

FINANCIAL STATEMENTS



**FOR THE YEAR ENDED DECEMBER 31, 2022
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2021**

NONVIOLENT PEACEFORCE, INC.

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CPAs & ADVISORS

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, 2022, 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, 2022, 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.

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.

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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

We have previously audited the Organization's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 8, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



May 11, 2023

NONVIOLENT PEACEFORCE, INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2021

ASSETS

	<u>2022</u>	<u>2021</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,075,479	\$ 860,983
Investments	1,010,400	1,338,711
Accounts receivable	38,057	-
Related party receivables	13,409	-
Grants and contributions receivable	1,168,968	946,800
Prepaid expenses	39,834	30,113
Related party loan	<u>225,000</u>	<u>-</u>
Total current assets	<u>3,571,147</u>	<u>3,176,607</u>
FIXED ASSETS		
Equipment	65,745	65,745
Less: Accumulated depreciation	<u>(58,788)</u>	<u>(55,252)</u>
Net fixed assets	<u>6,957</u>	<u>10,493</u>
NONCURRENT ASSETS		
Right of use asset	107,391	-
Grants and contributions receivable, net of current portion and discount of \$29,691	413,255	36,749
Deposits	<u>8,862</u>	<u>8,862</u>
Total noncurrent assets	<u>529,508</u>	<u>45,611</u>
TOTAL ASSETS	<u>\$ 4,107,612</u>	<u>\$ 3,232,711</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 37,200	\$ 10,122
Related party payable	-	4,535
Accrued vacation and payroll liabilities	44,107	47,843
Operating lease liability	<u>33,198</u>	<u>-</u>
Total current liabilities	<u>114,505</u>	<u>62,500</u>
NONCURRENT LIABILITIES		
Operating lease liability, net of current portion	<u>75,885</u>	<u>-</u>
Total liabilities	<u>190,390</u>	<u>62,500</u>
NET ASSETS		
Without donor restrictions	2,413,069	2,015,762
With donor restrictions	<u>1,504,153</u>	<u>1,154,449</u>
Total net assets	<u>3,917,222</u>	<u>3,170,211</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,107,612</u>	<u>\$ 3,232,711</u>

See accompanying notes to financial statements.

NONVIOLENT PEACEFORCE, INC.

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2021**

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE				
Individual contributions	\$ 1,653,815	\$ 537,614	\$ 2,191,429	\$ 1,142,270
Foundation and corporate grants and contributions	248,000	1,085,809	1,333,809	899,363
Contracts	332,533	-	332,533	233,957
Investment (loss) income, net	(228,272)	-	(228,272)	115,996
Other revenue	-	-	-	100
Net assets released from donor restrictions	<u>1,273,719</u>	<u>(1,273,719)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>3,279,795</u>	<u>349,704</u>	<u>3,629,499</u>	<u>2,391,686</u>
EXPENSES				
Program Services	<u>2,053,609</u>	<u>-</u>	<u>2,053,609</u>	<u>1,620,611</u>
Supporting Services:				
Management and General	252,217	-	252,217	375,331
Fundraising	<u>576,662</u>	<u>-</u>	<u>576,662</u>	<u>351,661</u>
Total supporting services	<u>828,879</u>	<u>-</u>	<u>828,879</u>	<u>726,992</u>
Total expenses	<u>2,882,488</u>	<u>-</u>	<u>2,882,488</u>	<u>2,347,603</u>
Change in net assets before other item	397,307	349,704	747,011	44,083
OTHER ITEM				
Forgiveness of debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>98,700</u>
Change in net assets	397,307	349,704	747,011	142,783
Net assets at beginning of year	<u>2,015,762</u>	<u>1,154,449</u>	<u>3,170,211</u>	<u>3,027,428</u>
NET ASSETS AT END OF YEAR	<u>\$ 2,413,069</u>	<u>\$ 1,504,153</u>	<u>\$ 3,917,222</u>	<u>\$ 3,170,211</u>

NONVIOLENT PEACEFORCE, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2021**

