

NATIONAL PEACE CORPS ASSOCIATION

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT**

DECEMBER 31, 2021 AND 2020

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Independent Auditor's Report

To the Board of Directors
National Peace Corps Association
Washington, DC

Opinion

We have audited the accompanying financial statements of National Peace Corps Association (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021, and 2020, and the related statements of activities, functional expenses, and cash flows for the years 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 National Peace Corps Association as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 National Peace Corps Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 National Peace Corps Association'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 National Peace Corps Association'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 National Peace Corps Association's ability to continue as a going concern for a reasonable period of time.

National Peace Corps Association
Independent Auditor's Report
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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.

A handwritten signature in black ink, appearing to read "J.M. & M.", written in a cursive style.

Washington, DC
August 2, 2022

**NATIONAL PEACE CORPS ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020**

	2021	2020
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,301,918	\$ 516,725
Accounts receivable	-	3,928
Contracts receivable	56,885	142,022
Grants receivable	129,438	133,183
Pledges receivable, current	97,501	397,000
Prepaid expenses	16,922	39,328
Total Current Assets	1,602,664	1,232,186
PROPERTY AND EQUIPMENT, NET	-	2,449
OTHER ASSETS		
Investments	142,668	1,390,215
Investment - endowments	1,251,719	880,772
Restricted cash and cash equivalents - endowments	250,752	-
Pledges receivable - endowments, net of discount	395,008	-
Pledges receivable, net of current portion and discount	96,744	508,780
Deposits	31,127	31,127
Total Other Assets	2,168,018	2,810,894
TOTAL ASSETS	\$ 3,770,682	\$ 4,045,529
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 228,994	\$ 94,723
Accrued expenses	137,229	109,290
Note payable	-	120,400
Deferred revenue	15,935	13,516
Total Current Liabilities	382,158	337,929
NON-CURRENT LIABILITIES		
Note payable - net of current portion	-	34,400
Total Liabilities	382,158	372,329
NET ASSETS		
Without donor restrictions	296,293	618,050
With donor restrictions	3,092,231	3,055,150
Total Net Assets	3,388,524	3,673,200
TOTAL LIABILITIES AND NET ASSETS	\$ 3,770,682	\$ 4,045,529

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

**NATIONAL PEACE CORPS ASSOCIATION
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Grants and contributions	\$ 1,714,756	\$ 634,559	\$ 2,349,315
In-kind contributions	74,210	-	74,210
Advertising	212,230	-	212,230
Subscription	62,195	-	62,195
Paycheck Protection Program loan forgiveness	154,800	-	154,800
Merchandise sales	40,687	-	40,687
Contract revenue	21,816	-	21,816
Group membership dues	25,950	-	25,950
Other income	906	-	906
Royalties	789	-	789
Investment income, net	14,401	99,719	114,120
Transfer to net assets with donor restrictions (Note K)	(260,117)	260,117	-
Net assets released from donor restrictions	957,314	(957,314)	-
Total Revenue and Support	3,019,937	37,081	3,057,018
EXPENSES			
Program Services:			
Educational	1,784,398	-	1,784,398
Membership	277,019	-	277,019
Publications	395,099	-	395,099
Total Program Services	2,456,516	-	2,456,516
Support Services:			
Fundraising	317,588	-	317,588
General and administration	567,590	-	567,590
Total Support Services	885,178	-	885,178
Total Expenses	3,341,694	-	3,341,694
CHANGE IN NET ASSETS	(321,757)	37,081	(284,676)
NET ASSETS, beginning of year	618,050	3,055,150	3,673,200
NET ASSETS, end of year	\$ 296,293	\$ 3,092,231	\$ 3,388,524

