

Africa Renewal Ministries

AUDITED FINANCIAL STATEMENTS
December 31, 2015

Stephen W Cook



CERTIFIED PUBLIC ACCOUNTANT, PLLC

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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, 2015, 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, 2015, 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 on pages 9 through 13 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 6, 2016

FINANCIAL STATEMENTS

AFRICAN RENEWAL MINISTRIES, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2015

Assets

Cash and cash equivalents	\$ 688,344
Property, plant and equipment, net	<u>13,706</u>
Total Assets	<u>\$ 702,050</u>

Liabilities and Net Assets

Current Liabilities

Accounts payable and accrued expenses	\$ <u>2,018</u>
Total Current Liabilities	<u>2,018</u>

Net Assets

Unrestricted	(92,211)
Temporarily restricted	<u>792,243</u>
Total Net Assets	<u>700,032</u>
Total Liabilities and Net Assets	<u>\$ 702,050</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, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenues			
Program Services			
Child sponsorships	\$	\$ 2,248,470	\$ 2,248,470
Choir		226,648	226,648
Donations-building fund		416,466	416,466
Donations-nondesignated		45,806	45,806
Total program services		2,937,390	2,937,390
Management and General Expenses	1,008,731		1,008,731
Fund raising			
InKind revenues	180		180
Interest and dividends	4,643		4,643
Net assets relaease from restrictions			
Satisfaction of purpose	2,937,390	(2,937,390)	
Total support and revenues	3,950,944		3,950,944
Expenses			
Program Services	4,013,831		4,013,831
Management and General Expenses	353,589		353,589
Fund raising	36,494		36,494
Total Expenses	4,403,914		4,403,914
Excess of Revenues/(Expenses)	(452,970)		(452,970)
Transfers	587,133	(587,133)	
Increase (Decrease) in Net Assets	134,163	(587,133)	(452,970)
Reclassifications			
Net Assets, beginning of year	(134,163)	1,287,165	1,153,002
Net Assets, end of year	\$	\$ 700,032	\$ 700,032

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, 2015

Cash Flows from Operating Activities:

Increase (decrease) in net assets	\$ (452,970)
Adjustments to reconcile increase in net assets to cash provided by operating activities:	
Depreciation	1,948
Changes in operating assets and liabilities:	
(Increase)Decrease in prepaid expenses	
Increase (Decrease) in accounts payable	(4,197)
Increase (Decrease) in deferred revenues	(33,575)
Increase (Decrease) in accrued expenses	(4,831)
Increase (Decrease) in current portion of long-term debt	<u>(38,406)</u>
Net cash provided (used) by operating activities	<u>(532,031)</u>

Cash Flows From Investing Activities

Purchase of fixed assets	(12,101)
Proceeds from disposal of property	<u>65,550</u>
Net cash flow provided (used) by investing activities	53,449

Cash Flows From Financing Activities

Proceeds from long-term borrowing	(161,294)
Principal payments on long-term debt	
Net cash flow provided (used) by financing activities	<u>(161,294)</u>

Net Increase (Decrease) in cash and cash equivalents

Cash and cash equivalents-beginning of period	<u>1,328,220</u>
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Cash and cash equivalents-end of period

	<u><u>\$ 688,344</u></u>
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The notes to the financial statements are an integral part of these statements

SUPPLEMENTARY SCHEDULES

AFRICAN RENEWAL MINISTRIES, INC.

