the date of the gift. The Organization's policy is to liquidate all gifts of investments as soon as possible after the gift.

Grants and contributions receivable -

Grants and contributions receivable are recorded at their net realizable value, which approximates fair value. Receivables that are expected to be collected in future years are recorded at fair value, measured as the present value of their future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in grants and contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. All receivables are considered by management to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

Fixed assets -

Fixed assets in excess of \$500 are capitalized and stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to five years. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation expense for the year ended December 31, 2021 totaled \$1,734.

Income taxes -

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. The Organization is not a private foundation.

Uncertain tax positions -

For the year ended December 31, 2021, the Organization has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

NONVIOLENT PEACEFORCE, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Revenue -

Contributions and grants -

The Organization receives contributions, including unconditional promises to give. Contributions and grants are recognized in the appropriate category of net assets in the period received. The Organization performs an analysis of the individual contribution or grant to determine if the revenue streams follow the contribution rules or if they should be recorded as an exchange transaction depending upon whether the transactions are deemed reciprocal or nonreciprocal under ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*.

For contributions and grants qualifying under the contribution rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions and grants qualifying as contributions that are unconditional that have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements.

Contributions and grants qualifying as conditional contributions contain a right of return and a barrier. Revenue is recognized when the condition or conditions are satisfied. Certain grants and awards are for direct and indirect program costs. These transactions are nonreciprocal and recognized as contributions when the revenue becomes unconditional. Funds received in advance of the incurrence of qualifying expenditures are recorded as a refundable advance. For contributions and grants treated as conditional contributions, the Organization did not have any unrecognized conditional awards as of December 31, 2021.

Contracts -

Contracts classified as exchange transactions following ASU 2014-09, *Revenue from Contracts With Customers* are recorded as revenue at a point in time when the performance obligations are met. The Organization has elected to opt out of all (or certain) disclosures not required for nonpublic entities. Transaction price is based on cost. Funding received in advance of satisfying performance obligations are recorded as deferred revenue.

Use of estimates -

The preparation of the 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 and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Advertising -

Organization expenses advertising costs as incurred. Advertising expense was \$43,227 for the year ended December 31, 2021.

NONVIOLENT PEACEFORCE, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of the Organization are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort.

Investment risks and uncertainties -

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Fair value measurement -

In accordance with FASB ASC 820, *Fair Value Measurement*, the Organization has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market the Organization has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The Organization follows the measurement provisions of Accounting Standards Update (ASU) No. 2009-12, Investments in Certain Entities that Calculate Net Asset per Share (or Its Equivalent). The guidance permits, as a practical expedient, the fair value of investments within its scope to be estimated using net asset value (NAV) or its equivalent. NAV or its equivalent is the value per share or value of ownership interest in partner's capital, as provided by the fund, whose financial statements are prepared in a manner consistent with measurement principles of an investment company or that have the attributes of an investment company. In many instances, NAV will not equal fair value that would be calculated pursuant to the Fair Value Measurement Topic.

NONVIOLENT PEACEFORCE, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Fair value measurement (continued) -

The Organization follows the disclosure provisions of accounting Standards Update (ASU) No. 2015-07, *Fair Value Measurement* (Topic 820): Disclosure for Investment in Certain Entities that Calculate Net Asset Value Per Share (or Its Equivalent). The ASU removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. The ASU was adopted and applied retrospectively during the year ended December 31, 2021.

For disclosure of inputs and valuation techniques, see Note 2.

Reclassification -

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation.

New accounting pronouncements not yet adopted -

ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* improves generally accepted accounting principles (GAAP) by increasing the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this Update address certain stakeholders' concerns about the lack of transparency relating to the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in a NFP's programs and other activities. The ASU should be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The amendment will not change the recognition and measurement requirements for those contributed nonfinancial assets.

ASU 2019-01, *Leases* (Topic 842) changes the accounting treatment for operating leases by requiring recognition of a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position and disclosure of key information about leasing arrangements. During 2020, the FASB issued ASU 2020-05 and delayed the implementation date by one year. The ASU is effective for non public entities beginning after December 15, 2021. Early adoption is still permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach or applied at the beginning of the period of adoption recognizing a cumulative-effect adjustment.

The Organization plans to adopt the new ASUs at the required implementation date and management is currently in the process of evaluating the adoption method and the impact of the new standard on its accompanying financial statements.

2. INVESTMENTS

As of December 31, 2021, the Organization has an investment in a balanced collective investment fund. Withdrawals can be made at any time, based on the unit price on the date of withdrawal. The Organization values its investment in the balanced collective investment fund using the net asset value as a practical expedient and accordingly the investment is not included within a level of the fair value hierarchy.

