

ROOTS OF PEACE



FINANCIAL STATEMENTS

DECEMBER 31, 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Roots of Peace

Report on the Financial Statements

We have audited the accompanying financial statements of Roots of Peace (a nonprofit organization), which comprise the Statement of Financial Position as of December 31, 2019, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Roots of Peace as of December 31, 2019, 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.

INDEPENDENT AUDITORS' REPORT

continued

Emphasis of Matter

As discussed in Note 9 to the financial statements, Roots of Peace incurred a loss of monies from a wire fraud perpetrated against the entity. Our opinion is not modified with respect to that matter.

Other Matter

Report on Summarized Comparative Information

We have previously audited Roots of Peace's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 28, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2020, on our consideration of Roots of Peace's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Roots of Peace's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Roots of Peace's internal control over financial reporting and compliance.

Harrington Group

Oakland, California
December 23, 2020

ROOTS OF PEACE

STATEMENT OF FINANCIAL POSITION

December 31, 2019

With comparative totals at December 31, 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash	\$ 743,907	\$ 977,331
Accounts receivable (Note 2)	319,678	105,969
Prepaid expenses	44,518	44,518
Inventory	34,236	34,991
Property and equipment (Note 4)	-	-
TOTAL ASSETS	<u>\$ 1,142,339</u>	<u>\$ 1,162,809</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 270,772	\$ 311,020
Accrued liabilities (Note 5)	170,730	144,194
Deferred revenue (Note 6)	1,262,128	437,998
Notes payable	-	220,831
TOTAL LIABILITIES	<u>1,703,630</u>	<u>1,114,043</u>
NET ASSETS		
Without donor restrictions	(561,291)	48,766
With donor restrictions	-	-
TOTAL NET ASSETS	<u>(561,291)</u>	<u>48,766</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,142,339</u>	<u>\$ 1,162,809</u>

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

ROOTS OF PEACE

STATEMENT OF ACTIVITIES

For the year ended December 31, 2019

With comparative totals for the year ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	2019	2018
REVENUE AND SUPPORT				
Grants and contributions (Note 8)	\$ 190,254	\$ 11,092,858	\$ 11,283,112	\$ 7,955,461
Cost sharing (Note 2)	3,402,182		3,402,182	486,325
Interest	135		135	1,043
Other revenue			-	19,960
(Loss) gain on exchange rate (Note 2)	(2,756)		(2,756)	4,429
Net assets released from restrictions	11,092,858	(11,092,858)	-	-
TOTAL REVENUE AND SUPPORT	14,682,673	-	14,682,673	8,467,218
EXPENSES				
Program services	12,047,722		12,047,722	6,404,604
Management and general	1,993,258		1,993,258	1,728,240
Fundraising	1,750		1,750	5,031
TOTAL EXPENSES	14,042,730	-	14,042,730	8,137,875
CHANGE IN NET ASSETS BEFORE OTHER CHANGES				
	639,943	-	639,943	329,343
OTHER CHANGES				
(Loss) from wire fraud (Note 9)	(1,250,000)		(1,250,000)	-
TOTAL OTHER CHANGES	(1,250,000)	-	(1,250,000)	-
CHANGE IN NET ASSETS	(610,057)	-	(610,057)	329,343
NET ASSETS, BEGINNING OF YEAR	48,766	-	48,766	(280,577)
NET ASSETS, END OF YEAR	\$ (561,291)	\$ -	\$ (561,291)	\$ 48,766

