



PEER Servants

Financial Statements

2018



PEER Servants

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Kevin P. Martin & Associates, P.C.

**PEER Servants**

Index

December 31, 2018

**Independent Auditors' Report**

**Financial Statements:**

Statement of Financial Position as of December 31, 2018 With Comparative Totals as of December 31, 2017	1
Statement of Activities for the Year Ended December 31, 2018 With Comparative Totals for the Year Ended December 31, 2017	2
Statement of Cash Flows for the Year Ended December 31, 2018 With Comparative Totals for the Year Ended December 31, 2017	3
Statement of Functional Expenses for the Year Ended December 31, 2018 With Comparative Totals for the Year Ended December 31, 2017	4
Notes to Financial Statements	5-9



## **Independent Auditors' Report**

To the Board of Directors of  
PEER Servants

We have audited the accompanying financial statements of PEER Servants (a non-profit organization), (the Organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

### **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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 1 to the financial statements, the Agency has adopted ASU No. 2016-14, Not-for-Profit Entities (Topic 958) - *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to that matter.

## **Prior Period Financial Statements**

We have previously audited the Organization's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 2, 2018. The prior year summarized comparative information is not intended to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Danvers, Massachusetts  
August 20, 2019

**PEER Servants**

Statement of Financial Position

As of December 31, 2018

With Comparative Totals as of December 31, 2017

**ASSETS**

<b>Current Assets</b>	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 99,414	\$ 117,768
Prepaid expenses	<u>1,630</u>	<u>1,729</u>
Total current assets	<u>101,044</u>	<u>119,497</u>
<b>Total Assets</b>	<b><u>\$ 101,044</u></b>	<b><u>\$ 119,497</u></b>

**LIABILITIES AND NET ASSETS**

<b>Current Liabilities</b>		
Accounts payable	\$ 3,813	\$ -
Accrued expenses	<u>8,100</u>	<u>7,900</u>
Total current liabilities	<u>11,913</u>	<u>7,900</u>
<b>Net Assets</b>		
Net assets without donor restrictions	66,560	58,968
Net assets with donor restrictions	<u>22,571</u>	<u>52,629</u>
Total net assets	<u>89,131</u>	<u>111,597</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 101,044</u></b>	<b><u>\$ 119,497</u></b>

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

**PEER Servants**

Statement of Activities

For the Year Ended December 31, 2018  
With Comparative Totals for the Year Ended December 31, 2017

	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>2018 Total</u>	<u>2017 Total</u>
<b>Support and Revenue</b>				
Grants and contributions	\$ 248,518	\$ 228,580	\$ 477,098	\$ 484,112
Released from restriction	258,638	(258,638)	-	-
Interest	<u>22</u>	<u>-</u>	<u>22</u>	<u>10</u>
Total support and revenue	<u>507,178</u>	<u>(30,058)</u>	<u>477,120</u>	<u>484,122</u>
<b>Expenses</b>				
Program services	441,435	-	441,435	386,450
Management and general	25,175	-	25,175	22,660
Fundraising	<u>32,976</u>	<u>-</u>	<u>32,976</u>	<u>31,524</u>
Total expenses	<u>499,586</u>	<u>-</u>	<u>499,586</u>	<u>440,634</u>
<b>Total Change in Net Assets</b>	7,592	(30,058)	(22,466)	43,488
<b>Net Assets - Beginning of Year</b>	<u>58,968</u>	<u>52,629</u>	<u>111,597</u>	<u>68,109</u>
<b>Net Assets - End of Year</b>	<u>\$ 66,560</u>	<u>\$ 22,571</u>	<u>\$ 89,131</u>	<u>\$ 111,597</u>

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

**PEER Servants**

Statement of Cash Flows

For the Year Ended December 31, 2018  
With Comparative Totals for the Year Ended December 31, 2017

<b>Cash Flows from Operating Activities</b>	<u>2018</u>	<u>2017</u>
<b>Change in net assets</b>	\$ (22,466)	\$ 43,488
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Decrease (increase) in assets		
Prepaid expenses	99	950
Increase (decrease) in liabilities		
Accounts payable	3,813	-
Accrued expenses	<u>200</u>	<u>1,404</u>
<b>Net Cash (Used in) Provided by Operating Activities</b>	<u>(18,354)</u>	<u>45,842</u>
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	(18,354)	45,842
<b>Cash and Cash Equivalents - Beginning</b>	<u>117,768</u>	<u>71,926</u>
<b>Cash and Cash Equivalents - Ending</b>	<u><u>\$ 99,414</u></u>	<u><u>\$ 117,768</u></u>

