AMERICANS FOR PEACE NOW, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019
AMERICANS FOR PEACE NOW, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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Independent Auditor’s Report

To the Board of Directors
Americans for Peace Now, Inc.
Washington, D.C.

Opinion
We have audited the accompanying financial statements of Americans for Peace Now, Inc. which comprise the statements of financial position as of December 31, 2020 and 2019, 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 Americans for Peace Now, Inc. as of December 31, 2020 and 2019, and the results of its activities 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 Americans for Peace Now, Inc. 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 Americans for Peace Now, Inc.’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 Americans for Peace Now, Inc.'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 Americans for Peace Now, Inc.'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.

Needham, Massachusetts
November 3, 2021
AMERICANS FOR PEACE NOW, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$316,052</td>
<td>$433,082</td>
</tr>
<tr>
<td>Donated securities</td>
<td>3,039</td>
<td>-</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>10,228</td>
<td>5,924</td>
</tr>
<tr>
<td>Security deposit</td>
<td>303</td>
<td>303</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>$329,622</strong></td>
<td><strong>$439,309</strong></td>
</tr>
</tbody>
</table>

LIABILITIES AND NET ASSETS

<table>
<thead>
<tr>
<th>Liabilities:</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>$42,558</td>
<td>$141,996</td>
</tr>
<tr>
<td>Due to former president for consulting services</td>
<td>-</td>
<td>160,000</td>
</tr>
<tr>
<td>Payroll Protection Program loan</td>
<td>102,715</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>145,273</strong></td>
<td><strong>301,996</strong></td>
</tr>
</tbody>
</table>

| Net assets - without donor restrictions | 184,349 | 137,313 |
| Total liabilities and net assets    | $329,622 | $439,309 |

The accompanying notes are an integral part of these financial statements.
<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions</td>
<td>$1,132,198</td>
<td>$1,381,851</td>
</tr>
<tr>
<td>Contributions of securities</td>
<td>19,307</td>
<td>12,036</td>
</tr>
<tr>
<td>Interest and dividends</td>
<td>154</td>
<td>166</td>
</tr>
<tr>
<td>Net realized gains and losses</td>
<td>58</td>
<td>(110)</td>
</tr>
<tr>
<td>on contributed securities</td>
<td>37</td>
<td></td>
</tr>
<tr>
<td>Total support and revenue</td>
<td>1,151,754</td>
<td>1,393,943</td>
</tr>
<tr>
<td>Expenses:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program services</td>
<td>907,591</td>
<td>1,018,759</td>
</tr>
<tr>
<td>General and administrative</td>
<td>137,388</td>
<td>140,702</td>
</tr>
<tr>
<td>Fundraising</td>
<td>59,739</td>
<td>222,134</td>
</tr>
<tr>
<td>Total expenses</td>
<td>1,104,718</td>
<td>1,381,595</td>
</tr>
<tr>
<td>Increase in net assets</td>
<td>47,036</td>
<td>12,348</td>
</tr>
<tr>
<td>Net assets, beginning of year</td>
<td>137,313</td>
<td>124,965</td>
</tr>
<tr>
<td>Net assets, end of year</td>
<td>$184,349</td>
<td>$137,313</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
AMERICANS FOR PEACE NOW, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2020

