



PEACEMAKER[®]

MINISTRIES

PEACEMAKER MINISTRIES

Financial Statements
With Independent Accountants'
Review Report

December 31, 2019 (Reviewed) and 2018 (Audited)

PEACEMAKER MINISTRIES

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors
Peacemaker Ministries
Spokane Valley, Washington

We have reviewed the accompanying financial statements of Peacemaker Ministries, which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company 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'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.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services issued by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

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 accordance with accounting principles generally accepted in the United States of America.

Board of Directors
Peacemaker Ministries
Spokane Valley, Washington

Report on 2018 Financial Statements

The 2018 financial statements were audited by us, and we expressed an unmodified opinion on them in our report dated August 15, 2019. We have not performed any auditing procedures since that date.

Capin Crouse LLP

Colorado Springs, Colorado
July 14, 2020

PEACEMAKER MINISTRIES

Statements of Financial Position

	December 31,	
	2019	2018
	(Reviewed)	(Audited)
ASSETS:		
Cash and cash equivalents	\$ 160,184	\$ 175,472
Accounts receivable and other assets	6,187	1,862
Inventory	4,651	4,216
Capitalized production costs–net	32,412	40,514
Furniture and equipment–net	21,952	5,759
Total Assets	<u>\$ 225,386</u>	<u>\$ 227,823</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	\$ 8,581	\$ 8,882
Deferred income	390	37,890
	<u>8,971</u>	<u>46,772</u>
Net assets:		
Without donor restrictions	<u>216,415</u>	<u>181,051</u>
Total Liabilities and Net Assets	<u>\$ 225,386</u>	<u>\$ 227,823</u>

See accompanying notes and independent accountants' review report

PEACEMAKER MINISTRIES

Statement of Activities

Year Ended December 31, 2019 (Reviewed)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenue:			
Contributions	\$ 182,231	\$ -	\$ 182,231
Sales and royalty income	114,637	-	114,637
Event income	41,436	-	41,436
Conciliation services	21,369	-	21,369
Other income	399	-	399
Total Support and Revenue	<u>360,072</u>	<u>-</u>	<u>360,072</u>
Expenses:			
Program services	<u>220,608</u>	<u>-</u>	<u>220,608</u>
Supporting activities:			
General and administrative	87,625	-	87,625
Fundraising	16,475	-	16,475
	<u>104,100</u>	<u>-</u>	<u>104,100</u>
Total Expenses	<u>324,708</u>	<u>-</u>	<u>324,708</u>
Change in Net Assets	35,364	-	35,364
Net Assets, Beginning of Year	<u>181,051</u>	<u>-</u>	<u>181,051</u>
Net Assets, End of Year	<u>\$ 216,415</u>	<u>\$ -</u>	<u>\$ 216,415</u>

See accompanying notes and independent accountants' review report

PEACEMAKER MINISTRIES

Statement of Activities

Year Ended December 31, 2018 (Audited)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenue:			
Contributions	\$ 191,154	\$ -	\$ 191,154
Sales and royalty income	87,262	-	87,262
Event income	51,166	-	51,166
Conciliation services	44,775	-	44,775
Other income	439	-	439
Total Support and Revenue	<u>374,796</u>	<u>-</u>	<u>374,796</u>
Net Assets Released:			
Purpose restrictions	<u>38,238</u>	<u>(38,238)</u>	<u>-</u>
Expenses:			
Program services	<u>392,343</u>	<u>-</u>	<u>392,343</u>
Supporting activities:			
General and administrative	97,602	-	97,602
Fundraising	26,798	-	26,798
	<u>124,400</u>	<u>-</u>	<u>124,400</u>
Total Expenses	<u>516,743</u>	<u>-</u>	<u>516,743</u>
Change in Net Assets	(103,709)	(38,238)	(141,947)
Net Assets, Beginning of Year	<u>284,760</u>	<u>38,238</u>	<u>322,998</u>
Net Assets, End of Year	<u>\$ 181,051</u>	<u>\$ -</u>	<u>\$ 181,051</u>

See accompanying notes and independent accountants' review report

PEACEMAKER MINISTRIES

Statements of Functional Expenses

Year Ended December 31, 2019 (Reviewed)

	Program Services	General and Administrative	Fundraising	Total
Payroll and benefits	\$ 104,967	\$ 38,824	\$ -	\$ 143,791
Building and office	10,390	35,898	12,371	58,659
Cost of goods sold and product development direct costs	39,691	1,007	14	40,712
Travel and events	28,252	524	242	29,018
Information technology	18,670	860	893	20,423
Contracted services	16,281	1,085	2,955	20,321
Marketing and promotion	2,357	9,427	-	11,784
Total Expenses	<u>\$ 220,608</u>	<u>\$ 87,625</u>	<u>\$ 16,475</u>	<u>\$ 324,708</u>

Year Ended December 31, 2018 (Audited)

	Program Services	General and Administrative	Fundraising	Total
Payroll and benefits	\$ 121,278	\$ 44,856	\$ -	\$ 166,134
Building and office	8,034	25,293	5,083	38,410
Cost of goods sold and product development direct costs	40,142	1,243	14	41,399
Travel and events	36,903	622	287	37,812
Information technology	24,327	1,120	1,164	26,611
Contracted services	140,633	7,435	20,250	168,318
Marketing and promotion	4,258	17,033	-	21,291
Donated inventory	16,768	-	-	16,768
Total Expenses	<u>\$ 392,343</u>	<u>\$ 97,602</u>	<u>\$ 26,798</u>	<u>\$ 516,743</u>