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

**PEER Servants**

Statement of Functional Expenses

For the Year Ended December 31, 2018

With Comparative Totals for the Year Ended December 31, 2017

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2018 Total</u>	<u>2017 Total</u>
Salaries	\$ 31,000	\$ 9,000	\$ 10,000	\$ 50,000	\$ 50,000
Payroll taxes	2,371	689	765	3,825	3,825
Benefits	9,416	2,734	3,037	15,187	14,161
Total salary and related expenses	<u>42,787</u>	<u>12,423</u>	<u>13,802</u>	<u>69,012</u>	<u>67,986</u>
Advertising	-	-	-	-	524
Bank charges	664	78	4,090	4,832	3,553
Conferences and meetings	2,747	798	886	4,431	6,857
Development	-	-	10,050	10,050	8,246
Grants to other organizations	362,667	-	-	362,667	299,929
Insurance	1,049	305	338	1,692	1,797
Office expenses	1,837	533	593	2,963	3,323
Postage and shipping	552	160	178	890	1,181
Printing and copying	504	146	163	813	642
Processing fees	541	157	175	873	739
Professional fees	-	8,146	-	8,146	7,947
Rent	6,976	2,025	2,251	11,252	13,743
Staff development	390	113	126	629	-
Telephone and internet	1,004	291	324	1,619	1,487
Travel	19,717	-	-	19,717	22,680
	<u>\$ 441,435</u>	<u>\$ 25,175</u>	<u>\$ 32,976</u>	<u>\$ 499,586</u>	<u>\$ 440,634</u>

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

## PEER Servants

### Notes to Financial Statements

December 31, 2018

#### (1) Summary of Significant Accounting Policies

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The significant accounting policies followed by PEER Servants (the Organization) are described below to enhance the usefulness of the financial statements to the reader.

##### *(a) Nature of Activities*

The Organization was founded in 1988 as Christian Technical Support and changed its name to PEER Servants in 2004. The Organization is an unincorporated non-profit association of members located in Wakefield, MA.

The Organization envisions both the materially poor and non-poor experiencing and extending the kingdom of heaven on earth by being transformed economically, socially, and spiritually. Its mission is to transform lives by partnering for economic empowerment and renewal, and it does this by partnering with indigenous Christian microfinance institutions in materially poor countries which seek to be and develop agents of transformation in their communities. The Organization's staff and volunteers, striving to follow Christ, work closely with these microfinance partners in a mutually enriching relationship to provide services that support their journey to becoming sustainable organizations transforming the lives of thousands of entrepreneurs.

##### *(b) Standards of Accounting and Reporting*

The Organization's net assets (excess of its assets over liabilities) and its revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

The statement of financial position presents two classes of net assets (net assets without donor restrictions and net assets with donor restrictions) and the statement of activities displays the change in each class of net assets. The classes of net assets applicable to the Organization are presented as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor imposed restrictions. Net assets without donor restrictions consist of assets and contributions available for the support of operations. These net assets may be designated for specific purposes by management or the Board of Directors. Gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or law.

Net Assets With Donor Restrictions - Net assets that are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

## PEER Servants

### Notes to Financial Statements

December 31, 2018

#### **(1) Summary of Significant Accounting Policies - continued**

##### ***(c) Cash and Cash Equivalents***

The Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

The Organization maintains its cash balances at a financial institution located in Massachusetts. The cash balances are insured by the Federal Deposit Insurance Corporation. At times these balances may exceed the federal insurance limits; however, the Organization has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances as of December 31, 2018.

##### ***(d) Revenue Recognition***

The Organization earns revenue as follows:

Grants and Contributions - Grants and contributions are recorded upon receipt or pledge as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Substantially all of the Organization's revenue is derived from its activities in Massachusetts. During the year ended December 31, 2018, the Organization derived 70% of revenue from individual donors and 30% from churches, foundations, corporations and other non-profit organizations. All revenue is recorded at the estimated net realizable amounts.

##### ***(e) Compensated Absences***

Vacation and sick pay are considered expenditures in the year paid. The Organization has not accrued compensated absences because the amount could not be reasonably estimated.

