

FINANCIAL STATEMENTS



**FOR THE YEAR ENDED DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2022**

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, 2023, 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, 2023, 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 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 11, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.



May 28, 2024

NONVIOLENT PEACEFORCE, INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022

ASSETS

	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 774,909	\$ 1,075,479
Investments	901,249	1,010,400
Accounts receivable	-	38,057
Related party receivables	6,101	13,409
Grants and contributions receivable	1,300,379	1,168,968
Prepaid expenses	85,121	39,834
Related party loan	<u>-</u>	<u>225,000</u>
Total current assets	<u>3,067,759</u>	<u>3,571,147</u>
FIXED ASSETS		
Equipment	133,538	65,745
Less: Accumulated depreciation	<u>(63,179)</u>	<u>(58,788)</u>
Net fixed assets	<u>70,359</u>	<u>6,957</u>
NONCURRENT ASSETS		
Right-of-use asset	640,765	107,391
Grants and contributions receivable, net of current portion and discount of \$38,543	560,657	413,255
Deposits	<u>20,811</u>	<u>8,862</u>
Total noncurrent assets	<u>1,222,233</u>	<u>529,508</u>
TOTAL ASSETS	<u>\$ 4,360,351</u>	<u>\$ 4,107,612</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 60,090	\$ 37,200
Accrued vacation and payroll liabilities	48,458	44,107
Operating lease liability	<u>88,706</u>	<u>33,198</u>
Total current liabilities	<u>197,254</u>	<u>114,505</u>
NONCURRENT LIABILITIES		
Operating lease liability, net of current portion	<u>554,090</u>	<u>75,885</u>
Total liabilities	<u>751,344</u>	<u>190,390</u>
NET ASSETS		
Without donor restrictions	2,038,719	2,413,069
With donor restrictions	<u>1,570,288</u>	<u>1,504,153</u>
Total net assets	<u>3,609,007</u>	<u>3,917,222</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,360,351</u>	<u>\$ 4,107,612</u>

See accompanying notes to financial statements.

NONVIOLENT PEACEFORCE, INC.

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022**

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE				
Individual contributions	\$ 424,508	\$ 890,327	\$ 1,314,835	\$ 2,191,429
Foundation and corporate grants and contributions	29,691	1,606,700	1,636,391	1,333,809
Government grants	624,723	-	624,723	-
Contracts	55,930	-	55,930	332,533
Return on investment, net	143,763	-	143,763	(228,272)
Other revenue	3,500	-	3,500	-
Net assets released from donor restrictions	<u>2,430,892</u>	<u>(2,430,892)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>3,713,007</u>	<u>66,135</u>	<u>3,779,142</u>	<u>3,629,499</u>
EXPENSES				
Program Services	<u>3,330,080</u>	<u>-</u>	<u>3,330,080</u>	<u>2,053,609</u>
Supporting Services:				
Management and General	208,482	-	208,482	252,217
Fundraising	<u>548,795</u>	<u>-</u>	<u>548,795</u>	<u>576,662</u>
Total supporting services	<u>757,277</u>	<u>-</u>	<u>757,277</u>	<u>828,879</u>
Total expenses	<u>4,087,357</u>	<u>-</u>	<u>4,087,357</u>	<u>2,882,488</u>
Change in net assets	(374,350)	66,135	(308,215)	747,011
Net assets at beginning of year	<u>2,413,069</u>	<u>1,504,153</u>	<u>3,917,222</u>	<u>3,170,211</u>
NET ASSETS AT END OF YEAR	<u>\$ 2,038,719</u>	<u>\$ 1,570,288</u>	<u>\$ 3,609,007</u>	<u>\$ 3,917,222</u>