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

**NATIONAL PEACE CORPS ASSOCIATION
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Grants and contributions	\$ 1,108,783	\$ 2,791,843	\$ 3,900,626
In-kind contributions	266,584	-	266,584
Advertising	262,905	-	262,905
Subscription	45,940	-	45,940
Conference	12,021	-	12,021
NST travel	9,196	-	9,196
Other income	30,430	-	30,430
Royalties	4,770	-	4,770
Contract revenue	8,722	-	8,722
Group membership dues	21,000	-	21,000
Investment income, net	27,838	122,687	150,525
Gain on sale of property and equipment	662	-	662
Net assets released from donor restrictions	<u>1,129,987</u>	<u>(1,129,987)</u>	<u>-</u>
Total Revenue and Support	2,928,838	1,784,543	4,713,381
EXPENSES			
Program Services:			
Educational	1,196,075	-	1,196,075
Membership	222,165	-	222,165
Publications	<u>306,499</u>	<u>-</u>	<u>306,499</u>
Total Program Services	1,724,739	-	1,724,739
Support Services:			
Fundraising	254,341	-	254,341
General and administration	<u>338,691</u>	<u>-</u>	<u>338,691</u>
Total Support Services	593,032	-	593,032
Total Expenses	<u>2,317,771</u>	<u>-</u>	<u>2,317,771</u>
CHANGE IN NET ASSETS	611,067	1,784,543	2,395,610
NET ASSETS, beginning of year	<u>6,983</u>	<u>1,270,607</u>	<u>1,277,590</u>
NET ASSETS, end of year	<u>\$ 618,050</u>	<u>\$ 3,055,150</u>	<u>\$ 3,673,200</u>

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

**NATIONAL PEACE CORPS ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021**

	Program Services				Supporting Services			Total
	Educational	Membership	Publications	Total Program Services	Fundraising	General and Administration	Total Supporting Services	
Personnel Expense								
Salaries	\$ 887,749	\$ 126,064	123,061	\$ 1,136,874	145,217	174,517	\$ 319,734	\$ 1,456,608
Benefits	101,071	14,226	16,076	131,373	16,867	19,701	36,568	167,941
Payroll taxes	70,421	9,971	9,632	90,024	11,439	12,964	24,403	114,427
Pension	17,884	6,107	4,592	28,583	7,400	6,879	14,279	42,862
Subtotal Personnel Expense	<u>1,077,125</u>	<u>156,368</u>	<u>153,361</u>	<u>1,386,854</u>	<u>180,923</u>	<u>214,061</u>	<u>394,984</u>	<u>1,781,838</u>
Consultants	219,732	8,235	111,137	339,104	81,277	148,151	229,428	568,532
Awards and grants	444,578	-	-	444,578	-	-	-	444,578
Legal	-	-	-	-	-	86,150	86,150	86,150
In-kind legal services	2,762	5,525	1,842	10,129	1,842	62,239	64,081	74,210
Information and technology	14,666	44,768	7,986	67,420	2,564	3,162	5,726	73,146
Printing	-	87	59,386	59,473	9,595	-	9,595	69,068
Postage	250	126	42,249	42,625	464	3,389	3,853	46,478
Bank fees and interest	3,987	4,204	2,764	10,955	18,583	12,196	30,779	41,734
Cost of merchandise	-	41,319	-	41,319	-	-	-	41,319
Office	2,333	6,625	10,316	19,274	1,650	6,897	8,547	27,821
Occupancy	7,514	2,390	2,869	12,773	3,135	3,473	6,608	19,381
Dues and subscriptions	6,500	180	424	7,104	4,810	5,164	9,974	17,078
Accounting	-	-	-	-	-	16,115	16,115	16,115
Travel	241	4,833	1,307	6,381	8,640	647	9,287	15,668
Insurance	2,159	586	648	3,393	668	743	1,411	4,804
Telephone	1,514	993	450	2,957	664	891	1,555	4,512
Bad debt	-	-	-	-	-	3,952	3,952	3,952
Depreciation and amortization	1,037	327	360	1,724	365	360	725	2,449
Food and lodging	-	453	-	453	1,752	-	1,752	2,205
Equipment lease and maintenance	-	-	-	-	656	-	656	656
Total Expenses	<u>\$ 1,784,398</u>	<u>\$ 277,019</u>	<u>\$ 395,099</u>	<u>\$ 2,456,516</u>	<u>\$ 317,588</u>	<u>\$ 567,590</u>	<u>\$ 885,178</u>	<u>\$ 3,341,694</u>

