

**RENEWAL MINISTRIES, INC.**

Financial Statements  
For the Year Ended  
December 31, 2018



## **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, 2018 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 financial statements.

### ***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, 2018 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.

Ann Arbor, Michigan  
July 31, 2019

**RENEWAL MINISTRIES, INC.**STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2018

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<b>Assets</b>	<u>Note</u>	
<b><u>Current Assets</u></b>		
Cash and Cash Equivalents		\$ 2,208,699
Certificate of Deposit	8	20,592
Investments	2	28,158
Due from Related Party	5	32,047
Inventory	1	39,575
Other Current Assets		13,730
Total Current Assets		<u>2,342,801</u>
<b><u>Fixed Assets</u></b>		
Furniture and Equipment	3	57,265
Accumulated Depreciation	3	<u>(44,989)</u>
Total Fixed Assets		<u>12,276</u>
<b><u>Other Assets</u></b>		
Security Deposit		<u>1,887</u>
Total Assets		<u>\$ 2,356,964</u>
<b>Liabilities</b>		
<b><u>Current Liabilities</u></b>		
Accounts Payable		\$ 24,800
Accrued Liabilities		<u>51,933</u>
Total Current Liabilities		<u>76,733</u>
<b>Net Assets</b>		
Undesignated		<u>1,880,293</u>
Designated		
Mission		30,000
Operating Reserve		200,000
Equipment Replacemet		37,262
Fixed Assets		<u>25,698</u>
Total Designated Net Assets		<u>292,960</u>
Total Net Assets Without Donor Restrictions		2,173,253
Net Assets With Donor Restrictions	1	<u>106,978</u>
Total Net Assets		<u>2,280,231</u>
Total Liabilities and Net Assets		<u>\$ 2,356,964</u>

See Accompanying Notes to Financial Statements

**RENEWAL MINISTRIES, INC.**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2018

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	<u>Note</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Support and Revenue</b>				
General Contributions		\$ 2,605,244	\$	\$ 2,605,244
Conference Contributions		66,473		66,473
Book and Tape Sales (Net)		60,048		60,048
Investment Return	2	4,880		4,880
Mission Contributions		173,900	95,163	269,063
Radio Contributions		8,330		8,330
Newsletter Contributions		109,784		109,784
Net Assets Released from Restrictions		91,996	(91,996)	
Total Support and Revenue		<u>3,120,655</u>	<u>3,167</u>	<u>3,123,822</u>
<b>Expenses</b>				
Management and General		247,310		247,310
Fundraising		121,087		121,087
Program Services		1,590,159		1,590,159
Total Expenses		<u>1,958,556</u>		<u>1,958,556</u>
Increase in Net Assets		1,162,099	3,167	1,165,266
<b>Net Assets</b>				
Beginning of Year		1,011,154	103,811	1,114,965
End of Year		<u>\$ 2,173,253</u>	<u>\$ 106,978</u>	<u>\$ 2,280,231</u>

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See Accompanying Notes to Financial Statements

**RENEWAL MINISTRIES, INC.**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2018

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**Operating Activities**Change in Net Assets \$ 1,165,266Adjustment to Reconcile Change to Net Assets  
to Net Cash (Used) Provided by Operating Activities

Depreciation	7,043
Unrealized Gain on Investment	(3,073)
Net Gain on Sale of Investment	(447)

Decrease (Increase) In:

Due from Related Party	(11,690)
Inventory	(18,875)
Prepaid Expenses	5,701

Decrease In:

Accounts Payable	(10,018)
Accrued Liabilities	(19,141)

Total Adjustments (50,500)Net Cash Provided by  
Operating Activities 1,114,766**Investing Activities**

Purchase of Equipment	(4,419)
Purchase of Certificate of Deposit	(31)
Proceeds from Sale of Investments	34,995
Donated Investment Received	<u>(34,548)</u>

