

**AMERICANS FOR PEACE NOW, INC.  
FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

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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, 2021 and 2020, 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, 2021 and 2020, 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.

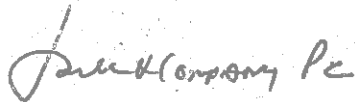
### Auditor's Responsibilities for the Audit of the Financial Statements

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 4, 2022

**AMERICANS FOR PEACE NOW, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2021 AND 2020**

	2021	2020
<u>ASSETS</u>		
Cash and cash equivalents	\$ 734,803	\$ 316,052
Donated securities	-	3,039
Prepaid expenses	7,670	10,228
Security deposit	-	303
	\$ 742,473	\$ 329,622
Total assets	\$ 742,473	\$ 329,622

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable and accrued expenses	\$ 14,333	\$ 42,558
Paycheck Protection Program loan	-	102,715
Total liabilities	14,333	145,273
Net assets - without donor restrictions	728,140	184,349
Total liabilities and net assets	\$ 742,473	\$ 329,622

The accompanying notes are an integral part of these financial statements.

**AMERICANS FOR PEACE NOW, INC.**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Support and revenue:		
Contributions	\$ 1,456,238	\$ 1,132,198
Government grant (Paycheck Protection Plan loan forgiveness)	233,660	-
Contributions of securities	59,781	19,307
Interest and dividends	64	154
Net realized gains and losses on contributed securities	327	58
Net change in unrealized gains on contributed securities	<u>(37)</u>	<u>37</u>
Total support and revenue	<u>1,750,033</u>	<u>1,151,754</u>
Expenses:		
Program services	923,733	907,591
General and administrative	174,036	137,388
Fundraising	<u>108,473</u>	<u>59,739</u>
Total expenses	<u>1,206,242</u>	<u>1,104,718</u>
Increase in net assets	543,791	47,036
Net assets, beginning of year	<u>184,349</u>	<u>137,313</u>
Net assets, end of year	<u><u>\$ 728,140</u></u>	<u><u>\$ 184,349</u></u>

The accompanying notes are an integral part of these financial statements.

**AMERICANS FOR PEACE NOW, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2021**

	<u>Total</u>	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>
Employee compensation:				
Salaries - staff	\$ 330,255	\$ 254,493	\$ 56,849	\$ 18,913
Salaries - officers	246,583	165,210	61,646	19,727
Employee benefits	40,095	30,897	6,902	2,296
Retirement plan contributions	8,917	6,871	1,535	511
Payroll taxes	45,264	34,880	7,792	2,592
Total employee compensation	<u>671,114</u>	<u>492,351</u>	<u>134,724</u>	<u>44,039</u>
Grants to S.H.A'.AL Peace Now for Israel - Educational Enterprises	150,000	150,000	-	-
Advertising and promotion	2,055	1,850	-	205
Conferences and meetings	42,101	12,852	-	29,249
Consultants	162,115	132,615	11,063	18,437
Credit card and other fees	15,668	12,534	1,567	1,567
Insurance	7,328	5,862	733	733
Legal and accounting	11,706	-	11,706	-
Office expenses	4,142	3,314	414	414
Printing, postage and mailing	50,034	40,028	5,003	5,003
Rent	75,920	60,736	7,592	7,592
Travel	3,442	3,098	172	172
Telephone	10,617	8,493	1,062	1,062
Total expenses	<u>\$ 1,206,242</u>	<u>\$ 923,733</u>	<u>\$ 174,036</u>	<u>\$ 108,473</u>

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**

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

The accompanying notes are an integral part of these financial statements.



**AMERICANS FOR PEACE NOW, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
Cash flows from operating activities:		
Increase in net assets	\$ 543,791	\$ 47,036
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Non-cash contributions of securities	(59,781)	(19,307)
Proceeds from sale of contributed securities	63,110	16,363
Net realized gains and losses on contributed securities	(327)	(58)
Net change in unrealized gains on contributed securities	37	(37)
Government grant (Paycheck Protection Plan loan forgiven)	(233,660)	-
Changes in operating assets and liabilities:		
Prepaid expenses	2,558	(4,304)
Security deposit	303	-
Accounts payable and accrued expenses	(28,225)	(99,438)
Due to former president for consulting services	-	(160,000)
Total adjustments	(255,985)	(266,781)
 Total cash provided by (used in) operating activities	 287,806	 (219,745)
 Net cash from financing activities:		
Proceeds from Payroll Protection Program loan	130,945	102,715
 Net increase (decrease) in cash and cash equivalents	 418,751	 (117,030)
 Cash and cash equivalents at beginning of year	 316,052	 433,082
 Cash and cash equivalents at end of year	 \$ 734,803	 \$ 316,052

Non-cash financing activity - Paycheck Protection Program loans received in 2020 and 2021 totaling \$233,660 were forgiven and cancelled during 2021.

