



Nonviolent Peaceforce, Inc.

Financial Statements

Years Ended December 31, 2016 and 2015

Nonviolent Peaceforce, Inc.

Financial Statements

Years Ended December 31, 2016 and 2015

Nonviolent Peaceforce, Inc.

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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, 2016 and 2015, 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 audits. We conducted our audits 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, 2016 and 2015, 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 11, 2017

Financial Statements

Nonviolent Peaceforce, Inc.

Statements of Financial Position

<i>December 31,</i>	2016	2015
Assets		
Current Assets		
Cash and cash equivalents	\$ 198,732	\$ 368,043
Pledges receivable, net of allowance for doubtful accounts of \$4,000 for both years	112,429	217,746
Contributions receivable	76,160	26,830
Related party receivable	60,000	145,027
Prepaid expenses	7,800	2,800
Total Current Assets	455,121	760,446
Pledges receivable - long-term, net of present value discount of \$16,562 and \$29,271, respectively	314,826	485,352
Property and equipment, net	9,357	6,335
Deposits	2,799	2,799
Total Assets	\$ 782,103	\$ 1,254,932
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 16,046	\$ 14,845
Accrued employee severance	55,492	-
Accrued vacation and payroll liabilities	7,344	9,800
Other accrued liabilities	1,895	5,445
Total Current Liabilities	80,777	30,090
Net Assets		
Unrestricted	37,205	354,271
Temporarily restricted	664,121	870,571
Total Net Assets	701,326	1,224,842
Total Liabilities and Net Assets	\$ 782,103	\$ 1,254,932

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

Nonviolent Peaceforce, Inc.

Statements of Activities

<i>Years Ended December 31,</i>	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and Revenue						
Foundations/corporations-grants and contributions	\$ 217,150	\$ 155,738	\$ 372,888	\$ 191,895	\$ 452,100	\$ 643,995
Individual contributions	415,331	209,170	624,501	611,932	624,625	1,236,557
Peace society campaign contributions	-	8,000	8,000	-	184,745	184,745
In-kind donations	31,470	-	31,470	24,713	-	24,713
Other	(12)	-	(12)	28	-	28
Net assets released from restrictions	579,358	(579,358)	-	856,395	(856,395)	-
Total Support and Revenue	1,243,297	(206,450)	1,036,847	1,684,963	405,075	2,090,038
Expense						
Program	1,068,183	-	1,068,183	1,134,348	-	1,134,348
Administration	329,077	-	329,077	179,995	-	179,995
Fundraising	163,103	-	163,103	158,913	-	158,913
Total Expense	1,560,363	-	1,560,363	1,473,256	-	1,473,256
Change in net assets	(317,066)	(206,450)	(523,516)	211,707	405,075	616,782
Net Assets, beginning of year	354,271	870,571	1,224,842	142,564	465,496	608,060
Net Assets, ending	\$ 37,205	\$ 664,121	\$ 701,326	\$ 354,271	\$ 870,571	\$ 1,224,842

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

Nonviolent Peaceforce, Inc.

Statements of Functional Expenses

Years Ended December 31,	2016				2015			
	Program	Management, Governance and General	Fundraising	Total	Program	Management, Governance and General	Fundraising	Total
Salaries - U.S. staff	\$ 245,851	\$ 218,667	\$ 52,888	\$ 517,406	\$ 254,754	\$ 96,147	\$ 51,056	\$ 401,957
Benefits	6,904	20,197	3,165	30,266	13,482	8,881	3,098	25,461
Payroll taxes	34,279	14,833	6,238	55,350	37,360	12,407	5,566	55,333
Contracted employees	82,212	-	1,904	84,116	45,046	6,801	6,135	57,982
Professional services	14,172	12,579	57,704	84,455	24,841	16,079	54,732	95,652
In-kind donations	11,974	19,496	-	31,470	12,652	12,061	-	24,713
Contributions to NP AISBL	543,358	-	-	543,358	593,340	-	-	593,340
Travel	58,113	2,654	6,072	66,839	43,929	2,153	3,916	49,998
Rent	31,484	11,814	9,969	53,267	42,903	7,066	7,066	57,035
Office cleaning and maintenance	285	435	285	1,005	961	941	941	2,843
Internet and telecommunications	4,729	1,217	1,605	7,551	6,526	587	1,045	8,158
Copying and printing	16,497	1,304	587	18,388	28,556	1,048	528	30,132
Postage and shipping	2,866	1,529	440	4,835	5,669	1,159	434	7,262
Supplies	2,502	8,828	668	11,998	1,066	2,755	918	4,739
Equipment expense	3,989	1,709	3,770	9,468	-	1,929	7,368	9,297
Promotional items and expenses	171	1,581	2,430	4,182	-	-	620	620
Special events	799	-	282	1,081	15,122	74	1,501	16,697
Meetings and training	3,336	2,919	1,724	7,979	2,539	1,054	300	3,893
Membership and registration fees	1,379	524	4,876	6,779	2,995	300	3,780	7,075
Bank, credit card and exchange fees	96	1,342	7,747	9,185	178	300	9,223	9,701
Insurance	3,187	1,525	749	5,461	2,429	1,908	686	5,023
Depreciation expense	-	5,924	-	5,924	-	6,345	-	6,345
Total Expenses	\$ 1,068,183	\$ 329,077	\$ 163,103	\$ 1,560,363	\$ 1,134,348	\$ 179,995	\$ 158,913	\$ 1,473,256

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

Nonviolent Peaceforce, Inc.

