



Nonviolent Peaceforce, Inc.

Financial Statements

Years Ended December 31, 2013 and 2012

The report accompanying these financial statements was issued by BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of BDO International Limited, a UK company limited by guarantee.



Nonviolent Peaceforce, Inc.

Financial Statements

Years Ended December 31, 2013 and 2012

Nonviolent Peaceforce, Inc.

Contents

Independent Auditor's Report	1-2
Financial Statements	
Statements of Financial Position as of December 31, 2013 and 2012	3
Statements of Activities for the Years Ended December 31, 2013 and 2012	4
Statements of Functional Expenses for the Years Ended December 31, 2013 and 2012	5
Statements of Cash Flows for the Years Ended December 31, 2013 and 2012	6
Notes to Financial Statements	7-12

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 statement of financial position as of December 31, 2013, and the related statement 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.

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, 2013, 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.

Other Matter

The 2012 financial statements of Nonviolent Peaceforce, Inc. were audited by other auditors whose report dated August 15, 2013 expressed an unmodified opinion on those financial statements.

BDO USA, LLP

July 16, 2014

Financial Statements

Nonviolent Peaceforce, Inc.

Statements of Financial Position

<i>December 31,</i>	2013	2012
Assets		
Current Assets		
Cash and cash equivalents	\$ 239,210	\$ 178,916
Pledges receivable, net of allowance for doubtful accounts of \$16,000 and \$20,000, respectively	126,794	86,135
Related party receivable	15,000	25,000
Prepaid expenses	4,689	4,689
Total Current Assets	385,693	294,740
Pledges receivable, net of present value discount of \$2,241 and \$4,460, respectively	137,055	159,740
Property and equipment, net	15,183	26,068
Total Assets	\$ 537,931	\$ 480,548
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 6,962	\$ 16,606
Accrued liabilities	6,410	11,951
Total Current Liabilities	13,372	28,557
Net Assets		
Unrestricted	141,341	136,183
Temporarily restricted	383,218	315,808
Total Net Assets	524,559	451,991
Total Liabilities and Net Assets	\$ 537,931	\$ 480,548

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

Nonviolent Peaceforce, Inc.

Statements of Activities

Years Ended December 31,	2013		2012		Total
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	
		Total		Total	
Support and Revenue					
Foundations/corporations grants and contributions	\$ 113,999	\$ 156,600	\$ 270,599	\$ 39,024	\$ 318,365
Individual contributions	663,463	389,575	1,053,038	649,049	649,049
HDFC campaign contributions	-	-	-	-	1,500
In-kind donations	55,128	-	55,128	18,263	18,263
Investment gain (loss)	42	-	42	299	299
Other income	18,055	-	18,055	14,884	14,884
Net assets released from restrictions	478,765	(478,765)	-	1,322,418	(1,322,418)
Total Support and Revenue	1,329,452	67,410	1,396,862	2,043,937	(1,002,553)
Expense					
Program	842,249	-	842,249	1,283,845	-
Administration	203,086	-	203,086	312,688	-
Fundraising	278,959	-	278,959	332,369	-
Total Expense	1,324,294	-	1,324,294	1,928,902	-
Change in net assets	5,158	67,410	72,568	115,035	(1,002,553)
Net Assets, beginning of year	136,183	315,808	451,991	21,148	1,318,361
Net Assets, ending	\$ 141,341	\$ 383,218	\$ 524,559	\$ 136,183	\$ 315,808
				\$	\$ 451,991

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

Nonviolent Peaceforce, Inc.

Statements of Functional Expenses

Years Ended December 31,	2013			2012				
	Program	Management, Governance and General	Fundraising	Total	Program	Management, Governance and General	Fundraising	Total
Salaries - U.S. staff	\$ 129,847	\$ 58,078	\$ 163,756	\$ 351,681	\$ 156,761	\$ 97,052	\$ 159,349	\$ 413,162
Benefits	4,377	6,956	5,416	16,749	13,936	15,829	22,467	52,232
Payroll taxes	12,277	10,374	20,047	42,698	12,889	9,166	13,271	35,326
Contracted employees	24,300	20,523	3,689	48,512	4,947	22,176	19,342	46,465
Staff training and development	-	-	4,369	4,369	-	-	-	-
Professional services	11,282	17,778	25,895	54,955	17,856	18,712	19,428	55,996
Fundraising services	-	-	1,152	1,152	-	-	12,350	12,350
In-kind donations	6,981	48,147	-	55,128	17,182	1,081	-	18,263
Contributions to NP AISBL	571,481	-	-	571,481	969,683	-	-	969,683
Travel	34,315	4,449	4,322	43,086	48,275	2,963	8,724	59,962
Rent	17,400	9,923	4,400	31,723	11,400	4,400	4,400	20,200
Office cleaning and maintenance	877	898	878	2,653	893	1,212	1,059	3,164
Internet and telecommunications	2,315	2,618	591	5,524	3,801	1,119	887	5,807
Copying and printing	17,953	1,299	6,165	25,417	10,534	1,672	28,731	40,937
Postage and shipping	1,850	1,776	5,590	9,216	3,531	1,690	7,612	12,833
Supplies	468	839	1,304	2,611	741	1,016	788	2,545
Equipment expense	2,047	2,007	2,048	6,102	2,180	1,470	2,641	6,291
Promotional items and expenses	-	-	15,458	15,458	666	321	1,589	2,576
Special events	2,131	491	1,410	4,032	6,359	-	7,572	13,931
Meetings and Training	555	976	2,780	4,311	488	1,585	955	3,028
Membership and registration fees	1,130	375	3,403	4,908	750	395	10,401	11,546
Bank, credit card and exchange fees	-	2,380	5,623	8,003	-	2,326	7,763	10,089
Insurance	663	3,400	663	4,726	973	1,272	1,272	3,517
Bad debt expense (recovery)	-	(4,000)	-	(4,000)	-	116,133	-	116,133
Depreciation expense	-	13,799	-	13,799	-	11,098	1,768	12,866
Total Expenses	\$ 842,249	\$ 203,086	\$ 278,959	\$ 1,324,294	\$ 1,283,845	\$ 312,688	\$ 332,369	\$ 1,928,902

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

Nonviolent Peaceforce, Inc.

