

NATIONAL PEACE CORPS ASSOCIATION

FINANCIAL STATEMENTS

December 31, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
National Peace Corps Association
Washington, D.C.

Opinion

We have audited the financial statements of National Peace Corps Association, which comprise the statements of financial position as of December 31, 2023 and 2022 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 accompanying financial statements present fairly, in all material respects, the financial position of National Peace Corps Association as of December 31, 2023 and 2022, 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 (GAAS). 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.

Restatement of Net Assets

As discussed in Note 15 to the financial statements, certain errors resulting in an overstatement of previously reported net assets with donor restrictions were discovered during the current year. Accordingly, amounts reported for beginning net assets without donor restrictions and net assets with donor restrictions have been restated. Our opinion is not modified with respect to that matter.

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 GAAS 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 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 GAAS, 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.

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 that reads "Wegner CPAs LLP". The signature is written in a cursive, slightly slanted style.

Wegner CPAs, LLP
Alexandria, Virginia
October 9, 2024

NATIONAL PEACE CORPS ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
December 31, 2023 and 2022

	2023	2022
ASSETS		
Cash	\$ 663,436	\$ 522,637
Grants receivable	-	69,344
Unconditional promises to give, net	47,992	77,753
Prepaid expenses	17,287	20,122
Investments	1,635,730	1,354,962
Computer equipment, net	1,651	-
Deposits	33,116	33,116
Total assets	<u>\$ 2,399,212</u>	<u>\$ 2,077,934</u>
LIABILITIES		
Accounts payable	\$ 45,639	\$ 26,453
Accrued expenses	77,507	95,089
Deferred revenue	4,491	35,412
Total liabilities	127,637	156,954
NET ASSETS		
Without donor restrictions	405,034	(329,316)
With donor restrictions	1,866,541	2,250,296
Total net assets	<u>2,271,575</u>	<u>1,920,980</u>
Total liabilities and net assets	<u>\$ 2,399,212</u>	<u>\$ 2,077,934</u>

See accompanying notes.

NATIONAL PEACE CORPS ASSOCIATION
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Grants and contributions	\$ 1,379,106	\$ 36,691	\$ 1,415,797	\$ 821,734	\$ 458,381	\$ 1,280,115
Federal grants	10,363	-	10,363	473,960	-	473,960
Advertising and subscriptions	206,663	-	206,663	189,537	-	189,537
Group fees	10,050	-	10,050	26,350	-	26,350
Other revenue	40,338	-	40,338	33,237	-	33,237
Investment return, net	3,063	140,399	143,462	(108)	(71,969)	(72,077)
Total support and revenue	1,649,583	177,090	1,826,673	1,544,710	386,412	1,931,122
EXPENSES AND LOSSES						
Program Services						
Educational	526,335	-	526,335	1,279,450	-	1,279,450
Membership	154,275	-	154,275	231,839	-	231,839
Publications	385,592	-	385,592	309,804	-	309,804
Supporting Activities						
Management and General	196,270	-	196,270	819,119	-	819,119
Fundraising	197,809	-	197,809	246,954	-	246,954
Total expenses	1,460,281	-	1,460,281	2,887,166	-	2,887,166
Loss on uncollectable unconditional promises to give and grants receivable	15,797	-	15,797	11,500	500,000	511,500
Total expenses and losses	1,476,078	-	1,476,078	2,898,666	500,000	3,398,666
NET ASSETS RELEASED FROM RESTRICTIONS						
Satisfaction of purpose restrictions	560,845	(560,845)	-	871,016	(871,016)	-
Change in net assets	734,350	(383,755)	350,595	(482,940)	(984,604)	(1,467,544)
Net assets (deficit) at beginning of year (as restated)	(329,316)	2,250,296	1,920,980	153,624	3,234,900	3,388,524
Net assets (deficit) at end of year	<u>\$ 405,034</u>	<u>\$ 1,866,541</u>	<u>\$ 2,271,575</u>	<u>\$ (329,316)</u>	<u>\$ 2,250,296</u>	<u>\$ 1,920,980</u>

See accompanying notes.

