



Independent Auditors' Report

To the members of Nonviolent Peaceforce (NP)

Report on the Audit of the Aggregated Non-Statutory Financial Statements

Opinion

We have audited the Aggregated Non-Statutory Financial Statements of Nonviolent Peaceforce (NP) set out on pages 5 to 17, which comprise the aggregate statement of financial position as at 31 December 2020, and the aggregate statement of profit or loss and other comprehensive income, the aggregate statement of changes in equity and the aggregate statement of cash flows for the year then ended, and notes to the aggregated financial statements including a summary of significant accounting policies.

In our opinion, the Aggregated Non-Statutory Financial Statements present fairly, in all material respects, the financial position of Nonviolent Peaceforce as at 31 December 2020, and its financial performance and cash flows for the year then ended in accordance with the basis of preparation described in note 2 to aggregated financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the aggregated non-statutory financial statements section of our report. We are independent of the organization in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (Parts 1 and 3) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Belgium. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Belgium. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Preparation

We draw attention to Note 2 to the aggregated non-statutory financial statements, which describe the basis of aggregation and preparation. The aggregated non-statutory financial statements are prepared in accordance with NP's specific accounting framework. NP's accounting policies are stated in the aggregated non-statutory financial statements and are aligned with most of the recognition and measurement requirements of IFRS as adopted by the European Union. However, it should be noted that these aggregate financial statements do not constitute a complete set of financial statements in accordance with IFRS.



Other information

Members of the Board and the Executive Director are responsible for the other information. The other information comprises the information included in the document titled " Introduction and joint note from the Treasurer and the Executive Director" (pages 2 to 4), which includes the Report from the Treasurer and the Executive Director. The other information does not include the aggregated non-statutory financial statements and our auditor's report thereon.

Our opinion on the aggregated non-statutory financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the aggregated non-statutory financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the aggregated non-statutory financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Members of the Board and the Executive Director for the Aggregated Non-Statutory Financial Statements

The Members of the Board and the Executive Director are responsible for the preparation and fair presentation of the aggregated non-statutory financial statements in accordance with the basis of preparation described in Note 2 to the aggregated non-statutory financial statements, for determining that the basis of preparation is acceptable in the circumstances and for such internal control as the Members of the Board and the Executive Director determine is necessary to enable the preparation of aggregated non-statutory financial statements that are free from material misstatement, whether due to fraud or error.

The Members of the Board and the Executive Director are responsible for overseeing the association's financial reporting process.

In preparing the aggregated non-statutory financial statements, the Members of the Board and the Executive Director are responsible for assessing the associations' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Aggregated Non-Statutory Financial Statements

Our objectives are to obtain reasonable assurance about whether the aggregated non-statutory 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 a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these aggregated non-statutory financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the aggregated non-statutory financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.
- 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Members of the Board and the Executive Director.
- Conclude on the appropriateness of the Members of the Board's and the Executive Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the aggregated non-statutory financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the aggregated non-statutory financial statements, including the disclosures, and whether the aggregated non-statutory financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Members of the Board and the Executive Director regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Battice, June 10, 2021



Signé numériquement par
Christian Schmetz (Signature)
DN : cn=Christian Schmetz
(Signature), c=BE
Emplacement : Liège - Belgium
Date : 2021.06.10 16:57:02 +02'00'

BDO Réviseurs d'Entreprises SCRL
Represented by Christian SCHMETZ



Nonviolent Peaceforce

Aggregated non-statutory

Financial Statements

for the year ended

31 December 2020

Nonviolent Peaceforce is a registered charity in the United Kingdom. It is a member of the International Campaign for Non-Violence (ICNV) and the International Network of Non-Violent Action (INNA).

Aggregated Financial Statements for the year ended 31 December 2020 Introduction and joint note from the Treasurer and the Executive Director

Mission:

Nonviolent Peaceforce (NP) is a global civilian protection agency based in humanitarian and international human rights law. Our mission is to protect civilians in violent conflicts through unarmed strategies, build peace side by side with local communities, and advocate for the wider adoption of these approaches to safeguard human lives and dignity. NP envisions a worldwide culture of peace in which conflicts within and between communities and countries are managed through nonviolent means. We are guided by principles of nonviolence, non-partisanship, primacy of local actors, and civilian-to-civilian action.

Composition of the Nonviolent Peaceforce Group

The financial statements for the year ended 31 December 2020 bring together the activities and financial positions of Nonviolent Peaceforce entities which is comprised of the following:

- **Nonviolent Peaceforce Inc.** (NPUS) 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. Hereinafter referred to as “NPUS”;
- **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** (NPF) 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.

Nonviolent Peaceforce is managed under a group structure governed by one Board of Directors and one Executive Director.

Following moves from Belgium and France, NPI Switzerland is the Headquarters of Nonviolent Peaceforce, and is responsible for fundraising in Europe as well as oversight, programme support and coordination for the NP Country Programmes.

NPUS is responsible for NP programme implementation in in the United States. It is also responsible for advocacy, outreach, communications, education and fundraising.

NP programme operations are currently undertaken under the legal entity NP-AISBL. They comprise country programme offices in South Sudan based in Juba (NPSS), The Philippines based in Mindanao (NPPH), Iraq based in Erbil (NPIQ) and Myanmar based in Yangon (NPMY). The Syria programme ceased operating in 2018 but the books of account had been left open pending closure of the project grant, which was completed in 2020.

