

GOSPEL RENEWAL MINISTRIES, INC.
FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2025 AND 2024



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**GOSPEL RENEWAL MINISTRIES, INC.
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YEARS ENDED AUGUST 31, 2025 AND 2024**

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INDEPENDENT AUDITORS' REPORT

Elder Board
Gospel Renewal Ministries, Inc.
Matthews, North Carolina

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Gospel Renewal Ministries, Inc. (a nonprofit organization), which comprise the statements of financial position as of August 31, 2025 and 2024, and the related statements of activities, 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 Gospel Renewal Ministries, Inc. as of August 31, 2025 and 2024, and the changes in its net assets and its 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Gospel Renewal Ministries, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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.

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

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 auditors' 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 Gospel 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 Gospel 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Charlotte, North Carolina
January 22, 2026

**GOSPEL RENEWAL MINISTRIES, INC.
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2025 AND 2024**

	2025	2024
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 4,662,386	\$ 2,249,582
Pledges Receivable - Current Portion	12,601,347	-
Other Receivables	57,897	23,448
Undeposited Funds	105,510	40,589
Investments	1,105,993	128,417
Total Current Assets	18,533,133	2,442,036
PROPERTY AND EQUIPMENT		
Land and Improvements	1,812,879	1,812,879
Construction In Progress	1,730,416	405,825
Leasehold Improvements	263,966	263,966
Building and Improvements	14,919,262	14,043,372
Right-of-Use Assets - Operating	25,933	43,754
Furniture and Equipment	2,959,295	2,823,723
Website	140,559	140,559
Total Property and Equipment	21,852,310	19,534,078
Accumulated Depreciation and Amortization	(10,871,567)	(10,244,327)
Property and Equipment, Net	10,980,743	9,289,751
OTHER ASSETS		
Pledges Receivable - Net of Current Portion	15,006,172	-
Certificates of Deposit	5,749,398	191,049
Total Other Assets	20,755,570	191,049
Total Assets	\$ 50,269,446	\$ 11,922,836

See accompanying Notes to Financial Statements.

GOSPEL RENEWAL MINISTRIES, INC.
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
AUGUST 31, 2025 AND 2024

	2025	2024
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 70,984	\$ 56,411
Credit Cards Payable	97,238	76,074
Other Accrued Expenses	3,276	-
Accrued Payroll Expenses	218,246	162,797
Current Portion of Right-of-Use Lease Liability - Operating	15,620	17,821
Total Current Liabilities	405,364	313,103
Long-Term Liabilities:		
Right-of-Use Lease Liability - Operating, Net of Current Portion	10,313	25,933
Total Long-Term Liabilities	10,313	25,933
Total Liabilities	415,677	339,036
NET ASSETS		
Without Donor Restrictions:		
Designated by the Board of Elders	42,230	42,230
Undesignated	22,202,536	11,479,485
Total Without Donor Restrictions	22,244,766	11,521,715
With Donor Restrictions	27,609,003	62,085
Total Net Assets	49,853,769	11,583,800
Total Liabilities and Net Assets	\$ 50,269,446	\$ 11,922,836

See accompanying Notes to Financial Statements.

GOSPEL RENEWAL MINISTRIES, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE			
Contributions	\$ 18,178,462	\$ 27,609,003	\$ 45,787,465
Event Fees	94,707	-	94,707
Investment Income	178,683	-	178,683
Other Income	21,869	-	21,869
Rental Income	229,669	-	229,669
Net Assets Released from Restrictions	62,085	(62,085)	-
Total Revenue	18,765,475	27,546,918	46,312,393
EXPENSES			
Program Expenses:			
NextGen Kids	809,767	-	809,767
NextGen Students	322,690	-	322,690
NextGen Middle School	160,748	-	160,748
Serve Ministry	814,429	-	814,429
New City Academy	290,835	-	290,835
Congregational Care	316,212	-	316,212
Production	326,816	-	326,816
Worship Ministry	749,066	-	749,066
Community Life	364,709	-	364,709
Senior Leadership	920,908	-	920,908
Leadership Development	265,399	-	265,399
Total Program Expenses	5,341,579	-	5,341,579
Supporting Services Expenses:			
General and Administrative	1,191,536	-	1,191,536
Facilities	910,796	-	910,796
Information Technology	260,875	-	260,875
Communications	337,638	-	337,638
Total Supporting Services Expenses	2,700,845	-	2,700,845
Total Expenses	8,042,424	-	8,042,424
CHANGE IN NET ASSETS	10,723,051	27,546,918	38,269,969
Net Assets - Beginning of Year	11,521,715	62,085	11,583,800
NET ASSETS - END OF YEAR	\$ 22,244,766	\$ 27,609,003	\$ 49,853,769

See accompanying Notes to Financial Statements.

