

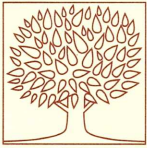
REPORT OF  
WALNUT HILL COMMUNITY CHURCH  
FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
JUNE 30, 2022 AND JUNE 30, 2021



*For personal and corporate growth*

**Fiorita, Kornhaas & Company, P.C.**

*Certified Public Accountants*



**Fiorita Kornhaas & Company, PC**

*Certified Public Accountants and Advisors*

*For personal and corporate growth*

## INDEPENDENT AUDITOR'S REPORT

To the Board of Elders  
of Walnut Hill Community Church

### **Opinion**

We have audited the accompanying financial statements of Walnut Hill Community Church (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Walnut Hill Community Church as of June 30, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Walnut Hill Community Church 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.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Walnut Hill Community Church'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 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 Walnut Hill Community Church'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 Walnut Hill Community Church'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.

#### **Report on Summarized Comparative Information**

We have previously audited Walnut Hill Community Church's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 22, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Fiorita, Kornhaas & Company, PC*

Fiorita, Kornhaas & Company, P.C.  
Certified Public Accountants

Danbury, Connecticut  
October 27, 2022



WALNUT HILL COMMUNITY CHURCH  
STATEMENTS OF FINANCIAL POSITION  
AS OF JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 2,915,826	\$ 3,399,270
Prepaid expenses and other current assets	58,543	48,811
<u>TOTAL CURRENT ASSETS</u>	<u>2,974,369</u>	<u>3,448,081</u>
<u>PROPERTY AND EQUIPMENT, NET</u>	<u>13,755,817</u>	<u>13,783,925</u>
<u>TOTAL ASSETS</u>	<u>\$ 16,730,186</u>	<u>\$ 17,232,006</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 108,677	\$ 137,778
Current portion long-term debt	3,140	23,574
Current portion other long-term liabilities	16,941	15,137
<u>TOTAL CURRENT LIABILITIES</u>	<u>128,758</u>	<u>176,489</u>
<u>LONG-TERM LIABILITIES</u>		
Long-term debt, net of current portion	-	3,140
Other long-term liabilities, net of current portion	51,015	67,956
<u>TOTAL LONG-TERM LIABILITIES</u>	<u>51,015</u>	<u>71,096</u>
<u>TOTAL LIABILITIES</u>	<u>179,773</u>	<u>247,585</u>
<u>NET ASSETS</u>		
Net assets without donor restrictions	14,033,107	14,398,016
Net assets with donor restrictions	2,517,306	2,586,405
<u>TOTAL NET ASSETS</u>	<u>16,550,413</u>	<u>16,984,421</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 16,730,186</u>	<u>\$ 17,232,006</u>

See auditor's report and notes to financial statements.



WALNUT HILL COMMUNITY CHURCH  
STATEMENTS OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022  
(With Summarized Financial Information for 2021)

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>TOTALS</u>	
			<u>2022</u>	<u>2021</u>
<u>REVENUE</u>				
Contributions and grants				
Cash and other financial assets	\$ 3,521,843	\$ 1,419,200	\$ 4,941,043	\$ 6,086,457
In-kind	685,900	-	685,900	465,511
Rental income, net	10,646	-	10,646	13,766
Miscellaneous income (loss), net	4,000	-	4,000	(3,202)
Gain on sale of equipment	513	-	513	1,162
Loss on sale of investments, net	(339)	-	(339)	-
Interest	4,504	-	4,504	3,081
Total revenue	<u>4,227,067</u>	<u>1,419,200</u>	<u>5,646,267</u>	<u>6,566,775</u>
Net assets released from restrictions	<u>1,488,299</u>	<u>(1,488,299)</u>	<u>-</u>	<u>-</u>
Total revenues and net assets released	5,715,366	(69,099)	5,646,267	6,566,775
<u>EXPENSES</u>				
Program services:				
Ministries and program	3,741,629	-	3,741,629	3,499,441
Outreach and community engagement	1,358,664	-	1,358,664	981,530
Capital and development	460,538	-	460,538	248,277
Grants and other programs	19,146	-	19,146	3,876
Total program services	<u>5,579,977</u>	<u>-</u>	<u>5,579,977</u>	<u>4,733,124</u>
Supporting services:				
Management and general	499,393	-	499,393	509,410
Fundraising	905	-	905	510
Total supporting services	<u>500,298</u>	<u>-</u>	<u>500,298</u>	<u>509,920</u>
Total expense	<u>6,080,275</u>	<u>-</u>	<u>6,080,275</u>	<u>5,243,044</u>
(Decrease) increase in net assets	(364,909)	(69,099)	(434,008)	1,323,731
Net assets, beginning of year	<u>14,398,016</u>	<u>2,586,405</u>	<u>16,984,421</u>	<u>15,660,690</u>
Net assets, end of year	<u>\$ 14,033,107</u>	<u>\$ 2,517,306</u>	<u>\$ 16,550,413</u>	<u>\$ 16,984,421</u>

See auditor's report and notes to financial statements.