NATIONAL PEACE CORPS ASSOCIATION
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended December 31, 2023 and 2022

	Program Services			Supporting Activities		Total
	Educational	Membership	Publications	Management and General	Fundraising	Expenses
2023						
Personnel	\$ 357,636	\$ 35,484	\$ 169,992	\$ 84,625	\$ 124,543	\$ 772,280
Professional fees	85,246	61,426	101,128	79,643	24,975	352,418
Office expenses	20,967	1,820	77,501	8,099	20,104	128,491
Insurance	2,853	865	2,170	1,259	1,113	8,260
Occupancy	16,184	4,908	12,306	7,139	6,313	46,850
Cost of merchandise	-	1,167	5,769	-	461	7,397
Information technology	11,641	47,960	12,456	6,732	8,708	87,497
Travel	652	-	2,079	3,944	1,398	8,073
Depreciation	-	-	-	472	-	472
Event fees and supplies	5,734	496	-	980	6,168	13,378
Dues and subscriptions	7,591	149	597	3,377	3,876	15,590
Miscellaneous	15	-	1,594	-	150	1,759
Grants and assistance	17,816	-	-	-	-	17,816
Total expenses	\$ 526,335	\$ 154,275	\$ 385,592	\$ 196,270	\$ 197,809	\$ 1,460,281
	Program Services			Supporting Activities		Total
	Educational	Membership	Publications	Management and General	Fundraising	Expenses
2022						
Personnel	\$ 968,858	\$ 100,517	\$ 197,674	\$ 496,474	\$ 110,569	\$ 1,874,092
Professional fees	67,068	57,768	45,718	278,505	94,134	543,193
Office expenses	9,796	4,858	52,091	16,538	26,660	109,943
Insurance	681	459	291	7,996	308	9,735
Occupancy	8,347	3,355	3,760	5,632	4,465	25,559
Cost of merchandise	-	21,322	-	-	-	21,322
Information technology	11,200	33,678	9,966	5,477	4,892	65,213
Travel	2,820	8,379	83	245	2,451	13,978
Dues and subscriptions	8,371	3	221	6,420	3,475	18,490
Miscellaneous	-	-	-	1,832	-	1,832
Grants and assistance	202,309	1,500	-	-	-	203,809
Total expenses	\$ 1,279,450	\$ 231,839	\$ 309,804	\$ 819,119	\$ 246,954	\$ 2,887,166

See accompanying notes.

NATIONAL PEACE CORPS ASSOCIATION
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 350,595	\$ (1,467,544)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	472	-
Amortization of discount on unconditional promises to give	(4,992)	(3,097)
Loss on uncollectable unconditional promises to give and grants receivable	15,797	511,500
Net realized and unrealized (gain) loss on investments	(129,995)	72,365
(Increase) decrease in assets		
Accounts receivable	-	56,885
Grants receivable	53,547	60,094
Unconditional promises to give	34,753	3,097
Prepaid expenses	2,835	(3,200)
Deposits	-	(1,989)
Increase (decrease) in liabilities		
Accounts payable	19,186	(202,541)
Accrued expenses	(17,582)	(42,140)
Deferred revenue	(30,921)	19,477
Net cash flows from operating activities	293,695	(997,093)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	852,623	1,469,880
Purchases of and interest retained in investments	(1,003,396)	(1,502,695)
Purchases of computer equipment	(2,123)	-
Net cash flows from investing activities	(152,896)	(32,815)
Change in cash	140,799	(1,029,908)
Cash at beginning of year	522,637	1,552,545
Cash at end of year	<u>\$ 663,436</u>	<u>\$ 522,637</u>

See accompanying notes.

NATIONAL PEACE CORPS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

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: help the Peace Corps be the best it can be, empower members and affiliate groups to thrive, and amplify the Peace Corps community's global social impact. NPCA is supported primarily by grants, contributions, advertising, and subscriptions.

Computer Equipment

NPCA capitalizes all significant expenditures of computer equipment with expected useful lives greater than one year. Computer equipment is carried at cost and depreciation is computed using the straight-line method over the estimated useful lives of the assets, ranging from three to seven years.

Promises to Give

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met or explicitly waived by the donor. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

Grants Receivable

Grants receivable represents amounts due from government agencies for costs incurred under cost reimbursement grant agreements. Grants receivable are stated at the amount management expects to be collected from outstanding balances. As of December 31, 2023 and 2022, management has determined, based on historical experience that all amounts are fully collectible and no allowance for doubtful accounts is necessary.

Investments

NPCA reports investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

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

NATIONAL PEACE CORPS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Grants and Contributions

Contributions received are recorded as increases in net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Federal Grants

NPCA receives grants from government agencies and others that are conditioned upon NPCA incurring qualifying expenses. Revenue from these grants is generally recognized on a reimbursement basis, that is, when qualifying expenses are incurred by NPCA, both a receivable from the grantor agency and revenue are recorded. Grants are also generally restricted by the grantor for a specified purpose. Grants whose conditions and restrictions are met in the same reporting period that the revenue is recognized are reported as increases in net assets without donor restrictions.

