

**Fiorita Kornhaas
& Company, PC**

Certified Public Accountants and Advisors



WALNUT HILL
COMMUNITY CHURCH

Walnut Hill Community Church

FINANCIAL STATEMENTS

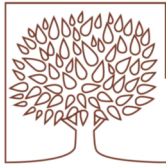
For the Years Ended June 30, 2024 and 2023

With Independent Auditor's Report

WALNUT HILL COMMUNITY CHURCH

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2024 AND 2023:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to the Financial Statements	7-15



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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 statements of financial position as of June 30, 2024, 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, 2024, 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.

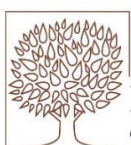
Report on Summarized Comparative Information

We have previously audited Walnut Hill Community Church's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 5, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, 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
November 4, 2024



Fiorita Kornhaas
& Company, PC

Certified Public Accountants and Advisors

WALNUT HILL COMMUNITY CHURCH
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 2,156,386	\$ 2,778,767
Employee receivable	7,600	8,100
Prepaid expenses and other current assets	38,335	91,838
<u>TOTAL CURRENT ASSETS</u>	2,202,321	2,878,705
<u>PROPERTY AND EQUIPMENT, NET</u>	12,855,141	13,257,178
<u>OTHER ASSETS</u>		
Right of use asset, finance leases	34,166	54,780
<u>TOTAL ASSETS</u>	\$ 15,091,628	\$ 16,190,663
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 151,152	\$ 172,905
Deferred rent	-	19,210
Short-term lease liability, finance leases	19,997	21,775
<u>TOTAL CURRENT LIABILITIES</u>	171,149	213,890
<u>LONG-TERM LIABILITIES</u>		
Long-term lease liability, finance leases	17,135	37,132
<u>TOTAL LIABILITIES</u>	188,284	251,022
<u>NET ASSETS</u>		
Net assets without donor restrictions	13,482,355	14,062,721
Net assets with donor restrictions	1,420,989	1,876,920
<u>TOTAL NET ASSETS</u>	14,903,344	15,939,641
<u>TOTAL LIABILITIES AND NET ASSETS</u>	\$ 15,091,628	\$ 16,190,663

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

WALNUT HILL COMMUNITY CHURCH
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024
(With Summarized Financial Information for 2023)

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>TOTALS</u>	
			<u>2024</u>	<u>2023</u>
<u>REVENUES</u>				
Contributions and grants:				
Cash and other financial assets	\$ 3,766,886	\$ 1,347,403	\$ 5,114,289	\$ 5,425,513
In-kind	330,000	-	330,000	705,800
Rental income, net	6,670	-	6,670	37,104
Miscellaneous income (loss), net	20,693	-	20,693	(6,192)
(Loss) gain on sale of investments, net	(3,006)	-	(3,006)	751
Interest	3,751	-	3,751	4,322
Total revenues	4,124,994	1,347,403	5,472,397	6,167,298
Net assets released from restrictions	1,803,334	(1,803,334)	-	-
Total revenues and net assets released	5,928,328	(455,931)	5,472,397	6,167,298
<u>EXPENSES</u>				
Program services:				
Ministries and program	3,926,444	-	3,926,444	3,877,123
Outreach and community engagement	1,652,747	-	1,652,747	1,796,590
Capital and development	344,173	-	344,173	547,874
Grants and other programs	18,674	-	18,674	13,772
Total program services	5,942,038	-	5,942,038	6,235,359
Supporting services:				
Management and general	566,656	-	566,656	535,934
Fundraising	-	-	-	6,777
Total supporting services	566,656	-	566,656	542,711
Total expenses	6,508,694	-	6,508,694	6,778,070
Change in net assets	(580,366)	(455,931)	(1,036,297)	(610,772)
Net assets, beginning of year	14,062,721	1,876,920	15,939,641	16,550,413
Net assets, end of year	\$ 13,482,355	\$ 1,420,989	\$ 14,903,344	\$ 15,939,641

