



Financial Statements

As of and for the years ended December 30, 2024 and 2023

Renewal Ministries, Inc.

Ann Arbor, Michigan



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Renewal Ministries, Inc.

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Independent Auditors' Report

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

Opinion

We have audited the accompanying financial statements of Renewal Ministries, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses and cash flows 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 aspects, the financial position of Renewal Ministries, Inc. as of December 31, 2024, and the changes in its net assets 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section in our report. We are required to be independent of Renewal Ministries, Inc. 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.

Other Matter

The financial statements of Renewal Ministries, Inc. as of December 31, 2023 were audited by other auditors whose report dated September 6, 2024 expressed an unmodified opinion on those statements.

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 Renewal Ministries, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Independent Auditors' Report (continued)

Auditors' 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, including omissions, 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 Renewal Ministries, Inc.'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 Renewal Ministries, Inc.'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.

Altruic Advisors, CPAs

Certified Public Accountants

Plymouth, Michigan
October 9, 2025

Renewal Ministries, Inc.

Statements of Financial Position

December 31	2024	2023
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 465,109	\$ 587,004
Investments	1,524,166	2,418,092
Accounts receivable	67,680	82,604
Inventory	61,899	45,329
Prepaid expenses and other current assets	40,582	13,158
Total current assets	<u>2,159,436</u>	<u>3,146,187</u>
Property and Equipment, Net	<u>36,665</u>	<u>21,986</u>
Other Assets		
Right-of-use assets, net	<u>776,018</u>	<u>109,207</u>
Total assets	<u>\$ 2,972,119</u>	<u>\$ 3,277,380</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 54,553	\$ 25,137
Accrued compensation and benefits	25,890	95,562
Operating lease obligation, current portion	107,827	109,207
Total current liabilities	<u>188,270</u>	<u>229,906</u>
Long-Term Liabilities		
Operating lease obligation, net of current	<u>670,305</u>	<u>-</u>
Total long-term liabilities	<u>670,305</u>	<u>-</u>
Total liabilities	<u>858,575</u>	<u>229,906</u>
Net Assets		
Net assets without donor restrictions		
Undesignated	715,983	1,604,290
Board-designated		
Ellen Holian Legacy Fund	839,055	839,055
Operating reserve	400,000	400,000
Equipment replacement	8,727	8,727
Fixed assets	34,661	43,667
Total board-designated	<u>1,282,443</u>	<u>1,291,449</u>
Total net assets without donor restrictions	<u>1,998,426</u>	<u>2,895,739</u>
Net assets with donor restrictions	<u>115,118</u>	<u>151,735</u>
Total net assets	<u>2,113,544</u>	<u>3,047,474</u>
Total liabilities and net assets	<u>\$ 2,972,119</u>	<u>\$ 3,277,380</u>

The accompanying Notes are an integral part of these financial statements

Renewal Ministries, Inc.

Statement of Activities

Year ended December 31, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating Support and Revenue			
Operating Support			
Grants and contributions	\$ 2,099,166	\$ 36,603	\$ 2,135,769
In-kind contributions	12,600	-	12,600
Special event, net	(2,700)	-	(2,700)
Net assets released from restrictions			
Satisfaction of purpose restrictions	73,220	(73,220)	-
Total operating support	<u>2,182,286</u>	<u>(36,617)</u>	<u>2,145,669</u>
Operating Revenue			
Pine Hills camp income	186,800	-	186,800
Administrative income	60,000	-	60,000
Forged income	41,885	-	41,885
BLR income	35,853	-	35,853
Merchandise income, net of cost of sales of \$100,844	31,882	-	31,882
Young adults income	2,632	-	2,632
Total operating revenue	<u>359,052</u>	<u>-</u>	<u>359,052</u>
Total operating support and revenue	<u>2,541,338</u>	<u>(36,617)</u>	<u>2,504,721</u>
Operating Expenses			
Program services	2,863,773	-	2,863,773
Supporting services			
General and administrative	405,424	-	405,424
Fundraising	283,752	-	283,752
Total operating expenses	<u>3,552,949</u>	<u>-</u>	<u>3,552,949</u>
Total operating support and revenue in deficit of operating expenses	<u>(1,011,611)</u>	<u>(36,617)</u>	<u>(1,048,228)</u>
Other Changes			
Interest income	106,073	-	106,073
Miscellaneous income	9,369	-	9,369
Loss on sale of equipment	(1,144)	-	(1,144)
Total other changes	<u>114,298</u>	<u>-</u>	<u>114,298</u>
Change in Net Assets	(897,313)	(36,617)	(933,930)
Net Assets, Beginning of Year	<u>2,895,739</u>	<u>151,735</u>	<u>3,047,474</u>
Net Assets, End of Year	<u>\$ 1,998,426</u>	<u>\$ 115,118</u>	<u>\$ 2,113,544</u>

