



Nonviolent Peaceforce, Inc.

Financial Statements

Years Ended December 31, 2014 and 2013

Nonviolent Peaceforce, Inc.

Financial Statements

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Nonviolent Peaceforce, Inc.

Contents

Independent Auditor's Report	1
Financial Statements	
Statements of Financial Position as of December 31, 2014 and 2013	2
Statements of Activities for the Years Ended December 31, 2014 and 2013	3
Statements of Functional Expenses for the Years Ended December 31, 2014 and 2013	4
Statements of Cash Flows for the Years Ended December 31, 2014 and 2013	5
Notes to Financial Statements	6-12



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Independent Auditor's Report

Board of Directors
Nonviolent Peaceforce, Inc.
Minneapolis, Minnesota

We have audited the accompanying financial statements of Nonviolent Peaceforce, Inc. (a non-profit corporation) (the "Organization"), which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities, functional expenses, and cash flows for the years 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.

Auditor's 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. 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 auditor's 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 Nonviolent Peaceforce, Inc. as of December 31, 2014 and 2013, 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.

BDO USA, LLP

May 15, 2015

Financial Statements

Nonviolent Peaceforce, Inc.

Statements of Financial Position

<i>December 31,</i>	2014	2013
Assets		
Current Assets		
Cash and cash equivalents	\$ 242,384	\$ 239,210
Pledges receivable, net of allowance for doubtful accounts of \$4,000 and \$16,000, respectively	186,703	126,794
Contributions receivable	71,162	-
Related party receivable	87,110	15,000
Prepaid expenses	-	4,689
Total Current Assets	587,359	385,693
Pledges receivable, net of present value discount of \$824 and \$2,241, respectively	27,676	137,055
Property and equipment, net	6,576	15,183
Total Assets	\$ 621,611	\$ 537,931
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 2,854	\$ 6,962
Accrued liabilities	10,697	6,410
Total Current Liabilities	13,551	13,372
Net Assets		
Unrestricted	142,564	141,341
Temporarily restricted	465,496	383,218
Total Net Assets	608,060	524,559
Total Liabilities and Net Assets	\$ 621,611	\$ 537,931

See accompanying independent auditor's report and notes to financial statements.

Nonviolent Peaceforce, Inc.

Statements of Activities

<i>Years Ended December 31,</i>	2014			2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and Revenue						
Foundations/corporations grants and contributions	\$ 149,956	\$ 547,340	\$ 697,296	\$ 113,999	\$ 156,600	\$ 270,599
Individual contributions	494,726	98,925	593,651	663,463	389,575	1,053,038
Peace society campaign contributions	-	55,000	55,000	-	-	-
In-kind donations	14,456	-	14,456	55,128	-	55,128
Investment gain	13	-	13	42	-	42
Other income	-	-	-	18,055	-	18,055
Net assets released from restrictions	618,987	(618,987)	-	478,765	(478,765)	-
Total Support and Revenue	1,278,138	82,278	1,360,416	1,329,452	67,410	1,396,862
Expense						
Program	931,059	-	931,059	842,249	-	842,249
Administration	213,548	-	213,548	203,086	-	203,086
Fundraising	132,308	-	132,308	278,959	-	278,959
Total Expense	1,276,915	-	1,276,915	1,324,294	-	1,324,294
Change in net assets	1,223	82,278	83,501	5,158	67,410	72,568
Net Assets, beginning of year	141,341	383,218	524,559	136,183	315,808	451,991
Net Assets, ending	\$ 142,564	\$ 465,496	\$ 608,060	\$ 141,341	\$ 383,218	\$ 524,559

See accompanying independent auditor's report and notes to financial statements.

Nonviolent Peaceforce, Inc.

