

**UNITED METHODIST RENEWAL
SERVICES FELLOWSHIP, INC.
dba ALDERSGATE RENEWAL MINISTRIES
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2022 and 2021**

TABLE OF CONTENTS

Independent Auditor's Report	1-3
Statements of Financial Position	4
Statements of Activities and Changes in Net Assets	5-6
Statements of Functional Expenses	7-8
Statements of Cash Flows	9
Notes to Financial Statements	10-23

Independent Auditor's Report

To the Board of Directors
United Methodist Renewal Services Fellowship, Inc.
dba Aldersgate Renewal Ministries
Goodlettsville, Tennessee

Opinion

We have audited the accompanying financial statements of United Methodist Renewal Services Fellowship, Inc. dba Aldersgate Renewal Ministries (the Fellowship), a non-profit corporation, which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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 Fellowship as of December 31, 2022 and 2021, and the changes in its net assets and cash flows for the years 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fellowship 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.

Prior Period Financial Statements

The financial statements of the Fellowship as of December 31, 2021 were audited by other auditors whose report dated May 6, 2022 expressed an unmodified opinion on those statements.

Responsibilities of Management 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, 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.

(Auditor's report continued on next page)

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 Fellowship'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, 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 Fellowship'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 Fellowship's ability to continue as a going concern for a reasonable period of time.

(Auditor's report continued on next page)

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.

A handwritten signature in blue ink that reads "Puryear & Noonan, CPAs PLLC". The signature is written in a cursive, flowing style.

Puryear & Noonan, CPAs
Nashville, Tennessee
May 30, 2023

UNITED METHODIST RENEWAL SERVICES FELLOWSHIP, INC.
dba ALDERSGATE RENEWAL MINISTRIES
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 and 2021

Assets

Current assets	<u>2022</u>	<u>2021</u>
Cash (\$31,594 restricted)	\$ 153,935	\$ 62,139
Investments	-	1,952
Prepaid assets	-	2,000
Total current assets	<u>153,935</u>	<u>66,091</u>
Fixed assets		
Property and equipment	2,099,502	2,097,904
Less: accumulated depreciation	<u>(1,178,925)</u>	<u>(1,117,426)</u>
Net property and equipment	<u>920,577</u>	<u>980,478</u>
Other assets		
Right-of-use assets	17,965	-
Board designated endowment fund (\$7,119 restricted)	<u>270,624</u>	<u>485,898</u>
Total other assets	<u>288,589</u>	<u>485,898</u>
Total assets	<u><u>\$ 1,363,101</u></u>	<u><u>\$ 1,532,467</u></u>

Liabilities and net assets

Current liabilities		
Accounts payable	\$ 3,748	\$ 3,778
Accrued liabilities	8,698	7,651
Current portion of lease liabilities	<u>8,183</u>	<u>-</u>
Total current liabilities	20,629	11,429
Lease liabilities, excluding current portion	<u>9,782</u>	<u>-</u>
Total liabilities	<u>30,411</u>	<u>11,429</u>
Net assets		
Without donor restrictions	1,293,977	1,478,221
With donor restrictions	<u>38,713</u>	<u>42,817</u>
Total net assets	<u>1,332,690</u>	<u>1,521,038</u>
Total liabilities and net assets	<u><u>\$ 1,363,101</u></u>	<u><u>\$ 1,532,467</u></u>

See independent auditor's report and notes to the financial statements.

