



# PEER Servants

Financial Statements

2019



PEER Servants

---

Kevin P. Martin & Associates, P.C.

**PEER Servants**

Index

December 31, 2019

**Independent Auditors' Report**

**Financial Statements:**

Statement of Financial Position as of December 31, 2019 With Comparative Totals as of December 31, 2018	1
Statement of Activities for the Year Ended December 31, 2019 With Comparative Totals for the Year Ended December 31, 2018	2
Statement of Cash Flows for the Year Ended December 31, 2019 With Comparative Totals for the Year Ended December 31, 2018	3
Statement of Functional Expenses for the Year Ended December 31, 2019 With Comparative Totals for the Year Ended December 31, 2018	4
Notes to Financial Statements	5-10



## **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, 2019, 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, 2019, 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 Organization has adopted ASU No. 2016-18, *Statement of Cash Flows - Restricted Cash* and ASU No. 2018-08, *Clarified Scope and Accounting Guidance for Contributions Received and Made*. Our opinion is not modified with respect to these matters.

## **Report on Summarized Comparative Information**

We have previously audited the Organization's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 20, 2019. 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, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Danvers, Massachusetts  
August 6, 2020

**PEER Servants**

Statement of Financial Position

As of December 31, 2019

With Comparative Totals as of December 31, 2018

**ASSETS**

<b>Current Assets</b>	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 130,157	\$ 99,414
Prepaid expenses	<u>1,629</u>	<u>1,630</u>
Total current assets	<u>131,786</u>	<u>101,044</u>
<b>Total Assets</b>	<b>\$ <u>131,786</u></b>	<b>\$ <u>101,044</u></b>

**LIABILITIES AND NET ASSETS**

<b>Current Liabilities</b>		
Accounts payable	\$ -	\$ 3,813
Accrued expenses	<u>8,300</u>	<u>8,100</u>
Total current liabilities	<u>8,300</u>	<u>11,913</u>
<b>Net Assets</b>		
Net assets without donor restrictions	83,725	66,560
Net assets with donor restrictions	<u>39,761</u>	<u>22,571</u>
Total net assets	<u>123,486</u>	<u>89,131</u>
<b>Total Liabilities and Net Assets</b>	<b>\$ <u>131,786</u></b>	<b>\$ <u>101,044</u></b>

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

**PEER Servants**

Statement of Activities

For the Year Ended December 31, 2019  
With Comparative Totals for the Year Ended December 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2019 Total</u>	<u>2018 Total</u>
<b>Support and Revenue</b>				
Grants and contributions	\$ 273,797	\$ 331,247	\$ 605,044	\$ 477,098
Released from restriction	314,057	(314,057)	-	-
Interest	<u>23</u>	<u>-</u>	<u>23</u>	<u>22</u>
Total support and revenue	<u>587,877</u>	<u>17,190</u>	<u>605,067</u>	<u>477,120</u>
<b>Expenses</b>				
Program services	507,649	-	507,649	441,435
Management and general	27,661	-	27,661	25,175
Fundraising	<u>35,402</u>	<u>-</u>	<u>35,402</u>	<u>32,976</u>
Total expenses	<u>570,712</u>	<u>-</u>	<u>570,712</u>	<u>499,586</u>
<b>Change in net assets</b>	17,165	17,190	34,355	(22,466)
<b>Total Change in Net Assets</b>	17,165	17,190	34,355	(22,466)
<b>Net Assets - Beginning of Year</b>	<u>66,560</u>	<u>22,571</u>	<u>89,131</u>	<u>111,597</u>
<b>Net Assets - End of Year</b>	<u>\$ 83,725</u>	<u>\$ 39,761</u>	<u>\$ 123,486</u>	<u>\$ 89,131</u>

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

**PEER Servants**

Statement of Cash Flows

For the Year Ended December 31, 2019  
With Comparative Totals for the Year Ended December 31, 2018

<b>Cash Flows from Operating Activities</b>	<u>2019</u>	<u>2018</u>
<b>Change in net assets</b>	\$ 34,355	\$ (22,466)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Decrease (increase) in assets		
Prepaid expenses	1	99
Increase (decrease) in liabilities		
Accounts payable	(3,813)	3,813
Accrued expenses	<u>200</u>	<u>200</u>
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>30,743</u>	<u>(18,354)</u>
<b>Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash</b>	30,743	(18,354)
<b>Cash, Cash Equivalents and Restricted Cash - Beginning</b>	<u>99,414</u>	<u>117,768</u>
<b>Cash, Cash Equivalents and Restricted Cash - Ending</b>	<u>\$ 130,157</u>	<u>\$ 99,414</u>

