

THE CONFLICT CENTER
FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION
YEARS ENDED DECEMBER 31, 2008 AND 2007
AND
INDEPENDENT AUDITOR'S REPORT

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June 23, 2009

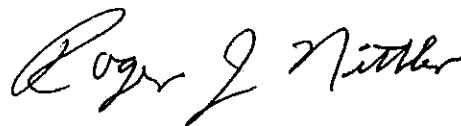
The Board of Directors
The Conflict Center

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying statement of financial position of The Conflict Center (a non-profit organization) as of December 31, 2008 and 2007, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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 December 31, 2008 and 2007 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



THE CONFLICT CENTER
FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION
YEARS ENDED DECEMBER 31, 2008 AND 2007

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THE CONFLICT CENTER
STATEMENT OF FINANCIAL POSITION
YEARS ENDED DECEMBER 31, 2008 AND 2007

ASSETS

	<u>2008</u>	<u>2007</u>
Current assets:		
Cash (Notes 1, 3 and 4)	\$ 273,090	\$ 314,077
Receivables: (Note 1)		
Fees for services	17,326	6,566
Government contracts	29,101	42,496
Pledges		15,000
Prepaid expenses	<u>14,569</u>	<u>20,323</u>
Total current assets	<u>334,086</u>	<u>398,462</u>
Property: (Note 1)		
Land	9,000	9,000
Building	1,172,995	1,172,995
Equipment, furniture and fixtures	<u>101,427</u>	<u>102,568</u>
	1,283,422	1,284,563
Less accumulated depreciation	<u>359,278</u>	<u>337,975</u>
Net property	<u>924,144</u>	<u>946,588</u>
Other assets: (Note 4)		
Endowment fund – restricted	137,871	81,026
Endowment fund – unrestricted	<u>4,180</u>	<u>3,952</u>
Total other assets	<u>142,051</u>	<u>84,978</u>
	<u>\$ 1,400,281</u>	<u>\$ 1,430,028</u>

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

LIABILITIES AND NET ASSETS

	<u>2008</u>	<u>2007</u>
Current liabilities:		
Accounts payable	\$ 10,903	\$ 10,109
Payroll		5,383
Security deposits	1,400	
Unearned revenue (Note 2)	<u>1,500</u>	<u>600</u>
Total current liabilities	<u>13,803</u>	<u>16,092</u>
Net assets: (Notes 1, 3 and 4)		
Unrestricted	1,243,607	1,330,660
Temporarily restricted	5,000	2,250
Permanently restricted	<u>137,871</u>	<u>81,026</u>
Total net assets	<u>1,386,478</u>	<u>1,413,936</u>
	<u>\$ 1,400,281</u>	<u>\$ 1,430,028</u>

THE CONFLICT CENTER
STATEMENT OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Unrestricted net assets: (Note 1)		
Support:		
Grants	\$ 228,156	\$ 345,493
Gifts	41,908	44,645
Fees for services – government	111,562	82,315
Fees for services – general public	70,042	29,453
Special events	9,127	44,584
Resource sales and rentals	358	2,482
Net assets released from restrictions	<u>2,250</u>	<u>2,750</u>
Total support	<u>463,403</u>	<u>551,722</u>
Other revenue:		
Rental income (Note 8)	47,848	41,536
Interest income	10,464	15,754
Miscellaneous	2,400	163
Gain (loss) on sale of investments	<u>(418)</u>	<u>28</u>
Total other revenue	<u>60,294</u>	<u>57,481</u>
Total unrestricted revenue	<u>523,697</u>	<u>609,203</u>
Expenses: (Note 6)		
Program services	466,579	447,982
Management and general	52,976	49,445
Fund raising	58,550	65,533
Cost of goods sold	<u> </u>	<u>8,631</u>
Total expenses	<u>578,105</u>	<u>571,591</u>
Increase (decrease) in unrestricted net assets	<u>(54,408)</u>	<u>37,612</u>
Temporarily restricted net assets: (Note 1 and 3)		
Support:		
Grants	5,000	
Net assets released from restrictions	<u>(2,250)</u>	<u>(2,750)</u>
Increase (decrease) in temporarily restricted net assets	<u>2,750</u>	<u>(2,750)</u>
Permanently restricted net assets: (Note 1 and 4)		
Support:		
Endowment gifts	<u>24,200</u>	<u>2,805</u>
Increase in permanently restricted net assets	<u>24,200</u>	<u>2,805</u>
Increase (decrease) in net assets	(27,458)	37,667
Net assets - beginning	<u>1,413,936</u>	<u>1,376,269</u>
Net assets - ending	<u>\$ 1,386,478</u>	<u>\$ 1,413,936</u>