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

**NATIONAL PEACE CORPS ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020**

	Program Services				Supporting Services			Total
	Educational	Membership	Publications	Total Program Services	Fundraising	General and Administration	Total Supporting Services	
Personnel Expense								
Salaries	\$ 490,544	\$ 123,169	\$ 140,944	\$ 754,657	\$ 135,162	\$ 151,413	\$ 286,575	\$ 1,041,232
Benefits	48,431	15,026	17,083	80,540	16,271	18,177	34,448	114,988
Payroll taxes	36,080	9,044	10,382	55,506	9,923	11,038	20,961	76,467
Pension	11,880	3,723	4,174	19,777	4,105	4,436	8,541	28,318
Subtotal Personnel Expense	<u>586,935</u>	<u>150,962</u>	<u>172,583</u>	<u>910,480</u>	<u>165,461</u>	<u>185,064</u>	<u>350,525</u>	<u>1,261,005</u>
Consultants	135,342	12,074	69,082	216,498	45,384	16,116	61,500	277,998
In-kind legal services	166,542	-	-	166,542	-	100,042	100,042	266,584
Awards and grants	218,141	-	-	218,141	-	-	-	218,141
Printing	4,630	-	35,149	39,779	18,436	-	18,436	58,215
Information and technology	17,186	21,954	6,247	45,387	-	510	510	45,897
Bank fees and interest	3,169	3,758	2,762	9,689	9,238	8,078	17,316	27,005
Cost of merchandise	-	27,001	-	27,001	-	-	-	27,001
Food and lodging	22,444	-	500	22,944	826	550	1,376	24,320
Occupancy	6,967	3,126	3,877	13,970	3,187	2,594	5,781	19,751
Dues and subscriptions	8,127	66	64	8,257	5,854	4,961	10,815	19,072
Postage	6	32	13,591	13,629	2,582	431	3,013	16,642
Accounting	-	-	-	-	-	15,645	15,645	15,645
NST travel	9,196	-	-	9,196	-	-	-	9,196
Office	4,462	571	638	5,671	1,443	1,265	2,708	8,379
Travel	6,542	-	-	6,542	-	-	-	6,542
Depreciation and amortization	2,292	941	926	4,159	916	818	1,734	5,893
Insurance	2,634	532	513	3,679	511	730	1,241	4,920
Telephone	1,460	1,148	567	3,175	503	1,177	1,680	4,855
Equipment lease and maintenance	-	-	-	-	-	710	710	710
Total Expenses	<u>\$ 1,196,075</u>	<u>\$ 222,165</u>	<u>\$ 306,499</u>	<u>\$ 1,724,739</u>	<u>\$ 254,341</u>	<u>\$ 338,691</u>	<u>\$ 593,032</u>	<u>\$ 2,317,771</u>

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

**NATIONAL PEACE CORPS ASSOCIATION
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (284,676)	\$ 2,395,610
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	2,449	5,893
Gain on sale of property and equipment	-	(662)
Paycheck Protection Program loan forgiveness	(154,800)	-
Amortization of discount on multi-year pledges	4,631	8,364
Net appreciation in fair value of investments	(94,107)	(150,329)
(Increase) decrease in assets:		
Accounts receivable	3,928	(3,928)
Grants receivable	3,745	65,629
Contracts receivable	85,137	(79,169)
Pledges receivable, net	711,896	(798,263)
Prepaid expenses	22,406	(7,842)
Pledges receivable - endowments, net	(400,000)	-
Increase (decrease) in liabilities:		
Accounts payable	134,271	(28,493)
Accrued expenses	27,939	58,787
Deferred revenue	2,419	(6,326)
Net Cash Provided by Operating Activities	65,238	1,459,271
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property and equipment	-	2,242
Purchases of investments	(19,209)	(1,296,325)
Proceeds from sales of investments	989,916	29,637
Net Cash Provided by (Used for) Investing Activities	970,707	(1,264,446)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from note payable	-	154,800
Payments on line of credit	-	(54,796)
Net Cash Provided by Financing Activities	-	100,004
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AND CASH EQUIVALENTS	1,035,945	294,829
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AND CASH EQUIVALENTS, beginning of year	516,725	221,896
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AND CASH EQUIVALENTS, end of year	\$ 1,552,670	\$ 516,725
SUPPLEMENTARY INFORMATION:		
Cash and cash equivalents	\$ 1,301,918	\$ 516,725
Restricted cash and cash equivalents	250,752	-
Total Cash, Cash Equivalents, and Restricted Cash and Cash Equivalents	1,552,670	516,725

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

**NATIONAL PEACE CORPS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE A – NATURE OF THE ORGANIZATION

National Peace Corps Association (“NPCA”) was incorporated in 1981 as a North Carolina non-profit corporation. NPCA is a mission-driven social impact organization that encourages and celebrates a lifelong commitment to Peace Corps ideals. NPCA supports a united and vibrant Peace Corps community, including current and returned Peace Corps volunteers, current and former staff, host country nationals, family and friends in its efforts to create a better world. NPCA exists to fulfill three specific goals:

- A- Help the Peace Corps be the best it can be
- B- Empower members and affiliate groups to thrive
- C- Amplify the Peace Corps community’s global social impact

NPCA has the following program services:

Educational: NPCA is the advocate on behalf of the Peace Corps and for issues important to serving current and returned Peace Corps Volunteers. NPCA facilitates and supports both national and local efforts with volunteers for National Days of Action on Capitol Hill in Washington, DC, and in local communities across the country. Peace Corps Connect is the Peace Corps community’s annual conference hosted by NPCA and its affiliate groups to connect, engage and inspire its community. The conference highlights work being done by community members and partner organizations, and explores how NPCA can continue to champion Peace Corps ideals.

Membership: NPCA fosters a united and vibrant Peace Corps community by providing vital resources and opportunities to individual members while supporting its 180+ affiliate groups in achieving their objectives. NPCA group membership is free to anyone who shares Peace Corps values, promoting a broader and more inclusive and diverse community. NPCA’s Global Reentry program helps returned volunteers with readjustment at home after service, providing resources to overcome challenges and take the next steps toward healthy lives and successful careers. Peace Corps Community Connect works with members and affiliate groups to expand reach and engage in diverse projects and initiatives that increase community impact.

Publications: Publications include print, digital and social media. WorldView magazine has been published quarterly for over 34 years in print and now also digital, providing news and commentary about global issues from a Peace Corps perspective. Each issue features articles by and about Peace Corps Volunteers, Returned Peace Corps Volunteers and others who share the global values of the Peace Corps experience.

NATIONAL PEACE CORPS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020
(continued)

NOTE B – SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements were prepared using the accrual basis of accounting. Therefore, revenue and related assets are recognized when earned and expenses and related liabilities are recognized as the obligations are incurred.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

Financial Statement Presentation

Financial statement presentation follows Financial Accounting Standards Board Accounting Standards Codification Topic 958, *Not-for-Profit Entities*. In accordance with the Topic 958, net assets, revenue, gains and losses are classified and reported based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of NPCA and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions - Net assets not subject to donor-imposed restrictions.

Net Assets with Donor Restrictions - Net assets subject to donor-imposed restrictions that may or will be met by either actions of NPCA and/or the passage of time maintained in perpetuity by NPCA. When a restriction expires, with donor restrictions net assets are reclassified to net assets without donor restrictions and are reported in the statements of activities as net assets released from restrictions.

Cash and Cash Equivalents

For purposes of the statements of cash flows, NPCA considers all highly liquid investments with original maturities of three months or less to be cash equivalents. NPCA maintains its cash balances in bank deposit accounts, which are insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution. At times, the accounts may exceed this limit; however, NPCA believes it is not exposed to any significant credit risk on cash.

NATIONAL PEACE CORPS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020
(continued)

NOTE B – SIGNIFICANT ACCOUNTING POLICIES - continued

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents represent contributions received for the Never Stop Serving Challenge Fund, which, are maintained in a separate money market account.

Accounts and Contracts Receivable

Accounts and contracts receivable are reported at their outstanding balances, reduced by an allowance for doubtful accounts if management deems necessary. An allowance for doubtful accounts is based on management's evaluation of the status of existing receivables and historical collections data. Management believes that all receivables are fully collectible; therefore, no allowance for doubtful accounts was recorded as of December 31, 2021 and 2020. Accounts and contracts receivable as of the beginning of the year ended December 31, 2020, \$0 and \$62,853, respectively.

Pledges and Grants Receivable

NPCA receives multi-year pledges and grants to support the mission that are recorded as receivables and revenue when pledged. These pledges are discounted to their present value using risk free rates, which was 2.56% as of December 31, 2021 and 2.5% as of December 31, 2020.

Property and Equipment

Property and equipment are recorded at cost, net of accumulated depreciation and amortization. NPCA capitalizes all expenditures for property and equipment in excess of \$2,500. Property and equipment are carried at cost, if purchased, or fair value at the date of donation, if contributed. Depreciation and amortization are computed using the straight line method over the estimated useful lives of the assets, which range from three to ten years. Leasehold improvements are amortized over the shorter of the lease term or useful life of the asset. When assets are sold or otherwise disposed of, the asset and related accumulated depreciation and amortization are removed from the accounts, and any remaining gain or loss is included in operations. Repairs and maintenance are charged to expense when incurred.