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Program Services</th>
<th>General and Administrative</th>
<th>Fundraising</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee compensation:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries - staff</td>
<td>$451,959</td>
<td>$348,278</td>
<td>$77,799</td>
<td>$25,882</td>
</tr>
<tr>
<td>Salaries - officers</td>
<td>107,123</td>
<td>80,343</td>
<td>16,068</td>
<td>10,712</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>46,022</td>
<td>35,464</td>
<td>7,922</td>
<td>2,636</td>
</tr>
<tr>
<td>Retirement plan contributions</td>
<td>19,496</td>
<td>15,024</td>
<td>3,356</td>
<td>1,116</td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>41,171</td>
<td>31,726</td>
<td>7,087</td>
<td>2,358</td>
</tr>
<tr>
<td><strong>Total employee compensation</strong></td>
<td><strong>665,771</strong></td>
<td><strong>510,835</strong></td>
<td><strong>112,232</strong></td>
<td><strong>42,704</strong></td>
</tr>
<tr>
<td>Grants to S.H.A'.AL Peace Now for Israel - Educational Enterprises</td>
<td>150,000</td>
<td>150,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Printing, postage and mailing</td>
<td>48,592</td>
<td>38,874</td>
<td>4,859</td>
<td>4,859</td>
</tr>
<tr>
<td>Outside consultants</td>
<td>111,234</td>
<td>110,734</td>
<td>-</td>
<td>500</td>
</tr>
<tr>
<td>Rent</td>
<td>45,316</td>
<td>36,252</td>
<td>4,532</td>
<td>4,532</td>
</tr>
<tr>
<td>Conferences and meetings</td>
<td>22,212</td>
<td>19,990</td>
<td>-</td>
<td>2,222</td>
</tr>
<tr>
<td>Travel</td>
<td>3,023</td>
<td>2,721</td>
<td>151</td>
<td>151</td>
</tr>
<tr>
<td>Telephone</td>
<td>11,192</td>
<td>8,954</td>
<td>1,119</td>
<td>1,119</td>
</tr>
<tr>
<td>Insurance</td>
<td>7,084</td>
<td>5,668</td>
<td>708</td>
<td>708</td>
</tr>
<tr>
<td>Credit card and other fees</td>
<td>23,387</td>
<td>18,709</td>
<td>2,339</td>
<td>2,339</td>
</tr>
<tr>
<td>Advertising and promotion</td>
<td>112</td>
<td>101</td>
<td>-</td>
<td>11</td>
</tr>
<tr>
<td>Legal and accounting</td>
<td>10,854</td>
<td>-</td>
<td>10,854</td>
<td>-</td>
</tr>
<tr>
<td>Office expenses</td>
<td>5,941</td>
<td>4,753</td>
<td>594</td>
<td>594</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td><strong>$1,104,718</strong></td>
<td><strong>$907,591</strong></td>
<td><strong>$137,388</strong></td>
<td><strong>$59,739</strong></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
AMERICANS FOR PEACE NOW, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019

<table>
<thead>
<tr>
<th>Description</th>
<th>Total</th>
<th>Program Services</th>
<th>General and Administrative</th>
<th>Fundraising</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee compensation:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries - staff</td>
<td>$ 570,470</td>
<td>$ 439,602</td>
<td>$ 98,199</td>
<td>$ 32,669</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>48,243</td>
<td>37,176</td>
<td>8,304</td>
<td>2,763</td>
</tr>
<tr>
<td>Retirement plan contributions</td>
<td>17,161</td>
<td>13,224</td>
<td>2,954</td>
<td>983</td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>44,292</td>
<td>34,132</td>
<td>7,624</td>
<td>2,536</td>
</tr>
<tr>
<td>Total employee compensation</td>
<td>680,166</td>
<td>524,134</td>
<td>117,081</td>
<td>38,951</td>
</tr>
<tr>
<td>Grants to S.H.A.'AL Peace Now for Israel - Educational Enterprises</td>
<td>184,000</td>
<td>184,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Printing, postage and mailing</td>
<td>37,067</td>
<td>29,653</td>
<td>3,707</td>
<td>3,707</td>
</tr>
<tr>
<td>Outside consultants</td>
<td>271,360</td>
<td>111,360</td>
<td>-</td>
<td>160,000</td>
</tr>
<tr>
<td>Rent</td>
<td>51,073</td>
<td>40,859</td>
<td>5,107</td>
<td>5,107</td>
</tr>
<tr>
<td>Conferences and meetings</td>
<td>97,349</td>
<td>87,614</td>
<td>-</td>
<td>9,735</td>
</tr>
<tr>
<td>Travel</td>
<td>7,938</td>
<td>7,144</td>
<td>397</td>
<td>397</td>
</tr>
<tr>
<td>Telephone</td>
<td>12,747</td>
<td>10,197</td>
<td>1,275</td>
<td>1,275</td>
</tr>
<tr>
<td>Insurance</td>
<td>6,526</td>
<td>5,220</td>
<td>653</td>
<td>653</td>
</tr>
<tr>
<td>Credit card and other fees</td>
<td>14,578</td>
<td>11,662</td>
<td>1,458</td>
<td>1,458</td>
</tr>
<tr>
<td>Advertising and promotion</td>
<td>1,009</td>
<td>908</td>
<td>-</td>
<td>101</td>
</tr>
<tr>
<td>Legal and accounting</td>
<td>10,274</td>
<td>-</td>
<td>10,274</td>
<td>-</td>
</tr>
<tr>
<td>Office expenses</td>
<td>7,508</td>
<td>6,008</td>
<td>750</td>
<td>750</td>
</tr>
<tr>
<td>Total expenses</td>
<td>$ 1,381,595</td>
<td>$ 1,018,759</td>
<td>$ 140,702</td>
<td>$ 222,134</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
AMERICANS FOR PEACE NOW, INC.  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2020 AND 2019

