

**Africa Renewal Ministries**

**AUDITED FINANCIAL STATEMENTS**  
December 31, 2016

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**AFRICA RENEWAL MINISTRIES, INC.**  
**TABLE OF CONTENTS**

<b>Auditor's Report</b>		
Independent Auditor's Report		2
<b>Financial Statements</b>		
Statement of Financial Position		5
Statement of Activity and Change in Net Assets		6
Statement of Cash Flows		7
Notes to Financial Statements		8
<b>Supplementary Schedules</b>		
Schedule One - Combining Statement of Activities and Change in Net Assets	S-1	14
Schedule Two - Statement of Functional Expenses	S-2	15



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Africa Renewal Ministries, Inc.  
San Antonio, Texas

I have audited the accompanying financial statements of Africa Renewal Ministries, Inc. (the Organization) (a non-profit organization) which comprise the statement of financial position as of December 31, 2016, and the related statements of activities and cash flows 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 these financial statements in accordance with 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**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 the risks of material misstatement 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2016, 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.

## **Other Matters**

### Supplementary and Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Supplementary Schedules are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Stephen W Cook, CPA, PLLC*

Stephen W Cook, CPA, PLLC  
San Antonio, Texas  
May 2, 2017

# **FINANCIAL STATEMENTS**

**AFRICAN RENEWAL MINISTRIES, INC.**

**STATEMENT OF FINANCIAL POSITION**

December 31, 2016

**Assets**

Cash and cash equivalents	\$ 652,796
Property, plant and equipment, net	<u>10,599</u>
Total Assets	<u>\$ 663,395</u>

**Liabilities and Net Assets**

Current Liabilities

Accounts payable and accrued expenses	\$ <u>1,320</u>
Total Current Liabilities	<u>1,320</u>

Net Assets

Unrestricted	101,993
Temporarily restricted	<u>560,082</u>
Total Net Assets	<u>662,075</u>
Total Liabilities and Net Assets	<u>\$ 663,395</u>

The notes to the financial statements are an integral part of these statements

**AFRICAN RENEWAL MINISTRIES, INC.****STATEMENT OF ACTIVITY and CHANGE IN NET ASSETS**

For the Year Ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Support and Revenues</b>			
Program Services			
Child sponsorships	\$	\$ 2,105,483	\$ 2,105,483
Other programs		851,845	851,845
Total program services		<u>2,957,328</u>	<u>2,957,328</u>
Management and General	380,505		380,505
Fund raising			
InKind revenues	9,000		9,000
Interest and dividends	3,925		3,925
Net assets relaease from restrictions	<u>3,195,103</u>	<u>(3,195,103)</u>	
Total support and revenues	<u>3,588,533</u>	<u>(237,775)</u>	<u>3,350,758</u>
<b>Expenses</b>			
Program Services	3,195,103		3,195,103
Management and General Expenses	103,300		103,300
Fund raising	<u>90,312</u>		<u>90,312</u>
Total Expenses	<u>3,388,715</u>		<u>3,388,715</u>
Excess of Revenues/(Expenses)	<u>199,818</u>	<u>(237,775)</u>	<u>(37,957)</u>
Increase (Decrease) in Net Assets	199,818	(237,775)	(37,957)
Net Assets, beginning of year	<u>(97,825)</u>	<u>797,857</u>	<u>700,032</u>
<b>Net Assets, end of year</b>	<u>\$ 101,993</u>	<u>\$ 560,082</u>	<u>\$ 662,075</u>

The notes to the financial statements are an integral part of these statements

**AFRICAN RENEWAL MINISTRIES, INC.**

**STATEMENT OF CASH FLOWS**

For the Year Ended December 31, 2016

**Cash Flows from Operating Activities:**

Increase (decrease) in net assets	\$ (37,957)
Adjustments to reconcile increase in net assets to cash provided by operating activities:	
Depreciation	3,107
Changes in operating assets and liabilities:	
Increase (Decrease) in accounts payable	<u>(698)</u>
Net cash provided (used) by operating activities	(35,548)