Investments

Investments consist of mutual funds owned through a master trust investment arrangement (pooled investments). The pooled investments are managed by independent investment managers and securities are held in safekeeping by a foundation.

NATIONAL PEACE CORPS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020
(continued)

NOTE B – SIGNIFICANT ACCOUNTING POLICIES - continued

Deferred Revenue

Conferences fees collected in advance are deferred and recognized when the conference is held. Advertising revenue collected in advance is deferred and recognized when the magazine and e-newsletters are published. Next Step Travel program revenue collected in advance is deferred and recognized when the travel occurs. Deferred revenue as of the beginning of the year ended December 31, 2020, totaled \$19,842.

Revenue Recognition

Grants and Contributions

NPCA recognizes grants and contributions, including group membership dues, when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Contributions received with donor stipulations are recorded as contributions with donor restrictions based on the donor's intent. Unless otherwise stated by the donor, individual donations are recorded as contributions without donor restrictions. Contributions with donor restrictions that are met in the same reporting period as the contribution is received are reported as contributions without donor restrictions support.

Government Grants

Revenues are primarily received either directly or indirectly from federal government agencies. These revenues are considered conditional grants with a measurable performance or other barrier and a right of return, and are not recognized until the conditions on which they depend have been substantially met.

Contracts, Advertising, and Subscription Revenue Recognition

Contracts, advertising, and subscription revenue are recognized at a point in time when control of these products or services is transferred to customers, in an amount that reflects the consideration NPCA expects to be entitled to in exchange for those products and services. Sales and other taxes that NPCA collects concurrent with revenue-producing activities are excluded from revenue.

NST Travel

NPCA receives commissions on NST travel, which are recognized at a point in time when the related travel occurs.

NATIONAL PEACE CORPS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020
(continued)

NOTE B – SIGNIFICANT ACCOUNTING POLICIES - continued

In-kind Contributions

In-kind contributions are recorded at fair market value at the date of donation. Donated services are recognized at their fair value if the service requires specialized skills and the services would typically need to be purchased, if not donated. Such services are valued at the hourly rates of compensation for such personnel. For the years ended December 31, 2021 and 2020, NPCA received pro bono legal services in the amount of \$74,210 and \$266,584, respectively.

Methods Used for Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses such as occupancy, depreciation and amortization, and office expenses are allocated based on salaries and related benefits, which are allocated on the basis of estimates of time and effort expended.

NOTE C – INCOME TAXES

NPCA is recognized as exempt from federal income taxes, except on unrelated business activities, under the provisions of Section 501(c)(3) of the Internal Revenue Code.

NPCA believes it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements or that would have an effect on its tax-exempt status. There were no unrecognized tax benefits or liabilities that needed to be recorded.

NPCA's information returns are subject to examination by the Internal Revenue Service for a period of three years from the date they were filed, except under certain circumstances. NPCA's Form 990 returns for the years ended December 31, 2018 through 2020, are open for examination by the Internal Revenue Service, although no request has been made as of the date of these financial statements.

NOTE D – AVAILABLE RESOURCES AND LIQUIDITY

NPCA regularly monitors liquidity required to meet its operating needs and other commitments, while also striving to maximize the investment of its available funds. NPCA has various sources of liquidity at its disposal, including cash and cash equivalents, receivables, investments, and a line of credit of up to \$100,000.

NATIONAL PEACE CORPS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020
(continued)

NOTE D – AVAILABLE RESOURCES AND LIQUIDITY- continued

In addition to financial assets available to meet general expenditures over the next 12 months, NPCA anticipates collecting sufficient revenue to cover general expenditures. Refer to the statements of cash flows which identifies the sources and uses of NPCA’s cash and cash equivalents.