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

ROOTS OF PEACE

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2019

With comparative totals for the year ended December 31, 2018

	Program Services					Total Program Services	Management and General	Fundraising	Total Expenses	
	SHADE	CHAMP	IFC Pom	Pettit Foundation	CBARD				2019	2018
Salaries	\$ 49,015	\$ 2,961,785	\$ 21,766	\$ -	\$ 92,168	\$ 3,124,734	\$ 736,150	\$ -	\$ 3,860,884	\$ 3,416,687
Payroll taxes and employee benefits	1,404	710,479	5,595		19,634	737,112	189,045		926,157	809,791
Total personnel costs	50,419	3,672,264	27,361	-	111,802	3,861,846	925,195	-	4,787,041	4,226,478
Cost sharing (Note 2)		3,402,182				3,402,182			3,402,182	486,325
Office supplies and equipment	141,869	2,624,417	306		40,246	2,806,838	72,302		2,879,140	998,213
Travel and vehicles	32,387	491,733	572		36,383	561,075	299,426		860,501	615,140
Consultants	14,519	532,045				546,564	71,326		617,890	373,765
Rent	1,025	457,344	1,493		21,806	481,668	125,445		607,113	473,003
Professional services		83,597			7,575	91,172	171,706		262,878	107,697
Telephone and internet services	621	82,502	465		1,036	84,624	41,081		125,705	120,503
Meetings and events	1,195	37,042			236	38,473	78,155		116,628	92,454
Miscellaneous	19	4,733			18,007	22,759	69,830		92,589	414,896
Permits and taxes	471	33,879			3,905	38,255	22,763		61,018	33,554
Subcontractors		60,050				60,050			60,050	40,365
Dues and subscriptions		1,659				1,659	53,650		55,309	38,065
Printing and video production		6,184			29	6,213	31,671	1,750	39,634	38,767
Interest	354	16,058	274		588	17,274	7,480		24,754	33,137
Insurance		14,999				14,999	7,914		22,913	30,389
Postage	1,910	10,133	28			12,071	9,437		21,508	10,739
Equipment						-	5,877		5,877	4,385
TOTAL 2019 FUNCTIONAL EXPENSES	\$ 244,789	\$ 11,530,821	\$ 30,499	\$ -	\$ 241,613	\$ 12,047,722	\$ 1,993,258	\$ 1,750	\$ 14,042,730	
TOTAL 2018 FUNCTIONAL EXPENSES	\$ 230,304	\$ 6,065,094	\$ 104,206	\$ 5,000	\$ -	\$ 6,404,604	\$ 1,728,240	\$ 5,031		\$ 8,137,875

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

ROOTS OF PEACE

STATEMENT OF CASH FLOWS

For the year ended December 31, 2019

With comparative totals for the year ended December 31, 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (610,057)	\$ 329,343
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
(Increase) decrease in operating assets:		
Accounts receivable	(213,709)	73,731
Prepaid expenses	-	(8,818)
Inventory	755	17,646
Increase (decrease) in operating liabilities:		
Accounts payable	(40,248)	76,954
Accrued liabilities	26,536	23,525
Deferred revenue	824,130	437,998
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	<u>(12,593)</u>	<u>950,379</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on notes payable	<u>(220,831)</u>	<u>(227,688)</u>
NET CASH (USED) BY FINANCING ACTIVITIES	<u>(220,831)</u>	<u>(227,688)</u>
NET (DECREASE) INCREASE IN CASH	(233,424)	722,691
CASH, BEGINNING OF YEAR	<u>977,331</u>	<u>254,640</u>
CASH, END OF YEAR	<u>\$ 743,907</u>	<u>\$ 977,331</u>
SUPPLEMENTAL DISCLOSURES:		
Operating activities include interest paid of:	<u>\$ 24,754</u>	<u>\$ 30,389</u>

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

ROOTS OF PEACE

NOTES TO FINANCIAL STATEMENTS

1. **Organization**

Roots of Peace was founded in 1997 by Heidi Kuhn. The mission of the organization is to remove the hazard of landmines and unexploded ordinance from the soil. Roots of Peace works with the private sector and international agencies to revitalize the country's agricultural sector by bringing demined land back into productive agricultural use and creating a harvest of hope for communities in landmine affected countries. As part of these efforts, Roots of Peace also works to demine and rebuild schools, roads, irrigation canals, and even playgrounds, as every child needs a safe place to play.

Roots of Peace receives government funding along with private grants and contributions.

2. **Summary of Significant Accounting Policies**

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Without Donor Restrictions. Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

With Donor Restrictions. Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

ROOTS OF PEACE

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Accounts Receivable

Accounts receivable are receivables from governmental agencies. Therefore, no allowance for doubtful accounts has been provided.

Contributions and Pledges Receivables

Unconditional promises to give that are expected to be collected within one year are recorded as net realizable value. Unconditional promises to give that are expected to be collected in future years 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 discount is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Property and Equipment

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets. Maintenance and repair costs are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to five hundred dollars and the useful life is greater than one year.

Donated Materials and Services

Contributions of donated non-cash assets are measured on a non-recurring basis and recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are measured on a non-recurring basis and recorded at fair value in the period received. For the year ended December 31, 2019, Roots of Peace did not receive donated materials or services that satisfy the criteria for recognition.

Cost Sharing

Roots of Peace incorporates a cost share component to all programs to engage program participants in a more sustainable manner and encourage them to be investors as opposed to recipients. Cost sharing is sometimes required by the donor as a condition for making an award and is recorded at fair value in the period received. It is recorded as a separate income line item. For the year ended December 31, 2019, Roots of Peace had \$3,402,182 in cost sharing contributions.

Concentration of Credit Risks

Roots of Peace places its temporary cash investments with high-credit, quality financial institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation insurance limit. Roots of Peace has not incurred losses related to these investments.