Statements of Cash Flows

<i>Years Ended December 31,</i>	2016	2015
Operating Activities		
Change in net assets	\$ (523,516)	\$ 616,782
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	5,924	6,345
(Increase) decrease in current assets:		
Related party receivable	85,027	(57,917)
Pledges receivable, net	275,843	(488,719)
Contributions receivable	(49,330)	44,332
Prepaid expenses	(5,000)	(2,800)
Increase (decrease) in current liabilities:		
Accounts payable	1,201	11,991
Accrued vacation and payroll liabilities	(2,456)	(897)
Accrued employee severance	55,492	-
Other accrued liabilities	(3,550)	5,445
Net cash provided by (used in) operating activities	(160,365)	134,562
Investing Activities		
Purchase of property and equipment	(8,946)	(6,104)
Deposits	-	(2,799)
Net cash used in investing activities	(8,946)	(8,903)
Increase (Decrease) in Cash and Cash Equivalents	(169,311)	125,659
Cash and Cash Equivalents, beginning of year	368,043	242,384
Cash and Cash Equivalents, end of year	\$ 198,732	\$ 368,043

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 (NP 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, 2016 or 2015.

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, 2016 and 2015.

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 2015 and 2016 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. 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 3.50%.

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
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Recognition of Revenue

Contributions and gifts are recognized as revenue as they are pledged or received. 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 10% of its support and revenue from one source at December 31, 2016 and 39% from two sources for the year ended December 31, 2015. Approximately 80% and 83% of the Organization's pledges receivable is due from two donors at December 31, 2016 and 2015, respectively.

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 2013 to 2016 are open to examination by federal and state authorities.

Nonviolent Peaceforce, Inc.

Notes to Financial Statements

2. Pledges Receivable, Net

Pledges receivable at December 31, 2016 are expected to be collected in the following periods:

Year Ending December 31,

2017	\$	116,429
2018		131,388
2019		100,000
2020		100,000
<hr/>		
Total pledges receivable		447,817
Less: Allowance for uncollectible pledges		(4,000)
Current portion		(112,429)
Net present value discount		(16,562)
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Net non-current pledges receivable	\$	314,826

3. Property and Equipment, Net

Property and equipment consists of the following at December 31:

	2016	2015
Computers and equipment	\$ 51,844	\$ 49,836
Leasehold improvements	-	2,554
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Total property and equipment	51,844	52,390
Less: Accumulated depreciation	(42,487)	(46,055)
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Property and equipment, net	\$ 9,357	\$ 6,335

Depreciation expense was \$5,924 and \$6,345 for the years ended December 31, 2016 and 2015, respectively.

Nonviolent Peaceforce, Inc.

Notes to Financial Statements

4. Temporarily Restricted Net Assets

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

	2016	2015
Pledge receivables - restricted for time	\$ 503,415	\$ 729,928
Advocacy and outreach	46,102	96,146
Syria	-	17,935
Emerging Crisis Fund	32,995	15,200
Ukraine	9,756	9,756
Israel/Palestine	1,606	1,606
Standing Rock	20,125	-
Burundi	122	-
Good Practices	50,000	-
Total temporarily restricted net assets	\$ 664,121	\$ 870,571

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

	2016	2015
Emerging Crisis Fund	\$ 7,205	\$ 300,000
Pledge receivables	321,173	293,312
Advocacy and outreach	181,276	209,562
Ukraine	-	30,544
Syria	18,085	13,651
Israel/Palestine	-	4,326
UCP case studies	-	4,000
South Sudan	1,000	1,000
Standing Rock	18,253	-
Burundi	32,366	-
Total net assets released from restriction	\$ 579,358	\$ 856,395

Nonviolent Peaceforce, Inc.

Notes to Financial Statements

5. Lease Commitments

The Organization has two operating leases on copiers, one of which expired in November 2016, and the other in May 2020. In February 2016, the Organization moved into a new headquarters in Saint Paul, Minnesota and signed a five-year non-cancelable lease expiring February 2021, which requires escalating monthly rent payments ranging from \$1,346 to \$1,488. Additionally, this new lease requires additional allocated monthly common area maintenance payments. The Organization also leases a home office in New York requiring monthly payments of \$1,200, which was renewed on January 1, 2016 for an additional five months requiring monthly payments of \$1,200 through May 2016.

Future minimum lease obligations are as follows:

Year Ending December 31,

2017	\$	32,919
2018		22,544
2019		22,969
2020		20,140
2021		2,975

Total minimum lease payments	\$	101,547
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Total rent expense for all leases was \$53,267 and \$57,035 for the years ended December 31, 2016 and 2015, respectively.

6. In-Kind Donations

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

	2016	2015
Legal	\$ 19,496	\$ 12,061
Donated travel	5,678	9,402
Other donated goods	6,296	3,250
Total in-kind donations	\$ 31,470	\$ 24,713

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

7. Related Parties

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

	2016	2015
Nonviolent Peaceforce AISBL	\$ 543,358	\$ 593,340

At December 31, 2016 and 2015, the Organization had \$60,000 and \$145,027, respectively, of advances to Nonviolent Peaceforce AISBL that will be used to fund program expenses in 2017.

8. Subsequent Events

The Organization has evaluated events and transactions for potential recognition or disclosure in these financial statements through May 11, 2017, the date the financial statements were available to be issued.