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

**PEER Servants**

Statement of Functional Expenses

For the Year Ended December 31, 2019

With Comparative Totals for the Year Ended December 31, 2018

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2019 Total</u>	<u>2018 Total</u>
Salaries	\$ 41,239	\$ 9,703	\$ 9,703	\$ 60,645	\$ 50,000
Payroll taxes	3,193	751	751	4,695	3,825
Benefits	<u>10,690</u>	<u>2,515</u>	<u>2,515</u>	<u>15,720</u>	<u>15,187</u>
Total salary and related expenses	55,122	12,969	12,969	81,060	69,012
Bank charges	664	-	4,975	5,639	4,832
Conferences and meetings	5,565	1,309	1,309	8,183	4,431
Development	-	-	11,816	11,816	10,050
Grants to other organizations	400,220	-	-	400,220	362,667
Insurance	1,040	245	245	1,530	1,692
Office expenses	3,807	896	896	5,599	2,963
Postage and shipping	894	210	210	1,314	890
Printing and copying	2,424	570	570	3,564	813
Processing fees	612	144	144	900	873
Professional fees	-	9,050	-	9,050	8,146
Rent	8,544	2,010	2,010	12,564	11,252
Staff development	136	32	32	200	629
Telephone and internet	962	226	226	1,414	1,619
Travel	<u>27,659</u>	<u>-</u>	<u>-</u>	<u>27,659</u>	<u>19,717</u>
	<u>\$ 507,649</u>	<u>\$ 27,661</u>	<u>\$ 35,402</u>	<u>\$ 570,712</u>	<u>\$ 499,586</u>

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

## PEER Servants

### Notes to Financial Statements

December 31, 2019

#### **(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, 2019

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

##### *(c) Cash, Cash Equivalents, Restricted Deposits and Funded Reserves*

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, 2019.

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

The Organization earns revenue as follows:

Grants and Contributions - The Organization receives funds from various grantors for direct and indirect program costs associated with specific programs and projects. Various grants are subject to certain restrictions, which are met by incurring qualifying expenses for the particular program or project that is funded by the grant. Revenue from such grants is recognized when the funds have been expended on activities stipulated in the grant agreement. For unconditional grants, revenue is recognized as contribution revenue that increases net assets with donor restrictions at the time the grant is received or pledged, and the funds are released from restriction when the qualifying expenses have been incurred.

Unconditional 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. Conditional contributions are not recognized until the conditions on which they depend have been substantially met.

Substantially all of the Organization's revenue is derived from its activities in Massachusetts. During the year ended December 31, 2019, the Organization derived 73% of revenue from individual donors and 27% 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.

## PEER Servants

### Notes to Financial Statements

December 31, 2019

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

##### ***(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 6% for the year ended December 31, 2019.

##### ***(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).

## PEER Servants

### Notes to Financial Statements

December 31, 2019

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

##### ***(k) Summarized Financial Information for 2018***

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Also, the financial statements do not include a full presentation of the statement of functional expenses, as certain prior year summarized comparative information is presented in total but not by functional classification. In addition, the financial statements do not include full financial statement disclosures for the prior year. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

##### ***(l) Recent Accounting Standards Adopted***

In November 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-18, *Statement of Cash Flows - Restricted Cash*. ASU 2016-18 requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents and amounts generally described as restricted cash or restricted cash equivalents. ASU 2016-18 is effective for fiscal years beginning after December 15, 2018 and must be applied retroactively to all periods presented. As a result, for the year ended December 31, 2019, amounts generally described as restricted cash and restricted cash equivalents are included with cash and cash equivalents when reconciling beginning-of-period and end-of-period total amounts shown on the statements of cash flows, with no effect on previously reported change in net assets. Other than this change, the adoption of ASU 2016-18 did not have a material impact on the Organization's financial position, results of operations or cash flows.

On January 1, 2019, the Organization adopted ASU 2018-08, *Clarified Scope and Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify and improve the guidance in U.S. GAAP for distinguishing transactions that are contributions from those that are exchange transactions. The ASU also provides guidance for determining if a contribution that is a promise to give is conditional. Adoption of this standard did not have a significant impact on recognition of contribution revenue in 2019 or on the Organization's opening net asset balance as of January 1, 2019.

## PEER Servants

### Notes to Financial Statements

December 31, 2019

#### (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:

2020	\$ 11,218
------	-----------

Rent expense for the year ended December 31, 2019 was \$12,564.

#### (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, 2019, net assets with donor restrictions are restricted for program work in the following locations or for the following purposes:

Volunteer Relations	\$ 15,519
Guatemala	15,197
Burundi	6,140
Moldova	1,944
Philippines	<u>960</u>
Total	\$ <u>39,761</u>

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

During 2019, the Organization utilized the assistance of 180 volunteers who served approximately 12,960 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, 2019, the Organization made grants to other organizations in the amount of \$400,220.

## PEER Servants

### Notes to Financial Statements

December 31, 2019

#### (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>130,157</u>
Total	<u>130,157</u>
Less amounts unavailable for general expenditures	
Without one year, due to:	
Restricted by donors for specific purposes	<u>39,761</u>
Total	<u>39,761</u>
Financial assets available to meet cash needs for	
general expenditures within one year	\$ <u><u>90,396</u></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 6, 2020, which is the date the Organization's financial statements were available to be issued. No material subsequent events, other than the items disclosed below, have occurred since December 31, 2019 that required recognition or disclosure in these financial statements.

In early 2020, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. As a result, events have occurred including mandates from federal, state and local authorities leading to an overall decline in economic activity which could result in a loss of revenues and other material adverse effects to the Organization's financial position, results of operations, and cash flows. The Organization is not able to estimate the length or severity of this outbreak and the related financial impact. Management plans to adjust its activities accordingly and will continue to assess and monitor the situation as it evolves. If the length of the outbreak and related effects on the Organization's operations continue for an extended period of time the Company may have to seek alternative measures to finance its activities. There is no assurance these measures will be successful.