



PEACEMAKER<sup>®</sup>  

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MINISTRIES

FINANCIAL STATEMENTS  
With Independent Accountants' Review Report

December 31, 2014

# PEACEMAKER MINISTRIES

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## INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors  
Peacemaker Ministries  
Colorado Springs, Colorado

We have reviewed the accompanying statement of financial position of Peacemaker Ministries as of December 31, 2014, and the related statements of activities and cash flows for the year 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, we 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.

Our 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 us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are 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.

*Capin Crouse LLP*

Colorado Springs, Colorado  
July 2, 2015

# PEACEMAKER MINISTRIES

## Statement of Financial Position

December 31, 2014

### ASSETS:

Cash and cash equivalents	\$	347,987
Inventory		23,763
Accounts receivable and other assets		58,591
Note receivable		450,000
Furniture and equipment–net		38,764

Total Assets \$ 919,105

### LIABILITIES AND NET ASSETS:

#### Liabilities:

Accounts payable	\$	94,641
Accrued liabilities		106,423
Deferred income		17,398

218,462

#### Net assets:

##### Unrestricted:

Undesignated		458,608
Equity in furniture and equipment–net		38,764

497,372

Temporarily restricted 194,081

Permanently restricted 9,190

700,643

Total Liabilities and Net Assets \$ 919,105

See notes and independent accountants' review report

# PEACEMAKER MINISTRIES

## Statement of Activities

Year Ended December 31, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>OPERATING:</b>				
Support and Revenue:				
Contributions	\$ 436,964	\$ 229,286	\$ -	\$ 666,250
Sales	377,665	-	-	377,665
Event income	126,096	-	-	126,096
Conciliation services	69,462	-	-	69,462
Other income	5,825	-	-	5,825
<b>Total Support and Revenue</b>	<b>1,016,012</b>	<b>229,286</b>	<b>-</b>	<b>1,245,298</b>
Net Assets Released:				
Purpose restrictions	43,863	(43,863)	-	-
Administrative assessments	44,304	(44,304)	-	-
	<b>88,167</b>	<b>(88,167)</b>	<b>-</b>	<b>-</b>
Expenses:				
Payroll and benefits	639,366	-	-	639,366
Cost of goods sold	199,584	-	-	199,584
Marketing and promotion	145,708	-	-	145,708
Travel and events	114,142	-	-	114,142
Contracted services	109,655	-	-	109,655
Building and office	88,073	-	-	88,073
Information technology	49,627	-	-	49,627
Interest and fees	14,932	-	-	14,932
Product development direct costs	10,328	-	-	10,328
Miscellaneous	10,035	-	-	10,035
<b>Total Expenses</b>	<b>1,381,450</b>	<b>-</b>	<b>-</b>	<b>1,381,450</b>
<b>Change in Net Assets From Operations</b>	<b>(277,271)</b>	<b>141,119</b>	<b>-</b>	<b>(136,152)</b>
<b>NON-OPERATING:</b>				
Gain on disposal of fixed assets	86,892	-	-	86,892
Loss on investments	(19,201)	-	-	(19,201)
	<b>67,691</b>	<b>-</b>	<b>-</b>	<b>67,691</b>
<b>Change in Net Assets</b>	<b>(209,580)</b>	<b>141,119</b>	<b>-</b>	<b>(68,461)</b>
<b>Net Assets, Beginning of Year</b>	<b>706,952</b>	<b>52,962</b>	<b>9,190</b>	<b>769,104</b>
<b>Net Assets, End of Year</b>	<b>\$ 497,372</b>	<b>\$ 194,081</b>	<b>\$ 9,190</b>	<b>\$ 700,643</b>

See notes and independent accountants' review report

# PEACEMAKER MINISTRIES

## Statement of Cash Flows

Year Ended December 31, 2014

### CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ (68,461)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation and amortization	24,611
Gain on disposal of fixed assets	(86,892)
Changes in operating assets and liabilities:	
Accounts receivable and other assets	(11,165)
Inventory	54,763
Accounts payable	78,466
Accrued liabilities	29,203
Deferred income	7,521
Net Cash Used by Operating Activities	<u>28,046</u>

### CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sale of investments	11,155
Cash proceeds from sale of fixed assets	400,000
Purchases of furniture and equipment	(40,170)
Net Cash Provided by Investing Activities	<u>370,985</u>

### CASH FLOWS FROM FINANCING ACTIVITIES:

Principal payments on notes payable and line of credit	(232,679)
Net Cash Used by Financing Activities	<u>(232,679)</u>

Change in Cash and Cash Equivalents 166,352

Cash and Cash Equivalents, Beginning of Year 181,635

Cash and Cash Equivalents, End of Year \$ 347,987

### NON-CASH TRANSACTION:

Fixed assets sold for note receivable \$ 450,000

See notes and independent accountants' review report

# PEACEMAKER MINISTRIES

## Statement of Functional Expenses

Year Ended December 31, 2014

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fund - raising</u>	<u>Total</u>
Payroll and benefits	\$ 389,189	\$ 200,238	\$ 49,939	\$ 639,366
Cost of goods sold	199,584	-	-	199,584
Marketing and promotion	127,094	667	17,947	145,708
Travel and events	106,861	3,410	3,871	114,142
Contracted services	62,159	42,496	5,000	109,655
Building and office	64,488	15,913	7,672	88,073
Information technology	24,506	25,121	-	49,627
Interest and fees	-	14,932	-	14,932
Product development direct costs	7,258	2,965	105	10,328
Miscellaneous	9,702	-	333	10,035
Total Expenses	<u>\$ 990,841</u>	<u>\$ 305,742</u>	<u>\$ 84,867</u>	<u>\$ 1,381,450</u>
Percentage of Total Expenses	<u>72%</u>	<u>22%</u>	<u>6%</u>	<u>100%</u>