UNITED METHODIST RENEWAL SERVICES FELLOWSHIP, INC.
dba ALDERSGATE RENEWAL MINISTRIES
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Contributions	\$ 374,594	\$ -	\$ 374,594
Merchandise sales	1,246	-	1,246
Conference and other income	(147)	-	(147)
Registration	25,977	-	25,977
Realized and unrealized gain/loss	(64,955)	-	(64,955)
Building rental	53,537	-	53,537
Net assets released from restrictions (Note 2)	4,104	(4,104)	-
Total support and revenue	394,356	(4,104)	390,252
Expenses			
Program services	311,891	-	311,891
Total program services	311,891	-	311,891
Supporting services			
Management and general	266,709	-	266,709
Total supporting services	266,709	-	266,709
Total expenses	578,600	-	578,600
Change in net assets	(184,244)	(4,104)	(188,348)
Net assets at beginning of year	1,478,221	42,817	1,521,038
Net assets at end of year	\$ 1,293,977	\$ 38,713	\$ 1,332,690

See independent auditor's report and notes to the financial statements.

UNITED METHODIST RENEWAL SERVICES FELLOWSHIP, INC.
dba ALDERSGATE RENEWAL MINISTRIES
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Contributions	\$ 360,985	\$ 527	\$ 361,512
Merchandise sales	7,539	-	7,539
Conference and other income	575	-	575
Registration	39,508	-	39,508
Realized and unrealized gain/loss	44,075	-	44,075
Building rental	27,410	-	27,410
Total support and revenue	480,092	527	480,619
Expenses			
Program services	395,187	-	395,187
Total program services	395,187	-	395,187
Supporting services			
Management and general	154,986	-	154,986
Total supporting services	154,986	-	154,986
Total expenses	550,173	-	550,173
Change in net assets	(70,081)	527	(69,555)
Net assets at beginning of year	1,548,302	42,290	1,590,592
Net assets at end of year	<u>\$ 1,478,221</u>	<u>\$ 42,817</u>	<u>\$ 1,521,038</u>

See independent auditor's report and notes to the financial statements.

UNITED METHODIST RENEWAL SERVICES FELLOWSHIP, INC.
dba ALDERSGATE RENEWAL MINISTRIES
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services	Management and General	Total
Advertising & promotion	\$ 327	\$ 340	\$ 667
Bank & merchant fees	-	5,090	5,090
Computer & internet expenses	13,614	14,170	27,784
Contract services	6,820	-	6,820
Employee benefits	17,994	18,728	36,722
Equipment leases	-	18,164	18,164
Interest expense	-	3,097	3,097
Office expenses	7,076	7,365	14,441
Payroll taxes	5,816	6,054	11,870
Postage & shipping	858	893	1,751
Printing & publication	353	367	720
Professional services	4,209	4,381	8,590
Program expenses	68,228	71,012	139,240
Property insurance	9,027	9,395	18,422
Repairs & maintenance	22,022	-	22,022
Telephone	826	856	1,682
Travel	5,811	6,049	11,860
Utilities	12,107	12,602	24,709
Wages	78,460	81,663	160,123
Total expenses before depreciation and amortization	253,548	260,226	513,774
Depreciation and amortization	58,343	6,483	64,826
Total expenses	<u>\$ 311,891</u>	<u>\$ 266,709</u>	<u>\$ 578,600</u>

See independent auditor's report and notes to the financial statements.

UNITED METHODIST RENEWAL SERVICES FELLOWSHIP, INC.
dba ALDERSGATE RENEWAL MINISTRIES
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Advertising & promotion	\$ 9,627	\$ 4,126	\$ 13,753
Bank & merchant fees	-	8,726	8,726
Computer & internet expenses	14,251	6,107	20,358
Contract services	6,006	-	6,006
Cost of goods sold	9,689	-	9,689
Employee benefits	34,915	14,963	49,878
Equipment leases	-	10,319	10,319
Office expenses	12,917	5,536	18,453
Payroll taxes	8,019	3,437	11,456
Postage & shipping	1,087	466	1,553
Printing & publication	155	66	221
Professional services	5,705	2,445	8,150
Program expenses	72,631	31,128	103,759
Property insurance	11,323	4,852	16,175
Repairs & maintenance	20,544	-	20,544
Telephone	2,299	987	3,286
Travel	11,706	5,017	16,723
Utilities	12,992	5,567	18,559
Wages	104,959	44,982	149,941
Total expenses before depreciation	338,825	148,724	487,549
Depreciation	56,362	6,262	62,624
Total expenses	<u>\$ 395,187</u>	<u>\$ 154,986</u>	<u>\$ 550,173</u>

See independent auditor's report and notes to the financial statements.

