



PEACEMAKER[®]

MINISTRIES

PEACEMAKER MINISTRIES

Financial Statements
With Independent Accountants'
Review Report

December 31, 2020 and 2019

PEACEMAKER MINISTRIES

Table of Contents

	<u>Page</u>
Independent Accountants' Review Report	1
Financial Statements	
Statements of Financial Position	3
Statement of Activities-Year Ended December 31, 2020	4
Statement of Activities-Year Ended December 31, 2019	5
Statements of Functional Expenses	6
Statements of Cash Flows	7
Notes to Financial Statements	8

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 statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years 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 reviews, 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

Prior Period Adjustment

As described in Note 6 to the financial statements, Peacemaker Ministries identified adjustments pertaining to amounts recorded as inventory, cost of goods sold and net assets without donor restrictions as of January 1, 2019 that were recorded incorrectly. Accordingly, the 2019 financial statements now presented have been restated and opening net asset balances as of January 1, 2019 have been adjusted to reflect this change. Our conclusion is not modified with respect to this matter.

Capin Crouse LLP

Colorado Springs, Colorado
July 8, 2021

PEACEMAKER MINISTRIES

Statements of Financial Position

	December 31,	
	2020	2019
		(Restated)
ASSETS:		
Cash and cash equivalents	\$ 271,030	\$ 160,184
Accounts receivable and other assets	-	6,187
Inventory	21,487	24,065
Capitalized production costs–net	22,959	32,412
Furniture and equipment–net	20,004	21,952
	<hr/>	<hr/>
Total Assets	<u>\$ 335,480</u>	<u>\$ 244,800</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	\$ 9,510	\$ 8,581
Deferred income	4,125	390
	<hr/>	<hr/>
	13,635	8,971
Net assets:		
Without donor restrictions	321,845	235,829
	<hr/>	<hr/>
Total Liabilities and Net Assets	<u>\$ 335,480</u>	<u>\$ 244,800</u>

See accompanying notes and independent accountants' review report

PEACEMAKER MINISTRIES

Statement of Activities

Year Ended December 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenue:			
Contributions	\$ 273,051	\$ -	\$ 273,051
Sales and royalty income	44,645	-	44,645
Event income	31,921	-	31,921
Conciliation services	14,461	-	14,461
Other income	337	-	337
Total Support and Revenue	<u>364,415</u>	<u>-</u>	<u>364,415</u>
Expenses:			
Program services	<u>178,078</u>	<u>-</u>	<u>178,078</u>
Supporting activities:			
General and administrative	91,350	-	91,350
Fundraising	8,971	-	8,971
	<u>100,321</u>	<u>-</u>	<u>100,321</u>
Total Expenses	<u>278,399</u>	<u>-</u>	<u>278,399</u>
Change in Net Assets	86,016	-	86,016
Net Assets, Beginning of Year	<u>235,829</u>	<u>-</u>	<u>235,829</u>
Net Assets, End of Year	<u>\$ 321,845</u>	<u>\$ -</u>	<u>\$ 321,845</u>

See accompanying notes and independent accountants' review report

PEACEMAKER MINISTRIES

Statement of Activities

Year Ended December 31, 2019 (Restated)

	Without Donor Restrictions	With Donor Restrictions	Total
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>215,638</u>	<u>-</u>	<u>215,638</u>
Supporting activities:			
General and administrative	87,499	-	87,499
Fundraising	16,473	-	16,473
	<u>103,972</u>	<u>-</u>	<u>103,972</u>
Total Expenses	<u>319,610</u>	<u>-</u>	<u>319,610</u>
Change in Net Assets	40,462	-	40,462
Net Assets, Beginning of Year, as previously stated	181,051	-	181,051
Prior period adjustment	<u>14,316</u>	<u>-</u>	<u>14,316</u>
Net Assets, Beginning of Year, as restated	<u>195,367</u>	<u>-</u>	<u>195,367</u>
Net Assets, End of Year	<u>\$ 235,829</u>	<u>\$ -</u>	<u>\$ 235,829</u>

See accompanying notes and independent accountants' review report

PEACEMAKER MINISTRIES

Statements of Functional Expenses

Year Ended December 31, 2020

	Program Services	General and Administrative	Fundraising	Total
Payroll and benefits	\$ 88,653	\$ 32,789	\$ -	\$ 121,442
Building and office	11,311	37,970	2,180	51,461
Information technology	35,565	1,638	1,702	38,905
Cost of goods sold and product development direct costs	21,270	535	8	21,813
Contracted services	5,929	8,891	4,987	19,807
Travel and events	13,020	205	94	13,319
Marketing and promotion	2,330	9,322	-	11,652
Total Expenses	<u>\$ 178,078</u>	<u>\$ 91,350</u>	<u>\$ 8,971</u>	<u>\$ 278,399</u>

Year Ended December 31, 2019 (Restated)

	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
Information technology	18,670	860	893	20,423
Cost of goods sold and product development direct costs	34,721	881	12	35,614
Contracted services	16,281	1,085	2,955	20,321
Travel and events	28,252	524	242	29,018
Marketing and promotion	2,357	9,427	-	11,784
Total Expenses	<u>\$ 215,638</u>	<u>\$ 87,499</u>	<u>\$ 16,473</u>	<u>\$ 319,610</u>

