



Nonviolent Peaceforce, Inc.

Financial Statements

Years Ended December 31, 2015 and 2014

Nonviolent Peaceforce, Inc.

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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, 2015 and 2014, 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, 2015 and 2014, 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 13, 2016

Financial Statements

Nonviolent Peaceforce, Inc.

Statements of Financial Position

<i>December 31,</i>	2015	2014
Assets		
Current Assets		
Cash and cash equivalents	\$ 368,043	\$ 242,384
Pledges receivable, net of allowance for doubtful accounts of \$4,000 for both years	217,746	186,703
Contributions receivable	26,830	71,162
Related party receivable	145,027	87,110
Prepaid expenses	2,800	-
Total Current Assets	760,446	587,359
Pledges receivable - long-term, net of present value discount of \$29,271 and \$824, respectively	485,352	27,676
Property and equipment, net	6,335	6,576
Deposits	2,799	-
Total Assets	\$ 1,254,932	\$ 621,611
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 14,845	\$ 2,854
Accrued vacation and payroll liabilities	9,800	10,697
Other accrued liabilities	5,445	-
Total Current Liabilities	30,090	13,551
Net Assets		
Unrestricted	354,271	142,564
Temporarily restricted	870,571	465,496
Total Net Assets	1,224,842	608,060
Total Liabilities and Net Assets	\$ 1,254,932	\$ 621,611

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

Nonviolent Peaceforce, Inc.

Statements of Activities

<i>Years Ended December 31,</i>	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and Revenue						
Foundations/corporations-grants and contributions	\$ 191,895	\$ 452,100	\$ 643,995	\$ 149,956	\$ 547,340	\$ 697,296
Individual contributions	611,932	624,625	1,236,557	494,726	98,925	593,651
Peace society campaign contributions	-	184,745	184,745	-	55,000	55,000
In-kind donations	24,713	-	24,713	14,456	-	14,456
Investment gain	28	-	28	13	-	13
Net assets released from restrictions	856,395	(856,395)	-	618,987	(618,987)	-
Total Support and Revenue	1,684,963	405,075	2,090,038	1,278,138	82,278	1,360,416
Expense						
Program	1,134,348	-	1,134,348	931,059	-	931,059
Administration	179,995	-	179,995	213,548	-	213,548
Fundraising	158,913	-	158,913	132,308	-	132,308
Total Expense	1,473,256	-	1,473,256	1,276,915	-	1,276,915
Change in net assets	211,707	405,075	616,782	1,223	82,278	83,501
Net Assets, beginning of year	142,564	465,496	608,060	141,341	383,218	524,559
Net Assets, ending	\$ 354,271	\$ 870,571	\$ 1,224,842	\$ 142,564	\$ 465,496	\$ 608,060

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

Nonviolent Peaceforce, Inc.

Statements of Functional Expenses

<i>Years Ended December 31,</i>	2015				2014			
	Program	Management, Governance and General	Fundraising	Total	Program	Management, Governance and General	Fundraising	Total
Salaries - U.S. staff	\$ 254,754	\$ 96,147	\$ 51,056	\$ 401,957	\$ 229,374	\$ 104,948	\$ 56,328	\$ 390,650
Benefits	13,482	8,881	3,098	25,461	15,798	16,770	8,640	41,208
Payroll taxes	37,360	12,407	5,566	55,333	33,884	13,167	5,879	52,930
Contracted employees	45,046	6,801	6,135	57,982	27,172	13,102	9,984	50,258
Professional services	24,841	16,079	54,732	95,652	15,609	18,959	12,396	46,964
In-kind donations	12,652	12,061	-	24,713	9,044	5,412	-	14,456
Contributions to NP AISBL	593,340	-	-	593,340	450,000	-	-	450,000
Travel	43,929	2,153	3,916	49,998	48,213	2,827	2,274	53,314
Rent	42,903	7,066	7,066	57,035	43,932	5,600	5,600	55,132
Office cleaning and maintenance	961	941	941	2,843	912	961	937	2,810
Internet and telecommunications	6,526	587	1,045	8,158	5,804	2,388	888	9,080
Copying and printing	28,556	1,048	528	30,132	35,802	1,444	2,643	39,889
Postage and shipping	5,669	1,159	434	7,262	5,049	2,090	2,133	9,272
Supplies	1,066	2,755	918	4,739	712	516	1,559	2,787
Equipment expense	-	1,929	7,368	9,297	2,888	1,151	-	4,039
Promotional items and expenses	-	-	620	620	-	-	3,300	3,300
Special events	15,122	74	1,501	16,697	-	180	2,149	2,329
Meetings and training	2,539	1,054	300	3,893	2,589	-	1,594	4,183
Membership and registration fees	2,995	300	3,780	7,075	1,460	520	5,872	7,852
Bank, credit card and exchange fees	178	300	9,223	9,701	125	3,085	9,090	12,300
Insurance	2,429	1,908	686	5,023	2,692	1,127	1,042	4,861
Bad debt expense	-	-	-	-	-	7,714	-	7,714
Depreciation expense	-	6,345	-	6,345	-	11,587	-	11,587
Total Expenses	\$ 1,134,348	\$ 179,995	\$ 158,913	\$ 1,473,256	\$ 931,059	\$ 213,548	\$ 132,308	\$ 1,276,915

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

Nonviolent Peaceforce, Inc.