NONVIOLENT PEACEFORCE, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022**

	2023				2022	
	Supporting Services			Total Supporting Services	Total Expenses	Total Expenses
	Program Services	Management and General	Fundraising			
Salaries - US staff	\$ 1,143,469	\$ 9,362	\$ 289,437	\$ 298,799	\$ 1,442,268	\$ 1,298,638
Contributions to NP AISBL and affiliates	1,000,000	-	-	-	1,000,000	630,020
Professional services	383,239	107,023	14,280	824,998	504,542	301,505
Travel	212,772	765	3,987	4,752	217,524	53,754
Occupancy expense	136,820	5,421	12,293	17,714	154,534	134,399
Benefits	90,534	8,673	39,158	47,831	138,365	98,315
Payroll taxes	89,459	5,283	22,681	27,964	117,423	100,275
Other	2,086	7,701	-	7,701	9,787	225
Fee paid to NP AISBL	104,170	-	-	-	104,170	-
Postage and shipping	2,722	1,394	84,570	85,964	88,686	6,613
Meetings and training	44,669	1,364	8,924	10,288	54,957	22,148
Internet and telecommunications	7,904	11,257	30,791	42,048	49,952	7,477
Contracted employees	44,611	808	1,141	1,949	46,560	14,300
Copying and printing	2,474	15,744	24,393	40,137	42,611	85,364
Supplies	33,497	952	998	1,950	35,447	1,706
Insurance	3,959	23,989	1,131	25,120	29,079	24,471
Membership and registration fees	8,316	717	5,084	14,117	14,117	33,087
Advertising	9,546	-	2,522	2,522	12,068	45,647
Equipment expenses	9,833	-	1,260	1,260	11,093	10,405
Bank, credit card and exchange fees	-	3,638	6,145	9,783	9,783	10,603
Depreciation	-	4,391	-	4,391	4,391	3,536
TOTAL	\$ 3,330,080	\$ 208,482	\$ 548,795	\$ 757,277	\$ 4,087,357	\$ 2,882,488

See accompanying notes to financial statements.

NONVIOLENT PEACEFORCE, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (308,215)	\$ 747,011
Adjustments to reconcile change in net assets to net cash (used) provided (used) by operating activities:		
Depreciation	4,391	3,536
Unrealized (gain) loss	(101,689)	319,944
Realized loss (gain)	104	(47,091)
Discount on long-term receivables	8,852	29,100
Receipt of contributed securities	(450)	(71,420)
Proceeds from the sale of contributed securities	450	71,420
Amortization of right-of-use asset	48,975	49,351
Decrease (increase) in:		
Accounts receivable	38,057	(38,057)
Related party receivables	7,308	(13,409)
Grants and contributions receivable	(287,665)	(627,773)
Prepaid expenses	(45,287)	(9,721)
Deposits	(11,949)	-
Decrease (increase) in:		
Accounts payable	22,890	27,077
Related party payable	-	(4,535)
Accrued vacation and payroll liabilities	4,351	(3,736)
Operating lease liability	<u>(48,636)</u>	<u>(47,659)</u>
Net cash (used) provided (used) by operating activities	<u>(668,513)</u>	<u>384,038</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	(67,793)	-
Purchase of investments	(39,714)	(860,558)
Proceeds from sale of investments	250,450	916,016
Loan to related party	-	(400,000)
Forgiveness of portion of loan to related party	<u>225,000</u>	<u>175,000</u>
Net cash provided (used) by investing activities	<u>367,943</u>	<u>(169,542)</u>
Net (decrease) increase in cash and cash equivalents	(300,570)	214,496
Cash and cash equivalents at beginning of year	<u>1,075,479</u>	<u>860,983</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 774,909</u>	<u>\$ 1,075,479</u>
SUPPLEMENTAL INFORMATION:		
Right-of-Use Asset	<u>\$ 639,669</u>	<u>\$ 156,742</u>
Operating Lease Liability for Right-of-Use Asset	<u>\$ 639,669</u>	<u>\$ 156,742</u>

See accompanying notes to financial statements.