**Net Increase (Decrease) in cash and cash equivalents** (35,548)

Cash and cash equivalents-beginning of period 688,344

**Cash and cash equivalents-end of period** \$ 652,796



# **NOTES TO FINANCIAL STATEMENTS**

**AFRICA RENEWAL MINISTRIES, INC.**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2016

**NOTE 1 – ORGANIZATION**

The Africa Renewal Ministries (the Organization) is organized as a non-profit corporation under the laws of the State of Texas. The Organization's purpose is to receive and administer gifts, offerings, donations, and other contributions from the community for the work of developing Christian leaders in Uganda, East Africa. Leadership development is accomplished through Christian churches, schools and orphanages and the African Renewal University. Support is provided to Christian churches, schools, and orphanages in the area.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Date of Management's Review**

Subsequent events were evaluated through May 2, 2017, which is the date of the financial statements.

**B. Basis of Presentation and Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting which recognizes income when earned and expenses when incurred.

In order to accommodate the various alternatives for donor's distribution objectives, the Organization's records are maintained in accordance with FASB Accounting Standards Codification 958. FASB 958 requires information regarding its financial position and activities into three classes of net assets: unrestricted, temporarily restricted and permanently restricted. At year end, the organization had unrestricted and temporarily restricted net assets. In preparing these financial statements, the organization has evaluated events and transactions for potential recognition or disclosure through May 2, 2017, the date of the financial statements.

**C. Contributions**

The Organization has adopted FASB Accounting Standards Codification 958, whereby contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and /or nature of any donor restrictions. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a donor restriction is met through the passage of time or fulfillment of a purpose restriction, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions. Temporarily restricted contributions are received and expended in the same period are reported as temporarily restricted contributions and also temporarily restricted net assets released from restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

**D. In-Kind Contributions and Donated Services**

It is the Organization's policy to record non-cash items and in-kind gifts at their fair value on the date they are received.

Contributed services are recorded in the financial statements to the extent that those services create or enhance a nonfinancial asset or meet the following criteria: a) the service requires specialized skills, b) the service is provided by individual who possess those skills, and c) the service would typically need to be purchased if not contributed.

**AFRICA RENEWAL MINISTRIES, INC.**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2016

**E. Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be a cash equivalent. Cash and cash equivalents consist of cash and savings.

**F. Concentrations of Credit Risk**

The Organization places excess funds in a savings account. The Organization has established guidelines relative to diversification and maturities that target certain safety and liquidity risk levels. Those guidelines are periodically reviewed and modified.

The Organization maintains cash balances in financial institutions located in the United States of America. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Organization holds cash in excess of federally insured limits.

**G. Capitalization of Assets**

The Organization capitalizes all furniture, and equipment in excess of \$2,500 and an estimated useful life greater than one year. Purchases are recorded as cost. Donated furniture and equipment is recorded at its fair market value at the time of the donation. All assets are depreciated over their useful life using the straight line method of depreciation.

The estimated service lives of the furniture and equipment are principally as follows:

Computer and electronic	3-5 years
Office equipment	3-5 years
Furniture	5-7 years

**H. Deferred Revenue**

Refundable advances for choir tour events received in the current year for next year's events are recorded as deferred revenue. These funds will be recognized as revenue in the succeeding year when the services are provided.

**I. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates. Significant estimates used in preparing these financial statements include those assumed in computing in-kind contribution and donated services and the functional allocation of expenses.

**J. Income Taxes**

The Organization is a non-profit organization that is exempt from income taxes under Section 501 (C) (3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. The Organization has no income from certain activities that are not directly related to the Organization's tax exempt purpose. Accordingly, no provisions for federal income taxes are required.

For the year ended December 31, 2016, the Organization's management believes it has adequate support for all material tax positions and that it is more likely than not, based on technical merits, that the positions will be sustained upon examination. All filings with the Internal Revenue Service are current.

