

**THE CONFLICT CENTER**  
**FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION**  
**YEAR ENDED JUNE 30, 2013**  
**AND**  
**EIGHTEEN MONTHS ENDED JUNE 30, 2012**  
**AND**  
**INDEPENDENT AUDITOR'S REPORT**

THE CONFLICT CENTER  
FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION  
YEAR ENDED JUNE 30, 2013 AND EIGHTEEN MONTHS ENDED JUNE 30, 2012

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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, 2013 and 2012, and the related statements of activities and cash flows for the year ended June 30, 2013 and the eighteen months ended June 30, 2012, 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, 2013 and 2012, and the changes in its net assets and its cash flows for the year ended June 30, 2013 and the eighteen months ended June 30, 2012, in accordance with accounting principles generally accepted in the United States of America.

*Roger Nittler & Co.*  
Roger Nittler & Co.  
August 14, 2013

THE CONFLICT CENTER  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2013 AND 2012

ASSETS

	<u>2013</u>	<u>2012</u>
Current assets:		
Cash (Notes 1, 3 and 4)		
Unrestricted	\$ 199,102	\$ 247,471
Receivables: (Note 1)		
Fees for services	6,329	8,230
Government contracts	3,378	14,234
Prepaid expenses	<u>3,048</u>	<u>4,164</u>
Total current assets	<u>211,857</u>	<u>274,099</u>
Property: (Note 1)		
Land	9,000	9,000
Building	1,197,197	1,197,197
Equipment, furniture and fixtures	<u>92,029</u>	<u>104,612</u>
	1,298,226	1,310,809
Less accumulated depreciation	<u>513,038</u>	<u>493,796</u>
Net property	<u>785,188</u>	<u>817,013</u>
Other assets: (Note 4)		
Endowment fund – restricted	407,601	343,651
Endowment fund – unrestricted	<u>58,048</u>	<u>47,477</u>
Total other assets	<u>465,649</u>	<u>391,128</u>
	<u>\$ 1,462,694</u>	<u>\$ 1,482,240</u>

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

## LIABILITIES AND NET ASSETS

	<u>2013</u>	<u>2012</u>
<b>Current liabilities:</b>		
Accounts payable	\$ 21,961	\$ 24,261
Payroll withholding taxes and other withholdings	868	
Security deposits		1,400
Unearned revenue (Note 2)	<u>2,275</u>	<u>5,650</u>
<b>Total current liabilities</b>	<u>25,104</u>	<u>31,311</u>
<b>Net assets: (Notes 1, 3 and 4)</b>		
Unrestricted	1,027,683	1,081,231
Temporarily restricted	2,306	26,047
Permanently restricted	<u>407,601</u>	<u>343,651</u>
<b>Total net assets</b>	<u>1,437,590</u>	<u>1,450,929</u>
	<u>\$ 1,462,694</u>	<u>\$ 1,482,240</u>

THE CONFLICT CENTER  
STATEMENTS OF ACTIVITIES

YEAR ENDED JUNE 30, 2013 AND EIGHTEEN MONTHS ENDED JUNE 30, 2012

	<u>2013</u>	<u>2012</u>
Unrestricted net assets: (Note 1)		
Support:		
Grants	\$ 161,884	\$ 208,808
Gifts	50,379	77,458
Fees for services – government	71,317	205,021
Fees for services – general public	144,045	111,225
Special events	12,329	18,761
Resource sales and rentals	4,887	3,378
Net assets released from restrictions	<u>23,741</u>	<u>13,994</u>
Total support	<u>468,582</u>	<u>638,645</u>
Other revenue:		
Rental income (Note 8)	22,771	78,400
Endowment fund earnings	2,070	8,459
Interest income	341	755
Miscellaneous	159	41
Loss on sale of investments	(47)	(199)
Endowment fund earnings released from restrictions	<u>8,504</u>	<u>0</u>
Total other revenue	<u>33,798</u>	<u>87,456</u>
Total unrestricted revenue	<u>502,380</u>	<u>726,101</u>
Expenses: (Note 6)		
Program services	443,269	701,008
Management and general	58,531	83,040
Fund raising	<u>54,128</u>	<u>88,587</u>
Total expenses	<u>555,928</u>	<u>872,635</u>
Decrease in unrestricted net assets	<u>(53,548)</u>	<u>(146,534)</u>
Temporarily restricted net assets: (Note 1 and 3)		
Support:		
Grants		33,000
Net assets released from restrictions	<u>(23,741)</u>	<u>(13,994)</u>
Increase (decrease) in temporarily restricted net assets	<u>(23,741)</u>	<u>19,006</u>
Permanently restricted net assets: (Note 1 and 4)		
Support:		
Endowment fund earnings	24,948	
Bequest	47,216	200,000
Endowment gifts	290	1,800
Endowment fund earnings released from restrictions	<u>(8,504)</u>	<u>0</u>
Increase in permanently restricted net assets	<u>63,950</u>	<u>201,800</u>
Increase (decrease) in net assets	(13,339)	74,272
Net assets - beginning	<u>1,450,929</u>	<u>1,376,657</u>
Net assets - ending	<u>\$ 1,437,590</u>	<u>\$ 1,450,929</u>