Internal Control and Management Oversight

Programme and Financial operations of all the NP entities, country programmes and offices are overseen by the Finance and Audit Committee (FAC) of the Board in conjunction with the Executive Director. The FAC has the responsibility for the monitoring and oversight of the integrity of the financial reports and for establishing and overseeing the internal controls and effectiveness of the financial management of the organization including the work and inputs of the external auditors. The internal control system is affected through monitoring of the control environments and strengthening of policies and procedures. The system provides reasonable but not absolute assurance that NP operates efficiently and effectively, safeguards its assets, maintains proper records and complies with relevant laws and regulations. The Executive Director through delegated authority to the Heads of Missions and Heads of Offices has the primary function of oversight and monitoring performance at local levels. The members of the NP Board of Directors oversee a comprehensive accountability system which includes five-year strategic plans and annual budgets and plans approved annually and revised semi-annually. The Board through the FAC compares actual

results with plans and forecasts and non-financial performance data on a regular basis. Other controls include delegation of authority and segregation of duties taking account of size of offices and local operating environments. The Executive Director regularly reviews internal controls across NP and submits reports to the Board. The Board has accepted responsibility for the preparation of the aggregated financial statements for the year ended 31 December 2020, which are intended to give a true and fair view of the state-of-affairs of NP at that date.

Basis of aggregation of the financial statements

In preparing the aggregated financial statements, the Executive Director and members of the Board have:

- Made judgements and estimates that are reasonable and prudent.
- Stated whether appropriate accounting standards have been followed subject to any material departures being disclosed and explained in the financial statements.
- Prepared the financial statements on the basis that NP is a going concern.

The aggregated financial statements have been prepared based on the underlying audited accounts of each entity and converted to the United States dollars as indicated in the notes to the accounts.

Members of the Board and the Executive Director are responsible for ensuring that adequate accounting records are kept and are also responsible for monitoring the standard of record keeping of Country Programmes and NP Offices, so that they can disclose, with reasonable accuracy, the financial position of NP to enable them to ensure that the aggregate financial statements comply with NP's specific accounting framework as aligned with the International Financial Reporting Standards (IFRS).

The Members of the Board and the Executive Director have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of NP and to prevent and detect fraud and other irregularities. They are responsible for the maintenance and integrity of the financial and other information included on NP's website.

Strategic plan 2021 to 2025

NP strategic priorities for 2021-2025 are presented in three components: acceleration, innovation, and consolidation.


1. **Acceleration** of the application of Unarmed Civilian Protection (UCP) to reach more people threatened by violence.
2. **Innovation** of the practice of UCP to respond to emerging trends and threats; and
3. **Consolidation** of our organisational capacity to serve as the foundation for acceleration and innovation efforts.

Each of these priorities serves to maximise the impact of efforts to interrupt cycles of violence and enhance nonviolent responses to conflict.

Despite the COVID-19 pandemic and the related challenges, NP has been able to continue operations and the delivery of services albeit at a reduced pace than had been planned before the pandemic.

The operational component of the 2021-2025 strategy is explicit with regards to NP's continued commitment to financial viability and resilience.

The Board and the Executive Director foresee a continuous strengthening of NP in programme operations, the management and support infrastructure and the continued optimisation of delivery of services to stakeholders.



Mr Brian McLeod
Treasurer and Member of the Board



Ms Tiffany J. Easthom
Executive Director

Aggregated Financial Statements for the year ended 31 December 2020
Group information

Headquarters

Nonviolent Peaceforce
Rue de Lausanne 82, 5th floor
1204 Geneva
Switzerland

Board Members

Ms Lucia Mary C. Coutts Nuseibeh, Chair of the Board
Mr. Brian McLeod, Member of the Board and Treasurer

Director

Ms Tiffany J. Easthom, Executive Director

Independent auditors

BDO Réviseurs d'entreprises SRL (BDO Belgium)

