



PEACEMAKER[®]

MINISTRIES

FINANCIAL STATEMENTS

December 31, 2022 and 2021

PEACEMAKER MINISTRIES

FINANCIAL STATEMENTS
December 31, 2022 and 2021

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INDEPENDENT ACCOUNTANTS' COMPILATION REPORT



A Professional Service Corporation
Since 1938

To the Board of Directors of
Peacemaker Ministries
Spokane Valley, Washington

Management is responsible for the accompanying financial statements of Peacemaker Ministries (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

Members of:
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The financial statements of Peacemaker Ministries as of December 31, 2021, were reviewed by other accountants whose report dated July 6, 2022 stated that based on their procedures they are not aware of any material modifications that should be made to the financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America, but they have not performed any procedures in connection with that review engagement since that date.

Fruci and Associates

Spokane, Washington
August 9, 2023

PEACEMAKER MINISTRIES
STATEMENTS OF FINANCIAL POSITION
December 31, 2022 and 2021

	Assets	
	2022	2021
	<u> </u>	<u> </u>
Assets		
Cash and cash equivalents	\$ 118,422	\$ 137,666
Inventory	38,826	48,452
Right-of-Use asset	43,299	-
Capitalized production costs - net	51,023	76,036
Furniture and equipment - net	6,172	12,361
	<u> </u>	<u> </u>
Total assets	<u>\$ 257,742</u>	<u>\$ 274,515</u>
	Liabilities and Net Assets	
Liabilities		
Accounts payable and accrued expenses	\$ 6,337	\$ 11,877
Lease liability	43,299	-
	<u> </u>	<u> </u>
Total liabilities	49,636	11,877
Net assets		
Without donor restrictions	<u>208,106</u>	<u>262,638</u>
	<u> </u>	<u> </u>
Total liabilities and net assets	<u>\$ 257,742</u>	<u>\$ 274,515</u>

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

PEACEMAKER MINISTRIES
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For the years ended December 31, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other support						
Contributions	\$ 165,618	\$ -	\$ 165,618	\$ 153,285	\$ -	\$ 153,285
Sales and royalty income	114,403	-	114,403	75,070	-	75,070
Event income	30,632	-	30,632	19,186	-	19,186
Conciliation services	16,488	-	16,488	34,046	-	34,046
Other income	583	-	583	216	-	216
Total revenue and other support	327,724	-	327,724	281,803	-	281,803
Expenses						
Program services	324,705	-	324,705	250,742	-	250,742
Supporting activities:						
General and administrative	54,416	-	54,416	83,539	-	83,539
Fundraising	3,135	-	3,135	6,729	-	6,729
Total expenses	382,256	-	382,256	341,010	-	341,010
Change in net assets	(54,532)	-	(54,532)	(59,207)	-	(59,207)
Net assets, beginning of year	262,638	-	262,638	321,845	-	321,845
Net assets, end of year	\$ 208,106	\$ -	\$ 208,106	\$ 262,638	\$ -	\$ 262,638

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

PEACEMAKER MINISTRIES
STATEMENTS OF FUNCTIONAL EXPENSES

For the years ended December 31, 2022 and 2021

	2022				2021			
	Program Services	Supporting Activities		Total Expenses	Program Services	Supporting Activities		Total Expenses
		General and Administrative	Fundraising			General and Administrative	Fundraising	
Payroll and benefits	\$ 119,338	\$ 32,354	\$ -	\$ 151,692	\$ 117,252	\$ 43,306	\$ -	\$ 160,558
Building and office	58,075	8,412	-	66,487	30,921	19,610	149	50,680
Information technology	19,101	766	-	19,867	34,026	1,567	1,629	37,222
Marketing and promotion	64,143	-	276	64,419	25,068	6,961	173	32,202
Cost of goods sold and product development costs	53,707	-	-	53,707	23,542	561	7	24,110
Contracted services	2,498	12,884	2,859	18,241	4,826	11,510	4,760	21,096
Travel and events	7,843	-	-	7,843	15,107	24	11	15,142
Total expenses	\$ 324,705	\$ 54,416	\$ 3,135	\$ 382,256	\$ 250,742	\$ 83,539	\$ 6,729	\$ 341,010