UNITED METHODIST RENEWAL SERVICES FELLOWSHIP, INC.
dba ALDERSGATE RENEWAL MINISTRIES
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Change in net assets	<u>\$ (188,348)</u>	<u>\$ (69,555)</u>
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	61,499	62,624
(Increase) Decrease in inventory	-	9,352
(Increase) Decrease in prepaid expenses	2,000	-
(Increase) Decrease in right-of-use assets	(17,965)	-
Increase (Decrease) in accounts payable	(30)	3,778
Increase (Decrease) in accrued liabilities	1,047	(1,988)
Increase (Decrease) in operating lease liability	<u>13,329</u>	<u>-</u>
Total adjustments	<u>59,880</u>	<u>73,766</u>
Net cash provided by (used in) operating activities	<u>(128,468)</u>	<u>4,211</u>
Cash flows from investing activities:		
Purchase of fixed assets	(1,597)	(19,566)
Loss on endowment fund, net of custodial fees of \$5,421, and \$6,140, respectively	64,955	(44,076)
Addition to endowment fund	(2,000)	(651)
Stock contributions	-	(1,952)
Redemption on endowment fund	<u>154,271</u>	<u>19,000</u>
Net cash provided by (used in) investing activities	<u>215,629</u>	<u>(47,245)</u>
Cash flows from financing activities:		
Financing lease liability incurred	7,919	-
Payments on financing lease liability	<u>(3,283)</u>	<u>-</u>
Net cash provided by (used in) investing activities	<u>4,636</u>	<u>-</u>
Net increase (decrease) in cash	91,797	(43,034)
Cash at beginning of year	<u>62,139</u>	<u>105,173</u>
Cash at end of year	<u><u>\$ 153,935</u></u>	<u><u>\$ 62,139</u></u>
Noncash items:		
Stock contributions	<u><u>\$ -</u></u>	<u><u>\$ 1,952</u></u>

See independent auditor's report and notes to the financial statements.

UNITED METHODIST RENEWAL SERVICES FELLOWSHIP, INC.
dba ALDERSGATE RENEWAL MINISTRIES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 and 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Activities

The United Methodist Renewal Services Fellowship, Inc. dba Aldersgate Renewal Ministries (“Fellowship”), a Tennessee nonprofit corporation chartered in 1978, provides support and planning for conferences devoted to Christian education, minister and church leadership training and limited international mission trips.

B. Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP).

C. Basis of Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed stipulations. Accordingly, net assets of the Fellowship and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Fellowship and/or the passage of time. Restrictions that are fulfilled in the same accounting period in which the funds are received are reported in the Statement of Activities and Changes in Net Assets as net assets without donor restrictions.

All contributions are considered to be net assets without donor restrictions unless specifically restricted by the donor. Contributions of cash or other assets that must be used to acquire property and equipment are reported as increases in net assets with donor restrictions until the assets are acquired and placed in service as instructed by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purpose are reported as net assets with donor restrictions.

D. Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

See independent auditor’s report.

UNITED METHODIST RENEWAL SERVICES FELLOWSHIP, INC.
dba ALDERSGATE RENEWAL MINISTRIES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 and 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with original maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

F. Concentrations of Credit Risk

The Fellowship maintains cash balances in bank deposit accounts, which at times, may exceed Federal Deposit Insurance Corporation (FDIC) limits. Accounts at the institutions are insured by the FDIC up to \$250,000. The Fellowship has not experienced any losses in such accounts. As of December 31, 2022 and 2021, there were no amounts in excess of this limit.

G. Inventory

Inventory is stated at the lower of cost or net realizable value. If inventory is donated, it is recorded at fair market value. In 2021, it was decided to no longer have the book store, therefore all inventory was sold or given away.