ROOTS OF PEACE

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

The primary receivable balance outstanding at December 31, 2019 consists of receivables from government contracts and non-government earned program fees. Concentration of credit risks with respect to receivables are limited, as the majority of Roots of Peace's receivable consist of earned fees from contract programs granted by governmental agencies.

Functional Allocation of Expenses

Costs of providing Roots of Peace's programs and other activities have been presented in the Statement of Functional Expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit.

Revenue and Revenue Recognition

Roots of Peace recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been substantially met.

A portion of Roots of Peace's revenue may be derived from cost-reimbursable state, county or local contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when Roots of Peace has incurred expenditures in compliance with specific contract or grant provisions.

Income Taxes

Roots of Peace is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by Roots of Peace in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. December 31, 2019's returns are subject to examination by federal and state taxing authorities, generally for three and four years, respectively, after they are filed.

ROOTS OF PEACE

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues, and expenses as of the date and for the period presented. Actual results could differ from those estimates.

Recently Adopted Accounting Pronouncement

Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 606, *Revenue from Contracts with Customers*, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establishes a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expands disclosures about revenue. Roots of Peace has implemented Topic 606 and has adjusted the presentation in these financial statements accordingly.

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assist entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The ASU is effective for fiscal years beginning after December 31, 2018. Retrospective application is permitted. Roots of Peace has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements for the year ended December 31, 2019 under a modified prospective basis, as management believes the standard improves the usefulness and the understandability of the entity’s financial reporting. Accordingly, there is no effect on net assets in connection with Roots of Peace’s implementation of ASU 2018-08.

Translation of Afghan Currency

Afghan currency (“AFN”) is translated into U.S. dollars (“USD”) using the “translation method”. The exchange rates at December 31, 2019 used to convert the balance sheet account balances into USD was \$77,579 AFN to \$1 USD. Revenue and expenses are translated using the average rate for the reporting period. A foreign currency translation adjustment loss was recorded in the amount of (\$2,756) for the year ended December 31, 2019.

Comparative Totals

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Roots of Peace’s financial statements for the year ended December 31, 2018, from which the summarized information was derived.

continued

ROOTS OF PEACE

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Reclassifications

For comparability, certain December 31, 2018 amounts have been reclassified, where appropriate, to conform to the financial statement presentation used at December 31, 2019.

3. Liquidity and Availability of Resources

Roots of Peace regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. Roots of Peace has various sources of liquidity at its disposal, including cash and cash equivalents and accounts receivable.

For purposes of analyzing resources available to meet general expenditures over a twelve month period, Roots of Peace considers all expenditures related to its ongoing activities and the pattern of income from grants, contracts, and contributions. The Board of Directors meets quarterly to review all financial aspects of the organization.

As of December 31, 2019, the following financial assets could readily be made available within one year of the balance sheet date to meet its operational cash flow needs:

Cash	\$ 743,907
Accounts receivable	<u>319,678</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$1,063,585</u>

Roots of Peace is in the process of obtaining a loan to cover the reduction in cash arising from the \$1,250,000 loss from the wire fraud.

4. Property and Equipment

Property and equipment at December 31, 2019 consist of the following:

Equipment	\$ 39,000
Less: accumulated depreciation	<u>(39,000)</u>
	<u>\$ -</u>

5. Accrued Liabilities

Accrued liabilities at December 31, 2019 consist of the following:

Accrued vacation	\$117,689
Accrued salaries	45,230
Accrued pension payable	<u>7,811</u>
	<u>\$170,730</u>

continued

ROOTS OF PEACE

NOTES TO FINANCIAL STATEMENTS

6. Deferred Revenue

Deferred revenue of \$1,262,128 at December 31, 2019 relates to cash advances drawn down for the Commercial Horticulture and Agriculture Marketing Program (“CHAMP”) funded by the USAID.

7. Commitments and Contingencies

Obligation Under Operating Lease

Roots of Peace leases an office space in San Rafael and Afghanistan. Future minimum payments by year and in the aggregate, under these leases with initial or remaining terms of one year or more, consist of the following:

<u>Year ending December 31,</u>	
2020	\$178,839
2021	66,000
2022	<u>66,000</u>
	<u>\$310,839</u>

Rent expense under operating leases for the years ended December 31, 2019 was \$607,113.

Contracts

Roots of Peace’s grants and contracts are subject to inspection and audit by the appropriate governmental funding agencies. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated and, accordingly, Roots of Peace has no provision for the possible disallowance of program costs on its financial statements.