Aggregated Financial Statements for the year ended 31 December 2020

Statement of Aggregated Financial Activities and Comprehensive Income

| | Notes | 2020 | 2020 | Total | 2019 | 2019 | Total |
|---|-------|-------------------|------------------|-------------------|-------------------|------------------|-------------------|
| | | Restricted | Unrestricted | 2020 | Restricted | Unrestricted | 2019 |
| | | USD | USD | USD | USD | USD | USD |
| INCOME | | | | | | | |
| Government and Institutional Grants & Contracts | 4 | 13,149,361 | 156,909 | 13,306,270 | 14,892,648 | 148,062 | 15,040,710 |
| Corporations and Foundation Grants | | 610,916 | 322,181 | 933,098 | 168,766 | 169,883 | 338,649 |
| Donations Directed by Individuals | 5 | 14,298 | 2,912,374 | 2,926,673 | 71,638 | 988,162 | 1,059,799 |
| Investment returns, net | | 0 | 60,760 | 60,760 | 0 | 71,671 | 71,671 |
| Present value discount | | 0 | (16,519) | (16,519) | 0 | (1,923) | (1,923) |
| Internal income transfer from restricted | | (943,693) | 943,693 | 0 | (857,455) | 857,455 | 0 |
| Total Income | | 12,830,883 | 4,379,398 | 17,210,281 | 14,275,596 | 2,233,311 | 16,508,907 |
| EXPENDITURE | | | | | | | |
| Staff costs | | 5,341,665 | 1,491,984 | 6,833,649 | 4,927,667 | 965,334 | 5,893,001 |
| Programme costs | | 3,728,939 | 116,128 | 3,845,067 | 4,798,368 | 18,012 | 4,816,381 |
| Travel & transport | | 1,215,173 | 34,380 | 1,249,553 | 1,739,343 | 138,910 | 1,878,253 |
| Professional services | | 485,203 | 437,675 | 922,879 | 375,136 | 400,539 | 775,675 |
| Occupancy and other administrative costs | | 1,493,703 | 254,127 | 1,747,830 | 1,946,247 | 200,521 | 2,146,767 |
| Finance & other operating costs/(gains) | | 689,702 | 35,162 | 724,864 | 884,753 | 10,887 | 895,640 |
| Restricted expenditure not covered by grants | | (123,502) | 123,502 | 0 | (395,918) | 395,918 | 0 |
| Total expenditure | | 12,830,883 | 2,492,958 | 15,323,841 | 14,275,596 | 2,130,122 | 16,405,718 |
| Net Surplus/(deficit) for the year | | 0 | 1,886,441 | 1,886,441 | 0 | 103,189 | 103,189 |
| Other Comprehensive income/(expense) | | | | | | | |
| Unrealised exchange gains/(losses) | | (16,398) | (353,060) | (369,458) | (148,975) | 43,294 | (105,681) |
| Reserves revaluation movements | | 22,129 | 86,617 | 108,746 | 1,929 | (17,057) | (15,127) |
| Total other comprehensive income/(expense) | | 5,731 | (266,443) | (260,712) | (147,046) | 26,237 | (120,808) |
| Total Comprehensive income/(expense) | | 5,731 | 1,619,998 | 1,625,729 | (147,046) | 129,427 | (17,619) |

Aggregated Financial Statements for the year ended 31 December 2020
Statement of Aggregated Financial Position as at 31 December 2020

| | Notes | 2020 USD | 2019 USD |
|-------------------------------------|-------|-------------------|-------------------|
| Non-Current Assets | | | |
| Plant, Property and Equipment | 6 | 8,306 | 9,496 |
| Total non-current assets | | 8,306 | 9,496 |
| Current Assets | | | |
| Cash and cash equivalents | | 7,848,588 | 3,363,548 |
| Grants and donations receivable | 7 | 21,557,148 | 9,473,356 |
| Other amounts receivable | | 11,263 | 12,894 |
| Deposits and Prepayments | | 100,591 | 131,307 |
| Investments | | 670,840 | 409,877 |
| Deferred charges and accrued income | | 49,880 | 95,814 |
| Total Current assets | | 30,238,309 | 13,486,795 |
| Current Liabilities | | | |
| Accounts payable | | 1,216,747 | 1,580,225 |
| Deferred income | 7 | 26,648,044 | 10,694,292 |
| Payroll liabilities | 8 | 512,998 | 1,012,893 |
| Accrued charges | | 77,895 | 162,728 |
| Provisions and other payables | | 139,541 | 20,491 |
| Total Current Liabilities | | 28,595,225 | 13,470,629 |
| Net Current Assets | | 1,643,084 | 16,165 |
| Total Net Assets | | 1,651,390 | 25,661 |
| REPRESENTED BY | | | |
| Equity Capital | | 51,663 | 51,199 |
| Cumulative Unrestricted Reserves | | 1,377,496 | (261,421) |
| Cumulative Restricted Reserves | | 222,231 | 235,883 |
| Total capital and Reserves | | 1,651,390 | 25,661 |

Aggregated Financial Statements for the year ended 31 December 2020
Statement of changes in equity and reserves for the year

| | EQUITY | CURRENCY TRANSLATION RESERVE | TOTAL | EQUITY | CURRENCY TRANSLATION RESERVE | TOTAL |
|---|------------------|------------------------------------|------------------|----------------|------------------------------------|---------------|
| | 2020 | 2020 | 2020 | 2019 | 2019 | 2019 |
| | USD | USD | USD | USD | USD | USD |
| Funds as at 1 January | 146,469 | (120,808) | 25,661 | (7,919) | 0 | (7,919) |
| Net surplus or (deficit) for the year | 1,886,441 | | 1,886,441 | 103,189 | | 103,189 |
| New equity capital | | | 0 | 51,199 | | 51,199 |
| Funds from regular operations as at 31 December | 2,032,910 | (120,808) | 1,912,102 | 146,469 | 0 | 146,469 |
| Foreign currency translation (expense)/gain | | (369,458) | (369,458) | | (105,681) | (105,681) |
| Reserves revaluation movements year on year | | 108,746 | 108,746 | | (15,127) | (15,127) |
| Total funds as at 31 December | 2,032,910 | (381,520) | 1,651,390 | 146,469 | (120,808) | 25,661 |
| Unrestricted funds | 1,810,679 | (381,520) | 1,429,159 | (89,414) | (120,808) | (210,222) |
| Restricted to purpose funds | 222,231 | 0 | 222,231 | 235,883 | 0 | 235,883 |
| Total funds as at 31 December | 2,032,910 | (381,520) | 1,651,390 | 146,469 | (120,808) | 25,661 |