Statements of Cash Flows

<i>Years Ended December 31,</i>	2015	2014
Operating Activities		
Change in net assets	\$ 616,782	\$ 83,501
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	6,345	11,587
(Increase) decrease in current assets:		
Related party receivable	(57,917)	(72,110)
Pledges receivable, net	(488,719)	49,470
Contributions receivable	44,332	(71,162)
Prepaid expenses	(2,800)	4,689
Increase (decrease) in current liabilities:		
Accounts payable	11,991	(4,108)
Accrued vacation and payroll liabilities	(897)	4,287
Other accrued liabilities	5,445	-
Net cash provided by operating activities	134,562	6,154
Investing Activities		
Purchase of property and equipment	(6,104)	(2,980)
Deposits	(2,799)	-
Net cash used in investing activities	(8,903)	(2,980)
Increase in Cash and Cash Equivalents	125,659	3,174
Cash and Cash Equivalents, beginning of year	242,384	239,210
Cash and Cash Equivalents, end of year	\$ 368,043	\$ 242,384

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, 2015 or 2014.

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, 2015 and 2014.

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 and 2015 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
Leasehold improvements	3-years

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 39% of its support and revenue from two sources for the year ended December 31, 2015 and 22% from one source for the year ended December 31, 2014. Approximately 83% and 75% of the Organization's pledges receivable is due from two donors at December 31, 2015 and 2014, 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 2012 to 2015 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, 2015 are expected to be collected in the following periods:

<i>Year Ending December 31,</i>	
2016	\$ 221,746
2017	184,623
2018	130,000
2019	100,000
2020	100,000
Total pledges receivable	736,369
Less: Allowance for uncollectible pledges	(4,000)
Current portion	(217,746)
Net present value discount	(29,271)
Net non-current pledges receivable	\$ 485,352

3. Property and Equipment, Net

Property and equipment consists of the following at December 31:

	2015	2014
Computers and equipment	\$ 49,836	\$ 107,400
Promotion video costs	-	49,742
Leasehold improvements	2,554	2,554
Total property and equipment	52,390	159,696
Less: Accumulated depreciation	(46,055)	(153,120)
Property and equipment, net	\$ 6,335	\$ 6,576

Depreciation expense was \$6,345 and \$11,587 for the years ended December 31, 2015 and 2014, 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:

	2015	2014
Pledge receivables - restricted for time	\$ 729,928	\$ 285,541
Advocacy and outreach	96,146	156,708
Syria	17,935	8,247
Emerging Crisis Fund*	15,200	10,000
Ukraine	9,756	5,000
Israel/Palestine	1,606	-
Total temporarily restricted net assets	\$ 870,571	\$ 465,496

*The Emerging Crisis Fund was formerly named The Development Fund in 2014, however, the purpose for the fund has not changed. Amounts in this fund are used for exploration into new field programs.

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

	2015	2014
Emerging Crisis Fund	\$ 300,000	\$ -
Pledge receivables	293,312	178,673
Advocacy and outreach	209,562	132,814
Ukraine	30,544	-
Syria	13,651	1,000
Israel/Palestine	4,326	-
UCP case studies	4,000	-
South Sudan	1,000	301,000
Thailand	-	4,000
Unitar	-	1,500
Total net assets released from restriction	\$ 856,395	\$ 618,987

Nonviolent Peaceforce, Inc.

Notes to Financial Statements

5. Lease Commitments

The Organization has two operating leases on copiers, one of which will expire in November 2016, and the other in May 2020. In addition, in 2015, the Organization leased office space on a month-to-month basis for their headquarters in Minneapolis which requires monthly payments of \$1,440. In February 2016, the Organization moved into a new headquarters in Minneapolis 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. Effective January 1, 2015, the Organization renewed a one year lease for a home office in New York requiring monthly payments of \$1,200. Upon expiration, the lease was renewed on January 1, 2016 for an additional five months requiring monthly payments of \$1,200 through May 2016. 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, 2015. Future minimum lease obligations are as follows:

Year Ending December 31,

2016	\$	30,483
2017		22,120
2018		22,545
2019		22,970
2020		20,140
Thereafter		2,975
Total minimum lease payments		\$ 121,233

Total rent expense for all leases was \$66,333 and \$59,171 for the years ended December 31, 2015 and 2014, respectively.

6. In-Kind Donations

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

	2015	2014
Legal	\$ 12,061	\$ 5,412
Donated travel	9,402	6,464
Other donated goods	3,250	2,580
Total in-kind donations	\$ 24,713	\$ 14,456

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

	2015	2014
Nonviolent Peaceforce AISBL	\$ 593,340	\$ 450,000

At December 31, 2015 and 2014, the Organization had \$145,027 and \$87,110, respectively, of advances to Nonviolent Peaceforce AISBL that will be used to fund program expenses in 2016.

8. Subsequent Events

The Organization has evaluated events and transactions for potential recognition or disclosure in these financial statements through May 13, 2016, the date the financial statements were available to be issued.