See notes and independent accountants' review report

# PEACEMAKER MINISTRIES

## Notes to Financial Statements

December 31, 2014

### 1. NATURE OF ORGANIZATION:

Peacemaker Ministries (Peacemaker) is a nonprofit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the Code) and is not a private foundation under Section 509(a) of the Code. Peacemaker is primarily supported by contributions from organizations and individuals.

Peacemaker is a non-denominational ministry whose mission is to equip and assist Christians and their churches to respond to conflict biblically. Peacemaker provides conflict coaching, mediation, and arbitration services to help resolve conflicts, disputes, and church divisions. Its training services include seminars, conflict coaching training, mediation training, and advanced mediation and arbitration training for conciliators and church leaders working within their churches, as well as training for individuals conducting more formal and complex proceedings.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Peacemaker maintains its accounts and prepares its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of any contingent assets and liabilities at the date of the financial statements, and the reported revenues and expenses during the reporting period. Actual results could differ from the estimates. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

#### CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of amounts held in checking and savings accounts. From time to time, amounts in this account exceed federally insured limits. Peacemaker has not experienced any losses in such account and believes it is not exposed to any significant credit risk.

#### INVENTORY

Inventory consists of publications and program materials and is stated as the lower of cost (first-in, first-out) or market. Peacemaker and The Christianbook Group, LLC (TCG) operate under an agreement for sales of Peacemaker products. Under the agreement, TCG provides ministry resource fulfillment services for online orders for Peacemaker customers on a co-branded website. In connection with the TCG agreement, Peacemaker has changed to the sales model for ministry resource distribution which allows them to offer a wider range of ministry resources at competitive prices, while extending discounts, promotions and payment opportunities. Peacemaker sells their products to TCG, and then receives 5% of all sales made by TCG to consumers on the co-branded website for digital downloads, and 10% of all sales made by TCG for all other products.

# PEACEMAKER MINISTRIES

## Notes to Financial Statements

December 31, 2014

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### NOTE RECEIVABLE

During the year ended December 31, 2014, Peacemaker sold property for both cash proceeds and a note receivable from the buyer. The note is secured by the property sold and is due upon the buyer finding a lessee for the building or June 2017, whichever is earlier. Management believes that the amount is fully collectible, therefore an allowance for doubtful accounts has not been recorded.

#### FURNITURE AND EQUIPMENT

Furniture and equipment is stated at cost, or if donated, at its fair market value on the date of the gift. Peacemaker capitalizes all fixed assets greater than \$250. Depreciation is computed on the straight-line basis over estimated useful lives of five to thirty years.

#### CLASSES OF NET ASSETS

The financial statements report amounts separately by class of net assets as follows:

Unrestricted net assets include resources that are used to support Peacemaker's current operations and investments in furniture and equipment—net.

*Temporarily restricted net assets* are comprised of donor-restricted contributions for the support of specific projects and programs.

*Permanently restricted net assets* are those restricted by donors in perpetuity as endowments, the income from which is restricted for specific ministry projects or programs. The disclosures required by the Reporting Endowment Funds subtopic of the Financial Accounting Standards Board Accounting Standards Codification have not been included in these financial statements due to immateriality.

#### SUPPORT AND REVENUE

Contributions are recorded when made, which may be when cash and other assets are received or unconditionally promised. Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated amounts. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. All contributions are considered available for unrestricted use unless specifically restricted by the donor. Donated assets are recorded at their fair market value on the date of donation.

All other income is recognized when earned.

# PEACEMAKER MINISTRIES

## Notes to Financial Statements

December 31, 2014

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing various program services and supporting activities have been reported on a functional basis in the statement of functional expenses. Accordingly, certain costs, such as payroll expenses and depreciation, have been allocated among the program services and supporting activities benefited.

#### ADVERTISING COSTS

Advertising costs for the year ended December 31, 2014, of \$107,462 are expensed as incurred and included in the statement of activities. \$106,551 of this is for contributed service expense for free advertising given to Peacemaker. Contributed services revenue and expense is recorded at current market value of the advertising services.

#### UNCERTAIN TAX POSITIONS

The financial statement effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the statement of activities. As of December 31, 2014, Peacemaker had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

Peacemaker's federal Return of Organization Exempt from Income Tax Form 990 for the years ended after December 31, 2012 are subject to examination by the IRS, generally for three years after they were filed.

#### OPERATING AND NON-OPERATING ACTIVITIES:

The activity of Peacemaker has been reported in the statement of activities in the following two categories: operating and non-operating. Operating includes the core service activities of the organization. Non-operating includes all other activity that is not considered to be "core services," such as the gain (loss) on investments and disposal of fixed assets.

### 3. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets as of December 31, 2014, consist of:

Curriculum - PM 2.0, & marriage	\$	143,825
Doctoral scholarships		34,148
Other projects		16,108
		<hr/>
	\$	<u>194,081</u>

### 4. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through the report date, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.