Statements of Cash Flows

Years Ended December 31,	2013	2012
Operating Activities		
Change in net assets	\$ 72,568	\$ (887,518)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	13,799	12,866
(Increase) decrease in current assets:		
Related party receivable	10,000	70,000
Grants and contributions receivable, net	-	228,508
Pledges receivable, net	(17,974)	589,748
Increase (decrease) in current liabilities:		
Related party payable	-	(17,557)
Accounts payable	(9,644)	13,546
Accrued liabilities	(5,541)	9,783
Net cash provided by operating activities	63,208	19,376
Investing Activities		
Purchase of property and equipment	(2,914)	(30,835)
Net cash used by investing activities	(2,914)	(30,835)
Financing Activities		
Proceeds from note payable	350,000	350,000
Payments on note payable	(350,000)	(350,000)
Net cash used by financing activities	-	-
Increase (Decrease) in Cash and Cash Equivalents	60,294	(11,459)
Cash and Cash Equivalents, beginning of year	178,916	190,375
Cash and Cash Equivalents, end of year	\$ 239,210	\$ 178,916

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, 2013 or 2012.

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, 2013 and 2012.

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 Hartsough-Duncan Founders Circle (HDFC) campaign which began in 2009 and lasted primarily into 2010 as well as other various pledges made by donors. These pledges were recorded at the time a pledge was 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.

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 23% and 18% of its support and revenue from one source for the years ended December 31, 2013 and 2012, respectively. Approximately 71% of the Organization's pledges receivable is due from one donor at December 31, 2013, and 44% is due from 3 donors at December 31, 2012.

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 2010 to 2013 are open to examination by federal and state authorities.

Nonviolent Peaceforce, Inc.

Notes to Financial Statements

2. Pledges Receivable

Pledges receivable at December 31, 2013 are expected to be collected in the following periods:

<i>Year Ending December 31,</i>	
2014	\$ 142,794
2015	138,305
2016	991
<hr/>	
Total pledges receivable	282,090
Less: Allowance for uncollectible pledges	(16,000)
Current portion	(126,794)
Net present value discount	(2,241)
<hr/>	
Net non-current pledges receivable	\$ 137,055

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:

	2013	2012
Computers and equipment	\$ 104,420	\$ 101,506
Promotion video costs	49,742	49,742
Leasehold improvements	2,554	2,554
<hr/>		
Total property and equipment	156,716	153,802
Less: Accumulated depreciation	(141,533)	(127,734)
<hr/>		
Property and equipment, net	\$ 15,183	\$ 26,068

Depreciation expense was \$13,799 and \$12,866 for the years ended December 31, 2013 and 2012, 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:

	2013	2012
Advocacy and outreach	\$ 111,522	\$ 69,933
Pledge receivables - restricted for time	263,849	245,875
Syria	7,847	-
Total temporarily restricted net assets	\$ 383,218	\$ 315,808

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

	2013	2012
North American training	\$ -	\$ 8,470
Strategic relations - general	-	619
Communications	-	15,000
Sri Lanka	-	2,000
Counter sexual violence	-	10,000
South Sudan	-	178,365
Advocacy and outreach	117,711	303,159
General operations	-	213,511
Pledge receivables	282,026	591,294
Myanmar	73,585	-
Syria	5,443	-
Total net assets released from restriction	\$ 478,765	\$ 1,322,418

6. Lease Commitments

The Organization has an operating lease for a copier that will expire in November 2016. The Organization also holds a lease for office space that is renewed annually, terminating each December 31. 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. In addition, effective July 1, 2013, the Organization renewed a one year lease for a home office in New York requiring monthly payments of \$1,200. Future minimum lease obligations are as follows:

<i>Year Ending December 31,</i>	
2014	\$ 30,420
2015	5,940
2016	5,445
Thereafter	-
Total minimum lease payments	\$ 41,805

Nonviolent Peaceforce, Inc.

Notes to Financial Statements

Total rent expense was \$39,129 and \$26,492 for the years ended December 31, 2013 and 2012, respectively.

7. In-Kind Contributions

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

	2013	2012
Accounting and legal	\$ 33,766	\$ -
Donated travel	6,981	16,857
Other donated goods	14,381	1,406
Total in-kind donations	\$ 55,128	\$ 18,263

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

8. Related Parties

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

	2013	2012
Nonviolent Peaceforce AISBL	\$ 571,481	\$ 969,683

At December 31, 2013 and December 31, 2012, the Organization had \$15,000 and \$25,000, respectively, of advances to Nonviolent Peaceforce AISBL that will be used to fund program expenses in 2014.

9. Subsequent Events

The Organization has evaluated events and transactions for potential recognition or disclosure in these financial statements through July 16, 2014, the date the financial statements were available to be issued.