

**THE CONFLICT CENTER**  
**FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION**  
**YEARS ENDED JUNE 30, 2015 AND 2014**  
**AND**  
**INDEPENDENT AUDITOR'S REPORT**

THE CONFLICT CENTER  
FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION  
YEARS ENDED JUNE 30, 2015 AND 2014

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Financial Statements:	
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	4 - 5
Notes to Financial Statements	6 - 11
Accompanying Information:	
Independent Auditor's Report on Information Accompanying the Basic Financial Statements	13
Schedules of Functional Expenses	14

**ROGER NITTLER & CO.**  
CERTIFIED PUBLIC ACCOUNTANTS

SUITE 102  
2250 SOUTH ONEIDA STREET  
DENVER, COLORADO 80224

PHONE (303) 321-8111  
FAX (303) 321-4226

The Board of Directors  
The Conflict Center

**INDEPENDENT AUDITOR'S REPORT**

We have audited the accompanying financial statements of The Conflict Center (a non-profit organization) which comprise the statement of financial position as of June 30, 2015 and 2014, and the related statements of activities and cash flows for the years 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 statement.

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 the 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 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 The Conflict Center as of June 30, 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.

*Roger Nittler & Co.*

Roger Nittler & Co.  
August 14, 2015

THE CONFLICT CENTER  
STATEMENTS OF FINANCIAL POSITION  
YEARS ENDED JUNE 30, 2015 AND 2014

ASSETS

	<u>2015</u>	<u>2014</u>
Current assets:		
Cash (Note 1)		
Unrestricted	\$ 133,529	\$ 161,198
Receivables: (Note 1)		
Fees for services	21,689	12,005
Government contracts	12,761	10,555
Prepaid expenses	<u>2,246</u>	<u>1,901</u>
Total current assets	<u>170,225</u>	<u>185,659</u>
Property: (Note 1)		
Land	9,000	9,000
Building	1,281,850	1,232,031
Equipment, furniture and fixtures	<u>110,927</u>	<u>93,436</u>
	1,401,777	1,334,467
Less accumulated depreciation	<u>591,374</u>	<u>550,655</u>
Net property	<u>810,403</u>	<u>783,812</u>
Other assets: (Notes 1 and 2)		
Endowment funds – restricted	431,452	429,703
Endowment funds – unrestricted	<u>          </u>	<u>67,935</u>
Total other assets	<u>431,452</u>	<u>497,638</u>
	<u>\$ 1,412,080</u>	<u>\$ 1,467,109</u>

The accompanying notes are an integral part  
of these financial statements.

## LIABILITIES AND NET ASSETS

	<u>2015</u>	<u>2014</u>
Current liabilities:		
Accounts payable	\$ 22,284	\$ 25,292
Payroll withholding taxes and other withholdings	2,016	1,420
Security deposits	4,250	4,250
Unearned revenue (Note 3)	<u>1,550</u>	<u>4,675</u>
Total current liabilities	<u>30,100</u>	<u>35,637</u>
Net assets: (Notes 1, 2 and 4)		
Unrestricted	950,528	1,001,769
Permanently restricted	<u>431,452</u>	<u>429,703</u>
Total net assets	<u>1,381,980</u>	<u>1,431,472</u>
	<u>\$ 1,412,080</u>	<u>\$ 1,467,109</u>

THE CONFLICT CENTER  
STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Unrestricted net assets: (Notes 1 and 2)		
Support:		
Grants	\$ 139,302	\$ 142,951
Gifts	62,868	73,353
Fees for services – government	196,123	114,327
Fees for services – general public	136,083	166,305
Special events	7,641	9,213
Resource sales and rentals	3,148	4,280
In-kind donation of services	11,911	
Net assets released from restrictions		<u>2,306</u>
Total support	<u>557,076</u>	<u>512,735</u>
Other revenue:		
Rental income (Note 8)	58,575	42,700
Endowment fund earnings		774
Interest income	87	123
Miscellaneous	5,209	66
Gain (loss) on sale of investments	186	(670)
Endowment fund earnings released from restrictions	<u>10,890</u>	<u>9,353</u>
Total other revenue	<u>74,947</u>	<u>52,346</u>
Total unrestricted revenue	<u>632,023</u>	<u>565,081</u>
Expenses: (Note 6)		
Program services	552,082	465,431
Management and general	64,404	68,300
Fund raising	<u>66,778</u>	<u>57,263</u>
Total expenses	<u>683,264</u>	<u>590,994</u>
Decrease in unrestricted net assets	<u>(51,241)</u>	<u>(25,913)</u>
Temporarily restricted net assets: (Note 1 and 4)		
Net assets released from restrictions		<u>(2,306)</u>
Decrease in temporarily restricted net assets		<u>(2,306)</u>
Permanently restricted net assets: (Note 1 and 2)		
Support:		
Endowment fund earnings	11,824	30,912
Bequest		302
Endowment gifts	815	240
Endowment fund earnings released from restrictions	<u>(10,890)</u>	<u>(9,353)</u>
Increase in permanently restricted net assets	<u>1,749</u>	<u>22,101</u>
Decrease in net assets	(49,492)	(6,118)
Net assets - beginning	<u>1,431,472</u>	<u>1,437,590</u>
Net assets - ending	<u>\$ 1,381,980</u>	<u>\$ 1,431,472</u>