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

THE CONFLICT CENTER  
STATEMENTS OF CASH FLOWS

YEAR ENDED JUNE 30, 2013 AND EIGHTEEN MONTHS ENDED JUNE 30, 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ (13,339)	\$ 74,272
Adjustments to reconcile change in net assets to net cash provided by operations:		
Depreciation	40,021	62,558
Loss on sale of investments	47	199
Donated stock	(17,836)	(41,409)
Changes in:		
Receivables	12,757	5,339
Prepaid expenses	1,116	6,115
Accounts payable	(2,300)	16,833
Accrued compensation and payroll taxes	868	(10,906)
Security deposits	(1,400)	
Unearned revenue	<u>(3,375)</u>	<u>2,700</u>
Net cash provided from operating activities	<u>16,559</u>	<u>115,701</u>
Cash flows from investing activities:		
Proceeds from sale of investments	17,913	41,346
Addition to endowment fund	(49,573)	(200,000)
Endowment fund earnings	(24,948)	(8,172)
Payments for purchase of property assets	<u>(8,320)</u>	<u>(2,894)</u>
Net cash used by investing activities	<u>(64,928)</u>	<u>(169,720)</u>
Decrease in cash	(48,369)	(54,019)
Cash balance - beginning	<u>247,471</u>	<u>301,490</u>
Cash balance - ending	<u>\$ 199,102</u>	<u>\$ 247,471</u>

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

THE CONFLICT CENTER  
STATEMENTS OF CASH FLOWS  
(CONTINUED)

YEAR ENDED JUNE 30, 2013 AND EIGHTEEN MONTHS ENDED JUNE 30, 2012

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>2013</u>	<u>2012</u>
The fair market value of stock donated to the Center was	<u>\$ 17,836</u>	<u>\$ 41,409</u>

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



# THE CONFLICT CENTER

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013 AND EIGHTEEN MONTHS ENDED JUNE 30, 2012

### 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 Center reports in accordance with the American Institute of Certified Public Accountants industry audit and accounting guide, Not-for-Profit Organizations. The financial statements have been prepared in conformity with generally accepted accounting principles.

The Conflict Center has adopted Statements of Financial Accounting Standards No. 116 (SFAS 116), Accounting for Contributions Received and Contributions Made and No. 117 (SFAS 117) Financial Statements of Not-For-Profit Organizations. SFAS 116 generally requires contributions received, including unconditional promises to give, to be recognized in the period received, at fair value. SFAS 117 requires the presentation of a statement of cash flows, and requires that amounts be classified based on the presence or absence of donor-imposed restrictions. Under SFAS No. 117, 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 are available for the Center's unrestricted use.

THE CONFLICT CENTER

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013 AND EIGHTEEN MONTHS ENDED JUNE 30, 2012

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 \$40,021 and \$62,558 for 2013 and 2012, 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 recognition criteria of SFAS 116.