GOSPEL RENEWAL MINISTRIES, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE			
Contributions	\$ 7,476,463	\$ 17,168	\$ 7,493,631
Event Fees	109,467	-	109,467
Investment Income	82,231	-	82,231
Rental Income	244,474	-	244,474
Net Assets Released from Restrictions	268	(268)	-
Total Revenue	7,912,903	16,900	7,929,803
EXPENSES			
Program Expenses:			
NextGen Kids	846,213	-	846,213
NextGen Students	358,388	-	358,388
Serve Ministry	922,290	-	922,290
New City Academy	303,500	-	303,500
Congregational Care	262,716	-	262,716
Production	313,549	-	313,549
Worship Ministry	692,077	-	692,077
Community Life	299,083	-	299,083
Senior Leadership	893,888	-	893,888
Leadership Development	191,045	-	191,045
Total Program Expenses	5,082,749	-	5,082,749
Supporting Services Expenses:			
General and Administrative	1,095,915	-	1,095,915
Facilities	786,081	-	786,081
Information Technology	224,165	-	224,165
Communications	270,328	-	270,328
Total Supporting Services Expenses	2,376,489	-	2,376,489
Total Expenses	7,459,238	-	7,459,238
CHANGE IN NET ASSETS	453,665	16,900	470,565
Net Assets - Beginning of Year	11,068,050	45,185	11,113,235
NET ASSETS - END OF YEAR	\$ 11,521,715	\$ 62,085	\$ 11,583,800

See accompanying Notes to Financial Statements.

**GOSPEL RENEWAL MINISTRIES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2025**

	Program Services									
	NextGen Kids	NextGen Students	NextGen Middle School	Serve Ministry	New City Academy	Congregational Care	Production	Worship Ministry	Community Life Ministry	Senior Leadership
Grants and Direct Assistance	-	-	-	448,446	-	41,891	-	149,145	3,567	-
Salaries and Wages	395,454	71,917	69,173	142,962	114,687	70,597	163,602	149,145	130,561	511,458
Benefits and Taxes	110,643	90,742	27,038	87,382	100,471	112,008	52,182	116,922	90,370	315,245
Contract Services	14,834	1,317	625	-	5,521	72,515	15,574	118,369	417	54,563
Non-Personnel	85,713	10,982	7,697	33,737	20,413	13,337	72,058	17,393	82,963	3,529
Facility	585	-	-	46,347	-	543	3,766	2,852	274	-
Travel	5,378	47,765	49,909	25,879	1,760	4,677	-	1,368	2,873	8,163
Other Program Specific	29,632	13,848	6,153	14,280	46,734	322	700	5,395	33,996	18,296
Depreciation and Amortization	163,271	83,925	-	-	-	-	16,434	329,928	6,774	7,966
Other	4,257	2,194	153	15,396	1,249	322	2,500	7,674	12,914	1,688
Total Expenses	\$ 809,767	\$ 322,690	\$ 160,748	\$ 814,429	\$ 290,835	\$ 316,212	\$ 326,816	\$ 749,066	\$ 364,709	\$ 920,908

	Program Services				Supporting Services			Total Expenses
	Leadership Development	Total Program Services	General and Administrative	Facilities and Maintenance	Information Technology	Communications	Total Supporting Services	
Grants and Direct Assistance	-	493,904	-	-	-	-	-	493,904
Salaries and Wages	68,701	1,888,257	327,759	159,463	78,789	154,095	720,106	2,608,363
Benefits and Taxes	35,725	1,138,728	90,388	50,655	36,665	51,785	229,493	1,368,221
Contract Services	148,134	431,889	424,998	199,940	54,252	20,472	699,662	1,131,551
Non-Personnel	2,749	350,571	69,626	65,127	86,446	106,026	327,225	677,796
Facility	-	54,367	4,266	427,869	299	-	432,434	486,801
Travel	-	147,772	7,653	-	888	-	8,541	156,313
Other Program Specific	10,090	179,446	40,512	2,903	370	744	44,529	223,975
Depreciation and Amortization	-	608,298	11,290	-	3,136	4,516	18,942	627,240
Other	-	48,347	215,044	4,839	30	-	219,913	268,260
Total Expenses	\$ 265,399	\$ 5,341,579	\$ 1,191,536	\$ 910,796	\$ 260,875	\$ 337,638	\$ 2,700,845	\$ 8,042,424

See accompanying Notes to Financial Statements.