WALNUT HILL COMMUNITY CHURCH  
STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2022  
(With Summarized Financial Information for 2021)

	2022							2021	
	Ministries and program	Outreach and community engagement	Capital and development	Grants and other programs	Total program services	Management and general	Fundraising	Total	
Grants and other assistance	\$ -	\$ 1,319,118	\$ 40,021	\$ 9,684	\$ 1,368,823	\$ -	\$ -	\$ 1,368,823	\$ 969,260
Benevolence and awards to others	-	17,562	-	9,462	27,024	-	-	27,024	32,824
Salaries, benefits and related taxes	2,294,423	21,984	361,397	-	2,677,804	235,089	-	2,912,893	2,671,258
Staff development and conferences	55,325	-	-	-	55,325	5,075	-	60,400	56,723
Ministry supplies and resources	59,544	-	49,694	-	109,238	-	-	109,238	83,344
Communication, multimedia and advertising	12,060	-	-	-	12,060	74,408	905	87,373	91,175
Technology support	70,501	-	-	-	70,501	4,788	-	75,289	57,400
Food and fellowship	35,826	-	-	-	35,826	-	-	35,826	12,924
Consultants and honorariums	31,965	-	-	-	31,965	8,760	-	40,725	38,622
Professional service fees	2,258	-	-	-	2,258	31,630	-	33,888	32,103
Office equipment rental expense	10,469	-	-	-	10,469	788	-	11,257	24,497
Printing and supplies expense	23,051	-	-	-	23,051	1,634	-	24,685	22,765
Bank and processing fees	-	-	-	-	-	65,099	-	65,099	60,025
Campus occupancy costs	201,078	-	-	-	201,078	13,373	-	214,451	166,174
Campus repair and maintenance costs	241,819	-	9,133	-	250,952	14,531	-	265,483	239,313
Insurance expense	46,779	-	293	-	47,072	3,285	-	50,357	41,546
Interest expense	-	-	-	-	-	8,606	-	8,606	3,278
Depreciation expense	656,531	-	-	-	656,531	32,327	-	688,858	639,813
	<u>\$ 3,741,629</u>	<u>\$ 1,358,664</u>	<u>\$ 460,538</u>	<u>\$ 19,146</u>	<u>\$ 5,579,977</u>	<u>\$ 499,393</u>	<u>\$ 905</u>	<u>\$ 6,080,275</u>	<u>\$ 5,243,044</u>

See auditor's report and notes to financial statements.

WALNUT HILL COMMUNITY CHURCH  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets	\$ (434,008)	\$ 1,323,731
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation expense	688,858	639,813
Donated property	-	(20,000)
Gain on sale of equipment	(513)	(1,162)
Changes in:		
Prepaid expenses and other current assets	(9,732)	(17,123)
Accounts payable and accrued expenses	<u>(29,101)</u>	<u>(30,823)</u>
Net cash provided by operating activities	<u>215,504</u>	<u>1,894,436</u>
Cash flows from investing activities:		
Proceeds from sale of equipment	513	1,162
Property and equipment acquisitions	<u>(660,750)</u>	<u>(230,259)</u>
Net cash used in investing activities	<u>(660,237)</u>	<u>(229,097)</u>
Cash flows from financing activities:		
Principal payments on long-term debt	(23,574)	(23,577)
Principal payments on other long-term liabilities	<u>(15,137)</u>	<u>(4,939)</u>
Net cash used in financing activities	<u>(38,711)</u>	<u>(28,516)</u>
Net (decrease) increase in cash and cash equivalents	(483,444)	1,636,823
Cash and cash equivalents, beginning of year	<u>3,399,270</u>	<u>1,762,447</u>
Cash and cash equivalents, end of year	<u>\$ 2,915,826</u>	<u>\$ 3,399,270</u>
Supplemental Information:	<u>2022</u>	<u>2021</u>
Interest paid	<u>\$ 8,606</u>	<u>\$ 3,278</u>
Noncash transaction:		
Equipment acquired through capital lease	<u>\$ -</u>	<u>\$ 79,576</u>

See auditor's report and notes to financial statements.