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

PEACEMAKER MINISTRIES
STATEMENTS OF CASH FLOWS

For the years ended December 31, 2022 and 2021

	2022	2021
Cash flows from operating activities		
Change in net assets	\$ (54,532)	\$ (59,207)
Adjustments to reconcile changes in assets to net cash:		
Depreciation and amortization expense	31,202	8,892
Gain on sale of furniture and equipment	-	(20)
(Increase) decrease in assets:		
Inventory	9,626	(26,965)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(5,540)	2,367
Deferred income	-	(4,125)
Net cash provided (used) by operating activities	(19,244)	(79,058)
Cash flows from investing activities		
Payments for capitalized production costs	-	(55,779)
Proceeds from sale of furniture and equipment	-	1,473
Net cash used by investing activities	-	(54,306)
Cash flows from financing activities	-	-
Net increase in cash and cash equivalents	(19,244)	(133,364)
Cash and cash equivalents, beginning of year	137,666	271,030
Cash and cash equivalents, end of year	\$ 118,422	\$ 137,666
Non-cash supplemental disclosure:		
Initiation of operating lease	\$ 44,643	\$ -

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

PEACEMAKER MINISTRIES
NOTES TO THE FINANCIAL STATEMENTS

For the years ended December 31, 2022 and 2021

Note 1 – Nature of the 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 books which generate royalty income for the organization.

Note 2 – 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, 2022 and 2021, 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 books. Peacemaker completed and released for sale their first book during the year ended December 31, 2019. During the year ended December 31, 2021, Peacemaker completed two additional books and released them in 2022. Amortization is computed based on the expected future sales of the books for ten years, with accelerated amortization during the first year after the release of the book. As of December 31, 2022 and 2021, capitalized production costs are stated net of accumulated amortization of \$45,269 and \$20,257, respectively.

PEACEMAKER MINISTRIES
NOTES TO THE FINANCIAL STATEMENTS

For the years ended December 31, 2022 and 2021

Furniture and Equipment

Furniture and equipment are 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. Fixed assets consist entirely of furniture and equipment as Peacemaker does not own any real property or buildings. Depreciation is computed on the straight-line basis over estimated useful lives of five to fifteen years. As of December 31, 2022 and 2021, furniture and equipment is stated net of accumulated depreciation of \$27,977 and \$21,788, respectively.

Basis of Presentation

For the purposes of financial reporting, Peacemaker classifies resources into two net asset categories pursuant to any donor-imposed restrictions. Accordingly, the net assets of Peacemaker are classified and reported as follows:

Net assets without donor restrictions – Consists of net assets that are not subject to donor-imposed stipulations. These net assets are available for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes. From time to time the Board designates a portion of these net assets for specific purposes which makes them unavailable for use at management’s discretion.

Net assets with donor restrictions – Consists of net assets subject to donor-imposed time and/or purpose restrictions. Peacemaker reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Peacemaker did not have any net assets with donor restrictions as of December 31, 2022 and 2021.

Revenue Recognition

Peacemaker recognizes program income from selling resources, earning royalties, holding events, and providing conciliation services in accordance with ASC 606 *Revenue from Contracts with Customers*. Program income is recorded when goods are shipped and after completion of services (seminars or conciliation meetings). Royalty income is recorded when received. Program income earned, but not yet received, results in the recognition of accounts receivable, and program income received but not yet earned results in the recognition of deferred income on the financial statements. For the years ended December 31, 2022 and 2021, there were no accounts receivable and no deferred income recorded by Peacemaker.

