



THE HERBERT
SCOVILLE JR.
PEACE FELLOWSHIP

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021



Independent Auditor's Report

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

Opinion

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, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fellowship as of December 31, 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 for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fellowship and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fellowship's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

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 the Fellowship's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fellowship'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.



Bethesda, Maryland
December 8, 2023

Certified Public Accountants

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The Herbert Scoville, Jr. Peace Fellowship

**Statement of Financial Position
December 31, 2021**

Assets

Assets

Cash and Cash Equivalents	\$ 279,074
Grants and Contributions Receivable	800,344
Prepaid Expenses	5,415
Property and Equipment - Net	<u>43,332</u>
Total Assets	<u>\$ 1,128,165</u>

Liabilities and Net Assets

Liabilities

Accounts Payable and Accrued Expenses	<u>\$ 51,644</u>
Total Liabilities	<u>51,644</u>

Net Assets

Without Donor Restrictions	271,923
With Donor Restrictions	<u>804,598</u>
Total Net Assets	<u>1,076,521</u>

Total Liabilities and Net Assets	<u>\$ 1,128,165</u>
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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, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenues			
Foundation Grants	36,293	\$ 550,000	\$ 586,293
Contributions	57,087	-	57,087
Investment Income	6,051	-	6,051
Other	6,070	-	6,070
Net Assets Released From Restrictions	<u>501,453</u>	<u>(501,453)</u>	<u>-</u>
Total Support and Revenues	<u>606,954</u>	<u>48,547</u>	<u>655,501</u>
Expenses			
Program Services			
Peace Fellowship Program	<u>377,444</u>	<u>-</u>	<u>377,444</u>
Total Program Services	<u>377,444</u>	<u>-</u>	<u>377,444</u>
Supporting Services			
General and Administrative	85,542	-	85,542
Fundraising	<u>15,694</u>	<u>-</u>	<u>15,694</u>
Total Supporting Services	<u>101,236</u>	<u>-</u>	<u>101,236</u>
Total Expenses	<u>478,680</u>	<u>-</u>	<u>478,680</u>
Changes in Net Assets	128,274	48,547	176,821
Net Assets, Beginning of Period	<u>143,649</u>	<u>756,051</u>	<u>899,700</u>
Net Assets, End of Period	<u>\$ 271,923</u>	<u>\$ 804,598</u>	<u>\$ 1,076,521</u>

See Accompanying Notes to Financial Statements

The Herbert Scoville, Jr. Peace Fellowship

**Statement of Functional Expenses
For the Year Ended December 31, 2021**

	Peace Fellowship Program	General and Administrative	Fundraising	Total
Personnel Costs	\$ 342,320	\$ 48,562	15,694	\$ 406,576
Professional Services	15,390	15,300	-	30,690
Information Technology	-	5,511	-	5,511
Travel and Meals	826	-	-	826
Office	-	5,212	-	5,212
Professional Development	5,000	-	-	5,000
Fees Paid To CACNP	-	8,000	-	8,000
Conferences and Meetings	12,925	-	-	12,925
Insurance	-	1,719	-	1,719
Advertising and Promotion	983	-	-	983
Depreciation and Amortization	-	1,238	-	1,238
Total Expenses	\$ 377,444	\$ 85,542	\$ 15,694	\$ 478,680

The Herbert Scoville, Jr. Peace Fellowship

**Statement of Cash Flows
For the Year Ended December 31, 2021**

Cash Flows from Operating Activities	
Change in Net Assets	\$ 176,821
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities	
Depreciation and Amortization	1,238
<u>(Increase) Decrease in Assets</u>	
Grants and Contributions Receivable	(382,550)
Prepaid Expenses	(56)
<u>Increase (Decrease) in Liabilities</u>	
Accounts Payable and Accrued Expenses	<u>(3,053)</u>
Net Cash Provided by (Used in) Operating Activities	<u>(207,600)</u>
Cash Flows from Investing Activities	
Proceeds from Investments	1,592
Purchases of Investments	<u>(44,570)</u>
Net Cash Provided By (Used in) Investing Activities	<u>(42,978)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(250,578)
Cash and Cash Equivalents, Beginning of Period	<u>529,652</u>
Cash and Cash Equivalents, End of Period	<u>\$ 279,074</u>

See Accompanying Notes to Financial Statements

The Herbert Scoville, Jr. Peace Fellowship

Notes to Financial Statements December 31, 2021

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, 2021

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, 2021, 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, 2021, 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, 2021

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, 2021, 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 December 8, 2023, 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, 2021, bank balances did not exceed the FDIC limit.

The Herbert Scoville, Jr. Peace Fellowship

Notes to Financial Statements December 31, 2021

4. GRANTS AND CONTRIBUTIONS RECEIVABLE

As of December 31, 2021, grants and contributions receivable are expected to be collected as follows:

2022	\$ 413,344
2023	<u>387,000</u>
Total	<u>\$ 800,344</u>

5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2021:

Computers and Equipment	\$ 1,478
Website	<u>44,570</u>
Total	46,048
Less Accumulated Depreciation and Amortization	<u>(2,716)</u>
Property and Equipment, Net	<u>\$ 43,332</u>

Depreciation expense recorded during the year ended December 31, 2021 was \$1,238.

6. NET ASSETS

Net assets with donor restrictions as of December 31, 2021, were as follows:

	<u>2020</u>	<u>Contributions</u>	<u>Releases</u>	<u>2021</u>
Time Restricted	\$ 756,051	\$ 550,000	\$ (501,453)	\$ 804,598

Other than a board-designated fund of \$127,226, net assets without donor restrictions for the year ended December 31, 2021 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 2021, 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, 2021

8. LIQUIDITY AND AVAILABILITY

The following represents the Fellowship's financial assets at December 31, 2021:

Financial Assets at Year End:

Cash and Cash Equivalents	\$ 279,074
Grants and Contributions Receivable	800,344
	<hr/>
Total Financial Assets	1,079,418

Less: Restricted Amounts Not Available To Be Used Within One Year:

Donor-Restricted	(804,598)
Donor-Restricted To Be Used in Next Twelve Months	387,000
Board-Designated	(127,226)
	<hr/>
	(544,824)

Financial Assets Available to Meet General Expenditures

Over the Next Twelve Months	\$ 534,594
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The Fellowship manages its financial assets to be available as its operating expenditures, liabilities, and other obligations come due.