H. Property and Equipment

Property and equipment are recorded at cost or, if donated, at the estimated fair market value at the date of donation. Depreciation is computed using the straight-line method over the useful lives of the assets which range from three and thirty-nine years. The Fellowship's capitalization policy requires individual assets to be capitalized if the cost or fair market value exceeds \$500. Repair and maintenance costs are expensed as incurred.

In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 360-10, *Accounting for the Impairment of Disposal of Long-Lived Assets*, the Fellowship reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends, and prospects, as well as the effects of obsolescence, demand, competition, and other economic factors. Based on this assessment, there was no impairment at December 31, 2022 or 2021.

See independent auditor's report.

UNITED METHODIST RENEWAL SERVICES FELLOWSHIP, INC.
dba ALDERSGATE RENEWAL MINISTRIES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 and 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Investments

Investments are stated at the readily determinable fair market value in accordance with FASB ASC 958-320, *Not-for-Profit Entities – Investments – Debt and Equity Securities*. All interest, dividends and unrealized gains and losses are reported in the Statement of Activities and Changes in Net Assets as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. The carrying value of current assets and current liabilities approximate fair values due to the short maturities of these instruments. The fair value of the long-term debt approximates the carrying amount and is estimated based on current rates offered to the Fellowship.

J. Right-of-Use Assets and Liabilities

Right-of-use assets (ROU) represent the right to use the underlying assets for the lease term and the lease liabilities represent the obligation to make lease payments arising from the leases. ROU assets and liabilities are recognized at commencement date based on the present value of future lease payments over the lease term, which includes only payments that are fixed and determinable at the time of commencement. The Fellowship's policy is to apply a risk-free rate as the discount rate used to measure lease liabilities and ROU assets. For other classes of underlying leased assets, the Fellowship applies the interest rate implicit in the lease, if available, or the Fellowship's incremental borrowing rate. The ROU asset includes any lease payments made prior to commencement and is recorded net of any lease incentives received. Lease terms may include options to extend or terminate the lease when it is reasonably certain the Fellowship will exercise such options.

K. Vacation and Sick Time

The Fellowship allows for paid vacation and sick time. It allows full-time employees to receive three to five weeks of paid vacation based upon their years of service. Two weeks of vacation may be carried over annually. Accrued and unused vacation are paid upon termination.

Sick time is earned at a rate of one day per month, but the policy does not provide any remuneration for unused time. Sick time is carried over each year with a maximum available of forty-eight days.

L. Revenue Recognition

The Fellowship recognizes revenue in accordance with FASB ASC 606, *Revenue from Contracts with Customers*. Contributions are recognized when received. In-kind contributions are recorded based on their estimated value on the date of the receipt. All contributions are considered to be without donor restriction unless specifically restricted by the donor.

See independent auditor's report.

UNITED METHODIST RENEWAL SERVICES FELLOWSHIP, INC.
dba ALDERSGATE RENEWAL MINISTRIES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 and 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Revenue Recognition (Continued)

All donor-related restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the Statement of Activities and Changes in Net Assets as net assets released from restrictions.

M. Functional Expenses

Expenses are charged to program or management and general based on an allocation of time expended in each area by person, as determined by management.

N. Advertising Costs

Advertising costs are expensed as occurred. Advertising expense for the years ended December 31, 2022 and 2021 is \$667 and \$13,753, respectively.

O. Income Taxes

The Fellowship is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made.

P. Reclassifications

Certain reclassifications have been made in prior years to conform with current year presentation.

Q. New Accounting Pronouncements

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases*, that provided new guidance related to accounting for leases. Under the new guidance, lessees are required to recognize a ROU asset and a lease liability for substantially all leases. The new guidance will continue to classify leases as either financing or operating, with classification affecting the pattern of expense recognition.