The following reflects NPCA’s financial assets as of December 31:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 1,301,918	\$ 516,725
Contracts receivable	56,885	142,022
Grants receivable	129,438	133,183
Pledges receivable	194,245	905,780
Investments	142,668	1,390,215
Restricted cash and cash equivalents - endowments	250,752	-
Pledges receivable - endowments	395,008	-
Investment - endowments	<u>1,251,719</u>	<u>880,772</u>
Total Financial Assets	3,722,633	3,968,697
Less: net assets with donor restrictions	<u>(3,092,231)</u>	<u>(3,055,150)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 630,402</u>	<u>\$ 913,547</u>

NOTE E – PLEDGES RECEIVABLE

NPCA has received unconditional promises to give, which have been reduced to present value in accordance with accounting principles generally accepted in the United States of America.

Expected receipts from pledges are due as follows as of December, 31:

	<u>2021</u>	<u>2020</u>
Due within one year	\$ 97,501	\$ 397,000
Over one year	<u>499,841</u>	<u>521,500</u>
Total	597,342	918,500
Less discount	<u>(8,089)</u>	<u>(12,720)</u>
	<u>\$ 589,253</u>	<u>\$ 905,780</u>

NATIONAL PEACE CORPS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020
(continued)

NOTE F – PROPERTY AND EQUIPMENT

A summary of property and equipment as of December 31, 2021 and 2020 is as follows:

	2021	2020
Computer equipment	\$ 17,030	\$ 17,030
Computer software	55,880	55,880
Office furniture	6,691	6,691
	79,601	79,601
Less: accumulated depreciation and amortization	(79,601)	(77,152)
Total	\$ -	\$ 2,449

The total depreciation and amortization expense for the years ended December 31, 2021 and 2020, totaled \$2,449 and \$5,893, respectively.

NOTE G – FAIR VALUE MEASUREMENTS

FASB ASC Topic 820, *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under current accounting standards are described as follows:

- Level 1* Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that NPCA has the ability to access.
- Level 2* Inputs to the valuation methodology include a) quoted prices for similar assets or liabilities in active markets; b) quoted prices for identical or similar assets or liabilities in inactive markets; c) inputs other than quoted prices that are observable for the asset or liability; and d) inputs that are derived principally from or corroborated by observable market data by correlation or other means.

NATIONAL PEACE CORPS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020
(continued)

NOTE G – FAIR VALUE MEASUREMENTS - continued

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The fair value of NPCA's investments in investment pools are based on quoted prices for similar assets in active markets. The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although NPCA's management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table summarizes NPCA's fair value hierarchy for investments measured at fair value on a recurring basis as of December 31, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investment Pools:				
Social Impact	\$ -	\$ 1,394,387	\$ -	\$ 1,394,387
	<u>\$ -</u>	<u>\$ 1,394,387</u>	<u>\$ -</u>	<u>\$ 1,394,387</u>

The following table summarizes NPCA's fair value hierarchy for investments measured at fair value on a recurring basis as of December 31, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investment Pools:				
Long-term Growth	\$ -	\$ 1,261,899	\$ -	\$ 1,261,899
Social Impact	-	1,009,088	-	1,009,088
	<u>\$ -</u>	<u>\$ 2,270,987</u>	<u>\$ -</u>	<u>\$ 2,270,987</u>

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

NATIONAL PEACE CORPS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020
(continued)

NOTE H – LINE OF CREDIT

NPCA secured a line of credit with a commercial bank of up to \$100,000. Interest accrues at a variable interest rate. The line of credit is subject to renewal annually and the current outstanding amount is due on February 1, 2023. The balance on the line of credit as of December 31, 2021 and 2020, was \$0.

NOTE I – NOTE PAYABLE

On May 4, 2020, NPCA secured \$154,800 with PNC Bank Association, (the “Lender”) under the Small Business Administration’s (“SBA”) Paycheck Protection Program (“PPP”) that authorized forgivable loans to small businesses. This loan could be used to cover certain expenses during the COVID-19 crisis. The loan amounts would be forgiven as long as the loan proceeds were used to cover payroll costs, rent, certain mortgage interest and utility costs over a period specified in the loan document after the loan was made. If the loan balance was not forgiven by the SBA, the loan would be paid over the term of the loan beginning seven months from the month the note was dated. The PPP loan balance for the year ended December 31, 2020, totaled \$154,800. The loan was forgiven on September 3, 2021, and recognized in the statement of activities for the year ended December 31, 2021.