Statements of Functional Expenses

<i>Years Ended December 31,</i>	2014				2013			
	Program	Management, Governance and General	Fundraising	Total	Program	Management, Governance and General	Fundraising	Total
Salaries - U.S. staff	\$ 229,374	\$ 104,948	\$ 56,328	\$ 390,650	\$ 129,847	\$ 58,078	\$ 163,756	\$ 351,681
Benefits	15,798	16,770	8,640	41,208	4,377	6,956	5,416	16,749
Payroll taxes	33,884	13,167	5,879	52,930	12,277	10,374	20,047	42,698
Contracted employees	27,172	13,102	9,984	50,258	24,300	20,523	3,689	48,512
Staff training and development	-	-	-	-	-	-	4,369	4,369
Professional services	15,609	18,959	12,396	46,964	11,282	17,778	25,895	54,955
Fundraising services	-	-	-	-	-	-	1,152	1,152
In-kind donations	9,044	5,412	-	14,456	6,981	48,147	-	55,128
Contributions to NP AISBL	450,000	-	-	450,000	571,481	-	-	571,481
Travel	48,213	2,827	2,274	53,314	34,315	4,449	4,322	43,086
Rent	43,932	5,600	5,600	55,132	17,400	9,923	4,400	31,723
Office cleaning and maintenance	912	961	937	2,810	877	898	878	2,653
Internet and telecommunications	5,804	2,388	888	9,080	2,315	2,618	591	5,524
Copying and printing	35,802	1,444	2,643	39,889	17,953	1,299	6,165	25,417
Postage and shipping	5,049	2,090	2,133	9,272	1,850	1,776	5,590	9,216
Supplies	712	516	1,559	2,787	468	839	1,304	2,611
Equipment expense	2,888	1,151	-	4,039	2,047	2,007	2,048	6,102
Promotional items and expenses	-	-	3,300	3,300	-	-	15,458	15,458
Special events	-	180	2,149	2,329	2,131	491	1,410	4,032
Meetings and Training	2,589	-	1,594	4,183	555	976	2,780	4,311
Membership and registration fees	1,460	520	5,872	7,852	1,130	375	3,403	4,908
Bank, credit card and exchange fees	125	3,085	9,090	12,300	-	2,380	5,623	8,003
Insurance	2,692	1,127	1,042	4,861	663	3,400	663	4,726
Bad debt expense (recovery)	-	7,714	-	7,714	-	(4,000)	-	(4,000)
Depreciation expense	-	11,587	-	11,587	-	13,799	-	13,799
Total Expenses	\$ 931,059	\$ 213,548	\$ 132,308	\$ 1,276,915	\$ 842,249	\$ 203,086	\$ 278,959	\$ 1,324,294

See accompanying independent auditor's report and notes to financial statements.

Nonviolent Peaceforce, Inc.

Statements of Cash Flows

<i>Years Ended December 31,</i>	2014	2013
Operating Activities		
Change in net assets	\$ 83,501	\$ 72,568
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	11,587	13,799
(Increase) decrease in current assets:		
Related party receivable	(72,110)	10,000
Pledges receivable, net	49,470	(17,974)
Contributions receivable	(71,162)	-
Prepaid expenses	4,689	-
Increase (decrease) in current liabilities:		
Accounts payable	(4,108)	(9,644)
Accrued liabilities	4,287	(5,541)
Net cash provided by operating activities	6,154	63,208
Investing Activities		
Purchase of property and equipment	(2,980)	(2,914)
Net cash used by investing activities	(2,980)	(2,914)
Financing Activities		
Proceeds from note payable	-	350,000
Payments on note payable	-	(350,000)
Net cash used by financing activities	-	-
Increase in Cash and Cash Equivalents	3,174	60,294
Cash and Cash Equivalents, beginning of year	239,210	178,916
Cash and Cash Equivalents, end of year	\$ 242,384	\$ 239,210

See accompanying independent auditor's report and notes to financial statements.

Nonviolent Peaceforce, Inc.

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Organization

Nonviolent Peaceforce, Inc. (the Organization) started as a project of Peaceworkers in 2002. The Organization has organized teams of unarmed civilian peacekeepers composed of trained civilians from around the world. In partnership with local groups, the Organization's members will apply proven nonviolent strategies to protect human rights, deter violence, and help create space for local peacemakers to carry out their work. The administrative and fundraising office for the Organization is located in Minneapolis, Minnesota.