The accounting applied by a lessor under the new guidance will be substantially equivalent to current lease accounting guidance. Entities have the option to adopt the new guidance using the optional alternative method of adoption. This method allows the Fellowship to apply the new requirement to only those leases that exist as of January 1, 2022. There was no effect on the Statements of Activities and Changes in Net Assets as a result of this adoption. Lease disclosures for the year ended December 31, 2021 are made under prior lease guidance in FASB ASC 840.

See independent auditor's report.

UNITED METHODIST RENEWAL SERVICES FELLOWSHIP, INC.
dba ALDERSGATE RENEWAL MINISTRIES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 and 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. New Accounting Pronouncements (Continued)

Using the adoption of the new lease standard, the Fellowship has elected to apply the following package of practical expedients:

- Contracts need not be reassessed to determine whether they are or contain leases.
- All existing leases that were previously classified as operating leases continue to be classified as operating leases, and all existing leases that were previously classified as capital leases continue to be classified as finance leases.
- Initial direct costs need not be reassessed.

The Fellowship has also elected the following practical expedients: (1) not to separate lease components from non-lease components, (2) as an accounting policy election, to apply the short term lease exception, which does not require the capitalization of leases with terms of 12 months or less, and (3) the use of hindsight in determining the lease term and in assessing impairment of ROU assets.

As a result of the adoption of the new lease accounting guidance the Fellowship recognized on January 1, 2022 lease liabilities of \$25,829, which represents the present value of the remaining lease payments of \$28,842, discounted at an incremental borrowing rate of 6.5% and related ROU assets.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*, to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations. ASU 2020-07 was issued to increase the transparency about the measurement of contributed nonfinancial assets recognized by not-for-profit organizations, as well as the amount of those contributions used in a Foundation's programs and other activities. The Fellowship adopted the new standard effective December 31, 2022. There was no effect on changes in net assets as a result of this adoption and it did not have a significant impact on the financial statements, with the exception of increased disclosure. The Fellowship had no significant contributed nonfinancial assets for 2022 and 2021.

From time-to-time, new accounting pronouncements are issued by the FASB or other standards setting bodies that the Board of Directors (Board) adopts as of the specified effective dates. Unless otherwise discussed, management believes the impact of any other recently issued standards that are not yet effective are either not applicable at this time or will not have a material impact on the financial statements upon adoption.

See independent auditor's report.

UNITED METHODIST RENEWAL SERVICES FELLOWSHIP, INC.
dba ALDERSGATE RENEWAL MINISTRIES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 and 2021

NOTE 2 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods. If a period is not specified, it is available immediately.

Subject to expenditure for specified purpose and period:

	<u>2022</u>	<u>2021</u>
Conference scholarships	\$ 34,593	\$ 35,697
Available in 2022	-	3,000
Available in 2023	1,015	1,015
Available in 2024	2,078	2,078
Available in 2025	500	500
Available in 2026	527	527
Total	<u>\$ 38,713</u>	<u>\$ 42,817</u>

Net assets are released from donor restrictions by incurring expenses satisfying the restricted purpose specified by the donors.

Purpose restrictions accomplished:

	<u>2022</u>	<u>2021</u>
Scholarships	\$ 4,104	\$ -
Total restrictions released	<u>\$ 4,104</u>	<u>\$ -</u>

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of:

	<u>2022</u>	<u>2021</u>
Land	\$ 279,717	\$ 279,717
Building	1,528,477	1,528,477
Improvements and equipment	291,308	289,710
Total property and equipment	2,099,502	2,097,904
Accumulated depreciation	(1,178,925)	(1,117,426)
Property and equipment, net	<u>\$ 920,577</u>	<u>\$ 980,478</u>

Depreciation expense for the years ended December 31, 2022 and 2021 is \$61,499 and \$62,624, respectively.

See independent auditor's report.