**AFRICA RENEWAL MINISTRIES, INC.**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2016

**NOTE 3 – PROGRAM and EXPENSES**

All funding takes the form of contributions. Contributions are reported as child sponsorships and other program contributions.. All expenses are directly related to the Organization’s tax exempted purpose.

**NOTE 4 – FUNCTIONAL ALLOCATION of EXPENSES**

Expenses are specifically allocated to the various programs and supporting services whenever practical. When this is impractical, allocations are made on the basis of time and expense reports, space utilization or the best estimates of management.

**NOTE 5 – CASH, TEMPORARY INVESTMENTS and INVESTMENTS**

Cash and temporary investments consist of checking and savings accounts. The Organization’s cash and temporary investments are partially protected by the Federal Deposit Insurance (FDIC).

All cash, temporary investments and investments are stated at fair market value as of the last day of the fiscal year. A summary of fair market value is as follows:

	Type	Interest Rate	Balance @ 12-31-2016	Earnings @
<b>Cash and Cash Equivalents</b>				
Wells Fargo - Depository (774)	Checking	N/A	\$ 47,233	\$
Wells Fargo - Operating (759)	Checking	N/A	31,405	
Wells Fargo - Operating (708)	Savings	Variable	15,515	22
Capital One - Operating(053)	Savings	N/A	523,587	3,847
Capital One - Operating(053)	Checking	N/A	35,056	56
<b>Total</b>			<u>\$ 652,796</u>	<u>\$ 3,925</u>

**NOTE 6– PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment are recorded at cost. Assets are depreciated using the straight line method. Currently all assets are depreciated over five years to seven years. A summary of the Organization’s property, plant and equipment is as follows:

	Balance at 12/31/2015	Additions	Dispositions	Balance at 12/31/2016
Computers	\$ 14,237	\$	\$	\$ 14,237
Office furniture and equipment	1,812			1,812
	16,049			16,049
Accumulated depreciation	2,343	3,107		5,450
	<u>\$ 13,706</u>	<u>\$ (3,107)</u>	<u>\$</u>	<u>\$ 10,599</u>

**NOTE 7 – IN-KIND DONATIONS**

African Renewal Ministries, Inc. records in-kind support, including materials and supplies where appropriate. Contributed in-kind supports are recognized in accordance with FASB Accounting Standards Codification 958-605-25. The pronouncement requires recognition of professional services received if those services (a) create or enhance long lived assets, (b) require specialized skills, and (c) would typically need to be purchased if not provided by donation. The amounts reflected in the accompanying financial statements as in-kind support are offset by like amounts included in expense or assets.

**AFRICA RENEWAL MINISTRIES, INC.**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2016

**NOTE 8 – RELATED PARTY TRANSACTIONS**

There were no related party transactions that were material to the financial statements during the fiscal year.

**NOTE 9 – CONCENTRATION OF CONTRIBUTIONS**

The organization receives contributions from a variety of sources. These sources include individuals, churches and other charitable organizations. There are no contributors that exceed 5% of the total contributions received.

**NOTE 10 – SUBSEQUENT EVENTS**

In accordance with ASC 855, the Organization evaluated subsequent events through May 2, 2017, the date of the financial statements. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

**NOTE 11 – BOARD OF DIRECTORS, OFFICERS, AND CONTACT INFORMATION**

<b><u>Name</u></b>	<b><u>Position</u></b>
<b>Board of Directors:</b>	
Rev. Peter Kasirivu	Founder, Director
Elliott Horne	President
Open	V-President
Open	Treasurer
Cathy Sones	Director
Brian Park	Director
Open	Director
Open	Director
John McCarty	Executive Director, Secretary, Highest Paid Employee

**Corporate Staff:**

Sheryl Millsap	Office Manager
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**Offices:**

P.O. Box 13733  
San Antonio, Texas 78213  
210-979-7441

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# **SUPPLEMENTARY SCHEDULES**