Cash

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

2. 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

YEAR ENDED JUNE 30, 2013 AND EIGHTEEN MONTHS ENDED JUNE 30, 2012

3. TEMPORARILY RESTRICTED FUNDS

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

4. ENDOWMENT AND PERMANENTLY RESTRICTED FUNDS

In 2005, the Center established an endowment fund with the Community First Foundation (the Foundation), formerly the LMC Community Foundation. The funds raised by the Center, plus the matching funds from the Foundation, are permanently restricted funds held by the Foundation. Beginning in 2013, The Center is entitled, for its unrestricted use, a 4.5% annual withdrawal rate based on the Foundations policy of taking the rolling average balance of the endowment holdings on December 31<sup>st</sup> for the previous three calendar years to be paid to the Center after the end of their fiscal year. For 2013, the annual withdrawal amount was \$8,504. The Center does not have access to the fund's principal balance. The Center raised \$290 and \$1,800 in cash and pledges in 2013 and 2012 respectively, and has accounted for these funds as permanently restricted funds. The endowment fund balance with the Foundation was \$216,076 and \$191,128 at June 30, 2013 and 2012, respectively. Of this amount, \$160,385 and \$143,651 was permanently restricted and \$58,048 and \$47,477 was unrestricted at June 30, 2013 and 2012, respectively.

In 2013 and 2012, The Center received a bequest for \$47,216 and \$200,000, respectively which the Center designated as permanently restricted for the long term development of the Organization. The Center has established a separate cash account for this bequest and is entitled to the unrestricted use of the earnings from this account.

Permanently Restricted Net Assets consists of the following:

	<u>2013</u>	<u>2012</u>
Endowment gifts received	\$ 160,385	\$ 143,651
Bequest	<u>247,216</u>	<u>200,000</u>
Total permanently restricted net assets	<u>\$ 407,601</u>	<u>\$ 343,651</u>

5. INCOME TAX

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

THE CONFLICT CENTER

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013 AND EIGHTEEN MONTHS ENDED JUNE 30, 2012

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 leased office space to two unrelated non-profit organizations. One of these leases expired in September, 2012 and has remained unrented. The Center is actively pursuing finding new tenants to fill the vacancy. The other lease was renewed for a monthly rental of \$350 and expires in September, 2015.

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 \$5,928 and \$9,666 for the year ended June 30, 2013 and the eighteen months ended June 30, 2012, respectively.

10. EVALUATION OF SUBSEQUENT EVENTS

The Center has evaluated subsequent events through August 14, 2013, the date which the financial statements were available to be issued.

11. CHANGE OF YEAR END

The Center has changed its financial year end from December 31, to June 30 annually. The financial statements for the current period represent transactions for the twelve months ending June 30, 2013. The prior period information, displayed for comparative purposes only, represent the eighteen months ended June 30, 2012.

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. We conducted our audit in accordance with auditing standards generally accepted in the United States of America taken as a whole. The schedules of functional expenses on Page 12 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*ROGER NITNER & CO.*  
Certified Public Accountants

Denver, Colorado  
August 14, 2013

**ACCOMPANYING INFORMATION**

THE CONFLICT CENTER

SCHEDULES OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2013 AND EIGHTEEN MONTHS ENDED JUNE 30, 2012

	<u>2013</u>	<u>2012</u>
Accounting	\$ 1,702	\$ 6,970
Audit	7,779	4,611
Board expenses	2,165	2,259
Building insurance	2,401	3,616
Building maintenance	7,067	11,825
Building property taxes	3,208	
Consumables	1,587	3,077
Contract labor	26,946	25,437
Depreciation (Note 1)	40,021	62,558
Dues and memberships	2,029	2,700
Fundraising	47,888	76,107
Health and dental insurance	15,944	36,629
Insurance	2,726	3,794
Library resources	1,248	801
Miscellaneous expense	771	2,046
Office supplies	2,757	2,894
Payroll taxes	23,580	44,792
Postage and freight	790	1,372
Printing and duplication	4,198	4,800
Promotion	25	1,719
Repairs and maintenance	782	2,320
Retirement 403(b) plan (Note 9)	5,928	9,666
Salaries	281,878	451,381
Special projects expense	42,962	70,482
Telephone and internet	9,883	13,465
Training	1,170	670
Travel	3,533	4,551
Utilities	14,145	20,997
Volunteer expenses	815	1,096
	<u>\$ 555,928</u>	<u>\$ 872,635</u>
Allocated to:		
Program services	\$ 443,269	\$ 701,008
Management and general	58,531	83,040
Fund raising	<u>54,128</u>	<u>88,587</u>
	<u>\$ 555,928</u>	<u>\$ 872,635</u>

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