

**RENEWAL MINISTRIES, INC.**

Financial Statements  
For the Year Ended  
December 31, 2016



**MYLER & SZCZYPKA, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Renewal Ministries, Inc.

***Report on the Financial Statements***

We have audited the accompanying financial statements of Renewal Ministries, Inc. (the Organization), which comprise of the statement of financial position as of December 31, 2016 and the related statement of activities, statement of cash flows and statement of functional expenses for the year then ended, and the related notes to the financials.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the 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.

***Auditor's 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 of 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 auditor's judgment, including the assessment of risks of material misstatements 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 our audit provides a reasonable basis for our opinion.

*Opinion*

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Organization at December 31, 2016 and the results of its operations and cash flows, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

*Myler & Szczytko, P.C.*

November 10, 2017

**RENEWAL MINISTRIES, INC.****STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2016**

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| <b>Assets</b>                     | <b>Note</b> |                            |
|-----------------------------------|-------------|----------------------------|
| <b><u>Current Assets</u></b>      |             |                            |
| Cash and Cash Equivalents         |             | \$ 1,087,369               |
| Certificate of Deposit            | 8           | 20,530                     |
| Investments                       | 2           | 21,918                     |
| Due from Related Party            | 5           | 2,949                      |
| Inventory                         | 1           | 20,700                     |
| Other Current Assets              |             | 21,271                     |
| Total Current Assets              |             | <u>1,174,737</u>           |
| <b><u>Fixed Assets</u></b>        |             |                            |
| Furniture and Equipment           | 3           | 83,604                     |
| Accumulated Depreciation          | 3           | <u>(63,488)</u>            |
| Total Fixed Assets                |             | <u>20,116</u>              |
| <b><u>Other Assets</u></b>        |             |                            |
| Security Deposit                  |             | <u>1,887</u>               |
| Total Assets                      |             | <u><u>\$ 1,196,740</u></u> |
| <b><u>Liabilities</u></b>         |             |                            |
| <b><u>Current Liabilities</u></b> |             |                            |
| Accounts Payable                  |             | \$ 39,405                  |
| Accrued Liabilities               |             | <u>72,868</u>              |
| Total Current Liabilities         |             | <u>112,273</u>             |
| <b><u>Net Assets</u></b>          |             |                            |
| Undesignated                      |             | <u>770,236</u>             |
| Designated                        |             |                            |
| Mission                           |             | 30,000                     |
| Operating Reserve                 |             | 150,000                    |
| Equipment Replacemet              |             | 24,615                     |
| Fixed Assets                      |             | <u>20,116</u>              |
| Total Designated Net Assets       |             | <u>224,731</u>             |
| Total Unrestricted Net Assets     |             | 994,967                    |
| Temporarily Restricted Net Assets | 1           | <u>89,500</u>              |
| Total Net Assets                  |             | <u>1,084,467</u>           |
| Total Liabilities and Net Assets  |             | <u><u>\$ 1,196,740</u></u> |

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See Accompanying Notes to Financial Statements

**RENEWAL MINISTRIES, INC.****STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

|                                       | Note | Unrestricted      | Temporarily<br>Restricted | Total               |
|---------------------------------------|------|-------------------|---------------------------|---------------------|
| <b>Support and Revenue</b>            |      |                   |                           |                     |
| General Contributions                 |      | \$ 1,702,377      | \$ -                      | \$ 1,702,377        |
| Conference Contributions              |      | 70,512            |                           | 70,512              |
| Book and Tape Sales (Net)             |      | 63,651            |                           | 63,651              |
| Investment Return                     | 2    | (509)             |                           | (509)               |
| Mission Contributions                 |      | 137,208           | 153,660                   | 290,868             |
| Radio Contributions                   |      | 12,145            |                           | 12,145              |
| Net Assets Released from Restrictions |      |                   | (92,135)                  | (92,135)            |
| Total Support and Revenue             |      | <u>1,985,384</u>  | <u>61,525</u>             | <u>2,046,909</u>    |
| <b>Expenses</b>                       |      |                   |                           |                     |
| Management and General                |      | 117,927           |                           | 117,927             |
| Fundraising                           |      | 218,856           |                           | 218,856             |
| Program Services                      |      | 1,270,795         |                           | 1,270,795           |
| Total Expenses                        |      | <u>1,607,578</u>  |                           | <u>1,607,578</u>    |
| Increase in Unrestricted Net Assets   |      | 377,807           | 61,525                    | 439,332             |
| <b>Net Assets</b>                     |      |                   |                           |                     |
| Beginning of Year                     |      | 617,160           | 27,975                    | 645,135             |
| End of Year                           |      | <u>\$ 994,967</u> | <u>\$ 89,500</u>          | <u>\$ 1,084,467</u> |