Revenue Recognition

NPCA's earned revenue consists of contracts, advertising, and subscriptions. Revenue is 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.

In-Kind Contributions

In-kind contributions are recognized as revenue and expense in the statements of activities in accordance with generally accepted accounting principles if the donations (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills and (c) would otherwise need to be purchased by NPCA.

Leases

NPCA does not recognize short-term leases in the statements of financial position. For these leases, NPCA recognizes the lease payments in the change in net assets on a straight-line basis over the lease term and variable lease payments in the period in which the obligation for those payments is incurred. NPCA also does not separate nonlease components from lease components for all classes of underlying assets and instead accounts for each separate lease component and the nonlease components associated with that lease component as a single lease component. If the rate implicit in the lease is not readily determinable, NPCA uses a risk-free rate as the discount rate for the lease for all classes of underlying assets.

NATIONAL PEACE CORPS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Tax Status

NPCA is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to NPCA's tax-exempt purpose is subject to taxation as unrelated business income. In addition, NPCA qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel and occupancy which are allocated on the basis of estimates of time and effort. The following program services and supporting activities are included in the accompanying financial statements:

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, D.C., 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.

Management and General: Includes accounting and production of financial reports, oversight of annual budget, management of NPCA, maintaining databases of NPCA, and any other administrative and office service necessary for NPCA.

Fundraising: Includes the solicitation of grants, contributions, advertising and subscription revenue.

NATIONAL PEACE CORPS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Date of Management's Review

Management has evaluated subsequent events through October 9, 2024, the date which the financial statements were available to be issued.

NOTE 2—CASH

Cash is comprised of the following:

	2023	2022
Unrestricted cash	\$ 329,119	\$ 330,085
Cash restricted for endowments	334,317	192,552
Cash	<u>\$ 663,436</u>	<u>\$ 522,637</u>

NPCA maintains cash balances at a financial institution located in Washington, D.C. Accounts at the institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At times during the year, NPCA's cash balances exceed the FDIC Insurance amount. At December 31, 2023 and 2022, NPCA's uninsured cash balances total approximately \$413,000 and \$207,000, respectively.

NOTE 3—UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give are as follows:

	2023	2022
Receivable in less than one year	\$ 547,992	\$ 286,000
Receivable in one to five years	-	296,745
Total unconditional promises to give	547,992	582,745
Less: allowance for uncollectable amounts	(500,000)	(500,000)
Less: discounts to present value	-	(4,992)
Unconditional promises to give, net	<u>\$ 47,992</u>	<u>\$ 77,753</u>

Unconditional promises to give receivable in more than one year are discounted at 2%.

NATIONAL PEACE CORPS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 4—INVESTMENTS

Investments are comprised of the following:

	2023	2022
Cash and cash equivalents	\$ 167,952	\$ 11,686
Equities	558,103	465,815
Exchange traded funds	200,609	9,776
Bonds	416,502	401,693
U.S. Treasuries	292,564	465,992
	<u>\$ 1,635,730</u>	<u>\$ 1,354,962</u>
Investments	<u>\$ 1,635,730</u>	<u>\$ 1,354,962</u>

Fair values of equities and exchange traded funds are valued at unadjusted quoted prices reported on the active markets on which the individual securities are traded, which are Level 1 fair value measurements. Bonds and U.S. Treasuries are valued using a market approach that uses inputs observed interest rates and yield curves, prices in active markets for similar assets, and prices for identical assets in inactive markets that have been adjusted by observable indexes, which are Level 2 fair value measurements.

NOTE 5—NET ASSETS

Net assets with donor restrictions are restricted for the following purposes:

	2023	2022
Subject to expenditure for specified purpose:		
Global Reentry	\$ -	\$ 114,237
Educational Projects	165,088	463,319
Never Stop Serving Challenge	26,314	100,000
Peace Corps Place	109,179	104,179
Affiliate support	50,000	50,000
Subject to NPCA's spending policy and appropriation		
Never Stop Serving Challenge Fund Endowment	435,290	393,210
Global Leaders Fund Endowment	888,118	832,799
Legacy Fund Endowment	192,552	192,552
	<u>\$ 1,866,541</u>	<u>\$ 2,250,296</u>
Net assets with donor restrictions	<u>\$ 1,866,541</u>	<u>\$ 2,250,296</u>

NATIONAL PEACE CORPS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 6—ENDOWMENT

NPCA's endowments consist of three donor-restricted funds established to support the Global Leaders Fund, the Never Stop Serving Challenge, and the Legacy Fund. The board of directors of NPCA has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, NPCA considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. NPCA has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. In accordance with UPMIFA, NPCA considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purposes of the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of NPCA, and (7) NPCA's investment policies.