Related Parties

The Organization is related to Nonviolent Peaceforce AISBL, which is located in Brussels, Belgium, including project offices in South Sudan, Syria, South Caucasus, Myanmar, and the Philippines, and is also related to Nonviolent Peaceforce, an unincorporated international organization. A large majority of the boards of all three organizations are the same individuals. The Organization raises funds for Nonviolent Peaceforce AISBL.

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

The Organization's assets, liabilities, net assets, and revenues are segregated into classes according to the uses of related resources. These classes of net assets are summarized as follows:

Unrestricted

Those resources over which the board of directors has discretionary control.

Temporarily Restricted

Those resources subject to donor imposed restrictions which will be satisfied by actions of the Organization or passage of time.

Permanently Restricted

Those resources subject to a donor imposed restriction that they be maintained permanently by the Organization. The donors of these resources permit the Organization to use all or part of the income earned, including capital appreciation, or related investment income for unrestricted or temporarily restricted purposes.

The Organization had no permanently restricted net assets at December 31, 2014 or 2013.

Nonviolent Peaceforce, Inc.

Notes to Financial Statements

Cash and Cash Equivalents

The Organization considers all cash and donated securities pending liquidation at year-end to be cash and cash equivalents.

Concentration of Credit Risk

The Federal Deposit Insurance Corporation insures accounts up to \$250,000. At times, the Organization's cash balances may exceed the insured limits. The Organization did not experience any losses in these accounts during the years ended December 31, 2014 and 2013.

Grants and Contributions Receivable

Grants and contributions receivable are recorded at net realizable value. An allowance is estimated for accounts that are not expected to be collected.

Pledges Receivable

The pledges receivable balance includes pledges from the Peace Society campaign held during 2014 as well as various other pledges made by donors. Pledges are recorded at the time a pledge is made by the donor. An allowance is estimated for pledges that are not likely to be collected. Pledges are written off once the Organization has exhausted all efforts of collection. Any remaining pledges totaling \$19,714 from the Hartsough-Duncan Founders Circle (HDFC) campaign which began in 2009 and lasted primarily into 2010 were fully written off as uncollectible during 2014.

Property and Equipment

Acquisitions of property and equipment in excess of \$500 are capitalized. Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets as follows:

Computers and equipment	3-years
Promotional video costs	3-years
Leasehold improvements	3-years

Recognition of Revenue

Contributions and gifts are recognized as revenue as they are made. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted support. When a temporary restriction expires or is met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Donated stock is sold immediately upon receipt.

Nonviolent Peaceforce, Inc.

Notes to Financial Statements

Contributed Goods and Services

Contributions of noncash assets and materials are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donations, are recorded at their fair values in the period received.

Concentrations of Revenue Sources

The Organization derived approximately 22% and 23% of its support and revenue from one source for the years ended December 31, 2014 and 2013, respectively. Approximately 75% of the Organization's pledges receivable is due from two donors at December 31, 2014, and 71% is due from one donor at December 31, 2013.

Allocation of Functional Expenses

Except for certain items allocated on a direct basis, all expenses are allocated among the program, management and general, and fundraising categories based on management's best estimate of actual amounts expended or time allocated to those categories.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Income Taxes

The Organization is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and applicable state statutes and generally is not subject to income taxes. The Organization follows the provisions of accounting for uncertainty in income taxes. This standard clarifies the accounting for uncertainties in income taxes recognized in an entity's financial statements and prescribes a recognition threshold for the financial statement recognition of tax positions taken or expected to be taken on a tax return that are not certain to be realized.

The Organization's tax returns are subject to review by federal and state authorities. The Organization is not aware of any activities that would jeopardize its tax-exempt status. The tax returns for the years 2011 to 2014 are open to examination by federal and state authorities.

Nonviolent Peaceforce, Inc.

Notes to Financial Statements

2. Pledges Receivable

Pledges receivable at December 31, 2014 are expected to be collected in the following periods:

Year Ending December 31,

2015	\$	190,703
2016		16,500
2017		12,000
<hr/>		
Total pledges receivable		219,203
Less: Allowance for uncollectible pledges		(4,000)
Current portion		(186,703)
Net present value discount		(824)
<hr/>		
Net non-current pledges receivable	\$	27,676

Pledges expected to be received more than one year from the statement of financial position date are discounted to present value. The pledges are discounted at an interest rate of 3.25%.

