

VETERANS FOR PEACE, INC.

REVIEWED

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2014 and 2013

Lawrence G. Schmitz
CERTIFIED PUBLIC ACCOUNTANT
4227 Watson Rd., Suite #2
St. Louis, Missouri 63109-1211

CONTENTS

	<u>Page</u>
Independent Accountant's Review Report	1
Financial Statements:	
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	5
Statements of Functional Expenses	6
Notes to Financial Statements	8

LAWRENCE G. SCHMITZ, CPA
4227 WATSON ROAD, SUITE 2
ST. LOUIS, MISSOURI 63109-1211
PH. 314/647-6588 FAX 314/647-3984

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, 2014 and 2013, 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.

Handwritten signature of Lawrence G. Schmitz, CPA in cursive script.

February 19, 2015

VETERANS FOR PEACE, INC.

2

STATEMENTS OF FINANCIAL POSITION

December 31, 2014 and 2013

SEE ACCOUNTANT'S REVIEW REPORT

ASSETS

	<u>2014</u>	<u>2013</u>
Current Assets:		
Cash	\$ 373,311	\$309,085
Inventories	9,232	15,855
Prepaid expenses	<u>5,131</u>	<u>5,933</u>
Total current assets	387,674	330,873
Property and Equipment, Net (Note2)	<u>965</u>	<u>1,363</u>
	<u>\$ 388,639</u>	<u>\$ 332,236</u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts payable	\$ -	\$ 3,364
Accrued expenses (Note 3)	<u>3,324</u>	<u>2,215</u>
Total current liabilities	<u>3,324</u>	<u>5,579</u>
Net Assets:		
Unrestricted	333,628	272,612
Temporarily restricted (Note 4)	51,687	54,045
Permanently restricted	<u>-</u>	<u>-</u>
	<u>385,315</u>	<u>326,657</u>
	<u>\$ 388,639</u>	<u>\$ 332,236</u>

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

VETERANS FOR PEACE, INC.

STATEMENT OF ACTIVITIES

Year Ended December 31, 2014

SEE ACCOUNTANT'S REVIEW REPORT

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support:				
Contributions and Bequests	\$ 274,040	\$ 67,119	-	\$ 341,159
Other Income	100	-	-	100
Revenues:				
Member dues	141,285	-	-	141,285
Sales of educational and promotional items	21,931	-	-	21,931
Project management fees earned	3,649	-	-	3,649
Convention revenue	85,876	-	-	85,876
Interest income	1,398	-	-	1,398
Total Revenues	<u>528,279</u>	<u>67,119</u>	<u>-</u>	<u>595,398</u>
Net Assets Released from Restriction	<u>69,477</u>	<u>(69,477)</u>	<u>-</u>	<u>-</u>
Total Support, Revenues, and Other	<u>597,756</u>	<u>(2,358)</u>	<u>-</u>	<u>595,398</u>
Expenses:				
Program services	352,197	-	-	352,197
Fund raising and development	70,765	-	-	70,765
General and administrative	113,778	-	-	113,778
Total Expenses	<u>536,740</u>	<u>-</u>	<u>-</u>	<u>536,740</u>
Increase (Decrease) in Net Assets	61,016	(2,358)	-	58,658
Net Assets, Beginning of Year	<u>272,612</u>	<u>54,045</u>	<u>-</u>	<u>326,657</u>
Net Assets, End of Year	<u>\$ 333,628</u>	<u>\$ 51,687</u>	<u>\$ -</u>	<u>\$ 385,315</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	821	-	-	821
Total Revenues	<u>429,686</u>	<u>44,737</u>	<u>-</u>	<u>474,423</u>
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	105,052	-	-	105,052
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.

5

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2014 and 2013

SEE ACCOUNTANT'S REVIEW REPORT

	<u>2014</u>	<u>2013</u>
Cash Flows from Operating Activities:		
Increase (Decrease) in net assets	\$ 58,658	\$ 17,878
Adjustments to reconcile change in net assets		
To net cash provided (used) by operating activities:		
Depreciation	398	220
(Gain)Loss on disposal of assets	-	-
(Increase) decrease in assets:		
Accounts receivable	-	-
Inventories	6,623	(4,914)
Prepaid expenses	802	(1,481)
Increase (decrease) in liabilities:		
Accounts payable	(3,364)	470
Accrued expenses	<u>1,109</u>	<u>(7,228)</u>
Net cash provided (used) by operating activities	<u>64,226</u>	<u>4,945</u>
Cash Flows from Investing Activities:		
Purchase of property and equipment	<u>-</u>	<u>(1,259)</u>
Net cash provided (used) by investing activities	<u>-</u>	<u>(1,259)</u>
Cash Flows from Financing Activities:		
Net cash provided (used) by financing activities	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash	64,226	3,686
Cash - Beginning of Year	<u>309,085</u>	<u>305,399</u>
Cash - End of Year	<u>\$ 373,311</u>	<u>\$ 309,085</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, 2014