The accompanying Notes are an integral
part of these financial statements

Renewal Ministries, Inc.

Statement of Activities

Year ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Support and Revenue			
Operating Support			
Grants and contributions	\$ 1,990,480	\$ 125,418	\$ 2,115,898
Special event, net	22,734	-	22,734
Net assets released from restrictions			
Satisfaction of purpose restrictions	118,990	(118,990)	-
Total operating support	<u>2,132,204</u>	<u>6,428</u>	<u>2,138,632</u>
Operating Revenue			
Pine Hills camp income	146,491	-	146,491
Administrative income	60,028	-	60,028
BLR Income	27,311	-	27,311
Merchandise income, net of cost of sales of \$73,141	33,929	-	33,929
Young adults income	65,314	-	65,314
Total operating revenue	<u>333,073</u>	<u>-</u>	<u>333,073</u>
 Total operating support and revenue	<u>2,465,277</u>	<u>6,428</u>	<u>2,471,705</u>
Operating Expenses			
Program services	2,160,618	-	2,160,618
Supporting services			
General and administrative	381,296	-	381,296
Fundraising	191,433	-	191,433
Total operating expenses	<u>2,733,347</u>	<u>-</u>	<u>2,733,347</u>
 Total operating support and revenue in excess (deficit) of operating expenses	<u>(268,070)</u>	<u>6,428</u>	<u>(261,642)</u>
Other Changes			
Interest income	101,406	-	101,406
Miscellaneous income	8,850	-	8,850
Loss on sale of equipment	(1,667)	-	(1,667)
Total other changes	<u>108,589</u>	<u>-</u>	<u>108,589</u>
Change in Net Assets	(159,481)	6,428	(153,053)
Net Assets, Beginning of Year	<u>3,055,220</u>	<u>145,307</u>	<u>3,200,527</u>
Net Assets, End of Year	<u>\$ 2,895,739</u>	<u>\$ 151,735</u>	<u>\$ 3,047,474</u>

The accompanying Notes are an integral
part of these financial statements

Renewal Ministries, Inc.

Statement of Functional Expenses

Year ended December 31, 2024

	Program Services	Supporting Services		Total Expenses
		General and Administrative	Fundraising	
Salaries and wages	\$ 931,901	\$ 116,488	\$ 116,488	\$ 1,164,877
Employee benefits	555,433	69,429	69,429	694,291
Payroll taxes	67,159	8,395	8,395	83,949
Total personnel costs	<u>1,554,493</u>	<u>194,312</u>	<u>194,312</u>	<u>1,943,117</u>
Mission travel	350,933	-	-	350,933
Other professional services	154,380	19,297	19,297	192,974
Occupancy	132,481	16,560	16,560	165,601
Printing, publications, and postage	129,229	16,153	16,154	161,536
Information technology	110,091	13,761	13,761	137,613
Grants	77,384	-	-	77,384
Office expenses	58,173	7,272	7,272	72,717
Conferences and meetings	55,247	6,906	6,906	69,059
TV Production	61,986	-	-	61,986
Program expenses	61,947	-	-	61,947
Bank and service charges	-	54,888	-	54,888
Legal and accounting	-	50,288	-	50,288
Travel expenses	35,235	4,404	4,404	44,043
Advertising and promotions	27,180	-	-	27,180
Miscellaneous expenses	14,838	1,855	1,855	18,548
Repairs and maintenance	12,475	1,559	1,559	15,593
Depreciation	10,442	1,305	1,305	13,052
Professional development	-	11,052	-	11,052
BLR Expenses	6,445	-	-	6,445
Forged expenses	6,135	-	-	6,135
Dues and fees	-	5,445	-	5,445
Insurance	2,938	367	367	3,672
Pine Hill Camp expenses	1,741	-	-	1,741
Total expenses	<u>\$ 2,863,773</u>	<u>\$ 405,424</u>	<u>\$ 283,752</u>	<u>\$ 3,552,949</u>

The accompanying Notes are an integral
part of these financial statements

Renewal Ministries, Inc.