Net Cash Used In  
Investing Activities (4,003)**Cash and Equivalents**

Beginning of Year	<u>1,097,936</u>
End of Year	<u>\$ 2,208,699</u>

**Supplemental Disclosure**

Federal Income Tax Paid	\$ -
Interest Paid	\$ -

See Accompanying Notes to Financial Statements

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**RENEWAL MINISTRIES, INC.****STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total 2018</u>
Payroll	\$ 592,558	\$ 88,706	\$ 28,386	\$ 709,650
Pension Plan	26,175	3,919	1,254	31,348
Employee Benefits	93,227	13,956	4,466	111,649
Professional Fees		3,050		3,050
Supplies		6,567		6,567
Telephone	11,875	5,714		17,589
Postage	3,173	4,124	165	7,462
Occupancy	44,267	6,627	2,121	53,015
Printing & Publications	79,492	1,763		81,255
Travel	638	11,087		11,725
Conferences	80,049			80,049
TV & Radio Production	97,116			97,116
ID 916	146,950			146,950
Promotion & Marketing	15,037		83,403	98,440
Administrative	4,849	90,715		95,564
Depreciation		7,043		7,043
Wage Reimbursement	26,980	4,039	1,292	32,311
Mission Travel	367,773			367,773
	<u>\$ 1,590,159</u>	<u>\$ 247,310</u>	<u>\$ 121,087</u>	<u>\$ 1,958,556</u>

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See Accompanying Notes to Financial Statements

## **RENEWAL MINISTRIES, INC.**

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

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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 (FASB) of Not-for-Profit Organizations Accounting Standards Update (ASU) No. 2016-14. Under FASB ASU 2016-14, the Organization is required to report information regarding its financial position and statement of activities, and cash flow statement according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

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, 2018 (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.

Cash and 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 July 31, 2019, the date the financial statement were available to be issued.

## 2. INVESTMENTS

Investments as of December 31, 2018, are summarized as follows:

	<u>Value at Donation</u>	<u>Fair Value</u>	<u>Carrying Value</u>
Common Stock - Intel Corp.	\$ 14,920	\$ 28,158	\$ 28,158

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended December 31, 2018:

	<u>Total</u>
Interest, Dividends, and Gain Income	\$ 4,337
Unrealized Gain	462
Royalty Income	81
Total Investment Return	<u>\$ 4,880</u>

**RENEWAL MINISTRIES, INC.**

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018 (CONTINUED)

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The following schedule summarizes fair value measurements at December 31, 2018 using:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Common Stock - Intel Corp	<u>\$ 28,158</u>	<u>\$ -</u>	<u>\$ -</u>

3. FIXED ASSETS

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

Computer Equipment	\$ 44,478
Furniture	2,447
Office Equipment	<u>10,340</u>
Total Fixed Assets	57,265
Less accumulated depreciation	<u>(44,989)</u>
Net Fixed Assets	<u>\$ 12,276</u>

Depreciation expense for the year ended December 31, 2018 was \$7,043.

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, 2018 (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 2018 totaled \$244,707. As of December 31, 2018 Catholic Renewal Ministries owed the Organization \$32,047.

6. FACILITY LEASE

In 2018 the Organization leased its office space. The total rent paid under the lease was \$50,868.

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 \$31,848 paid by the Organization for the current year are included in employee benefits.

8. CERTIFICATE OF DEPOSIT

As of December 31, 2018, 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%	May 14, 2020

**RENEWAL MINISTRIES, INC.**

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018 (CONTINUED)

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9. CONCENTRATION OF CREDIT RISK

The Organization has deposits with Comerica Bank in 2018 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, 2018, the amount of uninsured deposits at Comerica Bank totaled \$197,527.

The Organization has investments with Fidelity Investments that exceed the Securities Investor Protection Corporation (SIPC) limits. SIPC provides protection up to \$500,000 per customer for all accounts at the same institution, including a maximum of \$250,000 for cash. At December 31, 2018, investments exceed SIPC protection by \$1,105,657.

10. LIQUIDITY AND AVAILABILITY

Financial assets:	2018
Cash and cash equivalents	\$ 2,208,699
Certificate of Deposit	20,592
Investments	28,158
Inventory	39,575
Other Current Assets	13,730
Total financial assets:	2,342,801
Less financial assets held to meet donor-imposed restrictions:	
Donor-restricted	106,978
Amount available for general expenditures within one year:	<u>\$ 2,235,823</u>

11. CHANGE IN ACCOUNTING PRINCIPLES

The Organization implemented FASB ASU No. 2016-14 in the current year. The new standards change the following aspects of the financial statements:

- The temporary restricted and permanent restricted net asset classes have been combined into a single asset class called net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The financial statement notes include a disclosure regarding liquidity and availability (see note 10).