	2022				2021	
	Supporting Services			Total Supporting Services	Total Expenses	
	Program Services	Management and General	Fundraising			
Salaries - US staff	\$ 929,637	\$ 76,522	\$ 292,479	\$ 369,001	\$ 1,298,638	\$ 845,960
Benefits	50,973	7,492	39,850	47,342	98,315	57,966
Payroll taxes	75,744	734	23,797	24,531	100,275	60,890
Contracted employees	14,273	27	-	27	14,300	13,593
Professional services	162,925	66,775	71,805	138,580	301,505	253,196
Contributions to NP AISBL and affiliates	630,020	-	-	-	630,020	785,157
Travel	46,001	3,896	3,857	7,753	53,754	57,243
Occupancy	84,256	23,735	26,408	50,143	134,399	35,366
Internet and telecommunications	3,906	1,274	2,297	3,571	7,477	7,136
Copying and printing	4,947	2,141	78,276	80,417	85,364	73,632
Postage and shipping	1,945	340	4,328	4,668	6,613	12,550
Supplies	959	520	227	747	1,706	33,467
Equipment expenses	6,610	3,357	438	3,795	10,405	1,959
Advertising	21,329	9,886	14,432	24,318	45,647	43,227
Meetings and training	13,170	3,425	5,553	8,978	22,148	17,411
Membership and registration fees	5,419	20,791	6,877	27,668	33,087	23,233
Bank, credit card and exchange fees	-	4,616	5,987	10,603	10,603	10,381
Insurance	316	24,155	-	24,155	24,471	13,502
Depreciation	1,118	2,418	-	2,418	3,536	1,734
Other	61	113	51	164	225	-
TOTAL	\$ 2,053,609	\$ 252,217	\$ 576,662	\$ 828,879	\$ 2,882,488	\$ 2,347,603

See accompanying notes to financial statements.

NONVIOLENT PEACEFORCE, INC.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2021**

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 747,011	\$ 142,783
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	3,536	1,734
Unrealized loss (gain)	319,944	(87,639)
Realized (gain) loss	(47,091)	1,445
Forgiveness of debt	-	(98,700)
Discount on long-term receivables	29,100	(17,851)
Receipt of contributed securities	(71,420)	(66,522)
Proceeds from the sale of contributed securities	71,420	64,532
Amortization of right-of-use asset	49,351	-
(Increase) decrease in:		
Accounts receivable	(38,057)	-
Related party receivables	(13,409)	5,216
Grants and contributions receivable	(627,773)	762,761
Prepaid expenses	(9,721)	(1,954)
Deposits	-	(6,063)
Increase (decrease) in:		
Accounts payable	27,077	(18,778)
Related party payable	(4,535)	4,535
Accrued vacation and payroll liabilities	(3,736)	29,066
Operating lease liability	(47,659)	-
Net cash provided by operating activities	<u>384,038</u>	<u>714,565</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	-	(10,546)
Purchase of investments	(860,558)	(579,687)
Proceeds from sale of investments	916,016	-
Loan to related party	(400,000)	-
Forgiveness of portion of loan to related party	<u>175,000</u>	<u>-</u>
Net cash used by investing activities	<u>(169,542)</u>	<u>(590,233)</u>
Net increase in cash and cash equivalents	214,496	124,332
Cash and cash equivalents at beginning of year	<u>860,983</u>	<u>736,651</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,075,479</u>	<u>\$ 860,983</u>
SUPPLEMENTAL INFORMATION:		
Right-of-Use Asset	<u>\$ 156,742</u>	<u>\$ -</u>
Operating Lease Liability for Right-of-Use Asset	<u>\$ 156,742</u>	<u>\$ -</u>

See accompanying notes to financial statements.

NONVIOLENT PEACEFORCE, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022

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 and began programming in the United States in 2021. 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, private philanthropy and community safety programming in the United States. 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, 2021, 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, 2022**

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

New accounting pronouncement adopted -

During 2022, the Organization adopted ASU 2019-01, *Leases* (Topic 842), which changed 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. The Organization applied the new standard using the modified retrospective approach and adopted the practical expedient package to not reassess at adoption (i) expired or existing contracts for whether they are or contain a lease, (ii) the lease classification of any existing leases or (iii) initial indirect costs for existing leases. See Note 6 for further details.

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 (loss) 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 \$1,000 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, 2022 totaled \$3,536.

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.

NONVIOLENT PEACEFORCE, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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

Uncertain tax positions -

For the year ended December 31, 2022, 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.

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 unrecognized balance was \$1,463,893. The Organization did not have any unrecognized conditional awards as of December 31, 2022.

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.

NONVIOLENT PEACEFORCE, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

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

Advertising -

The Organization expenses advertising costs as incurred. Advertising expense was \$45,647 for the year ended December 31, 2022.

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.

NONVIOLENT PEACEFORCE, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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

Fair value measurement (continued) -

In many instances, NAV will not equal fair value that would be calculated pursuant to the Fair Value Measurement Topic.

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, 2022.

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

New accounting pronouncements not yet adopted -

Accounting Standard Update (ASU) 2016-13, *Financial Instruments – Credit Losses* (Topic 326), replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The ASU is effective for the Organization for the year ending December 31, 2023. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach.