8. Grants and Contributions

Contributions for the year ended December 31, 2019 consist of the following:

Fees and grants from government agencies:	
USAID – CHAMP	\$10,794,817
World Bank Internal Finance Corporation	<u>298,041</u>
Total government fees and grants	11,092,858
Contributions from foundations and individuals	<u>190,254</u>
Total grants and contributions	<u>\$11,283,112</u>

continued

ROOTS OF PEACE

NOTES TO FINANCIAL STATEMENTS

9. Loss from Wire Fraud

Roots of Peace suffered theft and loss of \$1.34 million from its commercial bank account with the Bank of Marin in San Rafael, California. Out of these total losses, \$1.25 million was related to the year ended December 31, 2019 and \$90,000 was related to the 2020 fiscal year. Information available suggests that the loss was due to an apparent sophisticated email hacking and wire fraud scheme perpetrated against Roots of Peace, and ostensibly is not due to any involvement or negligence on the part of Roots of Peace. In particular, the perpetrators of the fraudulent scheme were able to hack into Roots of Peace's computer systems, monitor the travel schedules of key personnel, identify companies to which payments were owed, and then "ghost" the communications of Roots of Peace personnel in a manner that directed payments to the accounts of the fraudsters.

Upon discovery of the fraud, Roots of Peace immediately (1) initiated extensive consultations with its bank, the Bank of Marin, (2) notified the local Federal Bureau of Investigation ("FBI") and (3) hired a forensic technology specialist to assist with Roots of Peace's internal investigation as to the pathway and likely cause(s) of the scheme. While the FBI had initially communicated its desire to Roots of Peace to hold the facts of the theft close until it could begin its own investigation, Roots of Peace has now cleared this disclosure with the FBI.

10. Employee Benefit Plan

Roots of Peace offers an optional, tax-deferred 403(b) plan with Vanguard to all employees that are U.S. citizens paying U.S. state and federal taxes. Participants may contribute the maximum amount allowed by the Internal Revenue Code. In addition, participants qualifying for age-based provisions may contribute an additional catch-up deferral. For the first 6% that the employee contributes of his/her salary, Roots of Peace will contribute 3%. Employees are limited to the investment portfolio offered by Vanguard and the plan is open to all. Employer contributions under this plan for the year ended December 31, 2019 were \$31,791.

11. Related Party Transaction

To facilitate operational cash flow, a member of the audit committee made a short-term unsecured, non-interest-bearing loan in the amount of \$180,000. The outstanding balance of the loan of \$25,000, was fully paid off in May 2019. Imputed interest has been deemed immaterial, accordingly imputed interest expense related to the short-term loan has not been recorded for the year ended December 31, 2019.

ROOTS OF PEACE

NOTES TO FINANCIAL STATEMENTS

12. Subsequent Events

Impact of and Response to the COVID-19 Virus

Roots of Peace has been adversely affected by the novel strain of coronavirus (“COVID-19”) outbreak in the United States. In March 2020, the World Health Organization declared COVID-19 a global pandemic. This contagious virus, which has continued to spread, has adversely affected workforces, program beneficiaries and economies. Our teams in USA and in program countries have been in lockdown mode for the last few months.

In response to this outbreak, Roots of Peace reduced its office operations to essential staff and activities during February through June. Roots of Peace eased its restrictions in late June. In Viet Nam programs continued as usual. In Afghanistan, field operations were curtailed from February through June, but are now easing. Roots of Peace rapidly added online tools for the team to continue operations via Internet. Tools like Zoom, Teams, SharePoint and Asana helped its operations to continue. Since Roots of Peace is in the start-up phase with two main programs in Afghanistan, this approach worked very well. Program funding from donors continue without any restrictions. Roots of Peace anticipates initiating partial field operations in selected provinces during July and hopes to return to full operations with new hygiene restrictions in September.

One area where COVID-19 pandemic has impacted Roots of Peace’s operations is in fund-raising. Roots of Peace had two major events planned in the Spring that have been moved to Fall. Roots of Peace had anticipated approximately \$150,000 in contributions from these two events.

No adjustments have been made to these financial statements as a result of the pandemic.

U.S. Small Business Administration (SBA) Paycheck Protection Program (PPP) Loan

Roots of Peace received an SBA PPP loan, as provided by the Coronavirus Aid, Relief, and Economic Security (CARES) Act on May 19, 2020. The amount of the loan was \$230,107. All SBA loan proceeds will be used only for business-related purposes as specified in the loan application and consistent with the PPP regulations.

Agriculture Marketing Program (AMP)

Subsequent to year-end, Roots of Peace was awarded a grant of \$30,000,000 to provide support for the AMP.

No adjustments related to the above transactions has been made to these financial statements for the year ended December 31, 2019.

Management has evaluated subsequent events through December 23, 2020, the date which the financial statements were available for issue. Except as described above, no other events or transactions have occurred during this period that appear to require recognition or disclosure in the financial statements.