WALNUT HILL COMMUNITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

Note 1: NATURE OF ACTIVITIES

Walnut Hill Community Church (the "Church") is a Connecticut not-for-profit corporation whose members are followers of Jesus Christ. The mission declaration of the Church states "Igniting a passion for Jesus in Connecticut, New England, and around the world". The intention is to engage its members and partner with others to live sold-out lives for Him by seeking God, caring for one another, serving together and reaching out. The Church is supported primarily through the contributions of its members. These programs meet ministry needs locally, nationally, and internationally.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements of the Church have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America and, accordingly, recognizes revenue when earned and expenses when incurred and reflects all significant receivables, payables and other liabilities.

Basis of Presentation

The financial statements of the Church have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP) which requires reporting of information regarding financial position and activities according to the following net asset classifications:

Net assets without donor restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of management and the Board of Elders.

Net assets with donor restrictions

Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions.

When a restriction expires, the net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

See auditor's report.

WALNUT HILL COMMUNITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Church considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Concentration of Credit Risk

The Church maintains deposits in federally insured institutions which, at times, can be in excess of the federally insured limits. Management, however, believes the Church is not exposed to significant credit risk due to the high credit quality of the financial institutions in which these deposits were held.

Pledges Receivable

The Church does not record a receivable for intentions to contribute to fundraisers made by members. In accordance with Church policy, pledges by members are intentions to pay rather than obligations to pay.

Investments

Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statements of financial position, and changes in fair value are reported as investment return in the statements of activities.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statement of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

Fair Value

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. Accounting principals generally accepted in the United States of America establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs).

The Church does not hold any investments as of June 30, 2022 and 2021. Any investments donated during the year ended June 30, 2022 and 2021 were sold in active markets.

Property, Equipment, and Improvements

Acquisitions of property, equipment, and improvements in excess of \$2,000 are capitalized. Property, equipment, and improvements are recorded at cost if purchased or fair value if donated. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets which range from 5 to 40 years.

See auditor's report.



WALNUT HILL COMMUNITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of 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 reported in the statements of activities as net assets released from restrictions.

In-kind Contributions

The Church recognized the following in-kind contributions for the years ended June 30,:

	<u>2022</u>		<u>2021</u>
Food donated by local supermarkets	\$ 685,900	\$	445,511
Property	-		20,000
	<u>\$ 685,900</u>	\$	<u>465,511</u>

Food donated by local supermarkets totaled 383,202 pounds and 256,041 pounds during the years ended June 30, 2022 and 2021, respectively. The valuation of donated food received, donated food distributed, and donated food inventory is based on approximate average wholesale value of one pound of donated product at the national level of \$1.79 and \$1.74 for the years ended June 30, 2022 and 2021, respectively, as published by Feeding America, a non-profit organization audited by a national accounting firm. The food was used as part of a food pantry operated by the Church and is included in Church in Action expenses provided as part of the outreach and community engagement program.

Property donated was valued at estimated fair value based on a valuation prepared by a real estate professional. The Church intends to use the property for additional parking at the Waterbury campus.

There were no restricted in-kind contributions for the year ended June 30, 2022 and 2021.

Contributed Services

The Church receives a substantial amount of services donated by its members in carrying out the Church's ministry. Only contributed services that create or enhance non-financial assets or require specialized skills that would otherwise be purchased by the Church are recognized as revenue on the financial statements. There were no contributed services recognized for the years ended June 30, 2022 and 2021.

Advertising Costs

Advertising costs are expensed as incurred, and were \$73,500 and \$76,894 for the years ended June 30, 2022 and 2021, respectively.

See auditor's report.



WALNUT HILL COMMUNITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Presentation of Certain Taxes

The Church operates a cafeteria in which sales tax is collected from customers. Sales tax is remitted to applicable taxing authorities. The Church's accounting policy is to exclude sales tax from revenues and cost of sales.

Tax Exempt Status

The Church is exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal and state income taxes is presented in these financial statements. The Church has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Church has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among program and supporting services benefited. Such allocations are determined by management on an equitable basis.