See Accompanying Notes to Financial Statements

**RENEWAL MINISTRIES, INC.****STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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**Operating Activities**Increase in Net Assets \$ 439,332Adjustment to Reconcile to Net Cash  
Provided by Operating Activities

Depreciation 6,505

Unrealized Gain on Investment 166

Decrease (Increase) In:

Due from Related Party 28,470

Inventory (2,700)

Prepaid Expenses (19,431)

Decrease In:

Accounts Payable 24,471

Accrued Liabilities 33

Total Adjustments 37,514Net Cash Provided by  
Operating Activities 476,846**Investing Activities**

Purchase of Equipment (7,687)

Purchase of Certificate of Deposit (31)Net Cash Used In  
Investing Activities (7,718)**Cash and Equivalents**

Beginning of Year 618,241

End of Year \$ 1,087,369**Supplemental Disclosure**

Federal Income Tax Paid \$ -

Interest Paid \$ -

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See Accompanying Notes to Financial Statements

**RENEWAL MINISTRIES, INC.****STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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|                         | <u>Program</u><br><u>Services</u> | <u>Management</u><br><u>and General</u> | <u>Fundraising</u> | <u>Total</u><br><u>2016</u> |
|-------------------------|-----------------------------------|---|--------------------|-----------------------------|
| Payroll                 | \$ 511,852                        | \$ 76,425                               | \$ 24,511          | \$ 612,788                  |
| Pension Plan            | 24,916                            | 4,520                                   | 1,227              | 30,663                      |
| Employee Benefits       | 58,369                            | 14,633                                  | 3,027              | 76,029                      |
| Professional Fees       |                                   | 28,254                                  |                    | 28,254                      |
| Supplies                | 1,752                             | 7,119                                   |                    | 8,871                       |
| Telephone               | 11,335                            | 5,428                                   |                    | 16,763                      |
| Postage                 | 58,216                            | 1,548                                   | 20,277             | 80,041                      |
| Occupancy               | 29,616                            | 20,553                                  | 1,692              | 51,861                      |
| Printing & Publications | 44,893                            | 1,184                                   | 4,279              | 50,356                      |
| Travel                  | 17,245                            | 15,099                                  |                    | 32,344                      |
| Conferences             | 170,515                           |   |                    | 170,515                     |
| Radio Production        | 33,882                            |   |                    | 33,882                      |
| ID 916                  | 60,502                            |   |                    | 60,502                      |
| Promotion               |                                   | -                                       | 62,914             | 62,914                      |
| Other                   | 17,385                            | 35,619                                  |                    | 53,004                      |
| Depreciation            |                                   | 6,505                                   |                    | 6,505                       |
| Wage Reimbursement      | 30,342                            |   |                    | 30,342                      |
| Mission Travel          | 199,975                           | 1,969                                   |                    | 201,944                     |
|                         | <u>\$ 1,270,795</u>               | <u>\$ 218,856</u>                       | <u>\$ 117,927</u>  | <u>\$ 1,607,578</u>         |

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See Accompanying Notes to Financial Statements

## RENEWAL MINISTRIES, INC.

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

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#### 1. NATURE OF ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES

Nature of Organization – Renewal Ministries, Inc. (the Organization) was formed as a Michigan nonprofit corporation on April 28, 1992. It is chartered to support and carry out evangelistic and missionary activities to promote the renewal of the Catholic Church and Christian people at large. It also works for Christian unity when possible. It carries out this ministry through television and radio programs, books, pamphlets, tapes, videos, conferences, personal contact and missionary endeavors of various kinds.

Basis of Accounting – The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation – Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards of Not-for-Profit Organizations. Under FASB ASC 958-205 the Organization is required 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.

Unrestricted Net Assets – Unrestricted net assets consist of resources available for various programs and administration of the Organization which have not been restricted by a donor or other outside party.

Unrestricted, designated net assets represent amounts established by the Board of Directors, which are set aside.

Temporarily Restricted Net Assets – Temporarily restricted net assets are subject to donor imposed stipulations that may or will be met, either by actions or passage of time. When restrictions expire, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as Net Assets Released from Restrictions.

As of December 31, 2016, the Organization does not have any permanently restricted contributions.

Revenue Recognition – Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises, if any, to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met.

Federal Income Tax – The Organization is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. The Organization has adopted the provisions of FASB ASC 740-10. The adoption of FASB ASC 740-10 has not resulted in any changes in tax provisions. There are no known federal or state tax contingencies.

