



PEACEMAKER[®]

MINISTRIES

PEACEMAKER MINISTRIES

Financial Statements
With Independent Accountants'
Review Report

December 31, 2021 and 2020

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 statements of financial position as of December 31, 2021 and 2020, 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.

We are required to be independent of Peacemaker Ministries and to meet our other ethical responsibilities, in accordance with the relevant requirements related to our review.

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.

Capin Crouse LLP

Colorado Springs, Colorado
July 6, 2022

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PEACEMAKER MINISTRIES

Statements of Financial Position

	December 31,	
	2021	2020
ASSETS:		
Cash and cash equivalents	\$ 137,666	\$ 271,030
Inventory	48,452	21,487
Capitalized production costs–net	76,036	22,959
Furniture and equipment–net	12,361	20,004
	<hr/>	<hr/>
Total Assets	\$ 274,515	\$ 335,480
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LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	\$ 11,877	\$ 9,510
Deferred income	-	4,125
Total liabilities	11,877	13,635
	<hr/>	<hr/>
Net assets:		
Without donor restrictions	262,638	321,845
Total net assets	262,638	321,845
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Total Liabilities and Net Assets	\$ 274,515	\$ 335,480
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See accompanying notes and independent accountants' review report

PEACEMAKER MINISTRIES

Statements of Activities

Net Assets Without Donor Restrictions

	Year Ended December 31,	
	2021	2020
Support and Revenue:		
Contributions	\$ 153,285	\$ 273,051
Sales and royalty income	75,070	44,645
Event income	19,186	31,921
Conciliation services	34,046	14,461
Other income	216	337
Total Support and Revenue	<u>281,803</u>	<u>364,415</u>
Expenses:		
Program services	<u>250,742</u>	<u>178,078</u>
Supporting activities:		
General and administrative	83,539	91,350
Fundraising	6,729	8,971
Total Supporting Activities	<u>90,268</u>	<u>100,321</u>
Total Expenses	<u>341,010</u>	<u>278,399</u>
Change in Net Assets	(59,207)	86,016
Net Assets, Beginning of Year	<u>321,845</u>	<u>235,829</u>
Net Assets, End of Year	<u>\$ 262,638</u>	<u>\$ 321,845</u>

See accompanying notes and independent accountants' review report

PEACEMAKER MINISTRIES

Statements of Functional Expenses

	Year Ended December 31, 2021			
	Program Services	Supporting Activities:		Total
		General and Administrative	Fundraising	
Payroll and benefits	\$ 117,252	\$ 43,306	\$ -	\$ 160,558
Building and office	30,921	19,610	149	50,680
Information technology	34,026	1,567	1,629	37,222
Marketing and promotion	25,068	6,961	173	32,202
Cost of goods sold and product development direct costs	23,542	561	7	24,110
Contracted services	4,826	11,510	4,760	21,096
Travel and events	15,107	24	11	15,142
Total Expenses	\$ 250,742	\$ 83,539	\$ 6,729	\$ 341,010

	Year Ended December 31, 2020			
	Program Services	Supporting Activities:		Total
		General and Administrative	Fundraising	
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	\$ 178,078	\$ 91,350	\$ 8,971	\$ 278,399

See accompanying notes and independent accountants' review report

PEACEMAKER MINISTRIES

Statements of Cash Flows

	Year Ended December 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (59,207)	\$ 86,016
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	8,892	15,899
Gain on sale of furniture and equipment	(20)	-
Changes in operating assets and liabilities:		
Accounts receivable and other assets	-	6,187
Inventory	(26,965)	2,578
Accounts payable and accrued expenses	2,367	929
Deferred income	(4,125)	3,735
Net Cash Provided (Used) by Operating Activities	<u>(79,058)</u>	<u>115,344</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments of capitalized production costs	(55,779)	-
Purchases of furniture and equipment	-	(4,498)
Proceeds from sale of furniture and equipment	1,473	-
Net Cash Used by Investing Activities	<u>(54,306)</u>	<u>(4,498)</u>
Change in Cash and Cash Equivalents	(133,364)	110,846
Cash and Cash Equivalents, Beginning of Year	<u>271,030</u>	<u>160,184</u>
Cash and Cash Equivalents, End of Year	<u>\$ 137,666</u>	<u>\$ 271,030</u>

See accompanying notes and independent accountants' review report

PEACEMAKER MINISTRIES

Notes to Financial Statements

December 31, 2021 and 2020

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, 2021 and 2020, 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.

PEACEMAKER MINISTRIES

Notes to Financial Statements

December 31, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

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 but did not release them for sale until after the year ended December 31, 2021. 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, 2021 and 2020, capitalized production costs are stated net of accumulated amortization of \$20,257 and \$17,556, 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, 2021 and 2020, furniture and equipment is stated net of accumulated depreciation of \$21,788 and \$15,854, respectively.

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

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, 2021 and 2020.

PEACEMAKER MINISTRIES

Notes to Financial Statements

December 31, 2021 and 2020

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 and goods comprised of contributed salaries, advertising space, and rental expense. Total in-kind service contributions totaled \$76,353 and \$21,643, during the years ended December 31, 2021 and 2020, respectively. All other income is recognized when earned.

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, 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, 2021 and 2020, there was no accounts receivable and \$0 and \$4,125, respectively, of deferred income recorded by Peacemaker.

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, 2021 and 2020, advertising expense totaled \$32,029 and \$11,652, respectively, which is recorded in marketing and promotion on the statements of functional expenses.

PEACEMAKER MINISTRIES

Notes to Financial Statements

December 31, 2021 and 2020

3. LIQUIDITY AND FUNDS AVAILABLE:

Peacemaker has \$137,666 and \$271,030, of financial assets available within one year December 31, 2021 and 2020, respectively, consisting of cash and cash equivalents. 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, 2021 and 2020, Peacemaker received contributions from one donor of \$0 and \$160,000, respectively. These gifts account for approximately 0% and 44% of total support and revenue for the years ended December 31, 2021 and 2020, respectively.

5. RELATED PARTY TRANSACTIONS:

Peacemaker received contributions from board members totaling approximately \$15,200 and \$5,700, for the years ended December 31, 2021 and 2020, respectively.

6. 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 world. 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.

7. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through July 6, 2022, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.