NOTE J – NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2021 and 2020, net assets with donor restrictions were restricted for the following purposes:

	2021	2020
Global Leaders Fund Endowment	\$ 979,306	\$ 880,772
Never Stop Serving Challenge Endowment	918,173	-
Global Reentry	646,948	875,589
Educational Projects	302,390	471,934
Program related	100,000	-
Peace Corps Place	95,414	89,576
Time restricted	-	737,279
Affiliate support	50,000	-
	\$ 3,092,231	\$3,055,150

**NATIONAL PEACE CORPS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020
(continued)**

NOTE K – ENDOWMENTS

Interpretation of Relevant Law

The Board of Directors, and management, of NPCA has interpreted the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) as requiring the preservation of the fair value of the original gift at the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, NPCA classifies as net assets with donor restrictions the original value of gifts donated to the endowment.

The remaining portion of the endowment is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by NPCA in a manner consistent with the standard of prudence described by UPMIFA.

UPMIFA was enacted to provide uniform and fundamental rules for the investment of funds held by charitable institutions and the expenditure of funds donated as “endowments” to those institutions.

In accordance with UPMIFA, NPCA considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

- The duration and preservation of the endowment fund;
- The purposes of NPCA’s and the donor-restricted endowment fund;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and the appreciation of the investments;
- Other resources of NPCA; and
- The investment policies of NPCA

Return Objectives and Risk Parameters

NPCA has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets.

NATIONAL PEACE CORPS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020
(continued)

NOTE K – ENDOWMENTS - continued

Endowment assets include those assets of the donor-restricted funds that NPCA holds in perpetuity or for a donor-specified period. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that yield revenue while assuming a moderate level of investment risk. Actual returns in any given year may vary.

Spending Policy

NPCA currently appropriates funds as they deem necessary. Spending is limited to earnings on the original principal subject to NPCA's investment policy. This policy, which is reviewed annually by the Board, outlines the limits on spending from a fund according to the fund value relative to the cumulative value of the donations made to the fund (the "Corpus") and the fund's average value over a trailing 12-quarter period.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires NPCA to retain as a fund of perpetual duration. There were no deficiencies in fair value as December 30, 2021 and 2020.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires NPCA to retain as a fund of perpetual duration. There were no deficiencies in fair value as December 30, 2021 and 2020.

Global Leader Fund

NPCA's Global Leaders Fund net assets with donor restrictions - perpetual in nature - consist of a restricted fund donated to NPCA. The investment income on this endowment is to be used to fund an annual lecture and related activities by a global leader in any field describing how the U.S. Peace Corps impacted the lecturer's life and enabled the recipient lecturer to become a global leader.

NATIONAL PEACE CORPS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020
(continued)

NOTE K – ENDOWMENTS - continued

Global Leader Fund - continued

Endowment net asset composition by type of the Global Leader Fund was as follows as of December 31, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Funds:			
Original donor-restricted gift amount	\$ -	\$ 750,000	\$ 750,000
Portion subject to appropriation under UPMIFA	-	229,306	229,306
	<u>\$ -</u>	<u>\$ 979,306</u>	<u>\$ 979,306</u>

Changes in endowment net assets of the Global Leader Fund were as follows for the year ended December 31, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 880,772	\$ 880,772
Interest and dividends	-	7,570	7,570
Net appreciation in fair value	-	105,727	105,727
Investment fees	-	(14,763)	(14,763)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 979,306</u>	<u>\$ 979,306</u>

Endowment net asset composition by type of the Global Leader Fund was as follows as of December 31, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Funds:			
Original donor-restricted gift amount	\$ -	\$ 750,000	\$ 750,000
Portion subject to appropriation under UPMIFA	-	130,772	130,772
	<u>\$ -</u>	<u>\$ 880,772</u>	<u>\$ 880,772</u>

NATIONAL PEACE CORPS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020
(continued)

NOTE K – ENDOWMENTS - continued

Global Leader Fund - continued

Changes in endowment net assets of the Global Leader Fund were as follows for the year ended December 31, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 789,504	\$ 789,504
Interest and dividends	-	3,694	3,694
Net appreciation in fair value	-	99,219	99,219
Investment fees	-	(11,645)	(11,645)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 880,772</u>	<u>\$ 880,772</u>

Endowment assets consisted of \$979,306 and \$880,772, in social impact fund as of December 31, 2021 and 2020, respectively.

