

**RENEWAL MINISTRIES, INC.**

Financial Statements  
For the Year Ended  
December 31, 2021



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

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Renewal Ministries, Inc.  
Ann Arbor, Michigan

***Opinion***

We have audited the accompanying financial statements of Renewal Ministries, Inc. (the Organization), which comprise the statement of financial position as of December 31, 2021 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2021 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.

***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Management's Responsibilities 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, 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 within 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 generally accepted auditing standards 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.

In performing an audit in accordance with generally accepted auditing standards, 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 Association'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 Association'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.

*Myler & Szczypha, P.C.*  
Ann Arbor, Michigan  
October 7, 2022

**RENEWAL MINISTRIES, INC.**STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2021

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<b>Assets</b>	<u>Note</u>	
<b><u>Current Assets</u></b>		
Cash and Cash Equivalents		\$ 1,016,517
Investments	2	1,828,015
Due from Related Party	5	10,295
Inventory	1	46,756
Other Current Assets		12,649
Total Current Assets		<u>2,914,232</u>
<b><u>Fixed Assets</u></b>		
Furniture and Equipment	3	46,946
Accumulated Depreciation	3	<u>(26,338)</u>
Total Fixed Assets		<u>20,608</u>
 Total Assets		 <u><u>\$ 2,934,840</u></u>
<b><u>Liabilities</u></b>		
<b><u>Current Liabilities</u></b>		
Accounts Payable		\$ 9,854
Accrued Liabilities		113,216
Total Current Liabilities		<u>123,070</u>
<b><u>Net Assets</u></b>		
Undesignated		<u>1,572,682</u>
Designated		
Ellen Holian Legacy Fund		839,055
Operating Reserve		200,000
Equipment Replacement		8,727
Fixed Assets		43,667
Total Designated Net Assets		<u>1,091,449</u>
 Total Net Assets Without Donor Restrictions		 2,664,131
 Net Assets With Donor Restrictions	1	 <u>147,639</u>
 Total Net Assets		 <u>2,811,770</u>
 Total Liabilities and Net Assets		 <u><u>\$ 2,934,840</u></u>

See Accompanying Notes to Financial Statements

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**RENEWAL MINISTRIES, INC.**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2021

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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		\$ 1,586,364	\$ -	\$ 1,586,364
Conference Contributions		16,333	-	16,333
Book and Tape Sales		143,392	-	143,392
Investment Return	2	2,557	-	2,557
Mission Contributions		-	34,488	34,488
Student Contributions		-	1,200	1,200
BLR Contributions		-	156,665	156,665
Zion Contributions		-	48,175	48,175
Restricted Project Contributions		-	4,600	4,600
Restricted Staff Support		59,203	200,509	259,712
Radio Contributions		4,226	-	4,226
CRM Administration Fees	5	60,000	-	60,000
Newsletter Contributions		185,684	-	185,684
PPP Loan	11	194,350	-	194,350
RM Event Income		1,872	-	1,872
Net Assets Released from Restrictions		554,879	(554,879)	-
Total Support and Revenue		<u>2,808,860</u>	<u>(109,242)</u>	<u>2,699,618</u>
<b>Expenses</b>				
Program Services		1,872,037	-	1,872,037
Management and General		232,256	-	232,256
Fundraising		196,788	-	196,788
Total Expenses		<u>2,301,081</u>	<u>-</u>	<u>2,301,081</u>
Increase (Decrease) in Net Assets		507,779	(109,242)	398,537
<b>Net Assets</b>				
Beginning of Year		2,156,352	256,881	2,413,233
End of Year		<u>\$ 2,664,131</u>	<u>\$ 147,639</u>	<u>\$ 2,811,770</u>

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See Accompanying Notes to Financial Statements