Aggregated Financial Statements for the year ended 31 December 2020
Statement of Aggregated Cashflows

| | 2020 | 2019 |
|--|------------------|--------------------|
| | USD | USD |
| Cash flow from operating activities | | |
| Comprehensive income for the period | 1,625,729 | (17,619) |
| Add back adjustments for: | | |
| Depreciation and currency conversion movements on Fixed Assets | 7,825 | 6,370 |
| Net unrealised gains on investments | (33,398) | (58,752) |
| Net realised gains on investments | (27,566) | (13,364) |
| Net finance expense/(income) & reserves revaluation | 260,712 | 120,808 |
| Operating profit before working capital changes | 1,833,302 | 37,443 |
| Decrease/(Increase) in Grants Receivable | (12,083,792) | (1,941,784) |
| Increase/(Decrease) in Deferred Income | 15,953,752 | (95,708) |
| Decrease/(Increase) in other receivables | 1,631 | 11,417 |
| Decrease/(Increase) in deposits and prepayments | 30,716 | (28,408) |
| Decrease/(Increase) in deferred charges and accrued income | 45,934 | (32,319) |
| Increase/(Decrease) in Accounts Payable | (363,478) | (33,500) |
| Increase/(Decrease) in Payroll Liabilities | (499,895) | 276,625 |
| Increase/(Decrease) in Accrued Liabilities | (84,833) | 93,824 |
| Increase/(Decrease) in Provisions & Other payables | 119,050 | (0) |
| Net cash generated from/(used in) operating activities before tax | 4,952,387 | (1,712,411) |
| Cashflow used in investing activities | | |
| Furniture & Fittings conversion movements on net book value | (4,399) | (1,793) |
| Purchase of investments | (200,000) | (10,065) |
| Vehicles conversion movements on net book value | (2,236) | (1,558) |
| Net cash used in investing activities | (206,635) | (13,416) |
| Cash flow from financing activity | | |
| Increase/(Decrease) in equity capital | 0 | 51,199 |
| Realised and unrealised forex losses net of gains | (260,712) | (120,808) |
| Net cashflow from financing activities | (260,712) | (69,609) |
| Net (decrease)/increase in cash and cash equivalents | 4,485,040 | (1,795,435) |
| Cash and Cash Equivalents at the beginning of the period | 3,363,548 | 5,158,983 |
| Cash and Cash Equivalents at the end of the year | 7,848,588 | 3,363,548 |

Aggregated Financial Statements for the year ended 31 December 2020

Notes to the Financial Statements

1. NP Group information and activity

Nonviolent Peaceforce (hereafter referred to as “NP”) has been in operation since 2002. The mission of NP is to protect civilians in violent conflicts through unarmed strategies, build peace side by side with local communities, and advocate for the wider adoption of these approaches to safeguard human lives and dignity. NP envisions a worldwide culture of peace in which conflicts within and between communities and countries are managed through nonviolent means. NP is guided by principles of nonviolence, non-partisanship, primacy of local actors, and civilian-to-civilian action.

In partnership with local groups, NP applies proven non-violent strategies to protect human rights, deter violence, and help create space for local peacemakers to carry out their work. NP achieves this through the following anchors:

- a. Interrupting cycles of violence in order to save lives, reduce harm and protect human dignity.
- b. Contributing to fostering sustainable peace through dialogue and inclusive peace processes
- c. Developing and promoting the theory and practice of unarmed civilian protection so that it may be adopted as a policy and funding option by decision makers and public institutions.
- d. Build the field of practice of Unarmed Civilian Protection (UCP).
- e. Undertaking other types of activities aimed at promoting the themes of conflict prevention and peace building.

2. Significant accounting policies

The following accounting policies are applied in aggregating and producing the 2020 Aggregated Financial Statements. The policies are applied by the individual offices to prepare the Financial Statements in their respective countries unless local regulations require otherwise.

a. Basis of presentation

The Aggregated Financial Statements are presented in United States dollars (USD) rounded to the nearest unit (Dollar). They are prepared in accordance with NP’s specific accounting framework. NP’s accounting policies are stated below and are aligned with most of the recognition and measurement requirements of the IFRS as adopted by the European Union. However, it should be noted that these aggregate financial statements do not constitute a complete set of financial statements in accordance with IFRS. The Aggregated Financial Statements have been prepared and presented according to the principles of fair presentation, accruals, matching, going concern, consistency and prudence.

b. Revenue recognition - Restricted and unrestricted income

NP’s income is comprised of two main parts:

- Restricted income mainly from institutional donors, corporations and foundations in form of grants for specific projects, upon which on the signing of grant agreements it is booked in the accounts as a receivable and as deferred income, and
- Unrestricted income mainly from individuals.

Unrestricted income is recognised and recorded in the accounts when it is pledged, or when received if there is no time delay between pledge and receipt.

i. Type of restrictions

Income is considered as restricted when it is subject to a donor-imposed restriction. A donor-imposed restriction is a stipulation and limitation on the use of grant or donation, usually limited to purpose (country, project, specific activities, etc.), or specific donor wishes. Unspent restricted grants are carried forward as deferred income. Gifts are recognised as income upon the receipt of cash, or the written undertaking to donate.

ii. Grants

Grants are recognised as income based on the allowable expenses incurred during the reporting period. At year end, the difference between the grant receivable and the cumulative allowable expenses incurred is shown as deferred income and carried forward to subsequent period.

iii. Unrestricted gifts

Gifts are recognised as income upon the receipt of cash, or the written undertaking to donate.

iv. In-kind donations and services.