**GOSPEL RENEWAL MINISTRIES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2024**

	Program Services									
	NextGen Kids	NextGen Students	Serve Ministry	New City Academy	Congregational Care	Production	Worship Ministry	Life Ministry	Community	Senior Leadership
Grants and Direct Assistance	\$ -	\$ -	\$ 528,170	\$ -	\$ 19,161	\$ -	\$ -	\$ -	\$ -	\$ -
Salaries and Wages	360,392	98,729	150,080	108,162	46,872	145,175	153,284	124,549	491,270	
Benefits and Taxes	133,121	62,561	78,339	85,762	110,032	50,882	102,109	77,741	342,392	
Contract Services	12,276	397	325	15,250	68,945	17,010	68,796	12	12,827	
Non-Personnel	102,958	10,759	52,683	29,645	12,445	78,104	18,305	52,016	6,156	
Facility	13,432	2,516	21,645	-	588	1,955	1,081	328	40	
Travel	28,488	78,502	63,409	1,297	89	-	644	4	7,686	
Other Program Specific	27,413	17,259	14,955	62,470	4,257	1,478	6,889	36,259	24,626	
Depreciation and Amortization	166,161	85,410	-	-	-	16,725	335,769	6,894	8,107	
Other	1,972	2,255	12,684	914	327	2,220	5,200	1,280	784	
	\$ 846,213	\$ 358,388	\$ 922,290	\$ 303,500	\$ 262,716	\$ 313,549	\$ 692,077	\$ 299,083	\$ 893,888	

Total Expenses

	Program Services			Supporting Services			Total Expenses
	Leadership Development	Total Program Services	General and Administrative	Facilities and Maintenance	Information Technology	Communications	
Grants and Direct Assistance	\$ 1,000	\$ 548,331	\$ -	\$ -	\$ -	\$ -	\$ 548,331
Salaries and Wages	32,518	1,711,031	272,206	155,180	182	139,120	2,277,719
Benefits and Taxes	2,488	1,045,427	90,330	34,214	12	39,192	1,209,175
Contract Services	138,442	334,280	470,425	122,991	91,249	12,900	1,031,845
Non-Personnel	1,313	364,384	51,977	41,707	126,849	73,859	658,776
Facility	-	41,585	1,280	429,357	625	-	472,847
Travel	2,838	182,957	4,917	60	927	5,904	188,861
Other Program Specific	12,446	208,052	31,106	1,608	1,129	542	242,437
Depreciation and Amortization	-	619,066	11,490	-	3,192	4,596	638,344
Other	-	27,636	162,184	964	-	119	190,903
	\$ 191,045	\$ 5,082,749	\$ 1,095,915	\$ 786,081	\$ 224,165	\$ 270,328	\$ 7,459,238

Total Expenses

See accompanying Notes to Financial Statements.

GOSPEL RENEWAL MINISTRIES, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 38,269,969	\$ 470,565
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities:		
Depreciation and Amortization	627,240	638,344
Contribution of Investments	-	(116,116)
Change in Value of Investments	128,417	(12,301)
(Increase) Decrease in:		
Pledges Receivable	(27,607,519)	-
Other Receivables	(34,449)	28,846
Undeposited Funds	(64,921)	16,144
Increase (Decrease) in:		
Accounts Payable	14,573	(36,743)
Credit Cards Payable	21,164	(50,081)
Other Accrued Expenses	3,276	(19,945)
Accrued Payroll Expenses	55,449	69,516
Deferred Lease Liability	-	(6,408)
Net Cash Provided by Operating Activities	11,413,199	981,821
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Certificates of Deposit	(5,558,349)	(67,279)
Purchases of Investments	(1,105,993)	-
Purchases of Property and Equipment	(2,336,053)	(813,064)
Net Cash Used by Investing Activities	(9,000,395)	(880,343)
 NET CHANGE IN CASH AND CASH EQUIVALENTS	2,412,804	101,478
 Cash and Cash Equivalents - Beginning of Year	2,249,582	2,148,104
 CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 4,662,386	\$ 2,249,582

See accompanying Notes to Financial Statements.

