



THE HERBERT
SCOVILLE JR.
PEACE FELLOWSHIP

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019



Independent Auditors' Report

The Board of Directors
The Herbert Scoville, Jr. Peace Fellowship
Washington, DC

Report on the Financial Statements

We have audited the accompanying financial statements of The Herbert Scoville, Jr. Peace Fellowship, (the Fellowship) which comprise the statement of financial position as of December 31, 2019 and the related statements of activities, functional expenses and cash flows for the year then ended and the related notes to the financial statements.

Management's Responsibility 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; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Fellowship's preparation and fair presentation of the financial statements 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 Fellowship's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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The Board of Directors
The Herbert Scoville, Jr. Peace Fellowship
Washington, DC

Report on the Financial Statements (Continued)

Auditors' Responsibility (Continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Herbert Scoville, Jr. Peace Fellowship, as of December 31, 2019, 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.



Certified Public Accountants

Bethesda, Maryland
November 9, 2021

The Herbert Scoville, Jr. Peace Fellowship

**Statement of Financial Position
December 31, 2019**

Assets

Assets

Cash and Cash Equivalents	\$	341,809
Grants and Contributions Receivable		452,716
Prepaid Expenses		5,029
Property and Equipment - Net		-
Total Assets	\$	799,554

Liabilities and Net Assets

Liabilities

Accounts Payable and Accrued Expenses	\$	49,810
Total Liabilities		49,810

Net Assets

Without Donor Restrictions		177,028
With Donor Restrictions		572,716
Total Net Assets		749,744

Total Liabilities and Net Assets	\$	799,554
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See Accompanying Notes to Financial Statements

The Herbert Scoville, Jr. Peace Fellowship

**Statement of Activities
For the Year Ended December 31, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenues			
Foundation Grants	\$ -	\$ 612,716	\$ 612,716
Contributions	114,702	-	114,702
Investment Income	1,967	-	1,967
Net Assets Released From Restrictions	<u>377,500</u>	<u>(377,500)</u>	<u>-</u>
Total Support and Revenues	<u>494,169</u>	<u>235,216</u>	<u>729,385</u>
Expenses			
Program Services			
Peace Fellowship Program	<u>309,407</u>	<u>-</u>	<u>309,407</u>
Total Program Services	<u>309,407</u>	<u>-</u>	<u>309,407</u>
Supporting Services			
General and Administrative	99,059	-	99,059
Fundraising	<u>12,455</u>	<u>-</u>	<u>12,455</u>
Total Supporting Services	<u>111,514</u>	<u>-</u>	<u>111,514</u>
Total Expenses	<u>420,921</u>	<u>-</u>	<u>420,921</u>
Changes in Net Assets	73,248	235,216	308,464
Net Assets, Beginning of Period	<u>103,780</u>	<u>337,500</u>	<u>441,280</u>
Net Assets, End of Period	<u>\$ 177,028</u>	<u>\$ 572,716</u>	<u>\$ 749,744</u>

See Accompanying Notes to Financial Statements

The Herbert Scoville, Jr. Peace Fellowship

Statement of Functional Expenses For the Year Ended December 31, 2019

	Peace Fellowship Program	General and Administrative	Fundraising	Total
Personnel Costs	\$ 271,698	\$ 25,783	\$ 12,455	\$ 309,936
Professional Services	4,509	60,780	-	65,289
Travel and Meals	15,599	-	-	15,599
Office	2,870	2,849	-	5,719
Professional Development	4,220	-	-	4,220
Fees Paid To CACNP	-	8,000	-	8,000
Insurance	-	1,647	-	1,647
Advertising and Promotion	3,834	-	-	3,834
Conferences and Meetings	6,677	-	-	6,677
Total Expenses	\$ 309,407	\$ 99,059	\$ 12,455	\$ 420,921

See Accompanying Notes to Financial Statements

The Herbert Scoville, Jr. Peace Fellowship

**Statement of Cash Flows
For the Year Ended December 31, 2019**

Cash Flows from Operating Activities

Change in Net Assets	\$ 308,464
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities	
<u>(Increase) Decrease in Assets</u>	
Grants and Contributions Receivable	(262,467)
Prepaid Expenses	(5,029)
<u>Increase (Decrease) in Liabilities</u>	
Accounts Payable and Accrued Expenses	44,086
Net Cash Provided by (Used in) Operating Activities	85,054
Net Increase (Decrease) in Cash	85,054
Cash, Beginning of Period	256,755
Cash, End of Period	\$ 341,809

See Accompanying Notes to Financial Statements

The Herbert Scoville, Jr. Peace Fellowship

Notes to Financial Statements December 31, 2019

1. ORGANIZATION AND PURPOSE

The Herbert Scoville, Jr. Peace Fellowship (the Fellowship) is a non-profit organization incorporated in 1987 under the laws of the District of Columbia. The Fellowship was created to provide fellowships for college graduates with various organizations dealing with nuclear arms control issues.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements are presented in accordance with the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized when incurred.

The financial statements of the Fellowship have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which requires the Fellowship to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Fellowship. These net assets may be used at the discretion of management and the Board of Directors.

Net Assets With Donor Restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Fellowship or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Use of Estimates

The preparation of the financial statements in conformity with US GAAP 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.

Cash Equivalents

The Fellowship considers all short-term investments with original maturities of three months or less to be cash equivalents included in cash.