SUPPLEMENTARY SCHEDULE - ONE

COMBINING SCHEDULE OF ACTIVITIES AND CHANGE IN NET ASSETS

For the Year Ended December 31, 2015

	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
Net Assets @ 12/31/2014	\$ 503,773	\$ 18,966	\$ 333,719	\$ 430,707	\$ 1,287,165	\$ (78,446)	\$ (55,717)	\$ (134,163)	\$ 1,153,002
Support and Revenue									
Donations	122,392	180,708	416,466	42,836	762,402	1,008,731	0	1,008,731	1,771,133
Products		45,670			45,670				45,670
Sponsorships	2,120,498				2,120,498				2,120,498
In-Kind	5,580	270	0	2,970	8,820	180	0	180	9,000
Interest & dividends					0	4,643		4,643	4,643
Total support and revenue	2,248,470	226,648	416,466	45,806	2,937,390	1,013,554	0	1,013,554	3,950,944
Expenses									
Direct assistance	2,477,311	1,529	0	1,407,476	3,886,316				3,886,316
Salaries and related expenses	0	39,644	0	0	39,644	200,527	22,124	222,651	262,295
Travel and vehicle	129	77,614	0	0	77,743	22,492	9,679	32,171	109,914
All other	2,458	7,664	0	6	10,128	130,570	4,691	135,261	145,389
Total expenses	2,479,898	126,451	0	1,407,482	4,013,831	353,589	36,494	390,083	4,403,914
Excess of Revenues/(Expenses)	(231,428)	100,197	416,466	(1,361,676)	(1,076,441)	659,965	(36,494)	623,471	(452,970)
Transfers									
Board designated	0	(119,163)	(230,287)	930,969	581,519	(581,519)	0	(581,519)	0
Total transfers	0	(119,163)	(230,287)	930,969	581,519	(581,519)	0	(581,519)	0
Change in Net Assets	<u>(231,428)</u>	<u>(18,966)</u>	<u>186,179</u>	<u>(430,707)</u>	<u>(494,922)</u>	<u>78,446</u>	<u>(36,494)</u>	<u>41,952</u>	<u>(452,970)</u>
Net assets @ 12/31/2015	<u>272,345</u>	<u>0</u>	<u>519,898</u>	<u>0</u>	<u>792,243</u>	<u>0</u>	<u>(92,211)</u>	<u>(92,211)</u>	<u>700,032</u>
Unrestricted							(92,211)	(92,211)	(92,211)
Temporarily restricted	272,345	0	519,898	0	792,243			0	792,243
Net assets @ 12/31/2015	<u>\$ 272,345</u>	<u>\$ 0</u>	<u>\$ 519,898</u>	<u>\$ 0</u>	<u>\$ 792,243</u>	<u>\$ 0</u>	<u>\$ (92,211)</u>	<u>\$ (92,211)</u>	<u>\$ 700,032</u>

AFRICAN RENEWAL MINISTRIES, INC.**SUPPLEMENTARY SCHEDULE - TWO
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2015**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Direct Assistance-Children	\$ 2,477,311	\$	\$	\$ 2,477,311
Direct Assistance-Choir	1,529			1,529
Direct Assistance-Other	1,407,476			1,407,476
Salaries	35,970	177,902	19,562	233,434
Payroll Taxes	3,603	16,820	2,553	22,976
Employee benefits	71	5,805	9	5,885
Accounting	3,778	23,628		27,406
Advertising and promotional		22	431	453
Bank fees	1,139	7,450		8,589
Computer	38	3,869		3,907
Contract services	6	9,802	1	9,809
Credit card fees	311	27,118		27,429
Insurances	47	3,656		3,703
Interest expense	(1,239)			(1,239)
License		1,545		1,545
Occupancy	(150)	10,100		9,950
Office expenses	308	6,567		6,875
Payroll processing	225	1,393		1,618
Repair and maintenance		(865)		(865)
Postage and freight	383	11,198		11,581
Printing and duplication	2,185	9,580		11,765
Software	59	9,295		9,354
Telephone	795	3,926	91	4,812
Training and development	2,243	338	4,168	
Travel	66,639	20,418	9,679	96,736
Vehicle	11,104	2,074		13,178
Depreciation		1,948		1,948
	<u>\$ 4,013,831</u>	<u>\$ 353,589</u>	<u>\$ 36,494</u>	<u>\$ 4,403,914</u>

NOTES TO FINANCIAL STATEMENTS

AFRICA RENEWAL MINISTRIES, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

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 6, 2016, 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 the principles of fund accounting. This is the procedure by which resources are classified for accounting and reporting purposes into funds established according to their nature and purpose. The Organization resources are accounted for by the use of separate funds so that visibility and control of donor restrictions and designations by the Board of Directors are maintained.