See accompanying notes and independent accountants' review report

PEACEMAKER MINISTRIES

Statements of Cash Flows

	Year Ended December 31,	
	2020	2019 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 86,016	\$ 40,462
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	15,899	13,004
Changes in operating assets and liabilities:		
Accounts receivable and other assets	6,187	(4,325)
Inventory	2,578	(5,533)
Accounts payable and accrued expenses	929	(301)
Deferred income	3,735	(37,500)
Net Cash Provided by Operating Activities	115,344	5,807
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of furniture and equipment	(4,498)	(21,095)
Net Cash Used by Investing Activities	(4,498)	(21,095)
Change in Cash and Cash Equivalents	110,846	(15,288)
Cash and Cash Equivalents, Beginning of Year	160,184	175,472
Cash and Cash Equivalents, End of Year	\$ 271,030	\$ 160,184

See accompanying notes and independent accountants' review report

PEACEMAKER MINISTRIES

Notes to Financial Statements

December 31, 2020 and 2019 (Restated)

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, 2020 and 2019, 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.

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, 2020 and 2019, capitalized production costs are stated net of accumulated amortization of \$17,556 and \$8,103, respectively.

PEACEMAKER MINISTRIES

Notes to Financial Statements

December 31, 2020 and 2019 (Restated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

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, 2020 and 2019, furniture and equipment is stated net of accumulated depreciation of \$15,854 and \$9,408, 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, 2020 and 2019, consists of cash received in advance for conferences not attended until after December 31, 2020 and 2019, respectively.

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.

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, 2020, and 2019.

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 \$21,643 and \$19,918, during the years ended December 31, 2020 and 2019, respectively. All other income is recognized when earned.

PEACEMAKER MINISTRIES

Notes to Financial Statements

December 31, 2020 and 2019 (Restated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT AND REVENUE, continued

Peacemaker earns program income from selling resources, earning royalties, holding events, and providing conciliation services. Revenue for those activities is delineated on the statement of activities. Program income is recorded when earned. Program income earned, but not yet received, would result in the recording of accounts receivable, and program income received but not yet earned would result in the recording of deferred revenue on the financial statements. For the years ended December 31, 2020 and 2019, there was \$0 and \$6,187, respectively of accounts receivable and \$4,125 and \$390, respectively of deferred revenue recorded by Peacemaker as of December 31, 2020 and 2019.

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, 2020 and 2019, advertising expense totaled \$11,652 and \$11,784, respectively, which are recorded in marketing and promotion on the statements of functional expenses.

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENT

In 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers* (Topic 606 of the FASB Accounting Standards Codification). Peacemaker adopted the provisions of this new standard during the year ended December 31, 2020. The new standard applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. Adoption of this standard had no effect on change in net assets or net assets in total for the years ended December 31, 2020 and 2019.

3. LIQUIDITY AND FUNDS AVAILABLE:

Peacemaker has \$271,030 and \$166,371, of financial assets available within one year December 31, 2020 and 2019, 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.

PEACEMAKER MINISTRIES

Notes to Financial Statements

December 31, 2020 and 2019 (Restated)

4. CONCENTRATION:

During the years ended December 31, 2020 and 2019, Peacemaker received contributions from one donor of \$160,000 and \$55,000, respectively. These gifts account for approximately 44% and 15% of total support and revenue for the years ended December 31, 2020 and 2019, respectively.

5. RISKS AND UNCERTAINTIES:

In March 2020, the World Health Organization declared the outbreak of the coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. COVID-19 has caused a severe negative impact on the world economy and has contributed to significant volatility in financial markets. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of Peacemaker for future periods. Management is carefully monitoring the situation and evaluating its options as circumstances evolve.

6. PRIOR PERIOD ADJUSTMENT:

During the year ended December 31, 2020, management determined that amounts that should have been reflected in their beginning inventory balance were incorrectly recorded as sold. As a result, the 2019 financial statements have been restated to properly reflect these amounts. The impact of this restatement on the 2019 financial statements is as follows:

	<u>Reported</u>	<u>Adjustment</u>	<u>Restated</u>
<u>Statements of Financial Position:</u>			
Inventory	\$ 4,651	\$ 19,414	\$ 24,065
<u>Statements of Activities:</u>			
Net assets without donor restrictions, January 1, 2019	\$ 181,051	\$ 14,316	\$ 195,367
Change in net assets without donor restrictions December 31, 2019	\$ 35,364	\$ 5,098	\$ 40,462
Net assets without donor restrictions, December 31, 2019	\$ 216,415	\$ 19,414	\$ 235,829
<u>Statements of Functional Expenses:</u>			
Cost of goods sold and product development direct costs	\$ 40,712	\$ (5,098)	\$ 35,614
Program services expenses	\$ 220,608	\$ (4,970)	\$ 215,638
General and administrative expenses	\$ 87,625	\$ (126)	\$ 87,499
Fundraising expenses	\$ 16,475	\$ (2)	\$ 16,473
<u>Statements of Cash Flows:</u>			
Changes in operating assets and liabilities:			
Inventory	\$ (435)	\$ 3,013	\$ 2,578

PEACEMAKER MINISTRIES

Notes to Financial Statements

December 31, 2020 and 2019 (Restated)

7. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through July 8, 2021, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.