In addition to cash contributions, NP receives in-kind donations of goods and services. Only in-kind donations of goods/services that will/are sold are accounted for in the Statement of Activities for their net realizable value.

c. Use of Estimates

Preparation of financial statements in conformity with the accounting principles and financial reporting standards requires management to make estimates and assumptions that affect the amounts reported in the financial statements. These estimates are based on management's best knowledge of current events and actions NP entities may undertake in the future. Estimates are used in accounting for, among other items, accruals, useful lives for depreciation and amortization of long-lived assets when applicable. Actual results may ultimately differ from estimates, although management does not generally believe such differences would materially affect the financial statements in any individual period.

d. Foreign currency translation

The audited statements of financial position of individual entities are translated into US Dollars at the year-end rates where the ledger reporting currency is different. The audited statements of financial activities and statements of functional expenses are converted at the average rate for the year.

Exchange rates applied to these financial statements are:

| | <u>USD/EUR</u> | <u>USD/CHF</u> | <u>PHP/USD</u> | <u>MMK/USD</u> |
|-------------------|----------------|----------------|----------------|----------------|
| Closing rate 2020 | 1.22824 | 1.13261 | 48.0906 | 1,313.15 |
| Average rate 2020 | 1.14458 | 1.06781 | 49.5372 | 1,361.80 |
| Closing rate 2019 | 1.12270 | 1.03325 | 50.6949 | 1,485.48 |
| Average rate 2019 | 1.11985 | 1.02167 | 51.6597 | 1,523.39 |

e. Fixed assets

Generally, acquisitions of assets in excess of USD 1,000 or the equivalent in EUR using unrestricted funds are capitalized except for personal computers (PCs) and notebook computers that are recognised as expense upon purchase owing to the accelerated rate of obsolescence.

Fixed assets are depreciated using the straight-line method as follows:

- Vehicles: 3 or 4 years depending on conditions of use
- Fixtures and fittings: 4 years or the length of the premises lease if shorter
- Furniture and office equipment: 5 years
- Computers and IT equipment (other than personal computers (PCs and Notebooks)): 3 years

Donated property and equipment, used for NP activities, are stated at the fair value at the date of donation. They are depreciated according to the estimated useful lives above. The acquisition cost of fixed assets financed by donors within the framework of a grant, used in the field for programme purposes, such as vehicles, is expended upon shipment to the field; or upon purchase, if purchased locally unless otherwise required by the donor. This equipment is not depreciated given the accelerated useful life and given that it is not removed from the programme country nor used for any other purpose. When the project or programme is closed, the remaining fixed assets are disposed of in accordance with donor terms and conditions.

Finance leases Assets acquired under long-term finance leases are capitalised and recorded in the Statement of Financial Position as tangible fixed assets. They are depreciated over the shorter of their estimated useful life and the lease term. The associated obligations are included in financial debts.

f. Financial assets

Financial assets, such as rent deposits, are recorded at their nominal value.

g. Inventories

Given their small value, inventories, held at the head office or in the field, are recognized as expenditure when bought.

h. Receivables and other assets

Receivables and other assets are stated at their nominal value. Allowances are booked to cover any risk of non-recovery. NP distinguishes the following categories of cash contributions:

- Grants are written agreements to contribute cash normally for specific purpose from institutional donors, i.e. private organisations (such as companies, foundations, other not-for-profit organizations, etc.) and public institutional bodies (such as governments or various agencies). Grants are contributions whose use is limited by donor-imposed restriction ("restricted funds").

- Gifts are cash contributions from individuals. The use of gifts is normally not limited by donor restrictions ("unrestricted funds"). Grants receivable result from the total amount pledged by institutional donors and the funds received for each of these agreements. Gifts are recognised as income upon the receipt of cash, or the written undertaking to donate.

- Per NP Inc 2020 - Pledges expected to be received more than one year from the date of the statement of financial position are discounted to present value. As of December 31, 2020 the long-term pledges are discounted at an annual interest rate of 3.25% and 4.75% as of 31 December 2019.

i. Cash and equivalents

NP considers short-term deposits, cash in head office and cash in the field as cash equivalents. Cash is stated at nominal value.

j. Provisions

At Statement of Financial Position date, the Board of Directors, acting with prudence, sincerity and good faith, examines the provisions to be built up in order to cover all possible risks or losses that might have occurred during the financial year or previous financial years. This will be examined at least at the end of every year. Provisions relating to previous financial years are regularly reviewed and reversed if they no longer serve a purpose.

k. Financial debts and accounts payable (trade, tax, social and other payroll related payable)

Debts are recorded at nominal value. Trade accounts payable to suppliers are recorded on an invoice basis when the invoices are received by year-end or valued at best estimate if no invoice is received by year-end. Accruals for paid vacation are recorded at year-end if related legal obligations exist or if provided for in employment contracts.