**RENEWAL MINISTRIES, INC.**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2021

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<b>Operating Activities</b>	<u>2021</u>
Change in Net Assets	\$ 398,537
Adjustment to Reconcile Change to Net Assets to Net Cash (Used) Provided by Operating Activities:	
Depreciation	7,725
Net Gain on Investments	(1,193)
Decrease (Increase) In:	
Due from Related Party	(4,947)
Inventory	11,089
Other Current Assets	(2,602)
(Decrease) Increase In:	
Accounts Payable	(39,961)
Accrued Liabilities	11,940
Total Adjustments	<u>(17,949)</u>
Net Cash Provided by Operating Activities	<u>380,588</u>
<b>Investing Activities</b>	
Purchase of Equipment	(3,758)
Purchase of Investments	(400,000)
Proceeds from Sale of Investments	86,559
Donated Investment Received	<u>(85,591)</u>
Net Cash Used In Investing Activities	<u>(402,790)</u>
<b>Financing Activities</b>	
PPP Loan Forgiven	<u>(194,350)</u>
Net Cash Used By Financing Activities	<u>(194,350)</u>
<b>Cash and Equivalents</b>	
Beginning of Year	<u>1,233,069</u>
End of Year	<u><u>\$ 1,016,517</u></u>
<b>Supplemental Disclosure</b>	
Federal Income Tax Paid	\$ -
Interest Paid	\$ -

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See Accompanying Notes to Financial Statements

**RENEWAL MINISTRIES, INC.****STATEMENT OF NATURAL AND FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

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	Program Services	Management and General	Fundraising	Total 2021
Cost of Goods Sold	\$ 79,088	\$ 9,886	\$ 9,886	\$ 98,860
Zion Expenses	46,074	-	-	46,074
BLR Expenses	20,845	-	-	20,845
Marketing	22,237	-	-	22,237
Audit Services	-	13,180	-	13,180
Credit Card Fees	-	33,254	-	33,254
Bank Charges	-	7,042	-	7,042
Computer Expenses	30,054	4,294	8,587	42,935
Donor Postage	-	-	2,503	2,503
Rent	96,523	12,066	12,066	120,655
BLR Stipends	12,005	-	-	12,005
Health Insurance	111,715	13,964	13,964	139,643
Retirement	28,785	3,598	3,598	35,981
Payroll Expenses	780,182	97,523	97,523	975,228
Payroll Tax	58,858	7,357	7,357	73,572
TV Production	104,576	-	-	104,576
ID 916 Program	107,392	-	-	107,392
Depreciation	6,179	773	773	7,725
Mailing	13,340	1,668	1,668	16,676
Maintenance	6,365	796	796	7,957
Mission Travel	179,524	-	-	179,524
Postage	41,376	5,172	5,172	51,720
Printing	30,183	3,773	3,773	37,729
Supplies	4,135	517	517	5,169
Telephone	8,785	1,098	1,098	10,981
Travel	6,695	837	837	8,369
Other Expenses	77,121	15,458	26,670	119,249
	<u>\$ 1,872,037</u>	<u>\$ 232,256</u>	<u>\$ 196,788</u>	<u>\$ 2,301,081</u>

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See Accompanying Notes to Financial Statements

## **RENEWAL MINISTRIES, INC.**

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

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#### 1. SUMMARY OF SIGNIFICANT 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. Revenues are recorded when earned and expenses are recorded when incurred, related to Topic 606 and ASC 958-605.

Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, Revenue from Contracts with Customers, in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, Revenue Recognition, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The new guidance also added Subtopic 340-40, Other Assets and Deferred Costs - Contracts with Customers, to the ASC to require the deferral of incremental costs of obtaining a contract with a customer.

Basis of Presentation – The 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.

Income Taxes – 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 and therefore has made no provision for federal income taxes in the accompanying financial statements. 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, 2021 (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.

Cash and Cash Equivalents – The Organization considers all short-term investments that are readily convertible into cash within three months or less to be cash equivalents.

Investments – Investments are comprised of common stocks and federal reserve money markets and are carried at fair value. All gains and losses on non-marketable equity securities, realized and unrealized, are recognized in the statement of activities as changes in net assets.