NONVIOLENT PEACEFORCE, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

2. INVESTMENTS (Continued)

The valuation method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair value. Included in investment income are the following:

Interest and dividends	\$ 30,347
Unrealized gain	87,639
Realized loss	(1,445)
Investment expenses provided by external investment advisors	<u>(545)</u>
TOTAL INVESTMENT INCOME, NET OF INVESTMENT EXPENSES	<u>\$ 115,996</u>

3. GRANTS AND CONTRIBUTIONS RECEIVABLE

As of December 31, 2021, contributors to the Organization have made unconditional written promises to give, of which \$984,140, remained due and outstanding. Amounts due beyond one year of the Statement of Financial Position date have been recorded at the present value of the estimated cash flows, using a discount rate ranging from .73% to .97%. Following is a schedule of amounts due, by year, as of December 31, 2021:

Less than one year	\$ 946,800
One to five years	<u>37,340</u>
Total	984,140
Less: Allowance to discount balance to present value	<u>(591)</u>
NET RECEIVABLES	<u>\$ 983,549</u>

4. PAYCHECK PROTECTION PROGRAM LOAN

On March 27, 2020, the Organization received loan proceeds in the amount of \$98,700 under the Paycheck Protection Program. The promissory note called for monthly principal and interest payments amortized over the term of the promissory note with a deferral of payments for the first six months. The loan was forgiven in accordance with the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), as of June 7, 2021. The Organization has recorded loan forgiveness during the period that forgiveness was approved.

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2021:

Subject to expenditure for specified purpose:	
Asian American Federation	\$ 71,514
Entertainment Industry Foundation	19,231
Holthues Trust	110,000
Jubitz Family Foundation	142,666
McKnight Foundation	<u>102,841</u>
Subtotal	446,252
Subject to passage of time	698,212
Endowment to be invested in perpetuity	<u>9,985</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 1,154,449</u>

NONVIOLENT PEACEFORCE, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

5. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

The following net assets with donor restrictions were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

Purpose restrictions accomplished:	
Asian American Federation	\$ 9,147
Entertainment Industry Foundation	5,769
Holthues Trust	110,000
Jubitz Family Foundation	313,712
McKnight Foundation	97,289
Timing restrictions accomplished	<u>774,662</u>
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u>\$ 1,310,579</u>

6. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Statement of Financial Position date comprise the following:

Cash and cash equivalents	\$ 860,983
Investments	1,338,711
Grants and contributions receivable	<u>946,800</u>
Subtotal financial assets available within one year	3,146,494
Less: Donor restricted funds	<u>(456,237)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 2,690,257</u>

The Organization has a policy to structure its financial assets to be available and liquid as its obligations become due. Management routinely monitors liquidity and available resources as part of the Organization's regular reporting cycle.

7. LEASE COMMITMENTS

The Organization leases office space in Saint Paul, Minnesota under a five-year non-cancelable agreement that was set to expire in February 2021 but was extended for an additional five years. Additional space was added to the lease beginning July 1, 2021. The lease requires escalating monthly rent payments. Additionally, this lease requires additional allocated monthly common area maintenance payments. The Organization also has signed a one year lease for office space in Washington, D.C. effective January 1, 2022.

Accounting principles generally accepted in the United States of America require that the total rent commitment should be recognized on a straight-line basis over the term of the lease. Accordingly, the difference between the actual monthly payments and the rent expense being recognized for financial statement purposes is recorded as a deferred rent liability which is included in accounts payable on the Statement of Financial Position.

NONVIOLENT PEACEFORCE, INC.
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7. LEASE COMMITMENTS (Continued)

The following is a schedule of the future minimum lease payments:

<u>Year Ending December 31,</u>	
2022	\$ 49,641
2023	34,505
2024	35,245
2025	35,985
2026	<u>6,059</u>
	<u>\$ 161,435</u>

Lease expense for the year ended December 31, 2021 was \$32,179 and is included in occupancy on the statement of functional expenses.

8. RELATED PARTIES

As described in Note 1, Nonviolent Peaceforce, Inc. is part of a global organization. Nonviolent Peaceforce entities are comprised of the following, managed under a group structure governed by one Board of Directors:

- Nonviolent Peaceforce Inc., a United States corporation registered on 25 February 2002 under the Minnesota Non-profit Corporation Act, Minnesota Statutes Chapter 317A for the promotion of any or all of the educational or charitable purposes contemplated by Section 501(c)(3) of the Internal Revenue Code 1986.
- Nonviolent Peaceforce AISBL (NP-AISBL) registered as an Association Internationale Sans But Lucratif (AISBL) in Belgium on 02 September 2003, enterprise number 0480.008.359 and identification number 6313/2003.
- Nonviolent Peaceforce France (NPFR) registered as an Association in France on 10 November 2016, association number W013.001.1326 and identification SIREN/SIRET 824 015 432 00019.
- Nonviolent Peaceforce International, (NPI) registered as a Foundation in the Canton of Geneva, Switzerland and governed in accordance with Articles 80 et seq. of the Swiss Civil Code.

Programme operations undertaken under two legal entities NP-AISBL and NP International comprise country programme offices in South Sudan based in Juba (NPSS), the Philippines based in Mindanao (NPPH), Iraq based in Erbil (NPIQ), Myanmar based in Yangon (NPMY), Sudan based in Khartoum and United States based in Minnesota and New York. Operations work planning and preparations are on-going for Thailand. The Headquarters of the Group are located in Geneva, Switzerland while the United States office is based at St. Paul, Minnesota. Both offices are responsible for programme management and coordination, fundraising, communication, and administration.

Funds transferred to related parties for program expenses for the year ended December 31, 2021 are as follows:

Nonviolent Peaceforce AISBL	<u>\$ 785,157</u>
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NONVIOLENT PEACEFORCE, INC.
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8. RELATED PARTIES (Continued)

At December 31, 2021, the Organization had a related party payable to Nonviolent Peaceforce AISBL of \$4,535.

9. SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through May 8, 2022, the date the financial statements were issued.