l. Deferred income and accrued charges

Deferred income on grants is recognised on the basis of the difference between the grants receivable and the cumulative allowable expenses to date for each of the formal agreements concerned. Accrued charges are booked for expenses for the current accounting period which have not been paid at year-end, such as pro rata of rent.

m. Allocation of Functional Expenses

Except for certain items allocated on a direct basis, all expenses are allocated among the program and management and general categories based on management's best estimate of actual amounts expended or time allocated to those categories.

n. Specific methods used for aggregated accounts

A combination aggregates the Financial Statements of several separate entities without investment relationships into a single group, whereas a consolidation collates different affiliates of a single parent entity in its Financial Statements.

o. Measurement of the aggregated entities' assets and liabilities

Assets and liabilities of each aggregated entity are measured at net book value, adjusted according to the group accounting principles, by distinguishing gross value, depreciation and impairment. The variance due to harmonisation of the group accounting principles is added or deducted from the aggregated equity.

3. Comprehensive income and expenditure by category and business segment

| | Notes | 2020 | | 2020 Global Fundraising - Unrestricted | | 2020 Global Management & Support - Unrestricted | | TOTAL 2020 | | 2019 | | 2019 Global Fundraising - Unrestricted | | 2019 Global Management & Support - Unrestricted | | TOTAL 2019 | |
|---|-------|-------------------------|-----|--|-----|---|-------------------------|------------|-----|------------|-----|--|-----|---|-----|------------|-----|
| | | Programmes - Restricted | USD | USD | USD | USD | Programmes - Restricted | USD | USD | USD | USD | USD | USD | USD | USD | USD | USD |
| INCOME | | | | | | | | | | | | | | | | | |
| Government and Institutional Grants & Contracts | 4 | 13,149,361 | | 27,236 | | 129,673 | | 13,306,270 | | 14,892,648 | | 9,843 | | 138,219 | | 15,040,710 | |
| Corporations and Foundation Grants | | 610,916 | | 281,607 | | 40,574 | | 933,098 | | 168,766 | | 169,633 | | 250 | | 338,649 | |
| Donations Directed by Individuals | 5 | 14,298 | | 2,891,486 | | 20,888 | | 2,926,673 | | 71,638 | | 844,422 | | 143,740 | | 1,059,799 | |
| Investment returns, net | | 0 | | (2,172) | | 62,933 | | 60,760 | | 0 | | 4,875 | | 66,796 | | 71,671 | |
| Present value discount | | 0 | | (16,519) | | 0 | | (16,519) | | 0 | | (1,923) | | 0 | | (1,923) | |
| Internal income transfer from restricted | | (943,693) | | 0 | | 943,693 | | 0 | | (857,455) | | (2,500) | | 859,955 | | 0 | |
| Total Income | | 12,830,883 | | 3,181,637 | | 1,197,761 | | 17,210,281 | | 14,275,596 | | 1,024,351 | | 1,208,960 | | 16,508,907 | |
| EXPENDITURE | | | | | | | | | | | | | | | | | |
| Staff costs | | 5,341,665 | | 162,602 | | 1,329,381 | | 6,833,649 | | 4,927,667 | | 174,780 | | 790,554 | | 5,893,001 | |
| Programme costs | | 3,728,939 | | 0 | | 116,128 | | 3,845,067 | | 4,798,368 | | 0 | | 18,012 | | 4,816,381 | |
| Travel & transport | | 1,215,173 | | 1,740 | | 32,640 | | 1,249,553 | | 1,739,343 | | 7,020 | | 131,890 | | 1,878,253 | |
| Professional services | | 485,203 | | 30,452 | | 407,223 | | 922,879 | | 375,136 | | 24,523 | | 376,016 | | 775,675 | |
| Occupancy and other administrative costs | | 1,493,703 | | 87,279 | | 166,848 | | 1,747,830 | | 1,946,247 | | 76,899 | | 123,622 | | 2,146,767 | |
| Finance & other operating costs/(gains) | | 689,702 | | 5,246 | | 29,916 | | 724,864 | | 884,753 | | 11,657 | | (770) | | 895,640 | |
| Restricted expenditure not covered by grants | | (123,502) | | 0 | | 123,502 | | 0 | | (395,918) | | 0 | | 395,918 | | 0 | |
| Total expenditure | | 12,830,883 | | 287,319 | | 2,205,639 | | 15,323,841 | | 14,275,596 | | 294,879 | | 1,835,242 | | 16,405,718 | |
| Net Surplus/(deficit) for the year | | 0 | | 2,894,318 | | (1,007,878) | | 1,886,441 | | 0 | | 729,471 | | (626,282) | | 103,189 | |
| Other Comprehensive income/(expense) | | | | | | | | | | | | | | | | | |
| Unrealised exchange gains/(losses) | | (16,398) | | 0 | | (353,060) | | (369,458) | | (148,975) | | 0 | | 43,294 | | (105,681) | |
| Reserves revaluation movements | | 22,129 | | 0 | | 86,617 | | 108,746 | | 1,929 | | 0 | | (17,057) | | (15,127) | |
| Total other comprehensive income/(expense) | | 5,731 | | 0 | | (266,443) | | (260,712) | | (147,046) | | 0 | | 26,237 | | (120,808) | |
| Total Comprehensive income/(expense) | | 5,731 | | 2,894,318 | | (1,274,320) | | 1,625,729 | | (147,046) | | 729,471 | | (600,045) | | (17,619) | |