## RENEWAL MINISTRIES, INC.

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016 (CONTINUED)

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Use of 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fixed Assets – Furniture and equipment are capitalized at cost. It is the Organization's policy to capitalize all capital expenditures. Furniture and equipment are being depreciated over estimated useful lives using the straight-line, mid-month convention.

Inventory – Inventory is held for resale consisting of books, tapes, and videos and valued at cost using the first in first out method.

Cash Equivalents – The Organization considers all investments with maturities of three months or less to be cash equivalents.

Investments – Investments are comprised of stocks and are carried at fair value.

Subsequent Events – Management has evaluated subsequent events and transactions for potential recognition or disclosure through November 15, 2017, the date the financial statement were available to be issued.

## 2. INVESTMENTS

Investments as of December 31, 2016, are summarized as follows:

|               | <u>Value at<br/>Donation</u> | <u>Fair Value</u> | <u>Carrying<br/>Value</u> |
|---------------|------------------------------|-------------------|---------------------------|
| Unrestricted: |                              |                   |                           |
| Intel Corp    | \$ 14,920                    | \$ 21,918         | \$ 21,918                 |

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended December 31, 2016:

|                         | <u>Total</u>    |
|-------------------------|-----------------|
| Interest and Dividends  | \$ 156          |
| Royalty Income          | 840             |
| Unrealized Gain         | (1,505)         |
| Total Investment Return | <u>\$ (509)</u> |

**RENEWAL MINISTRIES, INC.**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016 (CONTINUED)**

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The following schedule summarizes fair value measurements at December 31, 2016 using:

|                             | Quoted Prices<br>in Active<br>Markets for<br>Identical<br>Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
|-----------------------------|---|---|--|
| Unrestricted:<br>Intel Corp | <u>\$ 21,918</u>  | <u>\$ -</u>   | <u>\$ -</u>  |

**3. FIXED ASSETS**

The following is a summary of fixed assets as of December 31, 2016:

|                               |                  |
|-------------------------------|------------------|
| Computer Equipment            | \$ 42,290        |
| Furniture                     | 2,446            |
| Office Equipment              | 11,339           |
| Software                      | 27,529           |
| Total Fixed Assets            | <u>83,604</u>    |
| Less accumulated depreciation | <u>(63,488)</u>  |
| Net Fixed Assets              | <u>\$ 20,116</u> |

Depreciation expense for the year ended December 31, 2016 was \$6,505.

**4. FUNCTIONAL ALLOCATION OF EXPENSES**

The costs to provide 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.

**RENEWAL MINISTRIES, INC.**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016 (CONTINUED)**

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**5. RELATED PARTY**

Catholic Renewal Ministries is a related party, located in Toronto, Canada and shares one common board member and two common officers with the Organization. The Organization bills Catholic Renewal Ministries on a monthly basis for reimbursement of expenses incurred and paid on their behalf. These expenses relate to mailings, postage and mission work. Payments received from Catholic Renewal Ministries in 2016 totaled \$226,214. As of December 31, 2016 Catholic Renewal Ministries owed the Organization \$2,949.

The Organization purchases books and audio sets from a board member to sell to the public. During 2016, the Organization purchased approximately \$5,600 in merchandise from the board member.

**6. FACILITY LEASE**

In 2016 the Organization leased its office space. The total rent paid under the lease was \$37,800.

On November 30, 2016, the Organization entered into an office lease agreement for a 36 month lease. The lease expires on December 31, 2019, with an additional 24 month option. The annual lease payments for the subsequent years are as follows:

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------|
| 2017        | \$ 48,780     |
| 2018        | \$ 50,243     |
| 2019        | \$ 51,751     |

**7. EMPLOYEE BENEFIT PLAN**

The Organization has a defined contribution, 403(b), tax sheltered annuity plan covering all eligible employee participants. Under the plan, the Organization contributes an amount equal to the participant's deferred compensation for the year, and an additional non-elective contribution (ranging from 8% to 10%) based on the participant's compensation and years of service. Plan contributions of \$30,663 paid by the Organization for the current year are included in employee benefits.

**RENEWAL MINISTRIES, INC.**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016 (CONTINUED)**

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8. CERTIFICATE OF DEPOSIT

As of December 31, 2016, the Organization held the following certificate of deposit:

| <u>Bank</u>   | <u>Amount</u>    | <u>Interest Rate</u> | <u>Maturity Date</u> |
|---------------|------------------|----------------------|----------------------|
| Comerica Bank | <u>\$ 20,530</u> | 0.175%               | January 14, 2017     |

9. CONCENTRATION OF CREDIT RISK

The Organization has deposits with Comerica Bank in 2016 that exceed the federally insured limits. Accounts at each institution are insured by Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2016, the amount of uninsured deposits at Comerica Bank totaled \$591,417.