The accompanying notes are an integral part  
of these financial statements.

THE CONFLICT CENTER  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Decrease in net assets	\$ (49,492)	\$ (6,118)
Adjustments to reconcile change in net assets to net cash provided by operations:		
Depreciation	40,853	37,617
Gain (loss) on sale of investments	(186)	670
Donated stock	(16,787)	(26,127)
Changes in:		
Receivables	(11,890)	(12,853)
Prepaid expenses	(345)	1,147
Accounts payable	(3,008)	3,331
Accrued payroll taxes	596	552
Security deposits		4,250
Unearned revenue	<u>(3,125)</u>	<u>2,400</u>
Net cash provided from (used by) operating activities	<u>(43,384)</u>	<u>4,869</u>
Cash flows from investing activities:		
Proceeds from sale of assets	16,972	25,457
Transfer from endowment fund	78,827	
Addition to endowment fund	(815)	(1,076)
Endowment fund earnings	(11,824)	(30,913)
Payments for purchase of property assets	<u>(67,445)</u>	<u>(36,241)</u>
Net cash provided from (used by) investing activities	<u>15,715</u>	<u>(42,773)</u>
Decrease in cash	(27,669)	(37,904)
Cash balance - beginning	<u>161,198</u>	<u>199,102</u>
Cash balance - ending	<u>\$ 133,529</u>	<u>\$ 161,198</u>

The accompanying notes are an integral part  
of these financial statements.

THE CONFLICT CENTER  
STATEMENTS OF CASH FLOWS  
(CONTINUED)  
YEARS ENDED JUNE 30, 2015 AND 2014

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING ACTIVITIES

The statement of cash flows discloses all significant investing transactions which provided cash or required the use of cash. In addition to these cash transactions, the following transactions occurred which did not require the immediate use of cash:

	<u>2015</u>	<u>2014</u>
Fair market value of stock donated to the Center	\$ 16,787	\$ 26,127
Fair market value of donated services to the Center	11,911	

The accompanying notes are an integral part  
of these financial statements.



THE CONFLICT CENTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2015 AND 2014

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Organization**

The Conflict Center (the Center) is a non-profit educational organization, formed for the purpose of promoting interpersonal skills to handle conflict nonviolently.

The Center draws the majority of its revenue from foundations, earned income, government agencies, corporations, and individual contributions.

This summary of significant accounting policies of The Center is presented to assist in understanding The Center's financial statements. The financial statements and notes are representations of The Center's management, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of The Center's financial statements.

**Basis of Presentation**

The Conflict Centers financial statement presentation follows the provisions of the Financial Accounting Standards (FASB) in its Accounting Standards Codification (ASC), Financial Statements of Not-for-Profit Organizations. The Center is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, a statement of cash flows is required to be presented.

The balances and activities of The Center have been segregated into classes according to the nature of the activity and related restrictions imposed by funding sources and the Board of Directors. Current Unrestricted Net Assets is the class used to account for resources for which The Center has discretionary control. The Temporarily Restricted Net Assets class is used to account for amounts administered by The Center which are stipulated by donors for specific purposes. The Permanently Restricted Net Assets class is used to account for amounts that are held permanently in an endowment fund, and for a bequest that the Center's board of directors designated for long term growth of the Organization and is not available for operations. The income from these funds is available for the Center's unrestricted use.