Statement of Functional Expenses

Year ended December 31, 2023

	Program Services	Supporting Services		Total Expenses
		General and Administrative	Fundraising	
Salaries and wages	\$ 843,652	\$ 105,456	\$ 105,456	\$ 1,054,564
Employee benefits	154,051	19,256	19,256	192,563
Payroll taxes	64,078	8,010	8,010	80,098
Total personnel costs	1,061,781	132,722	132,722	1,327,225
Mission travel	262,598	-	-	262,598
Other professional services	86,522	86,522	-	173,044
Printing, publications, and postage	121,669	15,209	15,209	152,087
Program expenses	150,802	-	-	150,802
Occupancy	103,852	12,981	12,981	129,814
Office expenses	101,250	12,656	12,656	126,562
TV Production	73,418	-	-	73,418
Conferences and meetings	39,596	4,950	4,950	49,496
Grants	48,212	-	-	48,212
Bank and service charges	-	45,316	-	45,316
Information technology	35,454	4,432	4,432	44,318
Legal and accounting	-	31,559	-	31,559
Travel expenses	20,781	2,597	2,598	25,976
Advertising and promotions	25,225	-	-	25,225
Indemnification	-	24,827	-	24,827
Depreciation	7,994	999	999	9,992
Repairs and maintenance	7,161	895	895	8,951
Professional development	-	5,352	-	5,352
Pine Hill Camp expense	5,350	-	-	5,350
BLR expenses	4,528	-	-	4,528
Fundraising	-	-	3,712	3,712
Insurance	2,233	279	279	2,791
Forged expenses	2,192	-	-	2,192
Total expenses	\$ 2,160,618	\$ 381,296	\$ 191,433	\$ 2,733,347

The accompanying Notes are an integral
part of these financial statements

Renewal Ministries, Inc.

Statements of Cash Flows

Increase (Decrease) in Cash and Cash Equivalents

Years ended December 31	2024	2023
Cash Flows From Operating Activities		
Change in net assets	\$ (933,930)	\$ (153,053)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	13,052	9,992
Noncash change due to lease amortization	2,114	-
Reinvested interest	(106,073)	(101,406)
Loss on sale of equipment	1,144	1,667
Increase (decrease) from changes in assets and liabilities		
Accounts receivable	14,924	(77,413)
ERC receivable	-	450,868
Interest receivable	-	21,124
Inventory	(16,570)	29,452
Prepaid expenses and other current assets	(27,424)	53,305
Accounts payable and accrued expenses	29,416	(16,791)
Accrued compensation and benefits	(69,672)	(25,826)
Net cash provided (used) by operating activities	<u>(1,093,019)</u>	<u>191,919</u>
Cash Flows From Investing Activities		
Purchases of property and equipment	(29,875)	(11,194)
Proceeds from sale of equipment	1,000	400
Net sales (purchases) of investments	999,999	(470,530)
Net cash provided (used) by investing activities	<u>971,124</u>	<u>(481,324)</u>
Net Decrease in Cash and Cash Equivalents	(121,895)	(289,405)
Cash and Cash Equivalents, Beginning of Year	587,004	876,409
Cash and Cash Equivalents, End of Year	\$ 465,109	\$ 587,004

The accompanying Notes are an integral
part of these financial statements

Renewal Ministries, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

Note 1 – Nature of Organization and Significant Accounting Policies

Nature of Organization. Renewal Ministries, Inc. ("the Organization") is a Catholic Michigan nonprofit organization located in Ann Arbor, Michigan, the purpose of which is to foster growth in holiness and evangelization with the power of the Holy Spirit for the salvation of souls. The Organization receives a majority of its support from grants and contributions from interested parties.

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.

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.

