KPM

Kevin P. Martin & Associates, P.C.

PEER Servants

Financial Statements

2020

PEER Servants

PEER Servants

Index

December 31, 2020

Independent Auditors' Report

Financial Statements:

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, 2020, 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, 2020, 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.

Report on Summarized Comparative Information

We have previously audited the Organization's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 6, 2020. 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, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Danvers, Massachusetts
November 9, 2021

PEER Servants

Statement of Financial Position

As of December 31, 2020
With Comparative Totals as of December 31, 2019

ASSETS

Current Assets		2020		2019
Cash and cash equivalents	$	252,068	$	130,157
Prepaid expenses		924		1,629
Total current assets		252,992		131,786
Total Assets	$	252,992	$	131,786

LIABILITIES AND NET ASSETS

Current Liabilities				
Accrued expenses	$	11,176	$	8,300
Total current liabilities		11,176		8,300
Net Assets				
Net assets without donor restrictions		154,412		83,725
Net assets with donor restrictions		87,404		39,761
Total net assets		241,816		123,486
Total Liabilities and Net Assets	$	252,992	$	131,786

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

PEER Servants

Statement of Activities

For the Year Ended December 31, 2020
With Comparative Totals for the Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
Support and Revenue				
Grants and contributions	$ 329,074	$ 459,437	$ 788,511	$ 605,044
Released from restriction	411,794	(411,794)	-	-
Interest	21	-	21	23
Total support and revenue	740,889	47,643	788,532	605,067
Expenses				
Program services	598,242	-	598,242	507,649
Management and general	34,331	-	34,331	27,661
Fundraising	37,629	-	37,629	35,402
Total expenses	670,202	-	670,202	570,712
Change in net assets	70,687	47,643	118,330	34,355
Total Change in Net Assets	70,687	47,643	118,330	34,355
Net Assets - Beginning of Year	83,725	39,761	123,486	89,131
Net Assets - End of Year	$ 154,412	$ 87,404	$ 241,816	$ 123,486

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

PEER Servants

Statement of Cash Flows

For the Year Ended December 31, 2020
With Comparative Totals for the Year Ended December 31, 2019

Cash Flows from Operating Activities	2020	2019
Change in net assets	$ 118,330	$ 34,355
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Decrease (increase) in assets		
Prepaid expenses	705	1
Increase (decrease) in liabilities		
Accounts payable	-	(3,813)
Accrued expenses	2,876	200
Net Cash Provided by Operating Activities	121,911	30,743
Net Increase in Cash, Cash Equivalents and Restricted Cash	121,911	30,743
Cash, Cash Equivalents and Restricted Cash - Beginning	130,157	99,414
Cash, Cash Equivalents and Restricted Cash - Ending	$ 252,068	$ 130,157

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

PEER Servants

Statement of Functional Expenses

For the Year Ended December 31, 2020
With Comparative Totals for the Year Ended December 31, 2019

	Program Services	Management and General	Fundraising	2020 Total	2019 Total
Salaries	$ 32,056	$ 14,179	$ 15,411	$ 61,646	$ 60,646
Payroll taxes	2,574	1,138	1,237	4,949	4,696
Benefits	8,733	3,863	4,198	16,794	15,720
Total salary and related expenses	43,363	19,180	20,846	83,389	81,062
Bank charges	726	448	6,239	7,413	5,639
Conferences and meetings	693	307	333	1,333	8,184
Development	-	-	3,800	3,800	11,816
Grants to other organizations	537,394	-	-	537,394	400,220
Insurance	888	392	427	1,707	1,530
Office expenses	1,731	766	832	3,329	5,598
Postage and shipping	663	293	319	1,275	1,315
Printing and copying	834	369	401	1,604	3,565
Processing fees	750	332	361	1,443	900
Professional fees	-	8,500	-	8,500	9,050
Rent	7,216	3,192	3,470	13,878	12,564
Staff development	286	126	138	550	200
Telephone and internet	963	426	463	1,852	1,415
Travel	2,735	-	-	2,735	27,654
	$ 598,242	$ 34,331	$ 37,629	$ 670,202	$ 570,712

(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 has attempted to incorporate, and during the year ended December 31, 2020, a new organization called PEER Servants, Inc. was incorporated in Massachusetts. Management intends to merge the operations of PEER Servants into PEER Servants, Inc. but as of the date of the auditors' report, the merger has not been initiated or completed. The activities of PEER Servants, Inc. during the year ended December 31, 2020 are substantially immaterial and have not been combined or consolidated into the financial statements of PEER Servants as of and for the year ended December 31, 2020.

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.

(1) Summary of Significant Accounting Policies - continued

(b) Standards of Accounting and Reporting - continued

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.

(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, 2020.