The Center also follows the reporting of contributions received, including unconditional promises to give in accordance with FASB ASC. Contributions received are recognized in the period received, at fair market value and are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence of or nature of any donor imposed restrictions.

THE CONFLICT CENTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2015 AND 2014

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)

**Use of estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of 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.

**Accounts receivable**

All fees for services and grants receivable are considered fully collectible by management and no allowance for doubtful accounts has been provided.

**Property and equipment**

Purchased property and equipment are carried at cost. Building, land, and equipment which have been donated to the Center are carried at appraised or estimated fair market value at the date of donation. Depreciation and amortization are computed using the straight-line method over estimated useful lives of three to thirty-nine years and amounted to \$40,853 and \$37,617 for 2015 and 2014, respectively.

Expenditures for maintenance, repairs and minor replacements are charged to operations, and expenditures for major replacements and betterments of \$200 and greater are capitalized.

**Contributed Services**

A number of people, primarily program volunteers and directors, have contributed significant amounts of time to the activities of the Center. The financial statements do not reflect the value of these contributed services because they do not meet the criteria for recognition as contributed services.

The Center records donated services at the fair market value of the services rendered.

**Cash**

The Center considers all highly liquid investments to be cash equivalents.

## THE CONFLICT CENTER

### NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2015 AND 2014

#### 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### **Endowment**

The Centers endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

##### **Interpretation of Relevant Law**

The Board of Trustees has determined that an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) applies to the Center's endowment funds. UPMIFA provides guidance and authority to charitable organizations concerning the management and investment of funds held by those organizations, and UPMIFA imposes additional duties on those that manage and invest charitable funds. These duties provide additional protections for charities and also protect the interests of donors who want to see their contributions used wisely.

The Center classifies as permanently restricted net assets the original value of the gifts donated to the permanent endowment and the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets, generally investment income, is classified as temporarily restricted net assets until those assets are appropriated for expenditure by the Center in a manner consistent with the standard of prudence prescribed by UPMIFA.

When a donor expresses intent clearly in a written gift instrument, the Center follows the donor's instructions. When a donor's intent is not so expressed, the Center shall spend an amount from the fund that is prudent, consistent with the purposes of the fund, relevant economic factors, and the donor's intent that the fund continues in perpetuity. As a result of the determination that an enacted version of UPMIFA applies in accounting for endowment funds, the Center follows ASC 958-205.

##### **Investment Policy Statement**

The fundamental investment objectives for investments are to ensure safety and preservation of principal, meet liquidity needs, apply diversification and risk limits appropriate to the investment pools and achieve optimal net investment returns subject to the risk tolerance, investment pool objectives and policy constraints. The endowment assets include those of donor-restricted funds as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that, over time, will provide an average annual rate of return that equals the Consumer Price Index (CPI) plus 5%. Actual returns in any given year may vary from this amount.

THE CONFLICT CENTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2015 AND 2014

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)

**Endowment (continued)**

**Spending Policy Statement**

The Center has a policy of appropriating for distribution each year up to 5 percent of its endowment funds average fair value over the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Center considered the long term expected return on its endowment. Accordingly, over the long term, the Center expects the current year spending policy to allow its endowment to grow at an average rate equal to the CPI. This is consistent with the Center's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment returns.

2. ENDOWMENT AND PERMANENTLY RESTRICTED FUNDS

The Center has a donor-restricted endowment, along with a board designated endowment. The net asset composition by type of endowment were as follows:

	June 30, 2014		
	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor restricted endowment funds	\$ 64,804	\$ 182,185	\$ 246,989
Board-designated funds	<u>3,131</u>	<u>247,518</u>	<u>250,649</u>
Total funds	<u>\$ 67,935</u>	<u>\$ 429,703</u>	<u>\$ 497,638</u>

	June 30, 2015		
	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor restricted endowment funds		\$ 177,419	\$ 177,419
Board-designated funds		<u>254,033</u>	<u>254,033</u>
Total funds		<u>\$ 431,452</u>	<u>\$ 431,452</u>

THE CONFLICT CENTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2015 AND 2014

2. ENDOWMENT AND PERMANENTLY RESTRICTED FUNDS (CONTINUED)

Changes in endowment fund net assets for the fiscal-years ended June 30<sup>th</sup> were as follows:

	June 30, 2014		
	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net assets, beginning of the year	\$ 58,048	\$ 407,601	\$ 465,649
Investment income	232	1,903	2,135
Net realized and unrealized gain		29,010	29,010
Contributions received	302	240	542
Allocation of endowment earnings, from permanent to unrestricted	<u>9,353</u>	<u>(9,051)</u>	<u>302</u>
Net assets, end of year	<u>\$ 67,935</u>	<u>\$ 429,703</u>	<u>\$ 497,638</u>

	June 30, 2015		
	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net assets, beginning of the year	\$ 67,935	\$ 429,703	\$ 497,638
Investment income		5,756	5,756
Net realized and unrealized gain		6,068	6,068
Contributions received		815	815
Allocation of endowment earnings, from permanent to unrestricted	6,549	(10,890)	(4,341)
Appropriation of endowment assets for expenditures	<u>(74,484)</u>		<u>(74,484)</u>
Net assets, end of year	<u>\$ 0</u>	<u>\$ 431,452</u>	<u>\$ 431,452</u>

3. UNEARNED REVENUE

The Center receives funds in advance for services not yet performed and accounts for these funds as unearned revenue. As the services are performed the revenue is recognized.

THE CONFLICT CENTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2015 AND 2014

4. TEMPORARILY RESTRICTED FUNDS

Certain grants and donations received by the Center are designated for specific programs and are accounted for as temporarily restricted funds.

5. INCOME TAX

The Center is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code.

6. FUNCTIONAL ALLOCATION OF EXPENSES

The cost of providing the various programs and activities of the Center has been allocated and summarized on a functional basis in the schedules of functional expenses. Accordingly, certain costs allocated to programs are a percentage of all general and administrative costs based on the ratio of total hours of all employees to administrative hours.

7. PROMISES TO GIVE

Contributions are recognized when the donor makes a promise to give to the Center that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

8. RENT AGREEMENTS

The Center is leasing office space to two unrelated non-profit organizations for a monthly rent of \$4,250. Both leases are for a five year period expiring in the year 2018.

9. EMPLOYEE BENEFIT PLANS

The Center has a section 403(b) defined contribution employee benefit plan that covers all employees who work more than 20 hours per week and have obtained one year of service. Matching contributions were made up to three percent of each employee's eligible salary. The contribution to the plan amounted to \$7,958 and \$8,606 for the year ended June 30, 2015 and 2014, respectively.

10. EVALUATION OF SUBSEQUENT EVENTS

The Center has evaluated subsequent events through August 14, 2015, the date which the financial statements were available to be issued.

INDEPENDENT AUDITOR'S REPORT ON INFORMATION ACCOMPANYING  
THE BASIC FINANCIAL STATEMENTS

The Board of Directors  
The Conflict Center

Our report on the examination of the basic financial statements of the Conflict Center appears on page 1. The schedules of functional expenses on Page 14 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Roger Nittler & Co.*

Certified Public Accountants

Denver, Colorado  
August 14, 2015

THE CONFLICT CENTER  
SCHEDULES OF FUNCTIONAL EXPENSES  
YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Accounting	\$ 1,549	\$ 1,562
Audit	4,840	5,012
Board expenses	2,308	2,375
Building insurance	3,349	2,725
Building maintenance	9,012	13,925
Building property taxes	11,179	11,184
Consumables	1,984	4,667
Contract labor	25,837	18,022
Depreciation (Note 1)	40,853	37,617
Dues and memberships	1,660	2,047
Fundraising	57,444	51,023
Health and dental insurance	23,731	17,820
Insurance	2,315	2,382
Library resources	859	858
Miscellaneous expense	1,564	1,027
Office supplies	3,603	4,252
Payroll taxes	29,476	25,790
Postage and freight	816	1,390
Printing and duplication	4,775	5,350
Promotion	124	235
Repairs and maintenance	1,214	2,764
Retirement 403(b) plan (Note 9)	7,958	8,606
Salaries	347,804	324,133
Special projects expense	75,645	17,310
Telephone and internet	8,197	10,686
Training	1,685	1,177
Travel	3,276	4,223
Utilities	9,252	11,769
Volunteer expenses	<u>955</u>	<u>1,063</u>
	<u>\$ 683,264</u>	<u>\$ 590,994</u>
Allocated to:		
Program services	\$ 552,082	\$ 465,431
Management and general	64,404	68,300
Fund raising	<u>66,778</u>	<u>57,263</u>
	<u>\$ 683,264</u>	<u>\$ 590,994</u>

The accompanying notes are an integral part  
of these financial statements.