

Peru Mission USA, Inc.

Financial Statements

Nine Months Ended September 30, 2018

Table of Contents

| | |
|--|-------|
| Independent Auditors' Report | 1 |
| Statement of Financial Position | 2 |
| Statement of Activities and Changes in Net Assets..... | 3 |
| Statement of Functional Expenses | 4 |
| Statement of Cash Flows..... | 5 |
| Notes to Financial Statements | 6 – 7 |



Independent Auditors' Report

Board of Directors
Peru Mission USA, Inc.

We have audited the accompanying financial statements of Peru Mission USA, Inc. (the "Organization"), which comprise the statement of financial position as of September 30, 2018 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the nine months 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 Peru Mission USA, Inc. as of September 30, 2018, and the results of its operations and its cash flows for the nine months then ended in accordance with accounting principles generally accepted in the United States of America.

Dixon Hughes Goodman LLP

**Greenville, South Carolina
June 18, 2019**

Peru Mission USA, Inc.
Statement of Financial Position
September 30, 2018

ASSETS

| | |
|---------------------------|--------------------------|
| Cash and cash equivalents | \$ <u>619,190</u> |
| Total assets | \$ <u><u>619,190</u></u> |

LIABILITIES

| | |
|-------------------|------------------|
| Deferred revenues | \$ <u>22,100</u> |
| Total liabilities | <u>22,100</u> |

NET ASSETS

| | |
|------------------------|--------------------------|
| Unrestricted | 10,655 |
| Temporarily restricted | <u>586,435</u> |
| Total net assets | <u>597,090</u> |
| Total net assets | \$ <u><u>619,190</u></u> |

Peru Mission USA, Inc.
Statement of Activities and Changes in Net Assets
For the Nine Months Ended September 30, 2018

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
|---------------------------------------|---------------------|-----------------------------------|-------------------|
| Revenue: | | | |
| Contributions | \$ 53,076 | \$ 686,810 | \$ 739,886 |
| Interest income | 116 | - | 116 |
| Net assets released from restrictions | <u>729,153</u> | <u>(729,153)</u> | <u>-</u> |
| Total revenues | <u>782,345</u> | <u>(42,343)</u> | <u>740,002</u> |
| Expenses: | | | |
| Program services | 809,352 | - | 809,352 |
| Administrative expenses | 39,221 | - | 39,221 |
| Fundraising | <u>1,187</u> | <u>-</u> | <u>1,187</u> |
| Total expenses | <u>849,760</u> | <u>-</u> | <u>849,760</u> |
| Change in net assets | (67,415) | (42,343) | (109,758) |
| Net assets, beginning of period | <u>78,070</u> | <u>628,778</u> | <u>706,848</u> |
| Net assets, end of period | <u>\$ 10,655</u> | <u>\$ 586,435</u> | <u>\$ 597,090</u> |

Peru Mission USA, Inc.
Statement of Functional Expenses
For the Nine Months Ended September 30, 2018

| | <u>Program Services</u> | <u>Administrative</u> | <u>Fund Raising</u> | <u>Total</u> |
|--------------------------------------|-----------------------------|-----------------------|-------------------------|-------------------|
| Contract labor | \$ - | \$ 18,325 | \$ - | \$ 18,325 |
| Allocations and grants to affiliates | 305,465 | - | - | 305,465 |
| Administrative | - | 12,908 | - | 12,908 |
| Missionary support | 401,365 | - | - | 401,365 |
| Benefits paid to our members | 59,238 | - | - | 59,238 |
| Supplies | 2,108 | - | - | 2,108 |
| Ministry expense | 8,565 | - | - | 8,565 |
| Micellaneous | - | 2,702 | - | 2,702 |
| Postage, shipping and delivery | - | 1,187 | 1,187 | 2,374 |
| Travel and meetings expenses | 8,369 | - | - | 8,369 |
| Bank, port and wire fees | 3,842 | 3,841 | - | 7,683 |
| Dues and other expenses | - | 258 | - | 258 |
| Occupancy expense | 20,400 | - | - | 20,400 |
| Total | <u>\$ 809,352</u> | <u>\$ 39,221</u> | <u>\$ 1,187</u> | <u>\$ 849,760</u> |

Peru Mission USA, Inc.
Statement of Cash Flows
For the Nine Months Ended September 30, 2018

| | |
|---|--------------------------|
| Cash flows provided by operating activities: | |
| Change in net assets | \$ (109,758) |
| Adjustments to reconcile change in net assets to net cash used by operating activities: | |
| Changes in assets and liabilities: | |
| Prepaid expenses | 38,650 |
| Other current liabilities | <u>(10,273)</u> |
| Net cash used by operating activities | (81,381) |
| Cash and cash equivalents, beginning of period | <u>700,571</u> |
| Cash and cash equivalents, end of period | <u><u>\$ 619,190</u></u> |

Notes to Financial Statements

1. Significant Accounting Policies

Organization

Peru Mission USA, Inc. (the "Organization") was organized in July 2003 and was granted tax-exempt status in July 2004. The Organization is dedicated to the purpose of encouraging and assisting reformed churches throughout the world to fulfill the Great Commission of Jesus Christ, bringing the gospel to the nations. The Organization is supported primarily through contributions.

Financial statement presentation and revenue recognition

The financial statements are presented in accordance with accounting standards generally accepted in the United States of America. The Organization is to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

Permanently Restricted – Net assets subject to donor-imposed stipulations that they be maintained by the Organization.

Temporarily Restricted – Net assets whose use by the Organization is subject to donor-imposed stipulations that can be fulfilled by actions of the Organization pursuant to those stipulations or that expire by the passage of time.

Unrestricted – Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by the Organization or may otherwise be limited by contractual agreements with outside parties.

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. There were no permanently restricted net assets at September 30, 2018.

Cash and cash equivalents

Cash and cash equivalents include investments in highly liquid investments with an original maturity of three months or less. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments. At times cash balances may be in excess of the limits insured under the federal deposit insurance requirements.

Estimates

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 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.

Peru Mission USA, Inc.
Notes to Financial Statements

Donated services

No amounts have been reflected in the financial statements for services by volunteers. However, a substantial number of volunteers have donated significant amounts of their time in the Organization's program and supporting services.

Income taxes

The Organization has been granted exemption from federal and state income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. Accordingly, the accompanying financial statements do not reflect a provision or liability for federal and state income taxes. The Organization has determined that there are no material unrecognized tax benefits or obligations as of September 30, 2018.

2. Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

3. Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at September 30, 2018:

| | | |
|---|----|----------------|
| Construction | \$ | 43,225 |
| Economic Development | | 36,586 |
| Miscellaneous | | 9,225 |
| Missionaries' Support | | 333,264 |
| Christ's Kids and STT General | | 42,502 |
| Medical Ministry | | 3,108 |
| Short term teams | | 39,517 |
| Fellows | | 1,213 |
| University Ministry | | <u>77,795</u> |
| Total temporarily restricted net assets | \$ | <u>586,435</u> |

4. Subsequent Events

The Organization evaluated the effect subsequent events would have on the financial statements through June 18, 2019, which is date the financial statements were available to be issued.