



Nonviolent Peaceforce, Inc.

Financial Statements

Years Ended December 31, 2018 and 2017

Nonviolent Peaceforce, Inc.

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, 2018 and 2017, 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, 2018 and 2017, 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

June 24, 2019

Financial Statements

Nonviolent Peaceforce, Inc.

Statements of Financial Position

<i>December 31,</i>	2018	2017
Assets		
Current Assets		
Cash and cash equivalents	\$ 948,253	\$ 353,175
Pledges receivable, net of allowance for doubtful accounts of \$4,000 as of December 31, 2018 and 2017	153,321	250,097
Contributions receivable	59,798	86,591
Related party receivable	113,745	57,537
Prepaid expenses and other current assets	11,804	10,041
Total Current Assets	1,286,921	757,441
Pledges receivable - long-term, net of present value discount of \$9,788 and \$12,053, respectively	119,995	207,497
Property and equipment, net	506	3,557
Deposits	2,799	4,099
Total Assets	\$ 1,410,221	\$ 972,594
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 528,433	\$ 2,829
Accrued vacation and payroll liabilities	10,543	3,186
Other accrued liabilities	5,792	5,746
Total Current Liabilities	544,768	11,761
Net Assets		
Unrestricted	375,181	235,596
Temporarily restricted	490,272	725,237
Total Net Assets	865,453	960,833
Total Liabilities and Net Assets	\$ 1,410,221	\$ 972,594

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

Nonviolent Peaceforce, Inc.

Statements of Activities

Years Ended December 31,	2018			2017		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and Revenue						
Foundations/corporations-grants and contributions	\$ 426,205	\$ 229,008	\$ 655,213	\$ 169,236	\$ 491,008	\$ 660,244
Individual contributions	834,802	221,206	1,056,008	586,620	431,514	1,018,134
In-kind donations	24,359	-	24,359	11,198	-	11,198
Net assets released from restrictions	685,179	(685,179)	-	861,406	(861,406)	-
Total Support and Revenue	1,970,545	(234,965)	1,735,580	1,628,460	61,116	1,689,576
Expense						
Program	1,333,650	-	1,333,650	1,071,711	-	1,071,711
Administration	229,034	-	229,034	165,003	-	165,003
Fundraising	268,276	-	268,276	193,355	-	193,355
Total Expense	1,830,960	-	1,830,960	1,430,069	-	1,430,069
Change in net assets	139,585	(234,965)	(95,380)	198,391	61,116	259,507
Net Assets, beginning of year	235,596	725,237	960,833	37,205	664,121	701,326
Net Assets, ending	\$ 375,181	\$ 490,272	\$ 865,453	\$ 235,596	\$ 725,237	\$ 960,833

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

Nonviolent Peaceforce, Inc.

Statements of Functional Expenses

Years Ended December 31,	2018				2017			
	Program	Management, Governance and General	Fundraising	Total	Program	Management, Governance and General	Fundraising	Total
Salaries - U.S. staff	\$ 193,888	\$ 89,400	\$ 128,340	\$ 411,628	\$ 202,325	\$ 88,168	\$ 58,200	\$ 348,693
Benefits	6,277	1,427	7,312	15,016	7,084	8,708	2,692	18,484
Payroll taxes	18,961	5,604	11,826	36,391	22,677	9,786	6,483	38,946
Contracted employees	38,996	-	4,282	43,278	56,462	3,131	18,880	78,473
Professional services	10,758	11,174	47,643	69,575	11,144	13,799	49,950	74,893
In-kind donations	2,336	22,023	-	24,359	9,535	1,663	-	11,198
Contributions to NP AISBL	920,919	-	-	920,919	637,356	-	-	637,356
Travel	89,682	7,012	8,435	105,129	44,378	958	10,156	55,492
Rent	14,995	8,387	8,355	31,737	31,088	14,489	12,390	57,967
Internet and telecommunications	2,189	860	1,158	4,207	3,116	687	1,243	5,046
Copying and printing	8,956	2,079	21,963	32,998	15,112	5,097	12,987	33,196
Postage and shipping	3,236	562	7,648	11,446	6,903	172	2,745	9,820
Supplies	6,163	6,418	6,040	18,621	852	531	306	1,689
Equipment expense	1,649	914	836	3,399	2,296	2,343	2,205	6,844
Promotional items and expenses	65	-	25	90	2,653	900	-	3,553
Special events	5,500	-	-	5,500	6,068	-	-	6,068
Meetings and training	3,225	918	2,185	6,328	2,464	2,757	5,699	10,920
Membership and registration fees	1,050	2,282	5,180	8,512	6,235	-	4,239	10,474
Bank, credit card and exchange fees	11	2,452	6,114	8,577	420	3,424	5,180	9,024
Insurance	1,743	1,164	934	3,841	3,543	2,590	-	6,133
Cybersecurity incident	-	66,358	-	66,358	-	-	-	-
Depreciation expense	3,051	-	-	3,051	-	5,800	-	5,800
Total Expenses	\$ 1,333,650	\$ 229,034	\$ 268,276	\$ 1,830,960	\$ 1,071,711	\$ 165,003	\$ 193,355	\$ 1,430,069

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

Nonviolent Peaceforce, Inc.