Cash and Cash Equivalents. The Organization considers all highly liquid debt instruments with maturities of three months or less to be cash equivalents. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Investments. The Organization's investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Organization's management determines the valuation policies utilizing information provided by the investment advisors and custodians. See *Fair Value Measurements*.

Unrealized gains and losses, if any, are calculated since the most recent financial statement reporting date. In the year that an investment is sold, unrealized gains and losses are calculated from the most recent financial statement reporting date through the date of sale. Therefore, realized gains and losses are generally not reported. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Fair Value Measurements. The Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 820, Fair Value Measurements and Disclosures, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Renewal Ministries, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

Note 1 – Nature of Organization and Significant Accounting Policies (continued)

Fair Value Measurements (continued).

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following are descriptions of the valuation methodologies used for assets measured at fair value on a recurring basis:

Money Market Funds. The Organization's money market investments primarily consist of shares in high-quality, short-term U.S. Treasury money market funds and short-term corporate bonds. The purpose of these investments is to preserve capital while earning a modest return on excess cash.

Certificates of Deposit. The Organization values certificates of deposit at fair value by discounting related cash flow based on current yields of similar instruments with comparable durations considering the credit-worthiness of the issuer.

The valuation methodologies may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

In general, investments are exposed to various risks, such as interest rate, credit, and overall volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the statements of financial position.

Renewal Ministries, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

Note 1 – Nature of Organization and Significant Accounting Policies (continued)

Accounts Receivable. Accounts receivable consist primarily of amounts due from Catholic Renewal Ministries. Accounts receivable are presented net of an allowance for credit losses, which is an estimate of the amount that may not be collectible. In determining the amount of the allowance as of the balance sheet date, the Organization separates accounts receivable into risk pools based on their aging and develops a loss rate for each pool. The loss rate is based on management's historical collection experience, adjusted for expectations about current and future economic conditions, and the creditworthiness of the payor. The allowance is continually reviewed and adjusted to maintain the allowance at a level considered adequate to cover future uncollectible amounts. Management has determined that all amounts are collectible and, therefore, has not recorded an allowance for credit losses during the years ended December 31, 2024 and 2023.

Pledges and Grants Receivable. Pledges and grants receivable are recognized only when the conditions on which they depend are substantially met and the amounts become unconditional. Pledges and grants receivable are stated net of allowances for uncollectible accounts. Management provides for probable uncollectible accounts through a provision for bad debt expenses and an adjustment to the allowance account based on its assessment of the current status of individual pledges and grants. Balances still outstanding after management has used reasonable collection efforts are written off through a reduction to the allowance account and a corresponding reduction to the receivable. The Organization did not have pledges and grants receivable at December 31, 2024 and 2023.

Inventory. Inventory consists of books, CDs, T-shirts, and other merchandise for sale and is stated at the lower of cost or net realizable value on a first-in, first-out (FIFO) basis.

Property and Equipment. The Organization capitalizes all expenditures for property and equipment in excess of \$1,000. Property and equipment are recorded at cost for purchased items and at fair market value at the time of receipt for donated items. Depreciation is calculated utilizing the straight-line method over the estimated useful lives of the assets which are currently three to five years for computer equipment, five to seven years for office equipment, and eight years for furniture and fixtures. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. The cost and accumulated depreciation of property sold or retired is removed from the related asset and accumulated depreciation accounts, and any resulting gain or loss is recorded in the year of sale or disposal.

Impairment of Long-Lived Assets. In the event that facts and circumstances indicate that property and equipment, or other assets, may be impaired, an evaluation of recoverability would be performed. If an evaluation is required, the estimated future undiscounted cash flows associated with the asset are compared to the asset's carrying amount to determine if a write-down to market value would be necessary. No impairment losses were recorded during the years ended December 31, 2024 and 2023.

Renewal Ministries, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

Note 1 – Nature of Organization and Significant Accounting Policies (continued)

Right-of-Use Assets and Leases. The Organization determines if an arrangement is a lease at inception. In accordance with Accounting Standards Update 2016-02, *Leases*, Accounting Standards Codification Topic 842 ("ASC 842") as issued by the Financial Accounting Standards Board, operating leases are included in right-of-use ("ROU") lease assets, current portion of lease obligations, and long-term lease obligations on the Organization's statements of financial position. ROU lease assets represent the Organization's right to use an underlying asset for the lease term, and lease obligations represent the Organization's obligation to make lease payments arising from the lease. Operating ROU lease assets and obligations are recognized at the commencement date based on the present value of lease payments over the lease term. The Organization's lease does not provide an implicit rate; therefore, the Organization uses a risk-free borrowing rate based on the information available at the commencement date in determining the present value of lease payments. The ROU lease asset also includes any lease payments made and excludes lease incentives. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments are recognized on a straight-line basis over the lease term.