GOSPEL RENEWAL MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2025 AND 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Gospel Renewal Ministries, Inc. (the Church) dba: New City Church was incorporated on December 28, 2018, in North Carolina for the purpose of creating a community of Christ followers and bringing gospel renewal to our city and world. Effective January 1, 2019, two churches operating in the greater Charlotte area, Church at Charlotte and New Charlotte Ministries, Inc., merged into Gospel Renewal Ministries, Inc. The Church is supported primarily through offerings made by its members.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Net assets, revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions.

Net Assets

Net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions – consist of amounts currently available for use in the day-to-day operation of the Church and are not subject to donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met. The Board of Elders of the Church has chosen to provide further classification information about net assets without donor restrictions on the statement of financial position. The sub classifications are as follows:

Designated by the Board of Elders – represents resources set aside by the Board of Elders to be used for specific activities within guidelines established by the board.

Undesignated – represents the cumulative net assets without donor restrictions excluding those net assets designated for specific activities.

Net Assets with Donor Restrictions – net assets subject to stipulations imposed by donors and grantors that may or will be met by actions of the Church and/or the passage of time or may be permanent in nature. For the years ended August 31, 2025 and 2024, the Church has no net assets that are perpetual in nature. 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 reported in the statement of activities as net assets released from restrictions. Net assets received with restrictions that are met in the same reporting period are included in net assets without donor restrictions.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Church considers cash on hand and on deposit with banks and certificates of deposit purchased with a maturity of one year or less to be cash equivalents.

GOSPEL RENEWAL MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2025 AND 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentration of Credit Risk

The Church maintains its cash and certain certificates of deposit in bank deposit accounts that, at times, may exceed federally or other insured limits. The Federal Deposit Insurance Corporation (FDIC) guarantees bank deposit accounts up to \$250,000. At August 31, 2025 and 2024, the Church had cash and certificates of deposit that exceeded FDIC insured limits by approximately \$3,768,000 and \$668,000, respectively. The Securities Investor Protection Corporation (SIPC) guarantees brokerage accounts up to \$500,000 inclusive of a \$250,000 cash limit. At August 31, 2025 and 2024, the Church had cash that exceeded SIPC insured limits by approximately \$606,000 and \$901,000, respectively. Management believes these financial institutions have strong credit ratings and that credit risk related to these deposits is minimal.

Donated Property and Services

The Church records donated property at its estimated fair market value at the date of receipt. Church members often volunteer time in the operation of the Church. Donated time and services are not reflected in the financial statements.

Investments

Investments are presented in the financial statements at fair value determined in accordance with Topic 820, *Fair Value Measurement*, of the Financial Accounting Standards Board (FASB) Accounting Standards Codification. GAAP defines fair value as 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. Investment return consists of interest and dividends, realized gains and losses, unrealized gains and losses, net of investment expenses.

Revenue Recognition

The Church receives support primarily from contributions received from its members. Contributions with donor restrictions are maintained in restricted funds and are expended as so restricted. Additionally, the Church maintains designated funds, as identified by the Board of Elders. Contributions and gifts are recorded as income in the year received. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the statement of activities as net assets released from restriction.

To determine revenue recognition for the arrangements that the Church determines are within the scope of Topic 606, the Church performs the following five steps: (1) identify the contract(s) with a customer, (2) identify the performance obligations(s) in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligation(s) in the contract, and (5) recognize revenue when the Church satisfies a performance obligation.

GOSPEL RENEWAL MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2025 AND 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

The Church's revenue within the scope of Topic 606 includes event fees and tuition. Performance obligations for events are generally providing a service at a point in time. Revenue is recognized at the time the event or activity occurs which is typically within the same period that payment is received. Tuition fees are collected at various times through the year, with some fees collected weekly or monthly. Revenue is recognized as the services occur over time. Any amounts collected prior to the revenue being recognized is included in deferred revenue.

Rental income relates to two lease agreements and is recognized on a monthly basis per the terms in the lease agreement as disclosed in Note 6.

Allocation of Functional Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of functional expenses. Except for certain items allocated on a direct basis, all expenses are allocated among the program and management and general categories based upon the estimated time expended by employees in those categories or square footage of the Church used for the respective purposes.

Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenue and expenses during the reporting period. Actual results could differ from those estimates.

Property and Equipment

Property and equipment are stated at cost if purchased, or fair value if donated. Depreciation is computed using the straight-line method over the life of the asset. Estimated useful lives for major asset categories approximate 10 to 40 years for buildings and improvements, 5 to 10 years for leasehold improvements, 5 to 10 years for furniture and equipment, and 5 to 10 years for website. Expenditures over \$1,500 for major renewals and improvements that extend the useful lives of property and equipment are capitalized. Maintenance and repairs are charged to expense as incurred. Depreciation and amortization expense for the years ended August 31, 2025 and 2024 was approximately \$627,000 and \$638,000, respectively. Construction in progress at August 31, 2025 and 2024 primarily consisted of renovations to existing property.

