

**THE CONFLICT CENTER**  
**FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION**  
**YEARS ENDED JUNE 30, 2014 AND 2013**  
**AND**  
**INDEPENDENT AUDITOR'S REPORT**

**THE CONFLICT CENTER**  
**FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION**  
**YEAR ENDED JUNE 30, 2014 AND 2013**

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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, 2014 and 2013, 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, 2014 and 2013, 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 8, 2014

THE CONFLICT CENTER  
STATEMENTS OF FINANCIAL POSITION  
YEARS ENDED JUNE 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
Current assets:		
Cash (Notes 1, 3 and 4)		
Unrestricted	\$ 161,198	\$ 199,102
Receivables: (Note 1)		
Fees for services	12,005	6,329
Government contracts	10,555	3,378
Prepaid expenses	<u>1,901</u>	<u>3,048</u>
Total current assets	<u>185,659</u>	<u>211,857</u>
Property: (Note 1)		
Land	9,000	9,000
Building	1,232,031	1,197,197
Equipment, furniture and fixtures	<u>93,436</u>	<u>92,029</u>
	1,334,467	1,298,226
Less accumulated depreciation	<u>550,655</u>	<u>513,038</u>
Net property	<u>783,812</u>	<u>785,188</u>
Other assets: (Note 4)		
Endowment fund – restricted	429,703	407,601
Endowment fund – unrestricted	<u>67,935</u>	<u>58,048</u>
Total other assets	<u>497,638</u>	<u>465,649</u>
	<u>\$ 1,467,109</u>	<u>\$ 1,462,694</u>

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

## LIABILITIES AND NET ASSETS

	2014	2013
<b>Current liabilities:</b>		
Accounts payable	\$ 25,292	\$ 21,961
Payroll withholding taxes and other withholdings	1,420	868
Security deposits	4,250	
Unearned revenue (Note 2)	4,675	2,275
<b>Total current liabilities</b>	<b>35,637</b>	<b>25,104</b>
<b>Net assets: (Notes 1, 3 and 4)</b>		
Unrestricted	1,001,769	1,027,683
Temporarily restricted		2,306
Permanently restricted	429,703	407,601
<b>Total net assets</b>	<b>1,431,472</b>	<b>1,437,590</b>
	<b>\$ 1,467,109</b>	<b>\$ 1,462,694</b>

THE CONFLICT CENTER  
STATEMENTS OF ACTIVITIES  
YEARS ENDED JUNE 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Unrestricted net assets: (Note 1)		
Support:		
Grants	\$ 142,951	\$ 161,884
Gifts	73,353	50,379
Fees for services – government	114,327	71,317
Fees for services – general public	166,305	144,045
Special events	9,213	12,329
Resource sales and rentals	4,280	4,887
Net assets released from restrictions	<u>2,306</u>	<u>23,741</u>
Total support	<u>512,735</u>	<u>468,582</u>
Other revenue:		
Rental income (Note 8)	42,700	22,771
Endowment fund earnings	774	2,070
Interest income	123	341
Miscellaneous	66	159
Loss on sale of investments	(670)	(47)
Endowment fund earnings released from restrictions	<u>9,353</u>	<u>8,504</u>
Total other revenue	<u>52,346</u>	<u>33,798</u>
Total unrestricted revenue	<u>565,081</u>	<u>502,380</u>
Expenses: (Note 6)		
Program services	465,431	443,269
Management and general	68,300	58,531
Fund raising	<u>57,263</u>	<u>54,128</u>
Total expenses	<u>590,994</u>	<u>555,928</u>
Decrease in unrestricted net assets	<u>(25,913)</u>	<u>(53,548)</u>
Temporarily restricted net assets: (Note 1 and 3)		
Net assets released from restrictions	<u>(2,306)</u>	<u>(23,741)</u>
Decrease in temporarily restricted net assets	<u>(2,306)</u>	<u>(23,741)</u>
Permanently restricted net assets: (Note 1 and 4)		
Support:		
Endowment fund earnings	30,912	24,948
Bequest	302	47,216
Endowment gifts	240	290
Endowment fund earnings released from restrictions	<u>(9,353)</u>	<u>(8,504)</u>
Increase in permanently restricted net assets	<u>22,101</u>	<u>63,950</u>
Decrease in net assets	(6,118)	(13,339)
Net assets - beginning	<u>1,437,590</u>	<u>1,450,929</u>
Net assets - ending	<u>\$ 1,431,472</u>	<u>\$ 1,437,590</u>