Revenue recognized under the guidance of ASC 958-605 *Not-for-Profit Entities Revenue Recognition* consist of contributions are recorded when made, which may be when cash and other assets are received or unconditionally promised. 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.

PEACEMAKER MINISTRIES
NOTES TO THE FINANCIAL STATEMENTS

For the years ended December 31, 2022 and 2021

Included in contributions are in-kind services and goods comprised of contributed salaries, advertising space, and rental expense. Total in-kind service contributions totaled \$20,258 and \$76,353, during the years ended December 31, 2022 and 2021, respectively.

Functional Allocation of Expenses

Expenses directly attributable to a specific functional area of Peacemaker are reported as expenses of those functional areas. A portion of general and administrative costs that benefit multiple functional areas (indirect costs) have been allocated across program activities based on the proportion of full-time employee equivalents of a program activity versus the total organizational full-time employee equivalents.

The following table provides a summary of the allocation methodology for each category of expense:

<u>Expense Category</u>	<u>Method of Allocation</u>
Payroll and benefits	Time and effort
Building and office	Direct
Information technology	Direct
Marketing and promotion	Direct
Cost of goods sold and product development costs	Direct
Contracted services	Direct
Travel and events	Direct

Advertising

Advertising and marketing costs are charged to expense as incurred. Direct advertising and marketing expenses are recorded as marketing and promotion in the statements of functional expenses.

Leases

Peacemaker determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use ("ROU") assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. Peacemaker does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Subsequent Events

Management has evaluated subsequent events through August 9, 2023, which is the date these financial statements were available to be issued.

Note 3 – Revenue Concentrations

During the year ended December 31, 2022, Peacemaker received contributions from two donors of \$49,455. These gifts account for approximately 34% total contributions for the year ended December 31, 2022. There were no donors of amounts greater than 10% of total contributions in the year ended December 31, 2021.

PEACEMAKER MINISTRIES
NOTES TO THE FINANCIAL STATEMENTS

For the years ended December 31, 2022 and 2021

Note 4 – Leases

Peacemaker evaluated current contracts to determine which met the criteria of a lease. The right-of-use (ROU) assets represent Peacemaker's right to use underlying assets for the lease term, and the lease liabilities represent Peacemaker's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, all of which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms. Peacemaker has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. The discount rate applied to calculate the lease liability for its only lease as of December 31, 2022 was 4.14%.

Peacemaker's operating lease consists of one five-year lease for a copier with a monthly fixed cost of \$825. There are additional variable usage costs and a non-lease component (insurance) which were elected to be recorded as incurred. The lease includes a buy-out option; however, management determined that Peacemaker is not reasonably certain to purchase the copier at the end of the lease term. Therefore, the lease is classified as an operating lease.

For the year ended December 31, 2022, total operating lease cost and cash paid for the lease was approximately \$4,500.

There were no noncash investing and financing transactions related to leasing other than the transition entry included on the statement of cash flows.

Future maturities of lease liabilities are presented in the following table, for the fiscal years ending December 31:

2023	\$	9,900
2024		9,900
2025		9,900
2026		9,900
2027		8,250
		<hr/>
Total lease payments		47,850
Less present value discount		(4,551)
		<hr/>
Total lease obligations	\$	<u>43,299</u>

Note 5 – Liquidity and Availability of Resources

The following table reflects Peacemaker's financial assets as of December 31, 2022 and 2021, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date. Amounts not available to meet general expenditures within one year also may include net assets with donor restrictions (of which there were none as of December 31, 2022 and 2021). 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.

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For the years ended December 31, 2022 and 2021

A summary of assets available as of year-end to meet general expenditures is as follows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 118,422	\$ 137,666
Total financial assets	118,422	137,666
Less amounts not available to be used within one year	<u>-</u>	<u>-</u>
Financial assets available to meet general expenditures within one year	<u>\$ 118,422</u>	<u>\$ 137,666</u>