SEE ACCOUNTANT'S REVIEW REPORT

	Program Services	Fund Raising	General and Administrative	Total
Salaries	\$ 96,387	\$ 39,671	\$ 58,433	\$ 194,491
Payroll tax expense	<u>8,798</u>	<u>3,621</u>	<u>5,333</u>	<u>17,752</u>
	105,185	43,292	63,766	212,243
Project expenditures				
Educational and promotional items	69,477	-	-	69,477
Convention expenses	20,916	-	-	20,916
Advertising & marketing	76,945	-	-	76,945
Bank/Internet charges	275	-	-	275
Computer services	-	-	8,279	8,279
Contracted services	16,869	6,488	2,595	25,952
Depreciation	-	-	-	-
Donations	-	-	398	398
Dues and subscriptions	6,940	-	-	6,940
Entertainment and meals	-	-	-	-
Fund raising printing	155	-	-	155
Insurance	-	10,934	-	10,934
Legal and accounting	6,996	-	6,997	13,993
Miscellaneous	-	-	8,820	8,820
Moving expense	-	-	127	127
Office expense	1,634	-	3,670	3,670
Postage and mailing	6,538	-	1,635	3,269
Printing	15,780	-	2,180	8,718
Professional development	393	-	5,260	21,040
Rent	7,663	3,831	-	393
Telephone	3,279	1,639	3,831	15,325
Travel	11,968	3,990	1,639	6,557
Utilities	<u>1,184</u>	<u>591</u>	<u>3,990</u>	<u>19,948</u>
Total expenses	<u>\$ 352,197</u>	<u>\$ 70,765</u>	<u>\$ 113,778</u>	<u>\$ 536,740</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	35,684	-	-	35,684
Educational and promotional items	14,669	-	-	14,669
Convention expenses	50,365	-	-	50,365
Advertising and marketing	300	-	-	300
Bank/Internet charges	-	-	-	-
Computer services	11,582	4,454	7,602	17,602
Contracted services	726	-	1,782	17,818
Depreciation	-	-	-	726
Donations	2,240	-	220	220
Dues and subscriptions	13	-	-	2,240
Entertainment and meals	219	-	-	13
Fund raising printing	-	10,100	-	219
Insurance	14,805	-	-	10,100
Legal and accounting	-	-	14,805	29,610
Miscellaneous	-	-	9,440	9,440
Office expense	1,288	-	1,274	1,274
Postage and mailing	8,163	-	1,289	2,577
Printing	19,527	-	2,721	10,884
Professional development	660	-	2,425	21,952
Rent	6,600	-	-	660
Telephone	3,576	3,300	3,300	13,200
Travel	10,125	1,789	1,789	7,154
Utilities	<u>1,418</u>	<u>709</u>	<u>3,999</u>	<u>18,123</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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014 and 2013

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>2014</u>	<u>2013</u>
Office furniture and fixtures	\$ 1,030	\$ 1,030
Computer equipment	<u>6,464</u>	<u>6,464</u>
	7,494	7,494
Less accumulated depreciation	<u>6,529</u>	<u>6,131</u>
	<u>\$ 965</u>	<u>\$ 1,363</u>

Depreciation charged to expense was \$220 and \$220 for the years ended December 31, 2014 and 2013, respectively.

3. Accrued Expenses

Accrued expenses consist of the following at December 31:

	<u>2014</u>	<u>2013</u>
Accrued wages	\$ -	\$ -
Withheld and accrued payroll taxes	<u>3,324</u>	<u>2,215</u>
	<u>\$ 3,324</u>	<u>\$ 2,215</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>2014</u>	<u>2013</u>
Zinn Fund for Peace and Justice	\$ 35,603	\$ 31,646
Zinn Fund – Chapters' Portion	675	510
Iraq Water Project	9,708	11,160
War Crimes Times	(463)	973
War Economy	251	251
Korean Peace Campaign	2,254	2,348
Stop These Wars (includes Palestinian Delegation)	1,293	2,477
Communications	5	5
National Campaign to End Korean War	616	956
Non-Violence Activist Training	1,000	1,000
Ferguson Travel Fund	504	-
David Cline Memorial Fund	<u>241</u>	<u>2,719</u>
	<u>\$ 51,687</u>	<u>\$ 54,045</u>

5. Leases

The Organization leases its office facilities. The lease requires monthly payments of \$1,063 and expires December 31, 2015. The Organization is committed to paying a total of \$12,750 for monthly lease payments through that date. Payments made pursuant to leases are reported as rent in the Statement of Functional Expenses and totaled \$15,325 and \$13,200 for the years ended December 31, 2014 and 2013, respectively.