The accompanying notes are an integral part of these financial statements.

**AMERICANS FOR PEACE NOW, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**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:

- publishes brochures, newsletters and other educational materials;
- maintains a website and sends weekly email blasts;
- solicits contributions in support of its programs;
- does educational social media postings that include Facebook, Twitter, Instagram;
- conducts webinars, podcasts, with speaking engagements by prominent commentators;
- speaks out on legislation that supports our causes and conducts public advocacy campaigns;
- organizes an annual study tour of Israel to meet with Israeli and Palestinian leaders.

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 33 directors at December 31, 2021 and 31 directors at December 31, 2020.

The Organization has a national office in Washington, D.C. and a regional office in 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.

**AMERICANS FOR PEACE NOW, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**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 2021 or 2020.

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.

**AMERICANS FOR PEACE NOW, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**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, 2021 and 2020 as presented on the statements of financial position are financial assets available to meet cash needs for general expenditures within one year.

**AMERICANS FOR PEACE NOW, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**4. Rental Agreements**

The Organization entered into a sublease with New Israel Fund for office space in a location in Washington D.C. The sublease was originally for 24 months commencing on March 1, 2019. The Organization exercised its first option to renew the sublease through February 2023. The sublease provides for monthly rentals of \$5,202 from August 2019 through July 2020, with increases to \$5,358 in August 2020 and \$5,518 in August 2021. New Israel Fund waived the rent for the last six months of 2020. 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:

2022	\$ 67,049
2023	<u>11,368</u>
Total	<u>\$ 78,417</u>

The Organization was renting 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 \$75,920 in 2021 and \$45,316 in 2020.

**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.

**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 \$8,917 in 2021 and \$19,496 in 2020.

**AMERICANS FOR PEACE NOW, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**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 25% of total contributions in 2021. Contributions from two of those individuals and from one different donor accounted for approximately 22% of total contributions in 2020.

**8. Severance Policy and Expense**

Prior to January 2021, the Organization had a policy regarding payment of a severance allowance to employees who were terminated by the Organization for reasons other than unsatisfactory performance. Although the terms of the policy were not set down in any written document, it was generally understood within the Organization that the severance allowance would be equal to one week's salary for each year of service. The severance allowance only applied to employees terminated by the Organization, and it did not apply to employees who decided to terminate employment themselves.

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

After January 2021, the Organization terminated the severance allowance policy for employees hired after January 2021. The policy continues in effect for employees who were hired before January 2021.

The amount of severance allowance that would be paid to any employee covered by the severance policy upon termination can be calculated at any time based on length of service and current salary. However, 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 covered employees were terminated by the Organization was approximately \$160,850 as of December 31, 2020. Following termination of the severance policy for new employees, as of December 31, 2021 only two long-term employees are eligible for coverage under the policy, and the hypothetical exposure calculated as described above was \$48,042.

**AMERICANS FOR PEACE NOW, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**9. Paycheck Protection Program Loan Payable**

In May 2020, the Organization received a loan of \$102,715 from TD Bank N.A. as part of the Paycheck 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 first loan early in 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 applied for and received forgiveness of the 2021 loan in October 2021. The forgiveness of both loans is reflected as elimination of the liability and as grant revenue in the financial statements for 2021.

**10. Contingent Liabilities**

In January 2022 a consultant who formerly provided services to the Organization notified the Organization of a claim for severance pay and other damages. Management believes that costs to settle this claim, if any, will not have a material effect on the Organization’s financial position.

**11. Subsequent Events**

Management has evaluated subsequent events through November 4, 2022, the date these financial statements were available to be issued, and has determined that there are no subsequent events which occurred that require recognition or additional disclosure in these financial statements.