Inventory – Inventory is held for resale consisting of books, tapes, and videos and valued at lower of cost or market. Cost is determined on the first-in, first-out method.

Contributions – Contributions received are recorded as net assets with or without donor restrictions depending on the existence and/or nature of any donor restrictions, as required by FASB ASU 2016-14, Financial Accounting Standards Board for Financial Statements of Not-for-Profit Organizations.

Endowment contributions are permanently restricted by the donors. Income from endowment investments is without donor restrictions and available for operating expenses of the Organization. There are no endowment funds at this time.

Contributions of donated services and facilities that would typically need to be purchased if not provided by donation are recorded at their fair values in the period received. There were no donated services or facilities in the current year.

Contributions with donor restrictions consisted of Mission contributions, Student contributions, Staff Support contributions, Our Sunday Visitor contributions, BLR contributions, and Zion contributions.

Fixed Assets – Furniture and equipment are capitalized at cost. It is the Organization's policy to capitalize all capital expenditures in excess of \$1,000. Furniture and equipment are being depreciated over estimated useful lives using the straight-line, monthly convention.

Subsequent Events – Management has evaluated subsequent events and transactions for potential recognition or disclosure through October 7, 2022, the date the financial statement were available to be issued. There were no events identified.

**RENEWAL MINISTRIES, INC.**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021 (CONTINUED)

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## 2. INVESTMENTS

Investments as of December 31, 2021, are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>
Money Market	\$ 1,791,364	\$ 1,791,364
Certificate of Deposits	30,722	30,722
Common Stock	5,971	5,929
Total	<u>\$ 1,828,057</u>	<u>\$ 1,828,015</u>

The following schedule summarizes fair value measurements at December 31, 2021 using:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money Market	\$ 1,791,364	\$ -	\$ -
Certificate of Deposits	30,722	-	-
Common Stock	5,929	-	-
Total	<u>\$ 1,828,015</u>	<u>\$ -</u>	<u>\$ -</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended December 31, 2021:

	<u>Total</u>
Interest and Dividends	\$ 425
Foreign Tax and Transfer Fee	(33)
Unrealized Loss	(42)
Realized Gain	2,207
Total Investment Return	<u>\$ 2,557</u>

## 3. FIXED ASSETS

The following is a summary of fixed assets as of December 31, 2021:

Computer Equipment	\$ 38,937
Office Equipment	8,009
Total Fixed Assets	<u>46,946</u>
Less accumulated depreciation	<u>(26,338)</u>
Net Fixed Assets	<u>\$ 20,608</u>

Depreciation expense for the year ended December 31, 2021 was \$7,725.

## **RENEWAL MINISTRIES, INC.**

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021 (CONTINUED)

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#### 4. FUNCTIONAL ALLOCATION OF EXPENSES

The costs to provide the various programs and activities have been summarized on a functional and natural basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Costs are allocated based on knowledge of the program or support service benefited by each expenditure. Personnel costs are allocated based on the duties and responsibilities of each employee and the specific program or support service benefited.

#### 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 invoices 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 2021 totaled \$107,188. As of December 31, 2021 Catholic Renewal Ministries owed the Organization \$10,295.

The Organization entered into an agreement with their related party, Catholic Renewal Ministries, in 2021. Catholic Renewal Ministries is to pay the Organization \$5,000/month in exchange for administration services. The Organization collected \$60,000 from Catholic Renewal Ministries in 2021.

Ralph Martin, a board member, is an author and writes books that the Organization sells. The Organization also reimburses him for healthcare. Total reimbursements to Ralph Martin for the year ended December 31, 2021 totaled \$24,074.

#### 6. COMMITMENTS

The Organization entered into a lease agreement with Domino's Farms Office Park, L.L.C. beginning November 1, 2020. The lease is for five years and was set to expire on October 31, 2024. In the agreement, rent is \$21 per rentable square footage with an annual increase based upon the Consumer Price Index for the Detroit Metropolitan Area for the previous calendar year. The rentable square footage is approximately 5,621 square feet. Rent expense for 2021 was \$120,655.