The Organization plans to adopt the new ASU 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, 2022, 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. 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 loss are the following:

Interest and dividends	\$ 44,758
Unrealized loss	(319,944)
Realized gain	47,091
Investment expenses provided by external investment advisors	<u>(177)</u>
TOTAL INVESTMENT LOSS, NET OF INVESTMENT EXPENSES	<u>\$ (228,272)</u>

3. GRANTS AND CONTRIBUTIONS RECEIVABLE

As of December 31, 2022, contributors to the Organization have made unconditional written promises to give, of which \$1,611,914, 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%.

NONVIOLENT PEACEFORCE, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

3. GRANTS AND CONTRIBUTIONS RECEIVABLE (Continued)

Following is a schedule of amounts due, by year, as of December 31, 2022:

Less than one year	\$ 1,168,968
One to five years	<u>442,946</u>
Total	1,611,914
Less: Allowance to discount balance to present value	<u>(29,691)</u>
NET RECEIVABLES	<u>\$ 1,582,223</u>

4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2022:

Subject to expenditure for specified purpose:	
Asian American Federation	\$ 41,369
Holthues Trust	90,737
McKnight Foundation	227,874
Rural Minnesota	<u>230,389</u>
Subtotal	590,369
Subject to passage of time	903,799
Endowment to be invested in perpetuity	<u>9,985</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 1,504,153</u>

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	\$ 45,722
Entertainment Industry Foundation	19,231
Holthues Trust	129,263
Jubitz Family Foundation	50,000
McKnight Foundation	285,370
Rural Minnesota	45,611
Timing restrictions accomplished	<u>698,522</u>
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u>\$ 1,273,719</u>

5. 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	\$ 1,075,479
Investments	1,010,400
Accounts receivable	38,057
Related party receivables	13,409
Grants and contributions receivable	<u>1,168,968</u>
Subtotal financial assets available within one year	3,306,313
Less: Donor restricted funds	<u>(600,354)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 2,705,959</u>

NONVIOLENT PEACEFORCE, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

5. LIQUIDITY AND AVAILABILITY (Continued)

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.

6. LEASE COMMITMENTS

The Organization leases two offices in Saint Paul, Minnesota under a five-year non-cancelable agreement that commenced on 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. that expired on December 31, 2022 and was renewed for an additional 12 months starting on January 1, 2023. The Organization has an office lease in New York, New York that will expire on March 31, 2023.

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.

The Organization elected the practical expedient package to not reassess at adoption (i) expired or existing contracts for whether they are or contain a lease, (ii) the lease classification of any existing leases or (iii) initial indirect costs for existing leases. The Organization also elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and are applying this expedient to all relevant asset classes. The Organization adopted the package of practical expedients to not perform any lease reclassification, did not reevaluate embedded leases and did not reassess initial direct costs. As a result, the Organization recorded a right-of-use asset in the amount of \$156,742. The Organization recorded an operating lease liability in the amount of \$156,742 by calculating the present value using the discount rate of 1.39%.

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

<u>Year Ending December 31,</u>	<u>MN Lease</u>	<u>Short Term Leases</u>	<u>Total</u>
2023	\$ 34,505	\$ 33,853	\$ 68,358
2024	35,245	-	35,245
2025	35,985	-	35,985
2026	<u>6,059</u>	<u>-</u>	<u>6,059</u>
Total	111,794	<u>\$ 33,853</u>	<u>\$ 145,647</u>
Less: Imputed interest	(2,711)		
Less: Current portion	<u>(33,198)</u>		
LONG-TERM PORTION	<u>\$ 75,885</u>		

Lease expense for the year ended December 31, 2022 was \$99,336 and is included in occupancy on the Statement of Functional Expenses.

NONVIOLENT PEACEFORCE, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

7. 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.

Program 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 program management and coordination, fundraising, communication, and administration.

During the year, NPUS loaned Nonviolent Peaceforce International \$400,000 to cover operating costs. The loan is interest free and was to be re-paid by December 31, 2022. NPUS forgave \$175,000 of the loan and rolled into their 2022 operating budget as funds granted to affiliates. The balance of the receivable at December 31, 2022 was \$225,000.

Funds transferred to related parties for program expenses (including the loan forgiveness) for the year ended December 31, 2022 are as follows:

Nonviolent Peaceforce AISBL	\$ <u>630,020</u>
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At December 31, 2022, the Organization had a related party receivable from Nonviolent Peaceforce AISBL of \$13,409.

8. SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through May 11, 2023, the date the financial statements were issued.