Investment Return Objectives, Risk Parameters, and Strategies. 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. Endowment assets include those assets of donor-restricted funds that NPCA must hold in perpetuity or for donor-specified periods. 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 and the fund's average value over a trailing twelve quarter period.

Underwater Endowment Funds. 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. At December 31, 2023, there are no donor-restricted endowment funds with deficiencies. At December 31, 2022 the Maureen Orth Never Stop Serving Challenge Fund was underwater by \$6,790 due to poor market conditions.

Global Leaders Fund

NPCA's Global Leaders Fund endowment's purpose 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 enable the recipient lecturer to become a global leader.

NATIONAL PEACE CORPS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 6—ENDOWMENT (continued)

Endowment net asset composition by type of the Global Leaders Fund as of December 31, 2023 and 2022 is as follows:

	2023	2022
Donor-restricted endowment funds:		
Original donor-restricted gift amount	\$ 750,000	\$ 750,000
Accumulated investment gains	138,118	82,799
Total endowment funds	<u>\$ 888,118</u>	<u>\$ 832,799</u>

Changes in endowment net assets of the Global Leaders Fund for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
Endowment net assets at beginning of year	\$ 832,799	\$ 979,306
Appropriations	(43,000)	(99,525)
Investment return, net	98,319	(46,982)
Endowment net assets at end of year	<u>\$ 888,118</u>	<u>\$ 832,799</u>

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.

NPCA's Maureen Orth Never Stop Serving 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.

NATIONAL PEACE CORPS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 6—ENDOWMENT (continued)

Endowment net asset composition by type of the Maureen Orth Never Stop Serving Challenge Fund as of December 31, 2023 and 2022 is as follows:

	2023	2022
Donor-restricted endowment funds:		
Original donor-restricted gift amount	\$ 400,000	\$ 400,000
Accumulated investment gains (losses)	35,290	(6,790)
Total endowment funds	<u>\$ 435,290</u>	<u>\$ 393,210</u>

Changes in endowment net assets of the Maureen Orth Never Stop Serving Challenge Fund for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
Endowment net assets at beginning of year	\$ 393,210	\$ 918,173
Write-off of uncollectable promise to give	-	(500,000)
Appropriations	-	(93)
Investment return, net	42,080	(24,870)
Endowment net assets at end of year	<u>\$ 435,290</u>	<u>\$ 393,210</u>

Legacy Fund Endowment

NPCA's Legacy Fund endowment's purpose is to enable NPCA to sustain core initiatives over the long-term in response to the needs of NPCA's global community.

Endowment net asset composition by type of the Legacy Fund as of December 31, 2023 and 2022 is as follows:

	2023	2022
Donor-restricted endowment funds:		
Original donor-restricted gift amount	\$ 150,000	\$ 150,000
Accumulated investment gains	42,552	42,552
Total endowment funds	<u>\$ 192,552</u>	<u>\$ 192,552</u>

NATIONAL PEACE CORPS ASSOCIATION
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NOTE 6—ENDOWMENT (continued)

Changes in endowment net assets of the Legacy Fund for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
Endowment net assets at beginning of year	\$ 192,552	\$ 142,669
Contributions	-	50,000
Investment return, net	-	(117)
Endowment net assets at end of year	<u>\$ 192,552</u>	<u>\$ 192,552</u>

NOTE 7—LINE OF CREDIT

NPCA has a secured 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 matures on February 1, 2025. At December 31, 2023 and 2022, there are no amounts outstanding on the line of credit.

NOTE 8—LIQUIDITY AND AVAILABILITY

The following table reflects NPCA's financial assets as of the date of the statements of financial position reduced by amounts not available for general expenditures within one year of the date of the statements of financial position because of donor-imposed restrictions.

	2023	2022
Financial assets at year-end:		
Cash	\$ 663,436	\$ 522,637
Grants receivable	-	69,344
Unconditional promises to give, net	47,992	77,753
Investments	<u>1,635,730</u>	<u>1,354,962</u>
Total financial assets	2,347,158	2,024,696
Less those unavailable for general expenditures within one year:		
Restricted by donors with purpose restrictions	(350,581)	(831,735)
Subject to NPCA's spending policy	<u>(1,515,960)</u>	<u>(1,418,561)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 480,617</u>	<u>\$ (225,600)</u>

NPCA regularly monitors liquidity required to meet its operating needs and other commitments, while also striving to maximize the investment of its available funds. In addition, NPCA has a \$100,000 line of credit it can utilize to meet short term cash needs. As part of NPCA's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

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NOTE 9—RETIREMENT 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. NPCA maintains a defined contribution pension plan for all employees. Under the Plan, contributions are made at a percentage of employee compensation. For the years ended December 31, 2023 and 2022, contributions to the Plan were \$9,745 and \$27,710, respectively.