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

THE CONFLICT CENTER  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Decrease in net assets	\$ (6,118)	\$ (13,339)
Adjustments to reconcile change in net assets to net cash provided by operations:		
Depreciation	37,617	40,021
Loss on sale of investments	670	47
Donated stock	(26,127)	(17,836)
Changes in:		
Receivables	(12,853)	12,757
Prepaid expenses	1,147	1,116
Accounts payable	3,331	(2,300)
Accrued payroll taxes	552	868
Security deposits	4,250	(1,400)
Unearned revenue	<u>2,400</u>	<u>(3,375)</u>
Net cash provided from operating activities	<u>4,869</u>	<u>16,559</u>
Cash flows from investing activities:		
Proceeds from sale of investments	25,457	17,913
Addition to endowment fund	(1,076)	(49,573)
Endowment fund earnings	(30,913)	(24,948)
Payments for purchase of property assets	<u>(36,241)</u>	<u>(8,320)</u>
Net cash used by investing activities	<u>(42,773)</u>	<u>(64,928)</u>
Decrease in cash	(37,904)	(48,369)
Cash balance - beginning	<u>199,102</u>	<u>247,471</u>
Cash balance - ending	<u>\$ 161,198</u>	<u>\$ 199,102</u>

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

THE CONFLICT CENTER  
STATEMENTS OF CASH FLOWS  
(CONTINUED)  
YEARS ENDED JUNE 30, 2014 AND 2013

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>2014</u>	<u>2013</u>
The fair market value of stock donated to the Center was	<u>\$ 26,127</u>	<u>\$ 17,836</u>

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



THE CONFLICT CENTER  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2014 AND 2013

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, 2014 AND 2013

### 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 \$37,617 and \$40,021 for 2014 and 2013, 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.

#### 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  
YEARS ENDED JUNE 30, 2014 AND 2013

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. 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 2014 and 2013, the Center was entitled to annual withdrawal amounts of \$9,353 and \$8,504, respectively, but has not withdrawn the funds. The Center does not have access to the fund's principal balance. The Center raised \$240 and \$290 in cash and pledges in 2014 and 2013 respectively, and has accounted for these funds as permanently restricted funds. The endowment fund balance with the Foundation was \$246,989 and \$216,076 at June 30, 2014 and 2013, respectively. Of this amount, \$182,185 and \$160,385 was permanently restricted and \$64,804 and \$55,691 was unrestricted at June 30, 2014 and 2013, respectively.

In 2014 and 2013, The Center received a bequest for \$302 and \$47,216, respectively. The Center designated these funds along with the total bequest balance of \$247,518, 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>2014</u>	<u>2013</u>
Endowment gifts received	\$ 182,185	\$ 160,385
Bequest	<u>247,518</u>	<u>247,216</u>
 Total permanently restricted net assets	 <u>\$ 429,703</u>	 <u>\$ 407,601</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  
YEARS ENDED JUNE 30, 2014 AND 2013

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 \$8,606 and \$5,928 for the year ended June 30, 2014 and 2013, respectively.

10. EVALUATION OF SUBSEQUENT EVENTS

The Center has evaluated subsequent events through August 8, 2014, the date which the financial statements were available to be issued.

**ACCOMPANYING INFORMATION**

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 12 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 NILLER & CO.*  
Certified Public Accountants

Denver, Colorado  
August 8, 2014

THE CONFLICT CENTER  
SCHEDULES OF FUNCTIONAL EXPENSES  
YEARS ENDED JUNE 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Accounting	\$ 1,562	\$ 1,702
Audit	5,012	7,779
Board expenses	2,375	2,165
Building insurance	2,725	2,401
Building maintenance	13,925	7,067
Building property taxes	11,184	3,208
Consumables	4,667	1,587
Contract labor	18,022	26,946
Depreciation (Note 1)	37,617	40,021
Dues and memberships	2,047	2,029
Fundraising	51,023	47,888
Health and dental insurance	17,820	15,944
Insurance	2,382	2,726
Library resources	858	1,248
Miscellaneous expense	1,027	771
Office supplies	4,252	2,757
Payroll taxes	25,790	23,580
Postage and freight	1,390	790
Printing and duplication	5,350	4,198
Promotion	235	25
Repairs and maintenance	2,764	782
Retirement 403(b) plan (Note 9)	8,606	5,928
Salaries	324,133	281,878
Special projects expense	17,310	42,962
Telephone and internet	10,686	9,883
Training	1,177	1,170
Travel	4,223	3,533
Utilities	11,769	14,145
Volunteer expenses	<u>1,063</u>	<u>815</u>
	<u>\$ 590,994</u>	<u>\$ 555,928</u>
Allocated to:		
Program services	\$ 465,431	\$ 443,269
Management and general	68,300	58,531
Fund raising	<u>57,263</u>	<u>54,128</u>
	<u>\$ 590,994</u>	<u>\$ 555,928</u>

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