The Herbert Scoville, Jr. Peace Fellowship

Notes to Financial Statements December 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants and Contributions Receivable

Grants and contributions receivable that represent unconditional promises to give are recognized at fair value as grants and contributions with donor restrictions in the period such promises are made by donors. Grants and contributions are discounted at a risk-adjusted rate commensurate with the donor's payment plan.

The methodology for calculating the allowance for uncollectible contributions is based on a review of individually significant outstanding pledges, analysis of the aging of payment schedules for all outstanding pledges, as well as, other factors including current economic conditions. As of December 31, 2019, there was no allowance for uncollectible accounts.

In contrast to unconditional promises, conditional promises are not recorded until the donor conditions are met.

Property and Equipment

Property and equipment are stated at cost. Depreciation is calculated on a straight-line basis. The estimated useful lives of equipment and furniture range from five to ten years. An estimated useful life of 15 years is used for condominium improvements and 40 years is used for the condominium building. The Fellowship capitalizes all property and equipment with a cost basis of \$500 or more.

Revenue Recognition

Grants and contributions, including unconditional promises to give, are recognized as revenues in the period received or pledged. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of assets, other than cash, are recorded at their estimated fair value at the date of gift. Contributed services and materials are recorded at their estimated fair value if they would otherwise be purchased if not provided by donation and provided by professionals in their field. Management considers all outstanding contributions receivable amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

As of December 31, 2019, there were no unrecognized conditional contributions.

Functional Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, insurance, condominium fees, and various office costs. The basis of the allocations is direct salary costs which have been allocated to program and supporting functions based on employee time and effort.

The Herbert Scoville, Jr. Peace Fellowship

Notes to Financial Statements December 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status

The Fellowship is exempt under Section 501(c)(3) of the Internal Revenue Code (the Code) from the payment of taxes on income other than unrelated business income. No provision for income tax is required for the year ended December 31, 2019, as the Organization had no net unrelated business income. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code.

The Fellowship requires that a tax position be recognized or derecognized based on a "more-likely-than not" threshold. This applies to positions taken or expected to be taken in a tax return. The Fellowship does not believe its financial statements include, or reflect, any uncertain tax positions. The Fellowship's IRS Form 990, *Return of Organizational Exempt from Income Tax*, is subject to examination by federal and state taxing authorities generally for three years after filing.

Recently Issued Accounting Pronouncement

In February 2016, the FASB issued ASU 2016-02, *Leases*. The update requires a lessee to recognize a right-of-use asset and lease liability, initially measured at the present value of the lease payments, in its statement of financial position. The guidance also expands the required quantitative and qualitative lease disclosures. The guidance is effective beginning in 2022.

Subsequent Events

Management has evaluated subsequent events through November 9, 2021 the date which the financial statements were available to be issued. The accompanying financial statements recognize the effects of subsequent events that provided evidence about conditions that existed at the statement of financial position date, including the estimates inherent in the process of preparing financial statements. The accompanying financial statements do not recognize the effect of subsequent events with conditions that did not exist at the statement of financial position date, but disclosures of such events, if any, are included in the accompanying notes.

3. CONCENTRATION OF CREDIT RISK

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000. As of December 31, 2019, bank balances did not exceed the FDIC limit.

The Herbert Scoville, Jr. Peace Fellowship

Notes to Financial Statements December 31, 2019

4. GRANTS AND CONTRIBUTIONS RECEIVABLE

As of December 31, 2019, grants and contributions receivable are expected to be collected as follows:

2020	\$	90,000
2021		75,000
2022		75,000
2023		225,000
Less: Discount 1.4%		<u>(12,284)</u>
Total	\$	<u>452,716</u>

5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2019:

Computers and Equipment	\$	1,478
Less Accumulated Depreciation		<u>(1,478)</u>
Property and Equipment, Net	\$	<u>-</u>

There was no depreciation recorded during the year ended December 31, 2019.

6. NET ASSETS

Net assets with donor restrictions as of December 31, 2019, were as follows:

	<u>2018</u>	<u>Contributions</u>	<u>Releases</u>	<u>2019</u>
Time Restricted	\$ 337,500	\$ 612,716	\$ (377,500)	\$ 572,716

Net assets without donor restrictions for the year ended December 31, 2019 were undesignated.

7 ADMINISTRATIVE AGREEMENT

The Fellowship pays a quarterly fee to Center for Arms Control and Non-Proliferation (CACNP) for management and administrative services rendered. For 2019, the fee was \$2,000 per quarter. The Fellowship and CACNP are not under common control.

The Herbert Scoville, Jr. Peace Fellowship

Notes to Financial Statements December 31, 2019

8. LIQUIDITY AND AVAILABILITY

The following represents the Fellowship's financial assets at December 31, 2019:

Financial Assets at Year End:	
Cash and Cash Equivalents	\$ 341,809
Grants and Contributions Receivable	<u>90,000</u>
Total Financial Assets	<u>431,809</u>
Less: Restricted Amounts Not Available To Be Used Within One Year:	
Donor-Restricted	(572,716)
Donor-Restricted To Be Used in Next Twelve Months	210,000
Board-Designated	<u>-</u>
	<u>(362,716)</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>\$ 69,093</u>

The Fellowship manages its financial assets to be available as its operating expenditures, liabilities, and other obligations come due.