

VETERANS FOR PEACE, INC.

REVIEWED

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2013 and 2012

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Directors
Veterans For Peace, Inc.
St. Louis, Missouri

I have reviewed the accompanying statements of financial position of Veterans For Peace, Inc. (a Non-Profit Organization) as of December 31, 2013 and 2012, and the related statements of activities, cash flows and functional expenses for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I believe that the results of my procedures provide a reasonable basis for my report.

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Lawrence G. Schmitz CPA

February 5, 2014

STATEMENTS OF FINANCIAL POSITION

December 31, 2013 and 2012

SEE ACCOUNTANT'S REVIEW REPORT

ASSETS

	<u>2013</u>	<u>2012</u>
Current Assets:		
Cash	\$ 309,085	\$305,399
Inventories	15,855	10,941
Prepaid expenses	<u>5,933</u>	<u>4,452</u>
Total current assets	330,873	320,792
Property and Equipment, Net (Note2)	<u>1,363</u>	<u>324</u>
	<u>\$ 332,236</u>	<u>\$ 321,116</u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts payable	\$ 3,364	\$ 2,894
Accrued expenses (Note 3)	<u>2,215</u>	<u>9,443</u>
Total current liabilities	<u>5,579</u>	<u>12,337</u>
Net Assets:		
Unrestricted	272,612	263,787
Temporarily restricted (Note 4)	54,045	44,992
Permanently restricted	<u>-</u>	<u>-</u>
	<u>326,657</u>	<u>308,779</u>
	<u>\$ 332,236</u>	<u>\$ 321,116</u>

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

VETERANS FOR PEACE, INC.

STATEMENT OF ACTIVITIES

Year Ended December 31, 2013

SEE ACCOUNTANT'S REVIEW REPORT

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support:				
Contributions and Bequests	\$ 197,145	\$ 44,737	\$ -	\$ 241,882
Other Income	671	-	-	671
Revenues:				
Member dues	154,941	-	-	154,941
Sales of educational and promotional items	24,621	-	-	24,621
Project management fees earned	2,847	-	-	2,847
Convention revenue	48,640	-	-	48,640
Interest income	<u>821</u>	<u>-</u>	<u>-</u>	<u>821</u>
Total Revenues	429,686	44,737	-	474,423
Net Assets Released from Restriction	<u>35,684</u>	<u>(35,684)</u>	<u>-</u>	<u>-</u>
Total Support, Revenues, and Other	<u>465,370</u>	<u>9,053</u>	<u>-</u>	<u>474,423</u>
Expenses:				
Program services	283,388	-	-	283,388
Fund raising and development	68,105	-	-	68,105
General and administrative	<u>105,052</u>	<u>-</u>	<u>-</u>	<u>105,052</u>
Total Expenses	<u>456,545</u>	<u>-</u>	<u>-</u>	<u>456,545</u>
Increase (Decrease) in Net Assets	8,825	9,053	-	17,878
Net Assets, Beginning of Year	<u>263,787</u>	<u>44,992</u>	<u>-</u>	<u>308,779</u>
Net Assets, End of Year	<u>\$ 272,612</u>	<u>\$ 54,045</u>	<u>\$ -</u>	<u>\$ 326,657</u>

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

VETERANS FOR PEACE, INC.

STATEMENT OF ACTIVITIES

Year Ended December 31, 2012

SEE ACCOUNTANT'S REVIEW REPORT

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support:				
Contributions and Bequests	\$ 257,832	\$ 29,423	\$ -	\$ 287,255
Other Income	215	-	-	215
Revenues:				
Member dues	167,780	-	-	167,780
Sales of educational and promotional items	34,252	-	-	34,252
Project management fees earned	2,156	-	-	2,156
Convention revenue	41,621	-	-	41,621
Interest income	769	-	-	769
Total Revenues	<u>504,625</u>	<u>29,423</u>	<u>-</u>	<u>534,048</u>
Net Assets Released from Restriction	<u>11,755</u>	<u>(11,755)</u>	<u>-</u>	<u>-</u>
Total Support, Revenues, and Other	<u>516,380</u>	<u>17,668</u>	<u>-</u>	<u>534,048</u>
Expenses:				
Program services	274,153	-	-	274,153
Fund raising and development	58,228	-	-	58,228
General and administrative	155,820	-	-	155,820
Total Expenses	<u>488,201</u>	<u>-</u>	<u>-</u>	<u>488,201</u>
Increase (Decrease) in Net Assets	28,179	17,668	-	45,847
Net Assets, Beginning of Year	<u>235,608</u>	<u>27,324</u>	<u>-</u>	<u>262,932</u>
Net Assets, End of Year	<u>\$ 263,787</u>	<u>\$ 44,992</u>	<u>\$ -</u>	<u>\$ 308,779</u>

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

VETERANS FOR PEACE, INC.