Income Taxes

The Church is a nonprofit corporation exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation as defined by Section 509(a) of the Internal Revenue Code.

GOSPEL RENEWAL MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2025 AND 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

GAAP require the Church to recognize a tax benefit or expense from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. Management believes the Church has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Leases

The Church determines if an arrangement is a lease at inception. Leases are included in Right-of-Use (ROU) assets and ROU lease liability in the statement of financial position.

ROU assets represent the Church's right to use an underlying asset for the lease term and lease liabilities represent the Church's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date and based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Church will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Church has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right-of-use assets on the statement of financial position. For the years ended August 31, 2025 and 2024, the Church had only operating leases. The associated ROU operating assets are included with property and equipment on the accompanying statements of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Church has elected to use its incremental borrowing rate determined using a period comparable with that of the lease term for computing the present value of lease liability.

Revenue from lease payments is recognized under the accrual method. Lease payments are included in income as rents become due. Lease payments received in advance are deferred until earned. At the commencement of an operating lease, no revenue is recognized; subsequently, lease payments received are recognized in revenue on the straight-line basis.

GOSPEL RENEWAL MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2025 AND 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments

Fair value measurement applies to reported balances that are required or permitted to be measured at fair value under an existing accounting standard. The Church emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Church has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

Fair value measurement is based upon quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques such as the present value of future cash flows, adjusted for the security's credit rating, prepayment assumptions, and other factors such as credit loss assumptions.

Securities valued using Level 1 inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets. There are no assets or liabilities valued using Level 2 or Level 3 inputs.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Subsequent Events

In preparing these financial statements, the Church has evaluated all events and transactions for potential recognition or disclosure through January 22, 2026, the date the financial statements were available to be issued.

GOSPEL RENEWAL MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2025 AND 2024

NOTE 2 RIGHT-OF-USE LEASES

The Church leases office space and various types of equipment. The Church determines whether an arrangement is a lease at inception. Lease terms are generally one to five years. Renewal options are typically at the Church's discretion.

The rent expense totaled approximately \$19,000 for the years ended August 31, 2025, and 2024.

The individual lease contracts do not provide information about the discount rate implicit in the lease. The Church uses an incremental borrowing rate to calculate the lease liability that represents an estimate of the interest rate the Church would incur to borrow on a collateralized basis over the term of a lease. The discount rate used for leases was 3.1% as of August 31, 2025.

As of August 31, 2025, maturities of lease liabilities for leases were as follows:

<u>Year Ending August 31,</u>	<u>Operating Leases</u>
2026	\$ 16,196
2027	10,433
Total Lease Payments	<u>26,629</u>
Less: Amount Representing Interest	<u>(696)</u>
Total Lease Payments	<u><u>\$ 25,933</u></u>

NOTE 3 INVESTMENTS

Investments are recorded at fair market value and on August 31 were as follows:

	<u>2025</u>	<u>2024</u>
Mutual Funds	\$ 1,105,993	\$ 4,763
Equities	-	123,654
Total Investments	<u><u>\$ 1,105,993</u></u>	<u><u>\$ 128,417</u></u>

The following table presents the fair value of financial assets on August 31 2025:

	<u>2025</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
Investments:				
Mutual Funds	\$ 1,105,993	\$ -	\$ -	\$ 1,105,993
Total Investments at Fair Value	<u><u>\$ 1,105,993</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,105,993</u></u>

GOSPEL RENEWAL MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2025 AND 2024

NOTE 3 INVESTMENTS (CONTINUED)

The following table presents the fair value of financial assets on August 31 2024:

	2024			Total
	Level 1	Level 2	Level 3	
Assets:				
Investments:				
Mutual Funds	\$ 4,763	\$ -	\$ -	\$ 4,763
Equities	123,654	-	-	123,654
Total Investments at Fair Value	<u>\$ 128,417</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 128,417</u>

Investment income, net of fees, on investments was comprised of the following for the years ended August 31:

	2025	2024
Unrealized and Realized Gains	\$ 53,408	\$ 12,301
Interest and Dividends	125,275	69,930
Total Investment Income	<u>\$ 178,683</u>	<u>\$ 82,231</u>