**AFRICAN RENEWAL MINISTRIES, INC.**

**SUPPLEMENTARY SCHEDULE - ONE**

**COMBINING SCHEDULE OF ACTIVITIES AND CHANGE IN NET ASSETS**

For the Year Ended December 31, 2016

	Temporarily Restricted Assets					Unrestricted Assets			
	Children Sponsorships	Choir	Building Fund	Other- Designated	Total Temporarily Restricted Assets	General and Admin.	Fund Raising	Total Unrestricted Assets	Total Net Assets
<b>Net Assets @ 12/31/2015</b>	\$ 272,345	\$	\$ 151,238	\$ 374,274	\$ 797,857	\$	\$ (97,825)	\$ (97,825)	\$ 700,032
<b>Support and Revenue</b>									
Donations		1,620		850,225	851,845	380,505		380,505	1,232,350
Sponsorships	2,105,483				2,105,483				2,105,483
In-Kind						9,000		9,000	9,000
Interest & dividends						3,925		3,925	3,925
Total support and revenue	2,105,483	1,620		850,225	2,957,328	393,430		393,430	3,350,758
<b>Expenses</b>									
Direct assistance	2,104,804	1,602	335,705	544,655	2,986,766				2,986,766
Salaries and related expenses	127,947				127,947	51,411	62,340	113,751	241,698
All other	77,283		3,107		80,390	51,889	27,972	79,861	160,251
Total expenses	2,310,034	1,602	338,812	544,655	3,195,103	103,300	90,312	193,612	3,388,715
Excess of Revenues/(Expenses)	(204,551)	18	(338,812)	305,570	(237,775)	290,130	(90,312)	199,818	(37,957)
Reclassifications									
<b>Change in Net Assets</b>	(204,551)	18	(338,812)	305,570	(237,775)	290,130	(90,312)	199,818	(37,957)
<b>Net assets @ 12/31/2016</b>	67,794	18	(187,574)	679,844	560,082	290,130	(188,137)	101,993	662,075
Unrestricted							(188,137)	(188,137)	(188,137)
Temporarily restricted	67,794	18	(187,574)	679,844	560,082	290,130		290,130	850,212
<b>Net assets @ 12/31/2016</b>	\$ 67,794	\$ 18	\$ (187,574)	\$ 679,844	\$ 560,082	\$ 290,130	\$ (188,137)	\$ 101,993	\$ 662,075

**AFRICAN RENEWAL MINISTRIES, INC.****SUPPLEMENTARY SCHEDULE - TWO****STATEMENT OF FUNCTIONAL EXPENSES**

For the Year Ended December 31, 2016

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Direct Assistance-Children	\$ 2,104,804	\$	\$	\$ 2,104,804
Direct Assistance-Building Funds	335,705			335,705
Direct Assistance-Choir	1,602			1,602
Direct Assistance-Other	544,655			544,655
Salaries	115,860	48,619	56,189	220,668
Payroll Taxes	11,976	2,638	6,137	20,751
Employee benefits	111	154	14	279
Accounting	13,018	4,429		17,447
Advertising and promotional			1,879	1,879
Bank fees	3,026	851		3,877
Computer	2,975	525		3,500
Contract services	1,404	546		1,950
Credit card fees	31,599			31,599
Dues and subscriptions		1,610		1,610
Insurances		3,935		3,935
License	25	3,994		4,019
Occupancy		11,886		11,886
Office expenses	4,256	4,905	18	9,179
Payroll processing	1,639	183		1,822
Repair and maintenance		194		194
Postage and freight	6,131	1,109	291	7,531
Printing and duplication	295		2,084	2,379
Software	5,261	3,310		8,571
Telephone	2,265	1,672	2	3,939
Training and development	(23)	1,388	428	
Travel	4,081	11,148	23,270	38,499
Vehicle	1,331	204		1,535
Depreciation	3,107			3,107
	\$ <u>3,195,103</u>	\$ <u>103,300</u>	\$ <u>90,312</u>	\$ <u>3,388,715</u>



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