NONVIOLENT PEACEFORCE, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

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 Minneapolis, 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 Minneapolis, NP has offices in Brussels, Belgium ("NP AISBL"), the Philippines, Indonesia, Sudan, Ukraine, South Sudan, Iraq, and Myanmar. NP currently has active operations in South Sudan, Sudan, Iraq, Myanmar, Indonesia, Thailand, Ukraine, the United States and the Philippines.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) related to nonprofit 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". Net assets set aside 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** - Net assets may be subject to donor-imposed stipulations that are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. 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, 2022, from which the summarized information was derived.

New accounting pronouncement adopted -

Accounting Standards 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. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to the guidance in FASB ASC 326 are trade accounts receivable. The Organization implemented the ASU on January 1, 2023.

NONVIOLENT PEACEFORCE, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

**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 return, 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, such as donated securities, 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 include unconditional promises to give that are expected to be collected in future years. Grants and contributions receivable are recorded at their fair value, which is measured as the present value of the future cash flows. The discount on long-term grants and contributions receivable is computed using the risk-adjusted interest rates applicable to the years in which the promises to give were received. Amortization of the discount is included in contributions.

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, 2023 totaled \$4,391.

Income taxes -

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

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*.

NONVIOLENT PEACEFORCE, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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

Revenue (continued) -

Contributions and grants (continued) -

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, 2023.

In addition, the Organization has obtained funding source agreements related to conditional contributions, such as Federal awards from the U.S. Government, which will be received in future years. The Organization's unrecognized conditional contributions to be received in future years was zero as of December 31, 2023.

Revenue from contracts with customers -

The Organization's services fees are the most significant revenue streams that are treated as exchange transaction revenue following ASC Topic 606. Revenue from contracts with customers is recorded 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 and/or sales price. Amounts received in advance of satisfying performance obligations are recorded as deferred revenue. The Organization's contracts with customers generally have initial terms of one year or less.

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 -

The Organization expenses advertising costs as incurred. Advertising expense was \$12,068 for the year ended December 31, 2023.

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.

NONVIOLENT PEACEFORCE, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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

Functional allocation of expenses (continued) -

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.

2. **INVESTMENTS AND FAIR VALUE**

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.

As of December 31, 2023, the Organization has an investment in a balanced collective investment fund. Net asset values of pooled separate accounts are not publicly quoted. FASB ASC 820 allows net asset value to serve as an estimate of fair value of pooled separate accounts. ASC 820 goes on to state that where NAV is allowed to be used as an estimate of fair value, if the reporting entity has the ability to redeem its investment at NAV as of the measurement date, the investment shall be categorized as a Level 2 fair value measurement. The Organization has determined that these pooled separate accounts can be redeemed at net asset value.

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, 2023**

2. INVESTMENTS AND FAIR VALUE (Continued)

The table below summarizes investments, which are measured at fair value on a recurring basis, by level within the fair value hierarchy as of December 31, 2023.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Investments Measured in NAV per Practical Expedient	\$ -	\$ 901,249	\$ -	\$ 901,249

Included in investment return are the following:

Interest and dividends	\$ 42,426
Unrealized gain	101,689
Realized loss	(104)
Investment expenses provided by external investment advisors	(248)
TOTAL INVESTMENT RETURN, NET OF INVESTMENT EXPENSES	\$ 143,763

3. GRANTS AND CONTRIBUTIONS RECEIVABLE

As of December 31, 2023, contributors to the Organization have made unconditional written promises to give, of which \$1,899,579, 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 4.23% to 4.79%.