4. Income by donor

| INSTITUTIONAL OR OTHER DONOR | RESTRICTED | | UNRESTRICTED | | RESTRICTED | | UNRESTRICTED | | 2019 Total income | | |
|---|-------------------|------------------|-------------------------|------------------|------------------------------------|------------------|-------------------------|------------------|------------------------------------|-------------------|-------------------|
| | 2020 Programmes | | 2020 Global Fundraising | | 2020 Global Management and Support | | 2019 Global Fundraising | | 2019 Global Management and Support | | |
| | USD | USD | USD | USD | USD | USD | USD | USD | USD | USD | |
| Office of U.S. Foreign Disaster Assistance | 4,091,548 | | | | | | | | | 3,380,118 | 3,380,118 |
| The European Union | 2,501,140 | | | | | | | | | 1,587,780 | 1,587,780 |
| Swiss Agency for Development and Cooperation | 1,372,251 | | | | | | | | | 1,506,795 | 1,506,795 |
| Deutsche Gesellschaft für Internationale Zusammenarbeit | 1,142,975 | | | | | | | | | 1,165,063 | 1,165,063 |
| Dutch Ministry of Foreign Affairs | 836,813 | | | | | | | | | 3,843,888 | 3,843,888 |
| Dutch Embassy & European Instrument for Democracy & Human Rights | 602,511 | | | | | | | | | 603,674 | 603,674 |
| Dutch agency for Development & Cooperation | 547,805 | | | | | | | | | 220,420 | 220,420 |
| European Civil Protection & Humanitarian Aid Operations | 355,942 | | | | | | | | | 0 | 0 |
| United Nations Development Programme | 277,076 | | | | | | | | | 852,991 | 852,991 |
| The UK Foreign, Commonwealth & Development Office | 258,051 | | | | | | | | | 635,806 | 635,806 |
| US Agency for International Development / Devt Alternatives Inc. | 248,520 | | | | | | | | | 351,508 | 351,508 |
| Iraq Humanitarian Pooled Fund | 223,873 | | | | | | | | | 210,489 | 210,489 |
| UN Office for the Coordination of Humanitarian Affairs | 192,552 | | | | | | | | | 0 | 0 |
| US Defence Research Laboratories | 132,601 | | | | | | | | | 0 | 0 |
| Save the Children | 130,300 | | | | | | | | | 14,616 | 14,616 |
| United Nations Population Fund | 68,369 | | | | | | | | | 0 | 0 |
| Other institutional donors (below USD 50k in 2020) (See note below) | 167,033 | | | | | | | | | 519,500 | 519,500 |
| Sub-total institutional donors | 13,149,361 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 14,892,648 | 14,892,648 |
| Transfer of overheads to unrestricted Corporations and Foundations | (940,295) | | | | | | | | | (864,793) | 0 |
| Donations Directed by Individuals | 610,916 | | | | | | | | | 168,766 | 338,649 |
| Investment income and other earned revenue | 14,298 | | | | | | | | | 844,422 | 1,059,799 |
| Other unrestricted income | | | | | | | | | | 2,663 | 89,835 |
| Present value discount | | | | | | | | | | (1,923) | 129,898 |
| | | | | | | | | | | | (1,923) |
| TOTAL | 12,834,281 | 3,155,584 | 1,220,415 | 1,220,415 | 1,014,795 | 1,225,853 | 1,014,795 | 1,225,853 | 16,508,907 | 14,268,259 | 16,508,907 |

Note: Other Institutional Donors are comprised of Humanity United, Norwegian Refugee Council/US Bureau of Population, Refugee & Migration, United States Institute of Peace (USIP), Deutsche Welle Akademie, United Nations Children's Fund (UNICEF), Finnish Ministry of Foreign Affairs, Canada Ministry of Foreign Affairs, Global Challenges Research Fund UK (GCRF), and Chicago International Dispute Resolution Association (CIDRA).

5. Donations by individuals

Contributions and gifts are recognized as revenue as they are received. Within the United States, amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions. When a restriction expires or is met, net assets with donor restrictions are reclassified to net assets without donor restrictions. For purposes of the aggregated Financial Statements, contributions designated for future periods (time restricted) without other restrictions or to purpose are classified as unrestricted net assets. The reclassification between the US and aggregated financial statements are as follows:

| | 2020 Restricted | 2020 Unrestricted | 2019 Restricted | 2019 Unrestricted |
|--|--------------------|----------------------|--------------------|----------------------|
| | USD | USD | USD | USD |
| Donations by Individuals | | | | |
| NP United States | | | | |
| Donations by Individuals | 1,281,803 | 1,644,870 | 164,815 | 894,884 |
| Present value discount | | (16,519) | | (1,923) |
| | 1,281,803 | 1,628,351 | 164,815 | 892,961 |
| Aggregated Financial Statements | | | | |
| Donations by Individuals | 14,298 | 2,912,374 | 71,538 | 988,162 |
| Present value discount | | (16,519) | | (1,923) |
| | 14,298 | 2,895,855 | 71,538 | 986,239 |