NOTE 4 BOARD OF ELDERS DESIGNATED NET ASSETS

The Board of Elders of the Church has designated, from net assets without donor restrictions, net assets of approximately \$42,000 for the following purposes as of August 31, 2025 and 2024:

	2025	2024
Pastoral Care	\$ 42,072	\$ 42,072
Capital Expenditures	158	158
Total	<u>\$ 42,230</u>	<u>\$ 42,230</u>

NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were restricted to be used for the following purposes as of August 31:

	2025	2024
Subject to Purpose Restriction:		
Pastoral Care	\$ 1,484	\$ 41,980
Youth Missions	-	9,003
Staff Appreciation	-	10,297
Total Subject to Purpose Restriction	1,484	61,280
Subject to Time Restriction:		
2020 Pledge Fund	-	805
Here, Near, Far Pledge Fund	27,607,519	-
Total Subject to Time Restriction	27,607,519	805
Total Net Assets with Donor Restrictions	<u>\$ 27,609,003</u>	<u>\$ 62,085</u>

GOSPEL RENEWAL MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2025 AND 2024

NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets released from restrictions consisted of the following for the years ended August 31:

Purpose Restricted Releases:	2025	2024
Pastoral Care	\$ 41,980	\$ -
Youth Missions	9,003	-
2020 Pledge Fund	805	-
Staff Appreciation	10,297	-
Ministry Expansion	-	268
Total Purpose Restricted Releases	\$ 62,085	\$ 268

NOTE 6 LEASES AS A LESSOR

Operating Leases

The Church leases part of its office space to three unrelated entities under lease agreements which are classified as operating leases.

As of the year ended August 31, 2025, the annual undiscounted cash flows to be received from operating leases is approximately \$161,000 due within the next fiscal year.

Following is a summary of property on or held for lease as of the years ended August 31, 2025 and 2024:

	2025	2024
Building	\$ 3,665,422	\$ 3,125,000
Less: Accumulated Depreciation	(653,906)	(575,781)
Total Leased Property	\$ 3,011,516	\$ 2,549,219

NOTE 7 RETIREMENT PLAN

The Church provides a fully funded 403(b) plan for all eligible full-time employees. Employees are eligible to participate upon completion of one year of service. The Church matches an amount equal to 100% of each eligible participant's salary reduction contribution, up to a maximum of 2% of eligible compensation. Total expense for the years ended August 31, 2025 and 2024, was approximately \$71,000 and \$70,000, respectively, and is reflected in the various program expenses of the Church as a component of benefits on the statement of functional expenses. Additionally, the Church has a 401(k) plan for all eligible full-time employees. Total expense for the years ended August 31, 2025 and 2024, was approximately \$82,000 and \$70,000, respectively, and is reflected in the various program expenses of the Church as a component of benefits on the statement of functional expenses.

GOSPEL RENEWAL MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2025 AND 2024

NOTE 8 PLEDGES RECEIVABLE

Pledges receivable consist of the following at August 31, 2025:

	Here, Near, Far Pledges
Due in Less than One Year	\$ 12,601,347
Due in One to Five Years	16,112,953
Total Pledges Receivable:	28,714,300
Discount at a Rate of 4.18%	(1,106,781)
Net Present Value of Pledges Receivable	\$ 27,607,519

NOTE 9 FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS

The following reflects the Church's financial assets as of August 31, 2025 and 2024 reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of that date.

	2025	2024
Financial Assets:		
Cash and Cash Equivalents	\$ 4,662,386	\$ 2,249,582
Pledges Receivable	27,607,519	-
Other Receivables	57,897	23,448
Undeposited Funds	105,510	40,589
Investments	1,105,993	128,417
Total Financial Assets	33,539,305	2,442,036
Less Amounts Not Available to be Used for General Expenditures within One Year:		
Board-Designated Net Assets	(42,230)	(42,230)
Subject to Donor Restrictions	(27,609,003)	(62,085)
Financial Assets Not Available to be Used within One Year	(27,651,233)	(104,315)
Financial Assets Available to Meet General Expenditures within One Year	\$ 5,888,072	\$ 2,337,721

The Church has certain assets limited to use for donor-restricted purposes that are available for general expenditure within the next year. However, the board-designated amounts could be made available, if necessary.

NOTE 10 RELATED PARTY TRANSACTIONS

Related party contributions were approximately \$2,017,000 during the year ended August 31, 2025. Outstanding pledges receivable at August 31, 2025 were approximately \$1,331,000.



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