Basis of Net Asset Presentation. The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions:

Net Assets Without Donor Restrictions. Net assets resulting from revenues generated, receiving contributions that have no donor stipulations, providing services, and receiving interest and other income, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

Net Assets With Donor Restrictions. Net assets resulting from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated net assets, until the donor restriction expires, that is, until the stipulated time restriction ends or the purpose restriction is accomplished.

Revenue Recognition.

Program Revenue. Revenue from camps, ministry events, and programmatic events is not recognized until earned, as the Organization satisfies its performance obligations, generally upon occurrence of the event. Administrative fees are earned monthly upon completion of agreed upon services.

Retail Sales. The Organization generates revenue from the online sale of gift shop items to customers. Revenue is generally recorded at the time of the sale.

Transaction Price. The transaction price of a contract with a customer is the amount of consideration to which the Organization expects to be entitled for transferring promised services to the customer. The Organization determines the transaction price based on standard charges for goods and services provided during the years ended December 31, 2024 and 2023.

Renewal Ministries, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

Note 1 – Nature of Organization and Significant Accounting Policies (continued)

Revenue Recognition (continued).

Contract Balances. The following table provides information about the Organization's receivables and contract liabilities from contracts with customers at December 31:

	<u>2024</u>	<u>2023</u>
Accounts receivable, beginning of year	\$ 82,604	\$ 5,191
Accounts receivable, end of year	\$ 67,680	\$ 82,604

The Organization's contracts do not include significant financing components.

Grants and Contributions. Grants and contributions are recognized when the amounts are received. Donor-restricted grants and contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Grants and contributions that are restricted by the grantor or donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the amounts are recognized.

Contributed Services and Facilities. Contributed services are recognized if services received (a) create or enhance non-financial assets or (b) require specialized skills and are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Certain other volunteer services are not recorded in these financial statements as they do not meet the criteria for recognition. The Organization received donated facilities for the year ended December 31, 2024 (see Note 9). There were no contributed services for the years ended December 31, 2024 and 2023.

Advertising. The Organization expenses advertising costs as incurred. Total advertising expense was \$27,180 and \$25,225 for the years ended December 31, 2024 and 2023, respectively.

Functional Allocation of Expenses. Direct expenses have been allocated to the applicable program for which the expenses were incurred. Indirect expenses have been allocated between program and supporting services based on an analysis of personnel time and space utilized for the related activities.

Income Taxes. The Organization is a nonprofit corporation exempt from income taxes as described in Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private Organization. No provision for income taxes has been made.

Reclassifications. Certain amounts from the prior year financial statements have been reclassified to conform to the current year presentation without affecting net assets as of December 31, 2023.

Subsequent Events. The Organization evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through October 9, 2025, the date at which the financial statements were available to be issued.

Renewal Ministries, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

Note 2 – Related Party Transactions

Catholic Renewal Ministries is a related party, located in Toronto, Canada, that 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. The related agreement requires Catholic Renewal Ministries to pay the Organization \$5,000 per month in exchange for administration services. Payments received from Catholic Renewal Ministries totaled \$60,000 for each of the years ended December 31, 2024 and 2023. Payments due to the Organization under this agreement totaled \$67,680 and \$82,604 as of December 31, 2024 and 2023, respectively.

Ralph Martin, a board member, is an author and writes books that the Organization sells. The Organization also reimburses him for healthcare, travel expenses, internet expenses, memberships, and other expenses. Total reimbursements paid to Ralph Martin for the years ended December 31, 2024 and 2023 were \$37,897 and \$26,012, respectively.

