

***Peace Development Fund
Financial Statements
June 30, 2021***

Peace Development Fund

Financial Statements

June 30, 2021

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NOLAN, CALCASOLA & CO., P.C.

Certified Public Accountants

Independent Auditor's Report

To the Members of the Board of Directors
of Peace Development Fund

Opinion

We have audited the accompanying financial statements of Peace Development Fund (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, cash flows and functional expenses 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 Peace Development Fund as of June 30, 2021, and the changes 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 of 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 Peace Development Fund 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 these 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 Peace Development Fund'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. 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 Peace Development Fund'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 Peace Development Fund'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.

Nolan, Calcarola & CO., P.C.

East Longmeadow, Massachusetts

December 15, 2021

Peace Development Fund
Statement of Financial Position
June 30, 2021

Assets

Current Assets:

Cash and Cash Equivalents	\$ 1,604,934
Accounts Receivable	5,539
Prepaid Expenses	<u>14,365</u>

Total Current Assets	<u>1,624,838</u>
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Investments at Fair Value	<u>1,441,595</u>
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Property and Equipment:

Building Improvements	268,650
Furniture and Equipment	211,333
Building	<u>175,000</u>
	654,983
(Less: Accumulated Depreciation)	<u>(414,784)</u>

Net Property and Equipment	<u>240,199</u>
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Total Assets	<u>\$ 3,306,632</u>
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Liabilities and Net Assets

Current Liabilities:

Grants Payable	\$ 207,099
Accounts Payable	<u>3,021</u>

Total Current Liabilities	<u>210,120</u>
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Total Liabilities	<u>210,120</u>
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Net Assets:

Without Donor Restrictions	1,135,005
With Donor Restrictions	<u>1,961,507</u>

Total Net Assets	<u>3,096,512</u>
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Total Liabilities and Net Assets	<u>\$ 3,306,632</u>
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Peace Development Fund
Statement of Activities
For the Year Ended June 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, Gains and Other Support:			
Contributions:			
Foundations	\$ 479,487	\$ 3,490,495	\$ 3,969,982
Individuals	398,040	1,533,759	1,931,799
	<hr/>	<hr/>	<hr/>
Total Contributions	877,527	5,024,254	5,901,781
Other Support:			
Administrative Fees	242,571	-	242,571
Gain (Loss) on Investments	5,386	56,646	62,032
Other Income	13,509	-	13,509
Dividend and Interest Income Investments	1,539	11,357	12,896
Rental Income	2,600	-	2,600
Bank Interest	354	-	354
	<hr/>	<hr/>	<hr/>
Total Other Support	265,959	68,003	333,962
Revenues, Gains and Other Support	1,143,486	5,092,257	6,235,743
Net Assets Released from Restrictions			
Satisfaction of Program Restrictions	4,698,558	(4,698,558)	-
	<hr/>	<hr/>	<hr/>
Total Revenues, Gains and Other Support	5,842,044	393,699	6,235,743
Expenses:			
Program Expenses	4,935,471	-	4,935,471
Management Expenses	93,836	-	93,836
Development Expenses	88,395	-	88,395
	<hr/>	<hr/>	<hr/>
Total Expenses	5,117,702	-	5,117,702
Change in Net Assets	724,342	393,699	1,118,041
Net Assets at Beginning of Year	410,663	1,555,400	1,966,063
Prior Period Adjustment Grants Payable Cancelled	-	12,408	12,408
	<hr/>	<hr/>	<hr/>
Net Assets at End of Year	\$ 1,135,005	\$ 1,961,507	\$ 3,096,512

Peace Development Fund
Statement of Cash Flows
For the Year Ended June 30, 2021

Cash Flows from Operating Activities

Change in Net Assets: \$ 1,118,041

Adjustments to reconcile change in net assets to
net cash used by operating activities:

Depreciation	11,039
(Increase) Decrease in Accounts Receivable	(2,944)
(Increase) Decrease in Prepaid Expenses	(12,062)
Increase (Decrease) in Grants Payable	141,782
Increase (Decrease) in Accounts Payable	(6,835)
	1,249,021

Net Cash Provided by Operating Activities **1,249,021**

Cash Flows from Investing Activities:

(Increase) Decrease in Investments	(205,720)
	(205,720)

Net Cash Used by Investing Activities **(205,720)**

Net Increase in Cash and Cash Equivalents 1,043,301

Cash and Cash Equivalents at Beginning of Year 561,633

Cash and Cash Equivalents at End of Year **\$ 1,604,934**

Supplemental Data:

Interest Paid	\$ -
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Peace Development Fund
Statement of Functional Expenses
For the Year Ended June 30, 2021