6. Fixed Assets

The following categories of depreciable fixed assets were held by the group:

| | Vehicles | Office Furniture and equipment | Total |
|---|-----------------|--------------------------------------|------------------|
| | USD | USD | USD |
| COST | | | |
| Opening balance as at 1 January 2020 | 49,790 | 70,297 | 120,088 |
| Fixed assets currency movement on cost during the year | 2,236 | 4,399 | 6,635 |
| Disposals during the year | | | 0 |
| Closing balance as at 31 December 2020 | 52,026 | 74,697 | 126,723 |
| ACCUMULATED DEPRECIATION | | | |
| Opening balance as at 1 January 2020 | (43,415) | (67,177) | (110,592) |
| Depreciation charge and currency conversion movements during the year | (4,361) | (3,464) | (7,825) |
| Written off during the year | | | 0 |
| Closing balance as at 31 December 2020 | (47,776) | (70,641) | (118,417) |
| NET BOOK VALUE | | | |
| Opening balance as at 1 January 2020 | 6,375 | 3,121 | 9,496 |
| Closing balance as at 31 December 2020 | 4,250 | 4,056 | 8,306 |

7. Grants receivable and Grants deferred income

Grants receivable represents total contracted amounts per grants agreements less cash instalments and transfers to NP by donors. Deferred income represents the total contracted amounts that are attributable to future periods after 31 December 2020. Where the deferred income is higher in absolute terms than the grants receivable, the difference broadly indicates that donors have advanced cash to NP, thus the difference is a net liability. Where the grant receivable is higher than the deferred income in absolute terms, it implies broadly that NP has pre-financed the grant and is therefore owed funds by the donor for activities that have already been undertaken. The above amounts are net for all the grants at each individual country programme.

| | GRANTS RECEIVABLE 2020 | DEFERRED INCOME 2020 | NET 2020 | GRANTS RECEIVABLE 2019 | DEFERRED INCOME 2019 | NET 2019 |
|------------------|-------------------------------|-----------------------------|--------------------|-------------------------------|-----------------------------|--------------------|
| | USD | USD | USD | USD | USD | USD |
| NP South Sudan | 12,378,526 | (15,835,084) | (3,456,558) | 7,465,660 | (7,057,674) | 407,986 |
| NP Philippines | 2,944,485 | (4,923,568) | (1,979,084) | 488,299 | (1,617,627) | (1,129,328) |
| NP Iraq | 2,863,550 | (3,533,347) | (669,797) | 516,327 | (1,384,283) | (867,956) |
| NP Myanmar | 491,213 | (419,338) | 71,875 | 180,241 | (82,193) | 98,049 |
| NP AISBL | 1,479,440 | (1,931,044) | (451,604) | 475,344 | (542,885) | (67,541) |
| NP International | 5,663 | (5,663) | 0 | 25,831 | 0 | 25,831 |
| NP United States | 1,394,271 | 0 | 1,394,271 | 321,653 | (9,630) | 312,023 |
| Total | 21,557,148 | (26,648,044) | (5,090,897) | 9,473,356 | (10,694,292) | (1,220,937) |

8. Payroll liabilities

Payroll liabilities represent payments in respect of staff remuneration outstanding as at 31 December.

Employee benefits and social security liabilities principally relate to NP South Sudan where staff benefits and social security are not payable until staff leave the employment of NP or as may be agreed with the National Government.

| | 2020 | 2019 |
|---|----------------|------------------|
| | USD | USD |
| Employee benefits and social security | 464,147 | 982,483 |
| Pension and retirement benefits | 50 | (42) |
| Accrued staff leave and vacation | 45,850 | 8,734 |
| Salaries, medical costs and other payroll liabilities | 2,950 | 21,718 |
| Total payroll liabilities | 512,998 | 1,012,893 |

9. Lease commitments

NP has operating lease commitments on rental of office and other premises. Within Country Programmes, the leases are of short durations and may be terminated by the giving of either 30 days or 60 days' notice at any time. There are no long-term lease agreements in country programmes as they have been negotiated to match the normally short durations of most grants. Long term significant lease agreements are with NP United States (NPUS) and NP Headquarters (NPHQ). The lease commitments for the following five years are as follows:

| | | | NPUS | NPHQ |
|------------------------------------|-------------------------------------|----------------|----------------|----------------|
| | | Total | 2020 | 2020 |
| | | USD Equiv. | USD | CHF |
| During the year ended 31 December: | | | | |
| | 2021 | 135,491 | 18,888 | 102,950 |
| | 2022 | 138,305 | 19,313 | 105,060 |
| | 2023 | 141,177 | 19,738 | 107,220 |
| | 2024 | 123,061 | 20,163 | 90,850 |
| | 2025 | 20,588 | 20,588 | 0 |
| | Thereafter | 3,329 | 3,329 | 0 |
| | Total minimum lease payments | 561,951 | 102,019 | 406,080 |

10. NP Syria programme

The Syria programme ceased operations in 2018 but the books of account were left open pending donor audit and closure of the project grant. This was done in 2019 and completed in 2020. The inter-company balance was off-set with the balance in NP-AISBL and the remaining assets and liabilities were subsumed into NP-AISBL in 2020.

11. Going concern

These accounts have been prepared on a going concern basis.

12. Contingent Liabilities

The Board and the management are not aware of any significant events that should be reported as contingent liabilities.

13. Significant events after the balance sheet date and Going Concern assumption

The Board and the management are not aware of any significant events after the balance sheet date that might have any significant impact on the going concern assumption.

