

**Audited Financial Statements**

**THE HERBERT SCOVILLE, JR. PEACE FELLOWSHIP**

*December 31, 2018*

# The Herbert Scoville, Jr. Peace Fellowship

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A Professional Corporation

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Accountants

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# Independent Auditor's Report on the Financial Statements

To the Board of Directors  
The Herbert Scoville, Jr. Peace Fellowship

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, 2018, and the related statement of activities 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.

## Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditor's 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 auditor considers internal control relevant to the entity'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 entity'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.

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, 2018, 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.

Washington, DC  
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# The Herbert Scoville, Jr. Peace Fellowship

## Statement of Financial Position

December 31, 2018

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<b>Assets</b>	
Cash and cash equivalents	\$ 256,755
Other assets	1,647
Accounts receivable	1,102
Grants receivable	187,500
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<b>Total assets</b>	<b>\$ 447,004</b>
<hr/>	
<b>Liabilities and net assets</b>	
Accounts payable and accrued liabilities	\$ 5,724
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Total liabilities	5,724
<b>Net assets</b>	
Without donor restrictions	103,780
With donor restrictions	337,500
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Total net assets	441,280
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<b>Total liabilities and net assets</b>	<b>\$ 447,004</b>

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# The Herbert Scoville, Jr. Peace Fellowship

## Statement of Activities

*Year Ended December 31, 2018*

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenue</b>			
Foundation grants	\$ 62,000	\$ 450,000	\$ 512,000
Contributions	17,374	-	17,374
Interest and dividends	1,627	-	1,627
Net assets released from donor restrictions	177,500	(177,500)	-
Total revenue	258,501	272,500	531,001
<b>Expenses</b>			
Peace fellowship program	317,430	-	317,430
Supporting services			
Management and general	43,760	-	43,760
Fundraising	12,135	-	12,135
Total supporting services	55,895	-	55,895
Total expenses	373,325	-	373,325
<b>Change in net assets</b>	(114,824)	272,500	157,676
Net assets, January 1, 2018	218,604	65,000	283,604
<b>Net assets, December 31, 2018</b>	\$ 103,780	\$ 337,500	\$ 441,280

# The Herbert Scoville, Jr. Peace Fellowship

## Statement of Cash Flows Year Ended December 31, 2018

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<b>Cash flows from operating activities</b>	
Change in net assets	\$ 157,676
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Changes in assets and liabilities:	
Other assets	(1,647)
Accounts receivable	(1,102)
Grants receivable	(122,500)
Accounts payable and accrued liabilities	(452)
<hr/>	
Total adjustments	(125,701)
<hr/>	
<b>Net increase in cash and cash equivalents</b>	<b>31,975</b>
Cash and cash equivalents, January 1, 2018	224,780
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<b>Cash and cash equivalents, December 31, 2018</b>	<b>\$ 256,755</b>

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# The Herbert Scoville, Jr. Peace Fellowship

## Notes to the Financial Statements

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### A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: 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.

Basis of accounting: The financial statements are prepared on the accrual basis of accounting. As such, revenue is recognized when earned and expenses are recognized when the underlying obligations are incurred.

Income tax status: The Fellowship is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. The Fellowship is not a private foundation.

Use of estimates: The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

Cash and cash equivalents: The Fellowship considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Net assets: For financial statement purposes, net assets are as follows:

Net assets without donor restrictions: Net assets without donor restrictions include those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by board designation.

Net assets with donor restrictions: Net assets with donor restrictions include those net assets whose use is subject to donor restrictions. Donor restrictions may be for a specified time or purpose limitation or the donor may specify that the corpus of their original and certain subsequent gifts be maintained in perpetuity. Donor-imposed restrictions are released when a 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. As of December 31, 2018, the Foundation's net assets with donor restrictions were related to grants for the development of Scoville Fellows.

Revenue recognition: Contributions and grants with and without donor restrictions are typically recorded as revenue in the year notification is received from the donor. Contributions and grants that are restricted by a donor are recognized as revenue without donor restrictions upon satisfaction or completion of the programs in compliance with donor-imposed restrictions. Amounts received prior to the satisfaction or completion of the programs are presented as net assets with donor restrictions in the accompanying financial statements.

Subsequent events: Subsequent events have been evaluated through September 6, 2019, which is the date the financial statements were available to be issued.

# The Herbert Scoville, Jr. Peace Fellowship

## Notes to the Financial Statements

### B. CONCENTRATIONS

*Credit risk:* The Fellowship maintains demand deposits with commercial banks and money market funds with financial institutions. At times, certain balances held within these accounts may not be fully guaranteed or insured by the U.S. federal government. The uninsured portions of cash and money market accounts are backed solely by the assets of the underlying institution. Therefore, the failure of an underlying institution could result in financial loss to the Fellowship.

### C. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assets available for the Fellowship's general expenditure, that is, financial assets without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, are comprised of the following as of December 31, 2018:

Cash and cash equivalents	\$	256,755
Grants receivable		187,500
Accounts receivable		<u>1,102</u>
Subtotal financial assets		445,357
Amounts not available within one year		
Less: Net assets with donor restrictions		<u>(337,500)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$	<u>107,857</u>

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

### D. FUNCTIONAL EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, costs such as salaries and benefits and office expenses have been allocated among the program and supporting services benefited based on estimated level of effort.

The expenses of the Fellowship, on a functional basis, are estimated as follows for the year ended December 31,:

	Peace Fellowship Program	Management and General	Fundraising	2018 Total
Salary and related expenses	\$ 290,180	\$ 23,798	\$ 12,135	\$ 326,113
Travel and meals	15,655	-	-	15,655
Accounting and legal	-	9,662	-	9,662
Fees paid to CACNP	-	7,000	-	7,000
Advertising and promotion	5,875	-	-	5,875
Office expense	2,569	2,747	-	5,316
Professional fees and other	3,151	553	-	3,704
	<u>\$ 317,430</u>	<u>\$ 43,760</u>	<u>\$ 12,135</u>	<u>\$ 373,325</u>

# The Herbert Scoville, Jr. Peace Fellowship

## Notes to the Financial Statements

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### E. ADMINISTRATIVE AGREEMENT

The Fellowship shares premises and personnel with the Center for Arms Control and Non-Proliferation (CACNP). Costs are allocated among the organizations based on actual expenditures or estimated personnel time. The Fellowship pays a quarterly fee to CACNP for management and administrative services rendered. For the first quarter of 2018, the fee was \$1,000. Beginning with the second quarter of 2018, the fee became \$2,000 per quarter. The Fellowship and CACNP are not under common control.