3. Property and Equipment

Property and equipment consists of the following at December 31:

	2014	2013
Computers and equipment	\$ 107,400	\$ 104,420
Promotion video costs	49,742	49,742
Leasehold improvements	2,554	2,554
<hr/>		
Total property and equipment	159,696	156,716
Less: Accumulated depreciation	(153,120)	(141,533)
<hr/>		
Property and equipment, net	\$ 6,576	\$ 15,183

Depreciation expense was \$11,587 and \$13,799 for the years ended December 31, 2014 and 2013, respectively.

4. Note Payable

During the year ended December 31, 2013, the Organization took out a zero-percent interest note payable to one of its donors for \$350,000 payable in full on December 31, 2013. The full \$350,000 was paid back during 2013 and no balance remained outstanding at December 31, 2013.

Nonviolent Peaceforce, Inc.

Notes to Financial Statements

5. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at December 31:

	2014	2013
Advocacy and outreach	\$ 156,708	\$ 111,522
Pledge receivables - restricted for time	285,541	263,849
Development Fund (exploration into new field programs)	10,000	-
Syria	8,247	7,847
Ukraine	5,000	-
Total temporarily restricted net assets	\$ 465,496	\$ 383,218

Net assets released from restriction during years ended December 31 consist of the following:

	2014	2013
South Sudan	\$ 301,000	\$ -
Pledge receivables	178,673	282,026
Advocacy and outreach	132,814	117,711
Thailand	4,000	-
Unitar	1,500	-
Syria	1,000	5,443
Myanmar	-	73,585
Total net assets released from restriction	\$ 618,987	\$ 478,765

Nonviolent Peaceforce, Inc.

Notes to Financial Statements

6. Lease Commitments

The Organization has an operating lease for a copier that will expire in November 2016. In addition, effective January 1, 2014, the Organization renewed its office lease for the headquarters in Minneapolis which requires monthly payments of \$1,440 for 12 months. The lease was not renewed but continues on a month-to-month basis effective January 1, 2015. Effective July 1, 2013, the Organization renewed a one year lease for a home office in New York requiring monthly payments of \$1,200. Upon expiration, the lease continued on a month-to-month basis until January 1, 2015, when it was renewed at \$1,200 per month for 12 months. Finally, effective October 1, 2013, the Organization entered into a month-to-month lease for an apartment in Brussels to be used by the CEO while performing services for the Organization in Belgium. The lease requires monthly payments of 1,350 euros, which approximated \$1,500 at December 31, 2014. Future minimum lease obligations are as follows:

Year Ending December 31,

2015	\$	20,340
2016		5,445
2017		-
Thereafter		-
<hr/>		
Total minimum lease payments	\$	25,785

Total rent expense for all leases was \$59,171 and \$39,129 for the years ended December 31, 2014 and 2013, respectively.

7. In-Kind Contributions

In-kind contributions include the following for the years ended December 31:

	2014	2013
Legal	\$ 5,412	\$ 33,766
Donated travel	6,464	6,981
Other donated goods	2,580	14,381
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Total in-kind donations	\$ 14,456	\$ 55,128

The organization also receives volunteer services that are not included in the financial statements, as they do not meet the criteria for recognition.

Nonviolent Peaceforce, Inc.

Notes to Financial Statements

8. Related Parties

Funds wired to related parties for program expenses for the years ended December 31 are as follows:

	2014	2013
Nonviolent Peaceforce AISBL	\$ 450,000	\$ 571,481

At December 31, 2014 and December 31, 2013, the Organization had \$87,110 and \$15,000, respectively, of advances to Nonviolent Peaceforce AISBL that will be used to fund program expenses in 2015.

9. Subsequent Events

The Organization has evaluated events and transactions for potential recognition or disclosure in these financial statements through May 15, 2015, the date the financial statements were available to be issued.