Following is a schedule of amounts due, by year, as of December 31, 2023:

Less than one year	\$ 1,300,379
One to five years	599,200
Total	1,899,579
Less: Allowance to discount balance to present value	(38,543)
NET RECEIVABLES	\$ 1,861,036

4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2023:

Subject to passage of time	\$ 940,360
Subject to expenditure for specified purpose:	
Asian American Foundation	75,000
Other programs	18,108
2023 Advocacy	15,000
NYC Training	31,778
Rural Minnesota	480,057
Subtotal	1,560,303
Endowment to be invested in perpetuity	9,985
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	\$ 1,570,288

NONVIOLENT PEACEFORCE, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

4. 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	
NYC Training	\$ 388,223
Holthues Trust	252,198
Twin Cities	275,461
U.S. programs	72,707
Rural Minnesota	280,331
Hub for Nonviolence and Healing	57,652
Other	44,180
Timing restrictions accomplished	<u>1,060,140</u>
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u>\$ 2,430,892</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	\$ 774,909
Investments	901,249
Related party receivables	6,101
Grants and contributions receivable	<u>1,300,379</u>
Subtotal financial assets available within one year	2,982,638
Less: Donor restricted funds	<u>(950,345)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 2,032,293</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.

6. LEASE COMMITMENTS

The Organization follows FASB ASC 842 for leases. The Organization has elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and is applying this expedient to all relevant asset classes. The Organization has also elected to use a risk-free rate as the lease discount rate for all leases as allowed under FASB ASC 842.

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. This lease expired and was extended through February 28, 2026.

The Organization also leases office space in Minneapolis, Minnesota under a seven-year non-cancelable agreement that commenced in November 2023. The lease requires escalating monthly rent payments.

NONVIOLENT PEACEFORCE, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

6. LEASE COMMITMENTS (Continued)

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 through May 2024. The Organization had an office lease in New York, New York that expired on March 31, 2023.

For the year ended December 31, 2023, total lease cost was \$126,524 (included in occupancy expense) and total cash paid was \$126,186 for all operating leases. As of December 31, 2023, the weighted-average remaining lease term and rate for operating leases is 6 years and 4.49%, respectively.

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

<u>Year Ending December 31,</u>	
2024	\$ 115,490
2025	109,444
2026	96,499
2027	96,800
2028	100,430
Thereafter	<u>238,975</u>
Total	757,638
Less: Imputed interest	(115,472)
Less: Current portion	<u>(88,076)</u>
LONG-TERM PORTION	<u>\$ 554,090</u>

Lease expense for the year ended December 31, 2023 was \$51,585 and is included in lease expense on the Statement of Functional Expenses.

7. RELATED PARTIES

As described in Note 1, Nonviolent Peaceforce, Inc. (NPUS) 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.

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7. RELATED PARTIES (Continued)

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 El Fasher, Ukraine (Odesa), Indonesia (Banda Aceh) and United States based in Minnesota and New York. The Headquarters of the Group are located in Geneva, Switzerland while the United States office is based at Minneapolis, Minnesota. Both offices are responsible for program management and coordination, fundraising, communication, and administration.

During 2022, NPUS loaned Nonviolent Peaceforce International \$400,000 to cover operating costs. The loan was interest free and was to be re-paid by December 31, 2022. NPUS forgave \$175,000 of the loan and rolled it into their 2022 operating budget as funds granted to affiliates. The remaining balance of \$225,000 was forgiven in 2023.

Funds transferred to related parties for program expenses (including the loan forgiveness) for the year ended December 31, 2023 are as follows:

Nonviolent Peaceforce AISBL	\$ <u>1,000,000</u>
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At December 31, 2023, the Organization had a related party receivable from Nonviolent Peaceforce AISBL of \$6,101.

8. CONTINGENCY

The Organization receives grants from various agencies of the United States Government. Beginning for fiscal year ended December 31, 2015, such grants are subject to audit under the provisions of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*.

The ultimate determination of amounts received under the United States Government grants is based upon the allowance of costs reported to and accepted by the United States Government as a result of the audits. Audits in accordance with the applicable provisions have been completed for all required fiscal years through 2023. The Organization did not meet the threshold to require an audit under Uniform Guidance for the year ended December 31, 2023.

9. SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through May 28, 2024, the date the financial statements were issued.