



# Nonviolent Peaceforce, Inc.

## Financial Statements

Years Ended December 31, 2017 and 2016

# **Nonviolent Peaceforce, Inc.**

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## **Financial Statements**

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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, 2017 and 2016, 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, 2017 and 2016, 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, 2018

## Financial Statements

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# Nonviolent Peaceforce, Inc.

## Statements of Financial Position

<i>December 31,</i>	2017	2016
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 353,175	\$ 198,732
Pledges receivable, net of allowance for doubtful accounts of \$4,000 for both years	250,097	112,429
Contributions receivable	86,591	76,160
Related party receivable	57,537	60,000
Prepaid expenses and other current assets	10,041	7,800
<b>Total Current Assets</b>	<b>757,441</b>	<b>455,121</b>
Pledges receivable - long-term, net of present value discount of \$12,053 and \$16,562, respectively	207,497	314,826
Property and equipment, net	3,557	9,357
Deposits	4,099	2,799
<b>Total Assets</b>	<b>\$ 972,594</b>	<b>\$ 782,103</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 2,829	\$ 16,046
Accrued employee severance	-	55,492
Accrued vacation and payroll liabilities	3,186	7,344
Other accrued liabilities	5,746	1,895
<b>Total Current Liabilities</b>	<b>11,761</b>	<b>80,777</b>
<b>Net Assets</b>		
Unrestricted	235,596	37,205
Temporarily restricted	725,237	664,121
<b>Total Net Assets</b>	<b>960,833</b>	<b>701,326</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 972,594</b>	<b>\$ 782,103</b>

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

# Nonviolent Peaceforce, Inc.

## Statements of Activities

<i>Years Ended December 31,</i>	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Support and Revenue</b>						
Foundations/corporations-grants and contributions	\$ 169,236	\$ 491,008	\$ 660,244	\$ 217,150	\$ 155,738	\$ 372,888
Individual contributions	586,620	431,514	1,018,134	415,331	209,170	624,501
Peace society campaign contributions	-	-	-	-	8,000	8,000
In-kind donations	11,198	-	11,198	31,470	-	31,470
Other	-	-	-	(12)	-	(12)
Net assets released from restrictions	861,406	(861,406)	-	579,358	(579,358)	-
<b>Total Support and Revenue</b>	<b>1,628,460</b>	<b>61,116</b>	<b>1,689,576</b>	<b>1,243,297</b>	<b>(206,450)</b>	<b>1,036,847</b>
<b>Expense</b>						
Program	1,071,711	-	1,071,711	1,068,183	-	1,068,183
Administration	165,003	-	165,003	329,077	-	329,077
Fundraising	193,355	-	193,355	163,103	-	163,103
<b>Total Expense</b>	<b>1,430,069</b>	<b>-</b>	<b>1,430,069</b>	<b>1,560,363</b>	<b>-</b>	<b>1,560,363</b>
Change in net assets	198,391	61,116	259,507	(317,066)	(206,450)	(523,516)
Net Assets, beginning of year	37,205	664,121	701,326	354,271	870,571	1,224,842
<b>Net Assets, ending</b>	<b>\$ 235,596</b>	<b>\$ 725,237</b>	<b>\$ 960,833</b>	<b>\$ 37,205</b>	<b>\$ 664,121</b>	<b>\$ 701,326</b>