Statements of Cash Flows

<i>Years Ended December 31,</i>	2018	2017
Operating Activities		
Change in net assets	\$ (95,380)	\$ 259,507
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	3,051	5,800
(Increase) decrease in current assets:		
Related party receivable	(56,208)	2,463
Pledges receivable, net	184,278	(30,339)
Contributions receivable	26,793	(10,431)
Prepaid expenses and other current assets	(1,763)	(2,241)
Increase (decrease) in current liabilities:		
Accounts payable	525,604	(13,217)
Accrued vacation and payroll liabilities	7,357	(4,158)
Accrued employee severance	-	(55,492)
Other accrued liabilities	46	3,851
Net cash provided by operating activities	593,778	155,743
Investing Activities		
Deposits received	1,300	-
Deposits paid	-	(1,300)
Net cash provided by (used in) investing activities	1,300	(1,300)
Increase in Cash and Cash Equivalents	595,078	154,443
Cash and Cash Equivalents, beginning of year	353,175	198,732
Cash and Cash Equivalents, end of year	\$ 948,253	\$ 353,175

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") 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 increase the safety of civilians through trained unarmed civilian peacekeepers. 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. The US office is responsible for advocacy, outreach, communications, education and private philanthropy. 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, 2018 or 2017.

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

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, 2018 and 2017.

Grants and Contributions

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, 2018 and 2017, there are no amounts being allowed for contributions receivable.

Pledges Receivable

The pledges receivable balance includes pledges from the Peace Society campaign held in prior years 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. As of December 31, 2018 and 2017, the pledges are discounted at an annual interest rate of 5.5% and 4.5%, respectively.

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 17% and 10% of its support and revenue from one source at December 31, 2018 and 2017, respectively. Approximately 70% and 73% of the Organization's pledges receivable is due from three donors at December 31, 2018 and 2017, 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 2015 to 2018 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, 2018 are expected to be collected in the following periods:

Year Ending December 31,

2019	\$	111,321
2020		166,488
2021		6,020
2022		3,020
2023		255
<hr/>		
Total pledges receivable		287,104
Less: Allowance for uncollectible pledges		(4,000)
Current portion		(153,321)
Net present value discount		(9,788)
<hr/>		
Net non-current pledges receivable	\$	119,995

There were no conditional or pledges made through a donor advised fund as of December 31, 2018. During 2017, the Organization had 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 were not reflected in pledges receivable or in Support and Revenue as of December 31, 2017. These conditional pledges were received in 2018.

3. Property and Equipment, Net

Property and equipment consists of the following at December 31:

	2018	2017
Computers and equipment	\$ 51,844	\$ 51,844
Less: Accumulated depreciation	(51,338)	(48,287)
Property and equipment, net	\$ 506	\$ 3,557

Depreciation expense was \$3,051 and \$5,800 for the years ended December 31, 2018 and 2017, 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:

	2018	2017
Pledge receivables - restricted for time	\$ 254,388	\$ 548,802
Advocacy and outreach	85,322	34,257
Emerging Crisis Fund	36,545	46,495
Commission on the Status of Women	148	-
Ukraine	9,756	9,756
Nigeria	5,000	5,000
Philippines	200	200
South Sudan	825	1,050
Standing Rock	8,868	8,868
Burundi	122	122
Myanmar	1,120	-
UCP scholarships	1,615	1,615
Good Practices	86,363	69,072
Total temporarily restricted net assets	\$ 490,272	\$ 725,237

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

	2018	2017
Emerging Crisis Fund	\$ 36,750	\$ -
Pledge receivables - restricted for time	417,583	314,853
Advocacy and outreach	124,522	166,440
Good Practices	89,563	43,429
Commission on the Status of Women	2,892	-
Myanmar	13,869	-
Israel/Palestine	-	1,606
Bangladesh	-	12,245
South Sudan	-	280,513
Standing Rock	-	42,320
Total net assets released from restriction	\$ 685,179	\$ 861,406

Nonviolent Peaceforce, Inc.

Notes to Financial Statements

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. This lease was not extended passed June 2018.

Future minimum lease obligations are as follows:

Year Ending December 31,

2019	\$	22,970
2020		20,140
2021		2,975
Total minimum lease payments		\$ 46,085

Total rent expense for all leases was \$31,737 and \$57,967 for the years ended December 31, 2018 and 2017, respectively.

6. In-Kind Donations

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

	2018	2017
Legal	\$ 21,915	\$ 1,663
Donated travel	536	4,236
Other donated goods	1,908	5,299
Total in-kind donations	\$ 24,359	\$ 11,198

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:

	2018	2017
Nonviolent Peaceforce AISBL	\$ 420,919	\$ 637,356

At December 31, 2018 and 2017, the Organization had \$113,745 and \$57,537, respectively, of advances to Nonviolent Peaceforce AISBL that will be used to fund program expenses in 2018 and 2019.

8. Cybersecurity Incident

In June 2018, the Organization was the victim of an international cyber crime whereby the Organization incurred a loss of \$66,358 for the year ended December 31, 2018 as disclosed in the statement of functional expenses. The Organization reported this incident to its insurance company and to appropriate authorities. Following this incident, the Organization put in place additional security protocols to protect against such an incident in the future. In addition, the Organization is undergoing a review of all security procedures and making changes as recommended by experts in the field.

9. Subsequent Events

The Organization has evaluated events and transactions for potential recognition or disclosure in these financial statements through June 24, 2019, the date the financial statements were available to be issued.