A summary of the net asset categories included in the accompanying financial statements is as follows:

Unrestricted – Net assets that are not subject to donor-imposed restrictions.

Temporarily Restricted – Temporarily restricted amounts represent gifts that are subject to donor-imposed restriction, either for a specific purpose or time. Temporarily restricted amounts also include earnings on permanently restricted endowments that are absent of explicit donor stipulations and that have not yet been appropriated for expenditures by the Organization. When the restriction expires, the net assets of this fund are reclassified to unrestricted net assets.

Permanently Restricted – Permanently restricted amounts represent those assets contributed to the Organization for which the original dollar value is to remain in perpetuity as a permanent endowment of the Organization. Permanently restricted net assets, when available, are reported at their original value at the time of the gift. The Organization keeps the original corpus and realized and unrealized gains and losses on those assets linked for determining the fair value of the fund for fulfilling the Organization's fiduciary responsibilities. Realized and unrealized gains and losses on those assets are recorded as temporarily restricted assets until appropriated, and do not impact the original corpus of the permanently restricted assets. The Organization did not have any permanently restricted funds at December 31, 2015.

C. Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. All pledges receivable and amounts received that are donor restricted for future periods or donor restricted for specific purposes are reported as temporarily or permanently restricted. The restricted net

AFRICA RENEWAL MINISTRIES, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions when the donor stipulated time restriction ends or the purpose restriction is accomplished by the Organization.

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.

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. Capital Assets

Purchased equipment is recorded as cost. Donated 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.

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. Program Income and Expenses

All funding takes the form of contributions and sponsorships. All expenses are directly related to the Organization's tax exempted purpose.

J. 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.

AFRICA RENEWAL MINISTRIES, INC.**NOTES TO FINANCIAL STATEMENTS**

December 31, 2015

K. 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.

L. 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, 2015, 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.

NOTE 3 – 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:

	<u>Type</u>	<u>Interest Rate</u>	<u>Balance @ 12-31-2015</u>	<u>Earnings</u>
Cash and Cash Equivalents				
Wells Fargo - Depository (774)	Checking	N/A	\$ 110,642	\$
Wells Fargo - Operating (759)	Checking	N/A	12,456	
Wells Fargo - Operating (708)	Savings	Variable	55,493	77
Capital One - Operating(053)	Checking	N/A	509,753	4,566
Total			<u>\$ 688,344</u>	<u>\$ 4,643</u>

NOTE 4 – 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:

	<u>Balance at 12/31/2014</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Balance at 12/31/2015</u>
Computers	\$ 18,699	\$ 10,289	\$ 14,751	\$ 14,237
Office furniture and equipment	4,339	1,812	4,339	1,812
Vehicles	65,550	0	65,550	0
	88,588	12,101	84,640	16,049
Accumulated depreciation	19,485	1,948	19,090	2,343
	<u>\$ 69,103</u>	<u>\$ 10,153</u>	<u>\$ 65,550</u>	<u>\$ 13,706</u>

AFRICA RENEWAL MINISTRIES, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 5 – CONTRIBUTED SERVICES

Unpaid volunteers made contributions of their time and support of the Organization's program services. The value of this contributed time is not reflected in the accompanying financial statements.

NOTE 6 – RELATED PARTY TRANSACTIONS

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

NOTE 7 – 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 9 – BOARD OF DIRECTORS, OFFICERS, AND CONTACT INFORMATION

<u>Name</u>	<u>Position</u>
Board of Directors:	
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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