Maureen Orth Never Stop Serving Challenge Fund

During the year ended December 31, 2020, NPCA received a \$1,000,000 donation from a major donor, which according to the initially provided donor instrument was to be considered time and purpose restricted, the restricted balance of which totaled \$737,280 as of December 31, 2020. Subsequently, during the year ended December 31, 2021, the donor provided a revised donor instrument, which instead indicated the donor’s request to consider \$900,000 of this donation to be restricted perpetually to the Never Stop Serving Challenge, whereby the \$900,000 corpus of this portion of the gift was to be the endowment corpus and only the earnings from this amount would be available for expenditure. The remaining \$100,000 of the gift was specified to be purpose restricted for general program related costs, but not included in the endowment amount.

To meet the wishes of the donor, during the year ended December 31, 2021, NPCA transferred \$260,117 from net assets without donor restrictions to net assets with donor restrictions as a portion of the endowment. This amount had been properly released from restriction during the year ended December 31, 2020, based on the initial donor instrument, but transferred to net assets with donor restrictions per the donor’s intent based on the revised donor instrument, which was provided in 2021. Additionally, as related to this revised donor instrument, \$645,008 was transferred from net assets with donor restrictions, time restricted, to net assets with donor restrictions, perpetual in nature to fund the endowment.

NATIONAL PEACE CORPS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020
(continued)

NOTE K – ENDOWMENTS – continued

Maureen Orth Never Stop Serving Challenge Fund - continued

NPCA’s Service Challenge Fund consists of a restricted fund donated to NPCA. This gift, provided over three years, will allow NPCA to build a strong program foundation and grow partnerships and activities. The earnings on the corpus of the endowment will fund a program that centers on the heart of Peace Corps culture: service, partnerships, and caring for neighbors. NPCA will be able to capitalize on the unique opportunity to work in partnership with local schools and civic groups. By engaging in activities such as community service days, school-based presentations, service-learning opportunities, and special events at Peace Corps Place, Returned Peace Corps Volunteers will bring the world home in meaningful and tangible ways.

Endowment net asset composition by type of the Maureen Orth Never Stop Serving Challenge Fund was as follows as of December 31, 2021:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-Restricted Endowment Funds:			
Original donor-restricted gift amount	\$ -	\$ 900,000	\$ 900,000
Portion subject to appropriation under UPMIFA	-	18,173	18,173
	<u>\$ -</u>	<u>\$ 918,173</u>	<u>\$ 918,173</u>

Changes in endowment net assets of the Maureen Orth Never Stop Serving Challenge Fund were as follows for the year ended December 31, 2021:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ -	\$ -
Transfer from time restricted to endowment		645,008	645,008
Transfer from without donor restrictions to endowment	-	260,117	260,117
Interest and dividends		3,066	3,066
Net appreciation in fair value		13,556	13,556
Investment fees	-	(3,574)	(3,574)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 918,173</u>	<u>\$ 918,173</u>

Endowment assets consisted of \$250,752 in money market restricted cash, \$272,413 in investment – endowment and \$395,008 in pledge receivable as of December 31, 2021.

NATIONAL PEACE CORPS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020
(continued)

NOTE L – LEASE COMMITMENTS

On August 7, 2019, NPCA entered into an office space lease for ten years, which required a payment of \$15,563 per month with annual escalations of two and half percent. The lease commencement date has not been determined as of the date the financial statements were available to be issued.

On October 1, 2019, NPCA entered into five-month office space lease, which could be extended by mutual written consent at the conclusion of the five-month period. The lease required a monthly payment of \$1,600. The monthly payment was amended to \$500 effective, August 1, 2020.

Occupancy expense for the years ended December 31, 2021 and 2020, totaled \$19,381 and \$19,751, respectively.

NOTE M – PENSION PLAN

NPCA has restated the National Peace Corps Association 403(b) TDA Plan (the “Plan”) to help their employees save for retirement. There is no special age or service requirements in order to participate in the Plan. Eligible employees contribute to the plan up to the maximum limit established by the Internal Revenue Service (IRC). NPCA maintains a defined contribution pension plan for all employees. Under the Plan, contributions are made at a percentage of employee compensation. Contributions to the Plan were \$42,862 and \$28,318 for the years ended December 31, 2021 and 2020, respectively.

NOTE N – SUBSEQUENT EVENTS

In preparing these financial statements, NPCA’s management has evaluated events and transactions for potential recognition or disclosure through August 2, 2022, the date the financial statements were available to be issued. There were no additional events or transactions that were discovered during the evaluation that required further recognition or disclosure.