#### 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 \$35,981 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, 2021 (CONTINUED)

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#### 8. CONCENTRATION OF CREDIT RISK

The Organization has deposits with Comerica Bank in 2021 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, 2021, the amount of uninsured deposits at Comerica Bank totaled \$417,410.

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, 2021, investments consist of a federal reserve money market fund that exceeds SIPC protection by \$1,540,212.

#### 9. LIQUIDITY AND AVAILABILITY

Financial assets:	2021
Cash and cash equivalents	\$ 1,016,517
Investments	1,828,015
Inventory	46,756
Other Current Assets	22,944
Total financial assets:	<u>2,914,232</u>
Less financial assets held to meet donor-imposed restrictions:	
Donor-restricted - Missions Restricted Donations Payable	19,187
Donor-restricted - OSV Grant	15,297
Donor-restricted - ID916 Student Program	36,102
Donor-restricted - BLR	72,213
Donor-restricted - Zion	4,840
Amount available for general expenditures within one year:	<u>\$ 2,766,593</u>

#### 10. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Organization implemented FASB ASU No. 2014-09 in the previous year. Each revenue transaction contains a single delivery element and revenue is recognized at a single point in time when services, risks and rewards transfer.

**RENEWAL MINISTRIES, INC.**

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021 (CONTINUED)

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The Organization's contracts with customers and method of revenue recognition include the following:

- Contribution income – the main source of income for the Organization is contribution income from donations and pledges. This income is typically considered an unconditional transfer; therefore, Topic 606 refers to subtopic 958-605 for further guidance. According to subtopic 958-605, the Organization recognizes revenue when promised or received. The Organization does not have any promised income as of the end of the year. The Organization also receives restricted contributions, which are accounted for as a liability until the barriers to entitlement are overcome, at which point the transaction is recognized as unconditional and recognized.
- Catholic Renewal Ministries (CRM) administration fee income – the Organization obtains a monthly fee from their related entity, CRM, for administration services rendered. Revenue is recognized on a monthly basis to align with services rendered.
- Merchandise sales and other income – the Organization operates a small online store where customers can make purchases. Revenue is recognized when store sales occur.
- Conference income and Renewal Ministry gathering income – the Organization hosts conferences and gatherings throughout the year. The revenue is recognized when the event occurs.
- Investment income – the Organization receives interest and distributions from their cash and investments. The Organization recognizes revenue when issued or earned.

Revenue from contracts with customers consisted of the following:

Revenue Streams	2021
Contributions	\$ 2,475,464
CRM Administration Fees	60,000
Merchandise Sales Income	143,392
Conference Income/RM Gathering	18,205
Investment Income	2,557
Total	\$ 2,699,618

## **RENEWAL MINISTRIES, INC.**

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021 (CONTINUED)

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As of December 31, 2021, the Organization had no significant receivables related to contracts with customers. During the year ended December 31, 2021, the Organization had no significant bad debt expense on revenue from contracts with customers.

The following economic factors affect the nature, amount, timing, and uncertainty of the Organization's revenue and cash flows as indicated:

- Economic trends: Services to all customers correlate with economic cycles. Sales to customers can vary year over year.
- Geographical location of customers: Sales are to customers located primarily in the area that includes Ann Arbor, Michigan and the surrounding area; therefore, revenue is correlated to the local economy.
- Nonprofit industry: Overall revenue can be dependent on individuals' disposable income.

#### 11. PAYROLL PROTECTION PROGRAM LOAN

In June 2020, the Organization successfully secured a \$194,350 Small Business Association loan under the Payroll Protection Program (PPP) to secure payroll expenses for otherwise furloughed employees impacted by government-imposed shelter in place orders. The full amount was forgiven as the loan proceeds were used to cover payroll costs and other specified non-payroll costs per the agreement. In May of 2021, the loan was forgiven for the full amount and recognized as revenue.