Note 3 – Fair Value Measurements

The following table summarizes the Organization's fair value of assets measured on a recurring basis by fair value ("FV") hierarchy as of December 31, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of deposit	\$ -	\$ 32,048	\$ -	\$ 32,048
Money market funds	1,492,118	-	-	1,492,118
	<u>\$ 1,492,118</u>	<u>\$ 32,048</u>	<u>\$ -</u>	<u>\$ 1,524,166</u>

The following table summarizes the Organization's fair value of assets measured on a recurring basis by fair value ("FV") hierarchy as of December 31, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of deposit	\$ -	\$ 30,756	\$ -	\$ 30,756
Money market funds	2,387,336	-	-	2,387,336
	<u>\$ 2,387,336</u>	<u>\$ 30,756</u>	<u>\$ -</u>	<u>\$ 2,418,092</u>

Changes in Fair Value Levels. The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value to another. In such instances, the transfer is reported at the beginning of the reporting period.

The Organization evaluated the significance of transfers between levels based upon the nature of the financial instruments and size of the transfer relative to total net assets available for benefits. For the years ended December 31, 2024 and 2023, there were no significant transfers in or out of fair value levels.

Investment earnings consisted of the following for the years ended December 31:

	<u>2024</u>	<u>2023</u>
Interest income	<u>\$ 106,073</u>	<u>\$ 101,406</u>

Renewal Ministries, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

Note 4 – Property and Equipment

Property and equipment consists of the following at December 31:

	<u>2024</u>	<u>2023</u>
Furniture and fixtures	\$ 3,149	\$ -
Office and computer equipment	86,743	65,566
	<u>89,892</u>	<u>65,566</u>
Less accumulated depreciation	<u>(53,227)</u>	<u>(43,580)</u>
Net property and equipment	<u>\$ 36,665</u>	<u>\$ 21,986</u>

Depreciation expense for the years ended December 31, 2024 and 2023 was \$13,052 and \$9,992, respectively.

Note 5 – Right-of-Use Assets

Right-of-use assets consist of the following at December 31:

	<u>2024</u>	<u>2023</u>
Right-of-use assets under operating lease (facility)	\$ 795,519	\$ 218,414
Less accumulated amortization	<u>(19,501)</u>	<u>(109,207)</u>
Net right-of-use assets	<u>\$ 776,018</u>	<u>\$ 109,207</u>

Note 6 – Leases and Commitments

Operating lease obligations consist of the following at December 31:

	<u>2024</u>	<u>2023</u>
Operating lease agreement for office space; current monthly payment of \$11,532, 36-month lease term expiring October 2030, net of unamortized present value discount	\$ 778,132	\$ -
Operating lease agreement for office space; current monthly payment of \$11,144, 36-month lease term expired October 2024, net of unamortized present value discount	-	109,207
Less current portion	<u>(107,827)</u>	<u>(109,207)</u>
Operating lease obligations, net of current portion, net of unamortized present value discount	<u>\$ 670,305</u>	<u>\$ -</u>
Weighted average discount rate at December 31	4.37%	1.55%
Weighted average remaining lease term at December 31	5.83 years	0.83 years

Renewal Ministries, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

Note 6 – Leases and Commitments (continued)

Future annual lease payments required under operating leases are as follows at December 31, 2024:

Year ended December 31	Lease obligations	Present value discount	Net of unamortized discount
2025	\$ 139,197	\$ (31,370)	\$ 107,827
2026	144,069	(26,446)	117,623
2027	149,111	(21,080)	128,031
2028	154,330	(15,248)	139,082
2029	159,731	(8,917)	150,814
Thereafter	136,970	(2,215)	134,755
Total	<u>\$ 883,408</u>	<u>\$ (105,276)</u>	<u>\$ 778,132</u>

The Organization also leases office equipment under a noncancelable operating lease agreement that expires in March 2029 and currently requires monthly rent payments of \$299. Total rent expense under this equipment lease was \$3,594 for the year ended December 31, 2024. As management believes the present value of the total future payments for the current lease is not material to the financial statements, management has chosen to not account for this lease under ASC 842 (see Note 1).