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

THE CONFLICT CENTER
STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ (27,458)	\$ 37,667
Adjustments to reconcile change in net assets to net cash provided by operations:		
Depreciation	38,274	35,836
Loss (gain) on sale of investments	418	(28)
Donated stock	(15,934)	(15,281)
Changes in:		
Receivables	17,635	(49,127)
Prepaid expenses	5,754	(2,321)
Inventory		8,631
Accounts payable	794	(1,973)
Payroll liabilities	(5,383)	5,383
Security deposits	1,400	
Unearned revenue	900	
	<u>16,400</u>	<u>18,787</u>
Net cash provided from operating activities		
Cash flows from investing activities:		
Proceeds from sale of investments	15,564	15,309
Contributions made to endowment fund	(56,845)	(2,803)
Disbursements from endowment fund	3,999	3,714
Endowment fund earnings	(4,226)	(3,983)
Payments for purchase of property assets	(15,879)	(35,860)
	<u>(57,387)</u>	<u>(23,623)</u>
Net cash used for investing activities		
Decrease in cash	40,987	4,836
Cash balance - beginning	<u>314,077</u>	<u>318,913</u>
Cash balance - ending	<u>\$ 273,090</u>	<u>\$ 314,077</u>

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

THE CONFLICT CENTER
STATEMENT OF CASH FLOWS
(CONTINUED)

YEARS ENDED DECEMBER 31, 2008 AND 2007

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>2008</u>	<u>2007</u>
The fair market value of stock donated to the Center was	<u>\$ 15,934</u>	<u>\$ 15,281</u>

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

THE CONFLICT CENTER

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2008 AND 2007

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, the income from which is available for the Center's unrestricted use.

THE CONFLICT CENTER

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2008 AND 2007

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 \$38,274 and \$35,836 for 2008 and 2007, 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 received funds in advance for services not yet performed and has accounted for these funds as unearned revenue. As the services are performed the revenue will be recognized.

THE CONFLICT CENTER

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2008 AND 2007

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 to the unrestricted use of the annual earnings of the fund each year and does not have access to the fund's principal balance. The Center raised \$4,200 and \$2,805 in cash and pledges in 2008 and 2007 respectively, and has accounted for these funds as permanently restricted funds. In addition, the Center contributed \$32,995 to the endowment fund, and the foundation provided a 50% matching contribution in the amount of \$20,000 for all contributions made to the fund in 2008 and 2007. The endowment fund balance with the Foundation was \$142,051 and \$84,978 at December 31, 2008 and 2007, respectively. Of this amount, \$137,871 and \$81,026 was permanently restricted and \$4,180 and \$3,952 was unrestricted at December 31, 2008 and 2007, respectively.

5. INCOME TAX

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

6. INDIRECT COSTS

Indirect 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.

THE CONFLICT CENTER

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2008 AND 2007

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 \$3,963. Both leases are for a five year period expiring in the year 2012.

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. We conducted our audit in accordance with auditing standards generally accepted in the United States of America taken as a whole. The schedule 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.


Certified Public Accountants

Denver, Colorado
June 23, 2009

THE CONFLICT CENTER

SCHEDULE OF FUNCTIONAL EXPENSES

YEARS ENDED DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Accounting	\$ 17,391	\$ 5,016
Audit	4,751	4,461
Board expenses	1,402	1,371
Building insurance	3,456	3,723
Building maintenance	8,938	8,166
Building property taxes		3,368
Consumables	3,003	1,557
Contract labor	36,905	15,128
Depreciation (Note 1)	38,274	35,836
Dues and memberships	1,060	849
Fund raising	58,550	65,533
Health and dental insurance	12,620	16,823
Insurance	3,399	3,319
Library resources	1,447	2,187
Miscellaneous expense	1,925	1,091
Office supplies	3,388	3,259
Payroll taxes	27,345	31,387
Postage and freight	1,217	929
Printing and duplication	6,415	6,571
Promotion	1,548	1,344
Repairs and maintenance	677	4
Salaries	317,410	321,880
Telephone and internet	9,573	10,246
Training	3,505	4,252
Travel	2,555	3,069
Utilities	10,983	11,209
Volunteer expenses	<u>368</u>	<u>382</u>
	<u>\$ 578,105</u>	<u>\$ 562,960</u>
Allocated to:		
Program services	\$ 466,579	\$ 447,982
Management and general	52,976	49,445
Fund raising	<u>58,550</u>	<u>65,533</u>
	<u>\$ 578,105</u>	<u>\$ 562,960</u>

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