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase in net assets</td>
<td>$ 47,036</td>
<td>$ 12,348</td>
</tr>
<tr>
<td>Adjustments to reconcile increase in net assets to net cash provided by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-cash contributions of securities</td>
<td>(19,307)</td>
<td>(12,036)</td>
</tr>
<tr>
<td>Proceeds from sale of contributed securities</td>
<td>16,363</td>
<td>11,926</td>
</tr>
<tr>
<td>Net realized gains and losses on contributed securities</td>
<td>(58)</td>
<td>110</td>
</tr>
<tr>
<td>Net change in unrealized gains on contributed securities</td>
<td>(37)</td>
<td>-</td>
</tr>
<tr>
<td>Changes in operating assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>(4,304)</td>
<td>457</td>
</tr>
<tr>
<td>Security deposit</td>
<td>-</td>
<td>15,002</td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>(99,438)</td>
<td>63,035</td>
</tr>
<tr>
<td>Due to former president for consulting services</td>
<td>(160,000)</td>
<td>160,000</td>
</tr>
<tr>
<td>Compensation payable under Supplemental Employee Retirement Program</td>
<td>-</td>
<td>(230,363)</td>
</tr>
<tr>
<td>Total adjustments</td>
<td>(266,781)</td>
<td>8,131</td>
</tr>
<tr>
<td>Total cash provided by (used in) operating activities</td>
<td>(219,745)</td>
<td>20,479</td>
</tr>
<tr>
<td>Net cash provided by financing activities:</td>
<td>102,715</td>
<td></td>
</tr>
<tr>
<td>Proceeds from Payroll Protection Program loan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net increase (decrease) in cash and cash equivalents</td>
<td>(117,030)</td>
<td>20,479</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of year</td>
<td>433,082</td>
<td>412,603</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of year</td>
<td>$ 316,052</td>
<td>$ 433,082</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
1. **Nature of Operations**

Americans for Peace Now, Inc. ("the Organization") is a not-for-profit corporation, exempt from income tax under section 501(c)(3) of the Internal Revenue Code. The Organization was formed in 1981 and incorporated in 1988 under the laws of Massachusetts.

The purpose of the Organization is to support a strong and secure Israel and to carry out public information activities on Middle East peace issues in the United States. The Organization encourages widespread, thoughtful discussion of the Arab-Israeli conflict and support of the Israeli movement known as Shalom Achshav (Peace Now) and related Israeli peace movements.

The Organization engages in activities as follows:

--conducts seminars, workshops, and public advocacy campaigns;
--prepares educational audiovisual presentations;
--publishes brochures, newsletters and other literature;
--sponsors speaking engagements by prominent commentators;
--organizes an annual study tour of Israel to visit settlements and meet with security experts;
--solicits contributions in support of its programs.

The Board of Directors is responsible for overseeing the Organization’s activities. Directors serve for two-year terms, but they may resign at any time. New directors are appointed by a majority of the current Board of Directors. There were 31 directors at December 31, 2020 and 32 directors at December 31, 2019.