	Program		
	Development	Management	Services
Expenses:			
Salaries	\$ 47,334	\$ 50,490	\$ 217,738
Professional Fees	8,189	8,735	37,671
Occupancy Expenses	7,449	7,946	34,265
Payroll Taxes	9,637	10,280	44,331
Employee Benefits	4,234	4,516	19,474
Travel and Meetings	519	553	2,386
Equipment Rental and Maintenance	2,166	2,310	9,964
Printing and Publications	2,127	2,268	9,782
Depreciation	1,656	1,766	7,617
Telecommunications	1,829	1,951	8,415
Business Expenses	629	671	2,895
Investment Fees	-	-	5,631
Insurance Directors and Officers	527	562	2,421
Postage, Mailing Service	366	391	1,685
Office Expenses	688	734	3,166
Temp Help and Work Study	-	-	913
Staff Development and Other	542	578	2,495
Publicity, Promotions and Hospitality	423	-	-
Memberships	80	85	367
Subtotal Expenses	88,395	93,836	411,216
Grants	-	-	4,524,755
NOVO Program	-	-	(500)
Total Expenses	\$ 88,395	\$ 93,836	\$ 4,935,471
			\$ 5,117,702

The accompanying notes are an integral part of these financial statements.

1. Organization and Purpose

The Peace Development Fund (Fund) was incorporated under the laws of the State of Delaware on June 10, 1981. The purpose of the Fund is to promote world peace and to sponsor, support, research, and aid in the development and conduct of projects and programs to educate and inform the public on the principles of disarmament, global demilitarization, and the peaceful resolution of international conflict, thereby benefiting the international community of nations as a whole. It has been classified as an organization that is not a private foundation under Section 509(a) (2) of the Internal Revenue Code.

2. Summary of Significant Accounting Policies

The Fund prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for not-for-profit entities. The significant accounting and reporting policies used by the Fund are described subsequently to enhance the usefulness and understandability of the financial statements.

Basis of Accounting

The financial statements of Peace Development Fund have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Fund considers all unrestricted highly liquid accounts to be cash with an initial maturity of three months or less to be cash equivalents.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could differ from those estimates.

Classification of Transactions

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose which is not consumed in the current period because an event has not occurred or the expiration of time has not occurred.

Property and Equipment

Property and equipment are valued at cost if purchased, and at fair market value if donated. Depreciation is computed on the straight-line method over the estimated useful life of the assets. Additions and renewals, unless minor in amount, are capitalized. Expenditures for maintenance, repairs and minor renewals are expensed in the period incurred. When assets are sold or retired, the related cost and accumulated depreciation are removed from the respective accounts and any resulting gain or loss is credited or charged to income.

2 - Summary of Significant Accounting Policies (continued)

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting for the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net Assets With Donor Restrictions

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the organization must continue to use the resources in accordance with the donor's instructions.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Concentrations of Risk

Investments at Fair Value

Substantial parts of the Fund's investments are invested in the public traded equity and bond markets. Approximately, 46% of the Fund's investments are in such securities. The balance is invested in money funds.

Cash and Cash Equivalents and Time Deposits

The Fund maintains cash balances at several financial institutions. At various times during the year cash balances may exceed the insured amount of \$250,000 of the Federal Deposit Insurance Corporation.

Contributions

The Fund receives a substantial amount of their support from various individuals and foundations. If such individuals and foundations decrease their contributions such a decrease may impact the operation of the Fund.

Expense Allocation

Common operating expenses are allocated to programs as a percentage of actual time spent by employees on each of the programs.

2. Summary of Significant Accounting Policies (continued)

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. 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, net assets with donor restrictions are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

Any contributions received in the form of equitable securities are transferred to the Fund's investment account. These equitable securities are sold as quickly as possible. There may be instances where equitable securities are held for a short period due to the timing of when the security is sold. These items are shown as temporary investments on the balance sheet.

Contributions including unconditional promises to give are recognized as support in the period in which they are received. Conditional promises to give are not recognized until they become unconditional, that is, at the time when conditions on which they depend are substantially met.

Pledges are recorded as a receivable in the year that they are made. Provisions for uncollectible pledges are based on the Fund's collection policy, the length of time the pledge has been outstanding and other matters.

Securities received as contributions are recorded as revenue at the quoted market value (cost) at the date of the contribution. Net gain or loss on disposal is reflected in the statement of activities for the period in which the net gain or loss is recognized.

Office furniture and equipment received as contributions are recorded as revenue at the fair market value (cost) at the date of the contribution.

Shipping and Handling

Shipping and handling costs are expensed in the period in which they are incurred.

Publicity and Promotions

The Fund uses publicity and promotions to promote its programs. Such costs are expensed as incurred.

3. Federal Income Tax Status

On May 14, 1982 the Internal Revenue Service determined that the Fund is exempt from Federal income tax under Section 501(a) of the Internal Revenue Code of 1954, as amended ("Code Section"), as an organization described in Section 501(c) 3 and publicly supported under Code Section 509(a) 2 and 170(b)(1)(A)(vi).

