



Peru Mission USA, Inc.

Independent Auditor's Report and Financial Statements

Year Ended September 30, 2022



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Independent Auditor's Report

Board of Directors
Peru Mission USA, Inc.
Greenville, South Carolina

Opinion

We have audited the financial statements of Peru Mission USA, Inc. (the "Organization"), which comprise the statement of financial position as of September 30, 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of September 30, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance, and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

FORVIS

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

FORVIS,LLP

**Greenville, South Carolina
October 6, 2023**

Peru Mission USA, Inc.
Statement of Financial Position
September 30, 2022

ASSETS

Cash and cash equivalents	\$	546,146
Prepaid expenses		<u>27,829</u>
Total assets	\$	<u><u>573,975</u></u>

NET ASSETS

Without Donor Restrictions	\$	40,699
With Donor Restrictions		<u>533,276</u>
Total net assets	\$	<u><u>573,975</u></u>

Peru Mission USA, Inc.
Statement of Activities and Changes in Net Assets
For the Year Ended September 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue:			
Contributions	\$ 68,545	\$ 765,981	\$ 834,526
Interest income	22	-	22
Net assets released from restrictions	<u>792,835</u>	<u>(792,835)</u>	<u>-</u>
Total revenues	<u>861,402</u>	<u>(26,854)</u>	<u>834,548</u>
Expenses:			
Program services	852,989	-	852,989
Administrative	70,004	-	70,004
Fundraising	177	-	177
Total expenses	<u>923,170</u>	<u>-</u>	<u>923,170</u>
Change in net assets	(61,768)	(26,854)	(88,622)
Net assets, beginning of year	<u>102,467</u>	<u>560,130</u>	<u>662,597</u>
Net assets, end of year	<u>\$ 40,699</u>	<u>\$ 533,276</u>	<u>\$ 573,975</u>

Peru Mission USA, Inc.
Statement of Functional Expenses
For the Year Ended September 30, 2022

	<u>Program Services</u>	<u>Administrative</u>	<u>Fund Raising</u>	<u>Total</u>
Contract labor	\$ -	\$ 23,445	\$ -	\$ 23,445
Allocations and grants to affiliates	433,860	-	-	433,860
Administrative	-	30,325	-	30,325
Accounting	-	11,182	-	11,182
Missionary support	331,533	-	-	331,533
Benefits paid to our members	77,199	-	-	77,199
Supplies	3,901	-	-	3,901
Ministry expense	1,063	-	-	1,063
Short term mission team	1,871	-	-	1,871
Miscellaneous	-	1,205	-	1,205
Postage, shipping and delivery	-	177	177	354
Bank, port and wire fees	3,562	3,563	-	7,125
Dues and other expenses	-	107	-	107
Total	<u>\$ 852,989</u>	<u>\$ 70,004</u>	<u>\$ 177</u>	<u>\$ 923,170</u>

Peru Mission USA, Inc.
Statement of Cash Flows
For the Year Ended September 30, 2022

Cash flows used by operating activities:	
Change in net assets	\$ (88,622)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Changes in assets and liabilities:	
Prepaid expenses	<u>(3,142)</u>
Net cash used by operating activities	(91,764)
Cash and cash equivalents, beginning of year	<u>637,910</u>
Cash and cash equivalents, end of year	<u>\$ 546,146</u>

Notes to Financial Statements

1. Organization and Summary of 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 and a statement of functional expenses.

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.

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 on the Statement of Activities and Changes in Net Assets 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. It is management's opinion that the Organization is not exposed to any significant credit risk related to cash.

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.

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, 2022.

Recently issued accounting pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-02, "Leases". Under the new standard, lessees will need to recognize a right-of-use asset and a lease liability for virtually all their leases (other than leases that meet the definition of a short-term lease). The liability will be equal to the present value of lease payments. For statement of activities purposes, the FASB continued the dual model, requiring leases to be classified as either operating or finance. Operating leases will result in straight-line expense (similar to current operating leases) while finance leases will result in a front-loaded expense pattern (similar to current capital leases). Classification will be based on criteria that are largely similar to those applied to current lease accounting. Extensive quantitative and qualitative disclosures will be required to provide greater insight into the extent of revenue and expense recognized and expected to be recognized from existing contracts. The new standard will be effective for the Organization October 1, 2022, and the Organization is currently evaluating the effect this ASU may have on its financial statements.

2. Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis on 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, 2022:

Construction	\$	83,597
Economic Development		1,085
Miscellaneous		16,406
Missionaries' Support		316,436
Christ's Kids and STT General		23,900
Pastoral Support		10,856
Short term teams		9,973
University Ministry		<u>71,023</u>
Total with donor restrictions net assets	\$	<u>533,276</u>

4. Liquidity and Availability

The Organization's liquidity management structures its financial assets to be available as its general expenditures come due. The Organization's financial assets available within one year of September 30, 2022 for general expenditure, that is, without donor or other restrictions limiting their use, consist of cash and cash equivalents of \$12,870.

5. Subsequent Events

The Organization evaluated the effect subsequent events would have on the financial statements through October 6, 2023, which is date the financial statements were available to be issued.