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STATEMENTS OF CASH FLOWS

Years Ended December 31, 2013 and 2012

SEE ACCOUNTANT'S REVIEW REPORT

	<u>2013</u>	<u>2012</u>
Cash Flows from Operating Activities:		
Increase (Decrease) in net assets	\$ 17,878	\$ 45,847
Adjustments to reconcile change in net assets		
To net cash provided (used) by operating activities:		
Depreciation	220	246
(Gain)Loss on disposal of assets	-	-
(Increase) decrease in assets:		
Accounts receivable	-	-
Inventories	(4,914)	2,762
Prepaid expenses	(1,481)	(2,566)
Increase (decrease) in liabilities:		
Accounts payable	470	37
Accrued expenses	<u>(7,228)</u>	<u>4,579</u>
Net cash provided (used) by operating activities	<u>4,945</u>	<u>50,905</u>
Cash Flows from Investing Activities:		
Purchase of property and equipment	<u>(1,259)</u>	<u>-</u>
Net cash provided (used) by investing activities	<u>(1,259)</u>	<u>-</u>
Cash Flows from Financing Activities:		
Net cash provided (used) by financing activities	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash	3,686	50,905
Cash - Beginning of Year	<u>305,399</u>	<u>254,494</u>
Cash - End of Year	<u>\$ 309,085</u>	<u>\$ 305,399</u>

Supplemental Disclosures

Income taxes paid	<u>\$ -</u>	<u>\$ -</u>
Interest paid	<u>\$ -</u>	<u>\$ -</u>

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

VETERANS FOR PEACE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2013

SEE ACCOUNTANT'S REVIEW REPORT

	Program Services	Fund Raising	General and Administrative	Total
Salaries	\$ 92,622	\$ 39,955	\$ 49,035	\$ 181,612
Payroll tax expense	<u>8,806</u>	<u>3,799</u>	<u>4,662</u>	<u>17,267</u>
	101,428	43,754	53,697	198,879
Project expenditures	33,734	-	-	33,734
Educational and promotional items	16,619	-	-	16,619
Convention expenses	50,365	-	-	50,365
Advertising & marketing	300	-	-	300
Bank/Internet charges	-	-	7,602	7,602
Computer services	11,582	4,454	1,782	17,818
Contracted services	726	-	-	726
Depreciation	-	-	220	220
Donations	2,240	-	-	2,240
Dues and subscriptions	13	-	-	13
Entertainment and meals	219	-	-	219
Fund raising printing	-	10,100	-	10,100
Insurance	14,805	-	14,805	29,610
Legal and accounting	-	-	9,440	9,440
Miscellaneous	-	-	1,274	1,274
Office expense	1,288	-	1,289	2,577
Postage and mailing	8,163	-	2,721	10,884
Printing	19,527	-	2,425	21,952
Professional development	660	-	-	660
Rent	6,600	3,300	3,300	13,200
Telephone	3,576	1,789	1,789	7,154
Travel	10,125	3,999	3,999	18,123
Utilities	<u>1,418</u>	<u>709</u>	<u>709</u>	<u>2,836</u>
Total expenses	<u>\$ 283,388</u>	<u>\$ 68,105</u>	<u>\$ 105,052</u>	<u>\$ 456,545</u>

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

VETERANS FOR PEACE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2012

SEE ACCOUNTANT'S REVIEW REPORT

	Program Services	Fund Raising	General and Administrative	Total
Salaries	\$ 93,549	\$ 20,789	\$ 58,901	\$ 173,239
Payroll tax expense	<u>7,804</u>	<u>1,734</u>	<u>4,914</u>	<u>14,452</u>
	101,353	22,523	63,815	187,691
Project expenditures	39,943	-	-	39,943
Educational and promotional items	29,491	-	-	29,491
Convention expenses	26,065	-	-	26,065
Advertising and marketing	697	-	232	929
Bank/Internet charges	-	-	7,446	7,446
Computer services	10,073	1,156	1,156	12,385
Contracted services	4,281	-	38,524	42,805
Depreciation	-	-	246	246
Donations	200	1,065	-	1,265
Dues and subscriptions	1,600	-	-	1,600
Entertainment and meals	222	-	-	222
Fund raising printing	-	28,871	-	28,871
Insurance	8,588	-	14,617	23,205
Legal and accounting	-	-	11,172	11,172
Miscellaneous	-	-	789	789
Office expense	1,204	-	1,204	2,408
Postage and mailing	-	4,380	4,380	8,760
Printing	17,762	-	1,352	19,114
Professional development	127	-	-	127
Rent	7,200	-	7,200	14,400
Telephone	2,430	233	2,430	5,093
Travel	21,660	-	-	21,660
Utilities	<u>1,257</u>	<u>-</u>	<u>1,257</u>	<u>2,514</u>
Total expenses	<u>\$ 274,153</u>	<u>\$ 58,228</u>	<u>\$ 155,820</u>	<u>\$ 488,201</u>

