

Peru Mission USA, Inc.

Financial Statements

Year Ended September 30, 2019

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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, 2019 and the related statements of activities and changes in net assets (deficiency), functional expenses, and cash flows 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 Peru Mission USA, Inc. as of September 30, 2019, and the results of its change in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Dixon Hughes Goodman LLP

**Greenville, South Carolina
April 8, 2020**

Peru Mission USA, Inc.
Statement of Financial Position
September 30, 2019

ASSETS

Cash and cash equivalents	\$	399,728
Prepaid expenses		<u>26,545</u>
Total assets	\$	<u><u>426,273</u></u>

NET ASSETS (DEFICENCY)

Without Donor Restrictions		(6,500)
With Donor Restrictions		<u>432,773</u>
Total net assets	\$	<u><u>426,273</u></u>

Peru Mission USA, Inc.
Statement of Activities and Changes in Net Assets
For the Year Ended September 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue:			
Contributions	\$ 38,160	\$ 1,038,669	\$ 1,076,829
Interest income	80	-	80
Net assets released from restrictions	<u>1,192,331</u>	<u>(1,192,331)</u>	<u>-</u>
Total revenues	<u>1,230,571</u>	<u>(153,662)</u>	<u>1,076,909</u>
Expenses:			
Program services	1,170,083	-	1,170,083
Administrative expenses	76,949	-	76,949
Fundraising	<u>694</u>	<u>-</u>	<u>694</u>
Total expenses	<u>1,247,726</u>	<u>-</u>	<u>1,247,726</u>
Change in net assets	(17,155)	(153,662)	(170,817)
Net assets, beginning of year	<u>10,655</u>	<u>586,435</u>	<u>597,090</u>
Net assets, end of year	<u>\$ (6,500)</u>	<u>\$ 432,773</u>	<u>\$ 426,273</u>

Peru Mission USA, Inc.
Statement of Functional Expenses
For the Year Ended September 30, 2019

	<u>Program Services</u>	<u>Administrative</u>	<u>Fund Raising</u>	<u>Total</u>
Contract labor	\$ -	\$ 19,245	\$ -	\$ 19,245
Allocations and grants to affiliates	447,681	-	-	447,681
Administrative	-	24,315	-	24,315
Accounting	-	22,366	-	22,366
Missionary support	486,505	-	-	486,505
Benefits paid to our members	62,896	-	-	62,896
Supplies	6,048	-	-	6,048
Ministry expense	590	-	-	590
Short term mission team	105,430	-	-	105,430
Micellaneous	-	2,754	-	2,754
Postage, shipping and delivery	-	694	694	1,388
Travel and meetings expenses	52,446	-	-	52,446
Conference, convention and meetings	-	2,613	-	2,613
Bank, port and wire fees	4,887	4,887	-	9,774
Dues and other expenses	-	75	-	75
Occupancy expense	3,600	-	-	3,600
Total	<u>\$ 1,170,083</u>	<u>\$ 76,949</u>	<u>\$ 694</u>	<u>\$ 1,247,726</u>

See accompanying notes.

Peru Mission USA, Inc.
Statement of Cash Flows
For the Year Ended September 30, 2019

Cash flows provided by operating activities:	
Change in net assets	\$ (170,817)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Changes in assets and liabilities:	
Prepaid expenses	(26,545)
Other current liabilities	<u>(22,100)</u>
Net cash used by operating activities	(219,462)
Cash and cash equivalents, beginning of year	<u>619,190</u>
Cash and cash equivalents, end of year	<u><u>\$ 399,728</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 two classes of net assets: without donor restrictions and with donor restrictions. In addition, the Organization is required to present a statement of cash flows.

Net Assets without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions or otherwise limited by contractual agreements with outside parties and may be expended for any purpose by the Organization.

Net Assets with Donor Restrictions – Net assets whose use by the Organization is subject to donor-imposed stipulations. Some donor restrictions are temporary in nature; such restrictions may be fulfilled by actions of the Organization pursuant to those stipulations or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Contributions received are recorded as without donor restrictions and with donor restrictions, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in without donor restrictions 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 with donor restrictions net assets. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), with donor restrictions net assets are reclassified to without donor restrictions net assets and reported in the Statement of Activities as net assets released from restrictions.

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, 2019.

Implementation of Accounting Pronouncements

During fiscal year 2019, the Organization adopted ASU No. 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 assets classification, deficiencies in information about liquidity of available resources, and the lack of consistency in the type of information provided about expenses and investment return.

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 based on time and effort allocation.

3. With Donor Restrictions Net Assets

With Donor Restrictions net assets are available for the following purposes at September 30, 2019:

Construction	\$	51,635
Economic Development		857
Miscellaneous		13,265
Missionaries' Support		239,492
Christ's Kids and STT General		22,574
Short term teams		34,210
Pastoral Support		<u>70,740</u>
Total with donor restrictions net assets	\$	<u>432,773</u>

4. Liquidity and Availability

All of the available financial assets (cash and cash equivalents) are designed by donor. There are no available financial assets for general expenditures.

5. Subsequent Events

Subsequent to the statement of financial position date, the outbreak and spread of the COVID-19 virus was classified as a pandemic by the World Health Organization. The spread of the virus could disrupt our business along with the business of our customers and suppliers. These disruptions could adversely affect our ability to obtain and deliver our services, resulting in lost sales. The economic uncertainty caused by the virus has not been fully determined but could have a significant impact on our financial condition, results of operations, and cash flows. The financial statements do not reflect any adjustments as a result of the subsequent increase in economic uncertainty.

The Organization evaluated the effect subsequent events would have on the financial statements through April 8, 2020, which is date the financial statements were available to be issued.