4. Pledges Receivable

The Fund recognizes donor pledges as contribution revenue and any unpaid balance is recorded as a pledge receivable. All pledges that are determined to be a receivable are expected to be received within one year. The Fund evaluates its receivables and establishes an allowance for doubtful accounts if deemed necessary. There are no pledges outstanding as of the balance sheet date.

5. Fair Value of Financial Instruments

Cash and Cash Equivalents and Time Deposits

The carrying amount approximates fair value because of the short maturity of those instruments.

Investments at Fair Value

Investments are quoted at market prices as of the balance sheet date. For investments in which there are no quoted market prices, a reasonable estimate of fair value could not be made without incurring excessive costs therefore such investments are recorded at cost.

Receivables

The carrying amount approximates fair value because of the short maturity of those instruments.

Current Liabilities

The carrying amount approximates fair value because of the short maturity of those instruments.

6. Investments at Fair Value

Investments in marketable securities are stated at fair market value and unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. Net investment income is reflected as an increases or decreases in the unrestricted class of net assets unless donors place restrictions on such income.

Securities are presented in the financial statements at fair value. Fair value measurements establish a fair value hierarchy. This hierarchy consists of three levels. Level one assets are valued at quoted prices in active markets for identical assets, Level two assets are valued based on observable inputs other than quoted prices in active markets and Level three assets are assets that have no observable inputs which to value such assets. All the securities of the Organization are Level one assets, valued at quoted prices in publicly traded markets for identical assets.

Fair values as of June 30, 2021 are as follows:

Money Funds	\$	881,307
Mutual Funds Stocks		283,563
Bond Funds		276,725
	\$	<u>1,441,595</u>

The following schedule summarizes the investment return and its classification in the Statement of Activities for the year ended June 30, 2021:

	Without Donor Restrictions	With Donor Restrictions	Totals
Interest & Dividend Income	\$ 1,539	\$ 11,357	\$ 12,896
Net Realized & Unrealized Gains	5,386	56,646	62,032
Total Investment Return	<u>\$ 6,925</u>	<u>\$ 68,003</u>	<u>\$ 74,928</u>

7. Compensated Absences

The Fund's policy is to allow individuals not to accrue more than ten days for sick and twenty days for vacation. Upon separation of service, accrued sick days are not paid. Management feels that this amount is immaterial to the financial statements taken as a whole.

8. Notes Payable

The Fund has a revolving line of credit for \$125,000 with an interest rate on the outstanding balance of 1.75% above the bank's base rate. The note is secured by all tangible and intangible personal and real property of the Fund except for the donor restricted assets. The balance outstanding at the balance sheet date is \$0.

No interest expense was paid during the year ended June 30, 2021.

9. Property and Equipment

Property and equipment consisted of the following:

Building Improvements	\$ 268,650
Furniture and Equipment	211,333
Building	<u>175,000</u>
	654,983
Less Accumulated Depreciation	<u>(414,784)</u>
Net Property and Equipment	<u>\$ 240,199</u>

Depreciation charged to expense during the year was \$11,039.

10. Net Assets with Donor Restrictions

Net assets with donor restrictions of \$1,961,407 comprised of donor-advised accounts of \$1,506,944 and of projects of \$454,493. Donor advised accounts are used specifically for grant-making purposes in accordance with the Fund's mission. The projects are expected to be completed in future periods.

11. Net Assets Released from Donor Restrictions

Net assets of \$4,698,558 were released from donor restrictions by incurring expenses related to grants awarded and projects completed which satisfied the restricted purposes specified by donors.

12. Leases

The Fund leases an office in California. The lease is classified as operating lease. The lease requires the Fund to pay a monthly base rent of \$2,299 plus utilities. The lease is a month to month lease.

13. Income Taxes

The Peace Development Fund is subject to routine audits by taxing jurisdictions; however there are currently no audits for any tax periods in progress. The Peace Development Fund believes it is no longer subject to income tax examinations for tax years prior to 2018.

The Fund's policy is to classify income tax related interest and penalties in interest expense and other expenses, respectively.

14. Liquidity and Availability

The Fund has \$1,624,838 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures. In addition, the Fund has available investments of \$1,441,595. The financial assets that are subject to donor restrictions is \$1,961,407. The Fund has unrestricted financial assets of \$1,105,026. The Fund's goal is to maintain financial assets, which consist of cash and investments, on hand to meet 90 days of normal operating expense exclusive of grant expense, which is, on average, approximately \$148,746. The Fund has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, as part of its liquidity management, the Fund invests cash in excess of daily requirements in various investments, including money market funds.

15. Subsequent Events

Subsequent events have been evaluated through December 28, 2021, the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.