See accompanying notes and independent accountants' review report

PEACEMAKER MINISTRIES

Statements of Cash Flows

	Year Ended December 31,	
	2019 (Reviewed)	2018 (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 35,364	\$ (141,947)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Gift-in-kind donation of capitalized production costs	-	(7,575)
Depreciation and amortization	13,004	2,053
Changes in operating assets and liabilities:		
Accounts receivable and other assets	(4,325)	(1,070)
Inventory	(435)	90
Accounts payable and accrued expenses	(301)	(2,575)
Deferred income	(37,500)	37,890
Net Cash Provided (Used) by Operating Activities	5,807	(113,134)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of capitalized production costs	-	(17,939)
Purchases of furniture and equipment	(21,095)	-
Net Cash Used by Investing Activities	(21,095)	(17,939)
Change in Cash and Cash Equivalents	(15,288)	(131,073)
Cash and Cash Equivalents, Beginning of Year	175,472	306,545
Cash and Cash Equivalents, End of Year	\$ 160,184	\$ 175,472

See accompanying notes and independent accountants' review report

PEACEMAKER MINISTRIES

Notes to Financial Statements

December 31, 2019 (Reviewed) and 2018 (Audited)

1. NATURE OF ORGANIZATION:

Peacemaker Ministries (Peacemaker) is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and comparable state laws. However, Peacemaker is subject to federal income tax on any unrelated business taxable income. In addition, Peacemaker is not classified as a private foundation within the meaning of Section 509(a) of the IRC. 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. Peacemaker has also published a book, which generates royalty income for the organization.

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. As of December 31, 2019 and 2018, amounts held in these accounts did not exceed the federally insured limit. Peacemaker has not experienced any losses in such accounts 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 net realizable value.

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Notes to Financial Statements

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

CAPITALIZED PRODUCTION COSTS

Capitalized production costs consist of funds spent by Peacemaker towards the creation of a book. During the year ended December 31, 2019, the book was completed and released for sale. Amortization is computed based on the expected future sales of the book for ten years, with accelerated amortization during the first year after the release of the book. As of December 31, 2019 and 2018, capitalized production costs are stated net of accumulated amortization of \$8,103 and \$0, respectively.

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 \$2,500. Depreciation is computed on the straight-line basis over estimated useful lives of five to fifteen years. As of December 31, 2019 and 2018, furniture and equipment is stated net of accumulated depreciation of \$9,408 and \$4,506, respectively.

Fixed assets consists entirely of furniture and equipment as Peacemaker does not own any property or buildings.

DEFERRED INCOME

Deferred income as of December 31, 2019, consists of cash received in advance for conferences not attended until after December 31, 2019. Deferred income as of December 31, 2018, mainly consists of cash received in advance for royalties related to a book not released to the public until after December 31, 2018.

CLASSES OF NET ASSETS

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

Net assets without donor restrictions include resources that are used to support Peacemaker's current operations and investments in furniture and equipment—net.

Net assets with donor restrictions are those resources that are donor-restricted for the support of projects and ministries. There are no net assets with donor restrictions as of December 31, 2019.

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Notes to Financial Statements

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. All contributions are considered available for use without donor restriction unless specifically restricted by the donor. Donated assets are recorded at their fair market value on the date of donation.

Included in contributions are in-kind services comprised of contributed salaries and rental expense. Total in-kind service contributions totaled \$19,918 and \$26,618, during the years ended December 31, 2019 and 2018, respectively. All other income is recognized when earned.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing various program services and supporting activities have been reported on a functional basis in the statements of functional expenses. Accordingly, certain costs, such as payroll expenses and depreciation, have been allocated among the program services and supporting activities benefited. Salaries and benefits were allocated based on time and effort. All other expenses were allocated based on the nature of the expense.

ADVERTISING COSTS

For the years ended December 31, 2019 and 2018, advertising expense totaled \$9,794 and \$21,291, respectively, which are recorded in marketing and promotion on the Statements of Functional Expenses.

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENT:

In 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. Peacemaker adopted the provisions of this new standard during the year ended December 31, 2019. The new standard clarifies and improves current guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or exchange transaction. Adoption of this standard had no effect on change in net assets or net assets in total.

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Notes to Financial Statements

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3. LIQUIDITY AND FUNDS AVAILABLE:

Peacemaker has \$166,371, and \$177,334, of financial assets available within one year December 31, 2019 and 2018, respectively, consisting of cash and cash equivalents and accounts receivable and other assets. This amount represents the financial assets available within one year to meet cash needs for general expenditures. Peacemaker structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Management monitors cash flows closely through board meetings and detailed financial analysis.

4. CONCENTRATION:

During the years ended December 31, 2019 and 2018, Peacemaker received contributions from one donor of \$55,000 and \$50,000, respectively. These gifts account for approximately 15% and 13% of total support and revenue for the years ended December 31, 2019 and 2018, respectively.

5. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through July 14, 2020, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.