The Organization has a national office in Washington, D.C. and regional offices in Los Angeles, California and Woburn, Massachusetts.

2. **Summary of Significant Accounting Policies**

**Basis of Presentation**

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States, which require the Organization 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 Organization. These net assets may be used at the discretion of management and the board of directors.
2. **Summary of Significant Accounting Policies (continued)**

**Basis of Presentation (continued)**

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 Organization or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated that 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 statements of activities. The Organization did not have any net assets with donor restrictions during 2020 or 2019.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Cash and Cash Equivalents**

Money market funds are considered to be cash equivalents.

**Contributed Securities**

Contributions of marketable securities are recorded at the fair value of the securities at the time of donation, which is treated as the Organization’s basis in the securities. Contributed securities are generally sold shortly after they are received. When the contributed securities are sold the Organization records a realized gain or loss for the difference between the sale proceeds and the basis. While the contributed securities are held by the Organization prior to sale, they are carried at current fair value. Fair values for securities which are freely tradable on a securities exchange or other active markets are determined by the last sales price on the last business day of the period. The difference between current fair value and basis is an unrealized gain or loss. Changes in unrealized gains or losses at the beginning and at the end of a period are recorded as adjustments to the Organization’s revenue.
2. Summary of Significant Accounting Policies (continued)

Revenue Recognition

The Organization’s revenue is derived primarily from contributions. Contributions are recognized when a donor has made a commitment or pledge to contribute. Generally, the Organization’s donors communicate their commitment by sending a contribution payment, so the contributions are recognized when the payment is received. If a pledge is made in one year which is collected in the next year, the revenue is recognized in the year that the pledge is made.

Functional Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Program services include both costs directly related to specific programs, and an allocation of employee compensation and related expenses based on estimated time spent on program activities. General and administrative expenses include those expenses that are not directly identifiable with any specific programs but provide for the overall support and direction of the Organization. Fundraising includes an allocation of employee compensation and related expenses based on estimated time spent on mail solicitations and other fundraising activities.

Income Taxes

No provision for income taxes has been made in these financial statements because the Organization is a not-for-profit corporation, exempt from income tax under section 501(c)(3) of the Internal Revenue Code.

3. Liquidity and Availability of Financial Assets

The Organization’s working capital and cash flows have seasonal variations during the year attributable to a concentration of contributions received near the end of each year. To manage liquidity, the Organization invests cash in excess of daily requirements in money market accounts.

Net assets without donor restrictions as of December 31, 2020 and 2019 as presented on the statements of financial position are financial assets available to meet cash needs for general expenditures within one year.
4. Rental Agreements

The Organization occupied office space in Washington, D.C. through a sublease from New Israel Fund which commenced in 2011 and expired on April 29, 2019. The rent payment during the last year of the sublease was $6,713 per month. The security deposit of $15,305 was used to pay the rent for January and February 2019 and the balance was applied to other incidental costs.

The Organization entered into a new sublease with New Israel Fund for office space in a different location in Washington D.C. The sublease is for 24 months commencing on March 1, 2019. Rent for the first 5 months was abated. Monthly rentals are $5,202 from August 2019 through July 2020 and increase to $5,358 from August 2020 through February 2021. New Israel Fund waived the rent for the last six months of 2020. The Organization exercised its first option to renew the sublease through February 2023. The Organization has another option to extend for an additional 17 months.

Future minimum rentals required under the Washington D.C. sublease are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>$65,096</td>
</tr>
<tr>
<td>2022</td>
<td>67,049</td>
</tr>
<tr>
<td>2023</td>
<td>11,368</td>
</tr>
<tr>
<td>Total</td>
<td>$143,513</td>
</tr>
</tbody>
</table>

The Organization rents office space in Los Angeles, California as a tenant at will for a monthly rent of $303. The Organization stopped renting the office in Los Angeles in February 2021.

Total rent expense was $45,316 in 2020 and $51,073 in 2019.