UNITED METHODIST RENEWAL SERVICES FELLOWSHIP, INC.
dba ALDERSGATE RENEWAL MINISTRIES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 and 2021

NOTE 4 – ACCRUED LIABILITIES

Accrued liabilities consist of the following:

	<u>2022</u>	<u>2021</u>
Payroll & vacation accrual	\$ 8,698	\$ 7,651
Total accrued liabilities	<u>\$ 8,698</u>	<u>\$ 7,651</u>

NOTE 5 – FAIR VALUE MEASUREMENTS

The Fellowship uses fair value measurements to record fair value adjustments to certain assets and liabilities to determine fair value disclosures of investments in equity securities that are classified as available-for-sale on a recurring basis.

FASB ASC 820-10 defines fair value as the exchange price that would be received on the measurement date to sell an asset or the price paid to transfer a liability in the principal or most advantageous market available to the entity in an orderly transaction between market participants. ASC 820-10 also establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets and liabilities that the Fellowship has the ability to access at the measurement date.

Level 2 – Inputs that are observable either directly or indirectly for substantially the full-term of the asset or liability. Level 2 inputs include the following: quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; observable inputs other than quoted market prices that are used in the valuation of the assets or liabilities (e.g., interest rate and yield curve quotes at commonly quoted intervals); or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Unobservable inputs for the asset or liability (i.e., supported by little or no market activity), requires management to develop its own assumptions regarding the pricing of the asset or liability (including assumptions about risk).

See independent auditor's report.

UNITED METHODIST RENEWAL SERVICES FELLOWSHIP, INC.
dba ALDERSGATE RENEWAL MINISTRIES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 and 2021

NOTE 5 – FAIR VALUE MEASUREMENTS (CONTINUED)

	Total Carrying Value	Value Level 1	Value Level 2	Value Level 3
December 31, 2022				
Cash & money market	\$ 9,720	\$ 9,720	\$ -	\$ -
Equity securities	107,040	107,040	-	-
ETFs & CEFs	7,563	-	7,563	-
Mutual funds	146,301	-	146,301	-
Total assets at fair value	<u>\$ 270,624</u>	<u>\$ 116,760</u>	<u>\$ 153,864</u>	<u>\$ -</u>

	Total Carrying Value	Value Level 1	Value Level 2	Value Level 3
December 31, 2021				
Cash & money market	\$ 13,933	\$ 13,933	\$ -	\$ -
Equity securities	210,568	210,568	-	-
Mutual funds	263,349	-	263,349	-
Total assets at fair value	<u>\$ 487,850</u>	<u>\$ 224,501</u>	<u>\$ 263,349</u>	<u>\$ -</u>

In 2021, there was \$1,952 of investments that were contributed and are not part of the endowment fund. In 2022, the Fellowship contributed that to the endowment fund. The remainder is a Board designated endowment fund. See Note 9.

NOTE 6 – LINE OF CREDIT

At December 31, 2022 and 2021, the Fellowship had a \$100,000 line of credit with Regions Bank, secured by the cottage located at 115 East Avenue, Goodlettsville, Tennessee. The Fellowship had a \$0 balance as of December 31, 2022 or 2021.

NOTE 7 – LEASES

The Fellowship leases certain equipment under operating and finance leases expiring at various times.

Rent expense and cash payments under the operating lease amounted to \$4,581 in 2022.

See independent auditor's report.

UNITED METHODIST RENEWAL SERVICES FELLOWSHIP, INC.
dba ALDERSGATE RENEWAL MINISTRIES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 and 2021

NOTE 7 – LEASES (CONTINUED)

Minimum lease payments under the operating lease as of December 31, 2022 are as follows:

2023	\$ 5,309
2024	5,309
2025	3,752
	<u>14,370</u>
Less imputed lease interest	(1,041)
Total operating lease liability	<u>\$ 13,329</u>

The following table presents the weighted-average remaining lease term and discount rate related to the operating lease at December 31, 2022:

Weighted-average remaining lease term	2.83 years
Weighted-average discount rate	6.5%

Financing lease costs are composed of the following for 2022:

Cash paid for financing lease payments	\$ 3,671
Less portion reducing the financing obligation	<u>(3,283)</u>
Interest expense for finance lease	388
Amortization of equipment	<u>3,327</u>
Financing lease costs expensed in the Statement of Activities and Changes in Net Assets	<u>\$ 3,715</u>

Maturities of the financing lease as of December 31, 2022 are as follows:

2023	\$ 3,671
2024	<u>1,150</u>
	4,821
Less interest	<u>(185)</u>
Total financing lease liability	<u>\$ 4,636</u>

The following table presents the weighted-average remaining lease term and discount rate related to the financing lease at December 31, 2022:

Weighted-average remaining lease term	1.33 years
Weighted-average discount rate	6.5%

Lease expense for leases with a term of 12 months or less totaled \$9,868 for 2022. Rent expense for month-to-month and operating leases in 2021 totaled \$10,319.

See independent auditor's report.

UNITED METHODIST RENEWAL SERVICES FELLOWSHIP, INC.
dba ALDERSGATE RENEWAL MINISTRIES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 and 2021

NOTE 8 – RETIREMENT PLAN

The Fellowship participates in a 403(b) tax-sheltered annuity plan in which all full-time employees with one year of service are eligible to participate. Contributions to the plan are determined by the Board. For the years ended December 31, 2022 and 2021, the Fellowship contributed \$7,448 and \$11,053, respectively.

NOTE 9 – BOARD DESIGNATED ENDOWMENT FUND

During 2000, a donor established a Donor Advised Matching Gift Fund. However, the donor asked to be and was released from his promise to pay the endowment. The release in return released the Fellowship from any and all restrictions placed on the Endowment. The Executive Committee has elected to continue to manage the fund as the donor intended; therefore, the endowment is considered a “board designated endowment fund” (“Fund”).

The Fellowship’s Executive Committee has set up and elected an additional committee to oversee the matters of the Fund. The Fund is to be a capital building investment. The Fellowship’s goal is to draw 8% of the Fund balance each year for the ministry programs. However, with committee and Board approval, the Fellowship has used additional funds as the ministry has needed.

In 2017, the Board elected to increase the Fund by investing one half of all legacy fund contributions. The legacy fund is a donor restricted fund for scholarships that receives contributions in memory of others. One half of the contribution remains in cash and is available for scholarships immediately. These are designated as restricted funds. The other half is invested with the endowment fund and is available for scholarships five years from the initial investments.

Interpretation of Relevant Law

The Fellowship is subject to the State Prudent Management of Institutional Funds Act (SPMIFA) and, thus, classifies amounts in its donor restricted endowment funds as net assets with donor restrictions because those net assets are time and purpose restricted until the Board of Trustees appropriates such amounts for expenditure, at which time those net assets will be reclassified to net assets without donor restrictions.

The Board of Trustees of the Fellowship has interpreted SPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to the endowment fund, unless a donor stipulates the contrary.

UNITED METHODIST RENEWAL SERVICES FELLOWSHIP, INC.
dba ALDERSGATE RENEWAL MINISTRIES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 and 2021

NOTE 9 – BOARD DESIGNATED ENDOWMENT FUND (CONTINUED)

Interpretation of Relevant Law (Continued)

As a result of this interpretation, when reviewing its donor restricted endowment funds, the Fellowship considers a fund to be underwater if the fair value of the fund is less than the sum of the original value of initial and subsequent gift amounts donated to the fund and any accumulation to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Fellowship has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under law.