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

# Nonviolent Peaceforce, Inc.

## Statements of Functional Expenses

Years Ended December 31,	2017				2016			
	Program	Management, Governance and General	Fundraising	Total	Program	Management, Governance and General	Fundraising	Total
Salaries - U.S. staff	\$ 202,325	\$ 88,168	\$ 58,200	\$ 348,693	\$ 245,851	\$ 218,667	\$ 52,888	\$ 517,406
Benefits	7,084	8,708	2,692	18,484	6,904	20,197	3,165	30,266
Payroll taxes	22,677	9,786	6,483	38,946	34,279	14,833	6,238	55,350
Contracted employees	56,462	3,131	18,880	78,473	82,212	-	1,904	84,116
Professional services	11,144	13,799	49,950	74,893	14,172	12,579	57,704	84,455
In-kind donations	9,535	1,663	-	11,198	11,974	19,496	-	31,470
Contributions to NP AISBL	637,356	-	-	637,356	543,358	-	-	543,358
Travel	44,378	958	10,156	55,492	58,113	2,654	6,072	66,839
Rent	31,088	14,489	12,390	57,967	31,484	11,814	9,969	53,267
Office cleaning and maintenance	-	-	-	-	285	435	285	1,005
Internet and telecommunications	3,116	687	1,243	5,046	4,729	1,217	1,605	7,551
Copying and printing	15,112	5,097	12,987	33,196	16,497	1,304	587	18,388
Postage and shipping	6,903	172	2,745	9,820	2,866	1,529	440	4,835
Supplies	852	531	306	1,689	2,502	8,828	668	11,998
Equipment expense	2,296	2,343	2,205	6,844	3,989	1,709	3,770	9,468
Promotional items and expenses	2,653	900	-	3,553	171	1,581	2,430	4,182
Special events	6,068	-	-	6,068	799	-	282	1,081
Meetings and training	2,464	2,757	5,699	10,920	3,336	2,919	1,724	7,979
Membership and registration fees	6,235	-	4,239	10,474	1,379	524	4,876	6,779
Bank, credit card and exchange fees	420	3,424	5,180	9,024	96	1,342	7,747	9,185
Insurance	3,543	2,590	-	6,133	3,187	1,525	749	5,461
Depreciation expense	-	5,800	-	5,800	-	5,924	-	5,924
<b>Total Expenses</b>	<b>\$ 1,071,711</b>	<b>\$ 165,003</b>	<b>\$ 193,355</b>	<b>\$ 1,430,069</b>	<b>\$ 1,068,183</b>	<b>\$ 329,077</b>	<b>\$ 163,103</b>	<b>\$ 1,560,363</b>

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



# Nonviolent Peaceforce, Inc.

## Statements of Cash Flows

<i>Years Ended December 31,</i>	2017	2016
<b>Operating Activities</b>		
Change in net assets	\$ 259,507	\$ (523,516)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	5,800	5,924
(Increase) decrease in current assets:		
Related party receivable	2,463	85,027
Pledges receivable, net	(30,339)	275,843
Contributions receivable	(10,431)	(49,330)
Prepaid expenses and other current assets	(2,241)	(5,000)
Increase (decrease) in current liabilities:		
Accounts payable	(13,217)	1,201
Accrued vacation and payroll liabilities	(4,158)	(2,456)
Accrued employee severance	(55,492)	55,492
Other accrued liabilities	3,851	(3,550)
Net cash provided by (used in) operating activities	155,743	(160,365)
<b>Investing Activities</b>		
Purchase of property and equipment	-	(8,946)
Deposits	(1,300)	-
Net cash used in investing activities	(1,300)	(8,946)
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	<b>154,443</b>	<b>(169,311)</b>
Cash and Cash Equivalents, beginning of year	198,732	368,043
Cash and Cash Equivalents, end of year	\$ 353,175	\$ 198,732

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

# Nonviolent Peaceforce, Inc.

## Notes to Financial Statements

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### 1. Summary of Significant Accounting Policies

#### *Organization*

Nonviolent Peaceforce, Inc. ("the Organization") was incorporated on February 20, 2002 under the State of Minnesota's Nonprofit Corporations Act and is located in St. Paul, Minnesota. The Organization serves as a United States fundraising office for Nonviolent Peaceforce ("NP") a global nonprofit organization whose purpose is to form and deploy unarmed civilian peacekeepers composed of trained civilians from around the world. In partnership with local groups, these peacekeepers apply proven nonviolent strategies to protect human rights, deter violence, and help create space for local peacemakers to carry out their work. NP's head office is located in Ferney Voltaire, France, and along with the US office in St. Paul, NP has offices in Brussels, Belgium ("NP AISBL"), the Philippines, South Sudan, and Myanmar. NP currently has active operations in South Sudan, Syria, Iraq, Myanmar, and the Philippines.

#### *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, 2017 or 2016.

#### *Cash and Cash Equivalents*

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

# Nonviolent Peaceforce, Inc.

## Notes to Financial Statements

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### *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, 2017 and 2016.

### *Grants, Contributions, and Pledges Receivable*

Grants and contributions receivable are recorded at net realizable value. An allowance is estimated for accounts that are not expected to be collected. As of December 31, 2017 and 2016, there are no amounts being allowed for contributions receivable.

### *Pledges Receivable*

The pledges receivable balance includes pledges from the Peace Society campaign held during 2016 as well as various other pledges made by donors. Pledges are recorded at the time an unconditional 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 annual interest rate of 4.5%.

### *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

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### *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, 2017 and 2016. Approximately 73% of the Organization's pledges receivable is due from three donors at December 31, 2017 and 80% of the Organization's pledges receivable is due from two donors at December 31, 2016.