<u>Expense</u>	<u>2022</u>	<u>2021</u>
Allocated based on time and effort:		
Salaries, benefits and payroll taxes	\$ 2,332,490	\$ 2,057,349
Certain Bethel Campus expenses are allocated based on estimated time spent; 93% to ministries and program, 7% to management and general:		
Salaries, benefits and payroll taxes	580,403	613,909
Staff development and conferences	6,460	4,190
Communication, multimedia and advertising	12,968	13,771
Technology support	68,394	51,637
Office equipment rental expense	11,257	24,497
Printing and supplies expense	23,342	20,717
Certain Bethel Campus expenses are allocated based on estimated square footage occupied; 92% to ministries and program, 8% to management and general:		
Campus occupancy costs	167,157	130,978
Campus repair and maintenance costs	181,641	160,921
Insurance expense	41,064	32,546
Depreciation expense	404,093	405,093

See auditor's report.

WALNUT HILL COMMUNITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

Prior Year Summarized Financial Information

The financial statements include prior year summarized financial information in total but not by asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Church's audited financial statements as of the year ended June 30, 2021, from which the summarized information was derived.

Subsequent Events

Management has evaluated subsequent events through October 27, 2022, the date the financial statements were available to be issued. Through that date, there were no material events that would require recognition or additional disclosure in the financial statements.

Note 3: AVAILABILITY AND LIQUIDITY

The following represents the Church's financial assets as of June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 2,915,826	\$ 3,399,270
Total financial assets	<u>2,915,826</u>	<u>3,399,270</u>
Less amounts not available to be used for general expenditures:	<u>2,517,306</u>	<u>2,586,405</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 398,520</u>	<u>\$ 812,865</u>

The Church's goal is generally to maintain liquid financial assets to meet one month of operating expenses. The Church prepares an annual budget which is presented to the congregation at an annual meeting. The budget is based on income projected to be received from the annual donations from the congregation. In addition the Church has a \$500,000 line of credit available to meet cash flow needs.

See auditor's report.



WALNUT HILL COMMUNITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

Note 4: PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30,:

	<u>2022</u>	<u>2021</u>
Land	\$ 1,458,042	\$ 1,458,042
Buildings and improvements	19,073,245	18,583,482
Furniture, fixtures, and equipment	<u>2,585,355</u>	<u>2,511,413</u>
	23,116,642	22,552,937
Less: accumulated depreciation	<u>(9,360,825)</u>	<u>(8,769,012)</u>
	<u>\$ 13,755,817</u>	<u>\$ 13,783,925</u>

For the years ended June 30, 2022 and 2021, depreciation expense totaled \$688,858 and \$639,813, respectively.

Note 5: LINE OF CREDIT

The Church has a \$500,000 line of credit with the Savings Bank of Danbury. The interest rate on the line is variable based on Prime Rate plus 0.75% with a minimum interest rate of 4%. The interest rate as of June 30, 2022 was 5.5%. The line expires March 2026. There was no amount outstanding on the line of credit as of June 30, 2022 and 2021.

Note 6: LONG-TERM DEBT

Long-term debt consists of the following at June 30:

	<u>2022</u>	<u>2021</u>
<u>Small Business Energy Advantage Program</u>		
Energy efficiency improvements made to three locations financed at 0% by utility companies, after incentive offset:		
Bethel financed \$52,873 over 45 months requiring monthly payments of \$1,175 .	\$ 2,350	\$ 16,449
Derby financed \$17,903 over 40 months requiring monthly payments of \$448.	448	5,818
New Milford financed \$16,079 over 40 months requiring monthly payments of \$342.	342	4,447
Total	<u>3,140</u>	<u>26,714</u>
Less: current portion	<u>(3,140)</u>	<u>(23,574)</u>
Long-term portion	<u>\$ -</u>	<u>\$ 3,140</u>

See auditor's report.



WALNUT HILL COMMUNITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

Note 6: LONG-TERM DEBT (continued)

The schedule of principal payments on long-term debt as follows:

<u>Years Ended</u>	
2023	\$ <u>3,140</u>
	\$ <u><u>3,140</u></u>

Note 7: CAPITAL LEASE COMMITMENTS

The Church leases office equipment under leases classified as capital leases. The leased equipment valued at \$90,196 has been included in property and equipment and is being depreciated over the useful life of the equipment. Accumulated depreciation related to the equipment is \$26,708 and \$8,670 as of June 30, 2022 and 2021, respectively. Imputed interest on the leases range from 11.08% to 12.7%. Future minimum lease payments for capital leases are as follows:

	<u>Years Ended</u>	
	2023	\$ 23,678
	2024	22,796
	2025	20,798
	2026	<u>15,599</u>
Total minimum lease payments		82,871
Less: amount representing interest		<u>14,915</u>
Present value of minimum lease payments		67,956
Current portion other long-term liabilities		<u>16,941</u>
Long-term portion other long-term liabilities		\$ <u><u>51,015</u></u>

See auditor's report.