(d) Revenue Recognition

The Organization earns revenue as follows:

Grants - The Organization receives funding from various grantors for direct and indirect program costs associated with specific programs and projects. Various grants are subject to certain barriers as outlined in the agreement. Revenue is recognized as the barrier is met. 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 restriction has been met. Conditional grants that contain a performance barrier and a right of return or a right of release are only recognized as revenue if and when the specified conditions are met.

Contributions - In accordance with ASC Sub Topic 958-605, *Revenue Recognition*, the Organization must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include measurable performance-related barrier or other measurable barrier, a stipulation that limits discretion by the recipient on the conduct of an activity and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that the Organization should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met.

(1) Summary of Significant Accounting Policies - continued

(d) Revenue Recognition - continued

Contributions without donor restrictions are recognized as revenue when received or unconditionally pledged. Contributions with donor restrictions are recorded as revenues and net assets with donor restrictions when received or unconditionally pledged. Transfers are made to net assets without donor restrictions as services are performed and costs are incurred pro-rata over the period covered by the grant or contribution as time restrictions lapse. Contributions with donor restrictions received and satisfied in the same period are included in grants and contributions without donor restrictions.

All of the Organization's revenue is derived from its activities in Massachusetts. During the year ended December 31, 2020, the Organization derived 82% of revenue from individual donors and 18% 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 5% and 6%, respectively, for the year ended December 31, 2020.

(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.

(1) Summary of Significant Accounting Policies - continued

(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) Summarized Financial Information for 2019

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, 2019, from which the summarized information was derived.

(l) Recent Accounting Standards Adopted

On January 1, 2020, the Organization adopted ASU 2014-09, *Revenue from Contracts with Customers* and all subsequent amendments to the ASU (collectively, ASC 606). ASC 606 supersedes the revenue recognition requirements in Topic 605, Revenue Recognition, and requires the reporting entity to recognize revenues when control of promised goods or services is transferred to customers and at an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods or services. The Organization did not have any revenue from contracts with customers during the year of adoption or from prior periods.

There were no material changes in the timing of recognition of revenue and, therefore, there were no adjustments to the opening balance of net assets without donor restrictions. The Organization does not expect the adoption of the new revenue standard to have a significant impact on its changes in net assets on an ongoing basis.

(1) Summary of Significant Accounting Policies - continued

(m) Recent Accounting Standards

In June 2020, FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606)* and *Leases (Topic 842)*. ASU 2020-05 deferred the implementation date of ASU 2016-02 by one year. This ASUs are described below.

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)* which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e., lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today.

The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. The ASU was set to be effective on January 1, 2021, with early adoption permitted. The effective date was extended to fiscal years beginning after December 15, 2021. The Corporation is currently evaluating the impact the adoption of this new standard will have on its financial statements.

In July 2018, FASB issued ASU 2018-10, *Codification Improvements to Topic 842, Leases* and *ASU 2018-11, Leases (Topic 842), Targeted Improvements*. In December 2018, FASB issued ASU 2018-20, *Leases (Topic 842), Narrow-Scope Improvements for Lessors*. Adoption of these ASUs will run concurrent with the Agency's adoption of ASU 2016-02.

(2) Operating Lease Commitments

The Organization occupies office and program space under a non-cancelable operating lease agreement expiring November 2023. 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:

2021	$ 12,712
2022	$ 13,286
2023	$ 12,199

Rent expense for the year ended December 31, 2020 was $13,878.

(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, 2020, net assets with donor restrictions are restricted for program work in the following locations or for the following purposes:

Volunteer Relations	$ 32,303
Guatemala	55,101
Total	$ 87,404

(4) Contributed Services (Unaudited)

During 2020, the Organization utilized the assistance of 220 volunteers who served approximately 15,840 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, education, youth empowerment, healthcare, and food/water security 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, 2020, the Organization made grants to other organizations in the amount of $537,394.

(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	$ 252,068
Total	252,068
Less amounts unavailable for general expenditures Without one year, due to:	
Restricted by donors for specific purposes	87,404
Total	87,404
Financial assets available to meet cash needs for general expenditures within one year	$ 164,664

(6) Liquidity and Availability of Resources - continued

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) COVID-19 - Risks and Uncertainties

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. Further, the Organization's liquidity as of December 31, 2020 is documented at Note 6. The Organization is not able to estimate the length or severity of this outbreak and the related financial impact. Management plans to adjust its operations 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 Organization may have to seek alternative measures to finance its operations. The Organization does not believe that the impact of COVID-19 would have a material adverse effect on its financial condition or liquidity.

(8) Subsequent Events

The Organization has performed an evaluation of subsequent events through November 9, 2021, which is the date the Organization's financial statements were available to be issued. No material subsequent events have occurred since December 31, 2020 that required recognition or disclosure in these financial statements.