Additionally, in accordance with SPMIFA, the Fellowship considers the following factors in making a determination to appropriate or accumulated donor restricted endowment funds:

- 1) The duration and preservation of the fund
- 2) The purposes of the Fellowship and the donor restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and the appreciation of investments
- 6) Other resources of the Fellowship
- 7) The investment policies of the Fellowship

Net asset composition

The following is the endowment net asset composition by type of fund:

Endowment Net Asset Composition by Type of Fund as of December 31, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Board designated endowment funds	\$ 263,505	\$ -	\$ 263,505
Donor restricted endowment funds	-	7,119	7,119
Total funds	<u>\$ 263,505</u>	<u>\$ 7,119</u>	<u>\$ 270,624</u>

Endowment Net Asset Composition by Type of Fund as of December 31, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Board designated endowment funds	\$ 478,779	\$ -	\$ 478,779
Donor restricted endowment funds	-	7,119	7,119
Total funds	<u>\$ 478,779</u>	<u>\$ 7,119</u>	<u>\$ 485,898</u>

See independent auditor's report.

UNITED METHODIST RENEWAL SERVICES FELLOWSHIP, INC.
dba ALDERSGATE RENEWAL MINISTRIES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 and 2021

NOTE 9 – BOARD DESIGNATED ENDOWMENT FUND (CONTINUED)

Changes in endowment net assets

The following reconciles the change in endowment net assets:

Changes in Endowment Net Assets for the Year Ended December 31, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning Balance	\$ 478,779	\$ 7,119	\$ 485,898
Endowment fund income	(64,955)	-	(64,955)
Contributions	3,952	-	3,952
Withdrawals	(154,271)	-	(154,271)
Balance at Year End	<u>\$ 263,505</u>	<u>\$ 7,119</u>	<u>\$ 270,624</u>

Changes in Endowment Net Assets for the Year Ended December 31, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning Balance	\$ 453,703	\$ 6,468	\$ 460,171
Endowment fund income	44,076	-	44,076
Contributions	-	651	651
Withdrawals	(19,000)	-	(19,000)
Balance at Year End	<u>\$ 478,779</u>	<u>\$ 7,119</u>	<u>\$ 485,898</u>

Return Objects and Risk Parameters

The Fellowship has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor restricted funds that the Fellowship must hold for a donor specified period as well as board designated funds. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Fellowship expects its endowment funds, over time, to provide an average rate of return of approximately 8 percent annually. Actual returns in any given year may vary from this amount.

See independent auditor's report.

UNITED METHODIST RENEWAL SERVICES FELLOWSHIP, INC.
dba ALDERSGATE RENEWAL MINISTRIES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 and 2021

NOTE 9 – BOARD DESIGNATED ENDOWMENT FUND (CONTINUED)

Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, the Fellowship relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Fellowship targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

NOTE 10 – LIQUIDITY

The following reflects the Fellowship's financial assets as of the Statement of Financial Position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the Statement of Financial Position. Amounts not available include amounts set aside for long-term investing in the quasi-endowment that could be drawn upon if the governing board approves such action.

However, amounts already appropriated from the quasi-endowment for general expenditure (8% of fund balance as discussed at Note 9) for general expenditure within one year of the Statement of Financial Position date have not been subtracted as unavailable.

Financial assets, as of December 31, 2022	\$ 424,559
Less: those unavailable for general expenditures within one year due to contractual or donor-imposed restrictions:	
Restricted by donor with time or purposes restrictions	(38,713)
Board designations:	
Quasi-endowment fund, primarily for long-term investing	<u>(263,505)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 122,341</u>

The Fellowship is substantially supported by contributions and conference registration fees which are primarily without donor restriction and are available for general expenditures. The quasi-endowment fund was designated by the Board as a long-term investment facility; however, the fund may be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities.

See independent auditor's report.

UNITED METHODIST RENEWAL SERVICES FELLOWSHIP, INC.
dba ALDERSGATE RENEWAL MINISTRIES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 and 2021

NOTE 11 – CONCENTRATIONS

One donor comprised 20% and 24% of total contributions in 2022 and 2021, respectively.

NOTE 12 – SUBSEQUENT EVENTS

The Fellowship has evaluated events and transactions for subsequent events that would impact the financial statements for the year ended December 31, 2022 through May 30, 2023, the date the financial statements were available to be issued. There were no subsequent events that require recognition in the financial statements.