NOTE 10—OFFICE LEASE

NPCA leases office space on a month-to-month basis. Monthly rent paid is charged based on total use of the office space. Total lease cost for the years ended December 31, 2023 and 2022 totaled \$46,850 and \$25,559, respectively.

NOTE 11—PAYCHECK PROTECTION PROGRAM LOANS

On May 4, 2020, NPCA received a loan totaling \$154,800 under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and administered by the U.S. Small Business Administration (SBA). The loan accrues interest at 1% but payments are deferred for borrowers who apply for forgiveness until SBA remits the borrower’s forgiveness amount to the lender. The amount of forgiveness depends, in part, on the total amount of eligible expenses paid by NPCA during the covered period. Eligible expenses may include payroll costs, rent, and utilities. Any unforgiven portion is payable over five years. During the year ended December 31, 2021, the SBA preliminarily approved forgiveness of NPCA’s PPP loan. NPCA must retain PPP documentation in its files for six years after the date the loan is forgiven or repaid in full and permit authorized representatives of SBA to access such files upon request. SBA may review any loan at any time at its discretion. Therefore, SBA may review NPCA’s good-faith certification concerning the necessity of its loan request, whether NPCA calculated the loan amount correctly, whether NPCA used loan proceeds for the allowable uses specified in the CARES Act, and whether NPCA is entitled to loan forgiveness in the amount claimed on its application. If SBA determines NPCA was ineligible for the loan or for forgiveness in whole or in part, SBA will seek repayment of the outstanding loan balance.

NOTE 12—COMPUTER EQUIPMENT

Computer equipment is comprised of the following:

	<u>2023</u>	<u>2022</u>
Computer equipment	\$ 19,153	\$ -
Accumulated depreciation	<u>(17,502)</u>	<u>-</u>
Computer equipment, net	<u>\$ 1,651</u>	<u>\$ -</u>

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NOTE 13—LITIGATION

On August 7, 2019, NPCA entered into a preliminary agreement for office space lease for ten years, which would have required monthly payments of \$15,563 with annual escalations of two and half percent. Due to agreed upon construction not being completed in a timely manner, NPCA disengaged from the lease. During the year ended December 31, 2023, NPCA received notice that it was being sued for breach of contract by the landlord. Under the litigation, the landlord is claiming approximately \$500,000 of damages. NPCA is working with its legal counsel and the landlord to schedule mediation, at which time NPCA will attempt to settle the case for up to \$100,000. Due to uncertainties in the litigation process, it is at least reasonably possible that the estimated cost of this case will change within the next year.

NOTE 14—GOING CONCERN

As seen in the accompanying financial statements, NPCA incurred a net operating surplus of \$350,595 and a net operating loss \$1,467,544 for the years ended December 31, 2023 and 2022, respectively, leading to overall net assets without donor restrictions improving to a balance of \$405,034 at December 31, 2023. While the year ended December 31, 2023 ended in a significant surplus, the surplus was driven by two large, one-time gifts. Those factors create substantial doubt about NPCA's ability to continue as a going concern for the year following the date the financial statements are available to be issued. Management has evaluated conditions subsequent to year end and believes the uncertainty about the ability to continue as a going concern has been alleviated.

Management has evaluated these conditions and is continually assessing costs to determine nonessential expenses that could be eliminated. A balanced budget was approved by the organization for 2024 and 2023. In addition, management is reviewing its fundraising strategies under new leadership in an effort to reengage historical donors, as well as cultivate new donors. As a result of these efforts, net assets without donor restrictions were restored in 2023 with continued progress anticipated in 2024 with a new CRM being implemented. The financial statements do not include any adjustment that might be necessary if NPCA is unable to continue as a going concern.

NOTE 15—RESTATEMENT OF NET ASSETS

In previously issued financial statements, NPCA did not release \$500,000 of net assets with donor restrictions when the unconditional promise to give associated with the net assets with donor restrictions was written off as uncollectable. Accordingly, the amounts reported for net assets without donor restrictions and net assets with donor restrictions have been restated in the opening balances for the year ended December 31, 2022. Correcting this error decreased net assets with donor restrictions by \$500,000 and increased net assets without donor restrictions by \$500,000 in the statement of financial position at December 31, 2022. The restatement did not have any effect on the change in net assets for the year ended December 31, 2022.