WALNUT HILL COMMUNITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

Note 8: NET ASSETS

Net assets without donor restrictions for the years ended June 30,:

	<u>2022</u>	<u>2021</u>
Undesignated	\$ <u>14,033,107</u>	\$ <u>14,398,016</u>

Net assets with donor restrictions were as follows for the years ended June 30,:

	<u>2022</u>	<u>2021</u>
<u>To be released for specific purpose</u>		
<u>Outreach and community engagement</u>		
Church in Action fund	\$ 702,912	\$ 330,920
Benevolence	81,398	74,461
Sandy Hook fund	5,965	5,965
Special needs fund	<u>9,424</u>	<u>4,212</u>
Total outreach and community engagement	<u>799,699</u>	<u>415,558</u>
<u>Capital and development</u>		
Walnut Hill development fund	78,406	99,356
Ignite Legacy	1,588,742	2,010,625
Spiritual refreshment fund	<u>25,053</u>	<u>31,314</u>
Total capital and development	<u>1,692,201</u>	<u>2,141,295</u>
<u>Grants and other</u>		
Grants	11,091	20,775
Other	<u>14,315</u>	<u>8,777</u>
Total grants and other	<u>25,406</u>	<u>29,552</u>
	\$ <u>2,517,306</u>	\$ <u>2,586,405</u>

A summary of program activities is as follows:

Ministries and program - weekly services, including worship and Bible study, small groups, discipleship, prayer, biblical counseling, and other church activities.

Outreach and community engagement - outreach and missions activities designed to reach out not only to the local community but throughout New England and around the world.

Capital and development - designated to enable church ministry to grow and expand through technology, campus improvement as well as additional support to strengthen, equip and encourage churches throughout New England.

Grants and other - designed to meet specific needs both locally and regionally.

See auditor's report.

WALNUT HILL COMMUNITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

Note 9: RENTAL INCOME, NET

The Church owns three buildings near the Bethel Campus. The homes are rented under one year or less terms. One home is rented to an employee of the church.

Net rental income is made up of the following at June 30,:

	<u>Revenue</u>	<u>Expense</u>	<u>2022 Net</u>	<u>2021 Net</u>
Employee rentals	\$ 27,475	\$ 24,186	\$ 3,289	\$ 11,785
Other building rentals	13,196	7,423	5,773	1,760
Other space rentals	22,060	20,476	1,584	221
	<u>\$ 62,731</u>	<u>\$ 52,085</u>	<u>\$ 10,646</u>	<u>\$ 13,766</u>

Note 10: MISCELLANEOUS INCOME, NET

Miscellaneous income is reported net of expenses and includes the following at June 30,:

	<u>Revenue</u>	<u>Expense</u>	<u>2022 Net</u>	<u>2021 Net</u>
Café operation	\$ 3,741	\$ 7,167	\$ (3,426)	-
Book cart operation	456	92	364	3,886
Non-mission retreats and trips	170,292	165,633	4,659	(7,314)
Other ministry income	13,645	11,242	2,403	226
	<u>\$ 188,134</u>	<u>\$ 184,134</u>	<u>\$ 4,000</u>	<u>\$ (3,202)</u>

Note 11: RELATED PARTY TRANSACTIONS

The following related party transactions were noted between the Church and companies where board members have an ownership interest:

	<u>2022</u>	<u>2021</u>
Computer services	\$ -	\$ 7,741
Painting services	\$ 9,370	-

In addition some Board members also have a relative employed by the Church.

Employees of the Church periodically rent homes from the Church, see Note 9.

In April 2022 a committee member of the Church in Action Fund became a board member of an organization supported by the Church. The Church paid \$501 to the organization from April 2022 to June 2022. The committee member was not involved in financial decisions pertaining to that organization.

See auditor's report.



WALNUT HILL COMMUNITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

Note 12: OPERATING LEASE COMMITMENTS

The Church leases office equipment under various operating leases which are being operated under a month to month agreement. Expenses incurred for all operating leases for the years ended June 30, 2022 and 2021 were \$246 and \$14,423.

Note 13: DEFINED CONTRIBUTION PLAN

The Church offers employees the ability to contribute a percentage of their compensation to a 403(b) Plan. The amount contributed by employees may not exceed the annual limit set by the Internal Revenue Code.

See auditor's report.