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2013 and 2012

1. Summary of Significant Accounting Policies

This summary of accounting policies is presented to assist in understanding the financial statements of the national headquarters of Veterans for Peace, Inc. The Organization has independent chapters and at-large members located throughout the United States and Puerto Rico, however, these financial statements reflect only the activities of the national headquarters located in St. Louis, Missouri.

Organization and Activities – Veterans for Peace, Inc. was incorporated in 1985 under the non-profit statutes of the State of Maine. Its purpose is to promote alternatives to war by addressing the issues of national and international policies through peaceful and non-violent means.

The Organization’s principal sources of revenue are from the collection of members’ dues, charitable contributions and sales of educational and promotional items. It also earns fees for administering funds for various projects sponsored by member chapters.

The Organization is exempt from Federal and State income taxes under Section 501(c)(3) of the Internal Revenue Code.

Accounting Basis - The Company uses the accrual method of accounting.

Use of Estimates in the Preparation of Financial Statements – Preparation of the accompanying financial statements requires the use of certain estimates and assumptions (including, but not limited to, determining useful lives of assets) that directly affect the results of reported assets, liabilities, revenue, and expenses. Actual results may differ from these estimates.

Inventories - Inventories consist of books, videos and promotional items purchased for resale. Inventories are valued at average cost. No effort is made to determine whether cost exceeds market value.

Property and Equipment - Property and equipment is stated at cost. Depreciation is provided on the straight-line method, based on the following estimated useful lives:

Office furniture and fixtures	7–10 years
Computer equipment	5 years

Net Assets - The Organization classifies assets, net of related liabilities, into three categories based upon the existence or absence of donor/grantor-imposed restrictions; unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Statements of Cash Flows - For purposes of the statements of cash flows, all highly-liquid investments with an original maturity of three months or less are considered to be cash equivalents.

2. Property and Equipment

Property and equipment, stated at cost, consists of the following at December 31:

	<u>2013</u>	<u>2012</u>
Office furniture and fixtures	\$ 1,030	\$ 1,030
Computer equipment	<u>6,464</u>	<u>5,205</u>
	7,494	6,235
Less accumulated depreciation	<u>6,131</u>	<u>5,911</u>
	<u>\$ 1,363</u>	<u>\$ 324</u>

Depreciation charged to expense was \$220 and \$246 for the years ended December 31, 2013 and 2012, respectively.

3. Accrued Expenses

Accrued expenses consist of the following at December 31:

	<u>2013</u>	<u>2012</u>
Accrued wages	\$ -	\$ 8,337
Withheld and accrued payroll taxes	<u>2,215</u>	<u>1,106</u>
	<u>\$ 2,215</u>	<u>\$ 9,443</u>

4. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of unexpended funds from the following projects managed by the Organization's national headquarters.

	<u>2013</u>	<u>2012</u>
Zinn Fund for Peace and Justice	\$ 31,646	\$ 30,663
Zinn Fund – Chapters' Portion	510	-
Iraq Water Project	11,160	3,966
War Crimes Times	973	-
War Economy	251	205
Korean Peace Campaign	2,348	3,010
Stop These Wars	2,477	2,442
Communications	5	505
National Campaign to End Korean War	956	791
Non-Violence Activist Training	1,000	1,000
David Cline Memorial Fund	<u>2,719</u>	<u>2,410</u>
	<u>\$ 54,045</u>	<u>\$ 44,992</u>

5. Leases

The Organization leases its office facilities. The lease requires monthly payments of \$1,200 and expires August 31, 2014. The Organization is committed to paying a total of \$9,600 for monthly lease payments through that date. Payments made pursuant to this lease are reported as rent in the Statement of Functional Expenses and totaled \$13,200 and \$14,400 for the years ended December 31, 2013 and 2012, respectively.