##### ***(f) Designation of Net Assets Without Donor Restrictions***

It is the policy of the Board of Directors of the Organization to review its plans for future property improvements and acquisitions from time to time and to designate appropriate sums of net assets without donor restrictions to assure adequate payment of the Organization's operating lease.

##### ***(g) Fundraising Expense***

Fundraising expense relates to the activities of raising general and specific contributions to the Organization and promoting special events. Fundraising expenses as a percentage of total revenues and as a percentage of total expenses was 7% for the year ended December 31, 2018.

## PEER Servants

### Notes to Financial Statements

December 31, 2018

#### **(1) Summary of Significant Accounting Policies - continued**

##### ***(h) Functional Allocation of Expenses***

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are allocated to programs and supporting services. Administration expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Payroll and associated costs are allocated to functions based upon time studies. Occupancy costs are allocated based upon FTEs which are estimated to approximate allocations based on square footage.

##### ***(i) Use of Estimates***

In preparing the Organization's financial statements in conformity with U.S. GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

##### ***(j) Income Taxes***

The Organization qualifies as an organization formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC) and is generally not subject to income tax. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization is not a private foundation under Section 509(a)(1).

##### ***(k) Recent Accounting Standard Adopted***

In August 2016, the Financial Accounting Standards Board issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources and the lack of consistency in the type of information provided about expenses and investment return. ASU 2016-14 is effective for fiscal years beginning after December 15, 2017. As a result, the Organization has adopted this ASU as of and for the year ended December 31, 2018 with retrospective application for the 2017 financial statements. The Organization opted to not disclose liquidity and availability information as well as an analysis of expenses by both natural and functional classification for 2017 as permitted under the ASU in the year of adoption. In addition, the Organization changed its presentation of its net asset classes and expanded the footnote disclosures as required by the ASU, with no effect on previously reported change in net assets. Other than these reclassifications, the adoption of ASU 2016-14 did not have a material impact on the Organization's financial position, results of activities or cash flows.

## PEER Servants

### Notes to Financial Statements

December 31, 2018

#### (2) Operating Lease Commitments

The Organization occupies office and program space under a non-cancelable operating lease agreement expiring November 2020. Under the terms of the lease, the Organization must pay its pro-rata share of operating expenses for the building in addition to the base rent. The minimum annual operating non-cancelable lease commitments for the Organization are as follows:

2019	11,964
2020	11,218

Rent expense for the year ended December 31, 2018 was \$11,252.

#### (3) Net Assets with Donor Restrictions

Net assets with donor restrictions consist of resources available to meet future obligations, but only in compliance with the restrictions specified by donors. As of December 31, 2018, net assets with donor restrictions are restricted for program work in the following locations or for the following purposes:

Volunteer Relations	\$ 8,699
Africa Region	8,268
Guatemala	5,431
Peru	<u>173</u>
Total	\$ <u>22,571</u>

#### (4) Contributed Services (Unaudited)

During 2018, the Organization utilized the assistance of 160 volunteers who served approximately 11,520 hours assisting the organization in administrative and program functions. In accordance with U.S. GAAP, no amounts have been reflected in the financial statements in connection with these volunteered services provided to the Organization.

#### (5) Grants to Other Organizations

The Organization makes grants to other organizations that the Organization partners with in order to achieve its mission. These organizations use the funds to run microfinance loan programs and education programs in various countries. The Organization budgets for these grants but is not obligated to fund the grants to other organizations in the event that revenues are insufficient to cover these budgeted grants. During the year ended December 31, 2018, the Organization made grants to other organizations in the amount of \$362,667.

## PEER Servants

### Notes to Financial Statements

December 31, 2018

#### (6) Liquidity and Availability of Resources

Financial assets available for general expenditures within one year of the combined statement of financial position date comprise the following:

Financial assets at year end	
Cash and cash equivalents	<u>99,414</u>
Total	<u>99,414</u>
Less amounts unavailable for general expenditures	
Without one year, due to:	
Restricted by donors for specific purposes	<u>22,571</u>
Total	<u>22,571</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>76,843</u>

As part of the Organization's liquidity management plan, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year.

#### (7) Subsequent Events

The Organization has performed an evaluation of subsequent events through August 20, 2019, which is the date the Organization's financial statements were available to be issued. No material subsequent events have occurred since December 31, 2018 that required recognition or disclosure in these financial statements.