Note 7 – Net Assets with Donor Restrictions

The following summarizes the balances of net assets with donor restrictions at December 31, 2024:

	January 1, 2024			December 31, 2024
	Balance	Additions	Releases	Balance
<i>Purpose restrictions:</i>				
Missions donations	\$ 26,313	\$ 2,000	\$ 26,009	\$ 2,304
OSV Grant	15,297	-	15,297	-
ID916 Student Program	22,463	18,569	16,914	24,118
BLR	72,662	-	-	72,662
Chris Stout Scholarship Fund	15,000	16,034	15,000	16,034
	<u>\$ 151,735</u>	<u>\$ 36,603</u>	<u>\$ 73,220</u>	<u>\$ 115,118</u>

The following summarizes the balances of net assets with donor restrictions at December 31, 2023:

	January 1, 2023			December 31, 2023
	Balance	Additions	Releases	Balance
<i>Purpose restrictions:</i>				
Missions Donations	\$ 34,077	\$ 29,549	\$ 37,313	\$ 26,313
OSV Grant	15,297	-	-	15,297
ID916 Student Program	38,825	65,315	81,677	22,463
BLR	57,108	15,554	-	72,662
Chris Stout Scholarship Fund	-	15,000	-	15,000
	<u>\$ 145,307</u>	<u>\$ 125,418</u>	<u>\$ 118,990</u>	<u>\$ 151,735</u>

Renewal Ministries, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

Note 8 – Special Event

The Organization derived a net loss from the following special fundraising event during the year ended December 31, 2024:

	<u>BLR Fundraiser</u>
Gross proceeds	\$ 18,270
Direct costs	(20,970)
Net loss	<u>\$ (2,700)</u>

The Organization derived net support from the following special fundraising event during the year ended December 31, 2023:

	<u>BLR Fundraiser</u>
Gross proceeds	\$ 33,875
Direct costs	(11,141)
Net support	<u>\$ 22,734</u>

Note 9 – In-kind Contributions

The Organization received the following in-kind contributions during the years ended December 31:

	<u>2024</u>	<u>2023</u>
Donated facilities	<u>\$ 12,600</u>	<u>\$ -</u>

The Organization received donated facilities which were valued using like-kind methodology for space per square foot for properties in the Ann Arbor, Michigan area. Donated facilities were used for general and administrative use. No in-kind contributions were restricted. The Organization does not sell donated gifts in-kind and only uses facilities for its own program or supporting service activities.

Note 10 – Retirement Plan and Noncompliance Matter

The Organization sponsors a 403(b) plan ("the Plan"), which is a 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. The Organization's contributions during the years ended December 31, 2024 and 2023 totaled \$57,922 and \$45,036, respectively.

During late 2023, the Organization self-identified that its retirement practices did not comply with the requirements outlined in its plan documents. The Organization worked with an attorney to determine an appropriate resolution and update its plan documents. The corrective retirement was paid out to current and former employees in the fall of 2024, and a plan was submitted to the IRS outlining what happened. The resolution of this correction was an approval of \$462,988 necessary to correct current and former employee accounts and to establish accounts for those who should have been included in the plan but were not.

Renewal Ministries, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

Note 11 – Liquidity and Availability of Resources

The Organization receives significant contributions and promises to give that are restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Organization has a liquidity policy to maintain current financial assets less current liabilities at a minimum of three months budgeted operating expenses. To achieve this target, the Organization forecasts its future cash flows and monitors its liquidity and reserves at least quarterly. During the years ended December 31, 2024 and 2023, the level of liquidity and reserves was managed within the policy requirements.

The Organization's financial assets available for general expenditures within one year are as follows at December 31:

	<u>2024</u>	<u>2023</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 465,109	\$ 587,004
Investments	1,524,166	2,418,092
Accounts receivable	67,680	82,604
	<u>2,056,955</u>	<u>3,087,700</u>
Less amounts not available to be used within one year:		
Ellen Holian Legacy Fund	(839,055)	(839,055)
Operating reserve	(400,000)	(400,000)
	<u>(1,239,055)</u>	<u>(1,239,055)</u>
Financial assets available for general expenditures within one year	<u>\$ 817,900</u>	<u>\$ 1,848,645</u>

The Organization anticipates that substantially all net asset restrictions, as of December 31, 2024, will be fully released during the next fiscal year.

Note 12 – Concentrations

Bank Deposits. At certain times during the years ended December 31, 2024 and 2023, the Organization maintained cash balances in excess of federally insured limits. Management believes the risk of loss on these amounts is minimal.