5. Related Party Transactions

Three of the Organization’s directors also serve as directors of New Israel Fund. As explained in Note 4, the Organization subleases office space in Washington, D.C. from New Israel Fund.

The Organization agreed to pay its former President Debra DeLee $160,000 for consulting services provided during 2019. The Organization recorded a liability for $160,000 of consulting fees payable as of December 31, 2019. The fees were paid during 2020. The consulting fees have been allocated to fundraising expense.
6. Retirement Plans

The Organization maintains a 403(b) Plan ("Plan") to provide retirement benefits for its employees. Employees may contribute to the Plan, limited to a maximum annual amount as set periodically by the Internal Revenue Service. The Organization does not contribute to the Plan.

The Organization also maintains a defined contribution Simplified Employee Pension Plan ("SEP"). The Organization may make contributions to the SEP in amounts determined annually by the Board of Directors. Contributions are allocated among all eligible employees in proportion to their annual compensation. The Organization made contributions of $19,496 in 2020 and $17,161 in 2019.

7. Concentrations and Risk

The Organization maintains some cash in money market accounts which are not insured by the Federal Deposit Insurance Corporation. The Organization may occasionally maintain cash balances at a bank in excess of federally insured limits. Contributions from three individuals accounted for approximately 22% of total contributions in 2020 and contributions from two individuals accounted for approximately 18% of total contributions in 2019.

8. Severance Policy and Subsequent Event

The Organization has a policy regarding payment of a severance allowance to employees who may be terminated by the Organization for reasons other than unsatisfactory performance. Although the terms of the policy are not set down in any written document, it is generally understood within the Organization that the severance allowance will be equal to one week’s salary for each year of service. The severance allowance only applies to employees terminated by the Organization, and it does not apply to employees who decide to terminate employment themselves. The Organization has not terminated any employee for reasons other than unsatisfactory performance and consequently has not paid any severance allowance in 2020 or any prior year.

Although the amount of severance allowance that would be paid to any employee upon termination can be calculated at any time based on length of service and current salary, it is not possible to predict which employees, if any, will be terminated in the future under circumstances which qualify for the severance allowance. Consequently, the Organization does not record severance expense until a decision has been made to terminate an employee. Based on salary levels and length of service of current employees, the hypothetical exposure under this policy if all employees were terminated by the Organization was approximately $160,850 as of December 31, 2020 and $142,072 as of December 31, 2019.
8. Severance Policy and Subsequent Event (continued)

In January 2021 two long-time employees of the Organization were terminated and qualified for severance allowances totaling $109,948, which was paid to them over a period of three months. Because the decision to terminate was made in 2021, the Organization has recorded the severance allowance as an expense of 2021, and it has not been accrued as a liability at December 31, 2020.

9. Payroll Protection Program Loan Payable

In May 2020, the Organization received a loan of $102,715 from TD Bank N.A. as part of the Payroll Protection Program ("PPP") which is administered by the Small Business Administration ("SBA"). The loan had a maturity date in two years with interest at a fixed rate of 1.0%. Payments were deferred for a period of approximately 16 months. The loan is shown as a liability on the statement of financial position as of December 31, 2020.

The SBA approved forgiveness of the loan early in 2021. The forgiveness will be reflected as elimination of the liability and as grant revenue in the financial statements for 2021. The Organization received a second PPP loan of $130,945 in February 2021, with maturity in five years and interest terms similar to those of the 2020 PPP loan. The Organization has applied for and received forgiveness of the 2021 loan in October 2021.

10. Subsequent Events

The Organization made severance payments totaling $109,948 in 2021 following termination of two employees in January 2021. The PPP loan which was outstanding as of December 31, 2020 was forgiven in 2021, and a new PPP loan was received in February 2021 and forgiven in October 2021. Further details concerning these subsequent events are provided in Notes 8 and 9.

Management has evaluated subsequent events through November 3, 2021, the date these financial statements were available to be issued, and has determined that there are no other subsequent events which occurred that require recognition or additional disclosure in these financial statements.