### *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 2014 to 2017 are open to examination by federal and state authorities.

# Nonviolent Peaceforce, Inc.

## Notes to Financial Statements

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### 2. Pledges Receivable, Net

Pledges receivable at December 31, 2017 are expected to be collected in the following periods:

<i>Year Ending December 31,</i>	
2018	\$ 254,597
2019	168,550
2020	49,500
2021	1,000
<hr/>	
Total pledges receivable	473,647
Less: Allowance for uncollectible pledges	(4,000)
Current portion	(250,097)
Net present value discount	(12,053)
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<b>Net non-current pledges receivable</b>	<b>\$ 207,497</b>

In addition the Organization has received conditional pledges aggregating \$103,000, consisting of a \$100,000 pledge conditioned upon the Organization providing progress reports to the donor demonstrating satisfactory performance as defined by the donor, and a \$3,000 pledge from a donor advised fund which is payable at the discretion of the fund. Because of the conditions associated with these pledges, they have not been reflected in pledges receivable or in Support and Revenue as of December 31, 2017.

### 3. Property and Equipment, Net

Property and equipment consists of the following at December 31:

	2017	2016
Computers and equipment	\$ 51,844	\$ 51,844
<hr/>		
Total property and equipment	51,844	51,844
Less: Accumulated depreciation	(48,287)	(42,487)
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<b>Property and equipment, net</b>	<b>\$ 3,557</b>	<b>\$ 9,357</b>

Depreciation expense was \$5,800 and \$5,924 for the years ended December 31, 2017 and 2016, respectively.

# Nonviolent Peaceforce, Inc.

## Notes to Financial Statements

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### 4. Temporarily Restricted Net Assets

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

	2017	2016
Pledge receivables - restricted for time	\$ 548,802	\$ 503,415
Advocacy and outreach	34,257	46,102
Emerging Crisis Fund	46,495	32,995
Ukraine	9,756	9,756
Nigeria	5,000	-
Israel/Palestine	-	1,606
Philippines	200	-
South Sudan	1,050	-
Standing Rock	8,868	20,125
Burundi	122	122
UCP scholarships	1,615	-
Good Practices	69,072	50,000
<b>Total temporarily restricted net assets</b>	<b>\$ 725,237</b>	<b>\$ 664,121</b>

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

	2017	2016
Emerging Crisis Fund	\$ -	\$ 7,205
Pledge receivables	314,853	321,173
Advocacy and outreach	166,440	181,276
Good Practices	43,429	-
Syria	-	18,085
Israel/Palestine	1,606	-
Bangladesh	12,245	-
South Sudan	280,513	1,000
Standing Rock	42,320	18,253
Burundi	-	32,366
<b>Total net assets released from restriction</b>	<b>\$ 861,406</b>	<b>\$ 579,358</b>

# Nonviolent Peaceforce, Inc.

## Notes to Financial Statements

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### 5. Lease Commitments

The Organization has one operating lease on copiers which is set to expire in May 2020. In addition, the Organization leases an office in Saint Paul, Minnesota under a five-year non-cancelable agreement expiring February 2021, which requires escalating monthly rent payments ranging from \$1,346 to \$1,488. Additionally, this 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 September 1, 2017 for an additional ten months requiring monthly payments of \$1,300 through June 2018.

Future minimum lease obligations are as follows:

*Year Ending December 31,*

2018	\$	30,345
2019		22,970
2020		20,140
2021		2,975

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<b>Total minimum lease payments</b>	<b>\$</b>	<b>76,430</b>
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Total rent expense for all leases was \$57,967 and \$53,267 for the years ended December 31, 2017 and 2016, respectively.

### 6. In-Kind Donations

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

	2017	2016
Legal	\$ 1,663	\$ 19,496
Donated travel	4,236	5,678
Other donated goods	5,299	6,296

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<b>Total in-kind donations</b>	<b>\$ 11,198</b>	<b>\$ 31,470</b>
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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

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### 7. Related Parties

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

	2017	2016
Nonviolent Peaceforce AISBL	\$ 637,356	\$ 543,358

At December 31, 2017 and 2016, the Organization had \$57,537 and \$60,000, respectively, of advances to Nonviolent Peaceforce AISBL that will be used to fund program expenses in 2018.

### 8. Subsequent Events

The Organization has evaluated events and transactions for potential recognition or disclosure in these financial statements through May 15, 2018, the date the financial statements were available to be issued.