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

WALNUT HILL COMMUNITY CHURCH
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024
(With Summarized Financial Information for 2023)

	2024							2023	
	Ministries and program	Outreach and community engagement	Capital and development	Grants and other programs	Total program services	Management and general	Fundraising	Total	Total
Grants and other assistance	\$ -	\$ 1,485,423	\$ 76,785	\$ 10,092	\$ 1,572,300	\$ -	\$ -	\$ 1,572,300	\$ 1,728,843
Benevolence and awards to others	-	27,605	-	8,582	36,187	-	-	36,187	28,218
Salaries, benefits and related taxes	2,218,303	139,719	244,770	-	2,602,792	311,649	-	2,914,441	3,049,853
Staff development and conferences	52,303	-	-	-	52,303	7,417	-	59,720	57,819
Ministry supplies and resources	85,907	-	16,118	-	102,025	264	-	102,289	111,265
Communication, multimedia and advertising	11,487	-	-	-	11,487	70,228	-	81,715	90,979
Technology support	89,421	-	-	-	89,421	6,232	-	95,653	89,606
Food and fellowship	60,594	-	-	-	60,594	-	-	60,594	51,790
Consultants and honorariums	57,004	-	-	-	57,004	6,575	-	63,579	26,227
Professional service fees	46,050	-	-	-	46,050	36,460	-	82,510	39,586
Office equipment rental expense	20,295	-	-	-	20,295	1,528	-	21,823	52,858
Printing and supplies expense	33,006	-	-	-	33,006	2,088	-	35,094	26,966
Bank and processing fees	-	-	-	-	-	54,635	-	54,635	60,057
Campus occupancy costs	222,715	-	-	-	222,715	15,470	-	238,185	256,215
Campus repair and maintenance costs	279,063	-	6,500	-	285,563	17,323	-	302,886	340,200
Insurance expense	52,404	-	-	-	52,404	3,774	-	56,178	55,143
Interest expense	-	-	-	-	-	1,482	-	1,482	2,113
Depreciation expense	697,892	-	-	-	697,892	31,531	-	729,423	710,332
	<u>\$ 3,926,444</u>	<u>\$ 1,652,747</u>	<u>\$ 344,173</u>	<u>\$ 18,674</u>	<u>\$ 5,942,038</u>	<u>\$ 566,656</u>	<u>\$ -</u>	<u>\$ 6,508,694</u>	<u>\$ 6,778,070</u>

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

WALNUT HILL COMMUNITY CHURCH
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Change in net assets	\$ (1,036,297)	\$ (610,772)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation expense	729,423	710,332
Amortization of lease liability	20,614	21,274
Interest expense on finance leases	1,424	2,062
Changes in:		
Employee receivable	500	(8,100)
Prepaid expenses and other current assets	53,503	(33,295)
Accounts payable and accrued expenses	(21,753)	64,228
Deferred rent	(19,210)	19,210
Capital lease obligations	-	(67,956)
Net cash provided by (used in) operating activities	<u>(271,796)</u>	<u>96,983</u>
Cash flows from investing activities:		
Property and equipment acquisitions	<u>(327,386)</u>	<u>(275,180)</u>
Net cash used in investing activities	<u>(327,386)</u>	<u>(275,180)</u>
Cash flows from financing activities:		
Principal payments on long-term debt	-	(3,140)
Finance leases	<u>(23,199)</u>	<u>44,278</u>
Net cash provided by (used in) financing activities	<u>(23,199)</u>	<u>41,138</u>
Net decrease in cash and cash equivalents	(622,381)	(137,059)
Cash and cash equivalents, beginning of year	<u>2,778,767</u>	<u>2,915,826</u>
Cash and cash equivalents, end of year	<u>\$ 2,156,386</u>	<u>\$ 2,778,767</u>
Supplemental information:	<u>2024</u>	<u>2023</u>
Cash activity for the year:		
Interest paid	<u>\$ 1,482</u>	<u>\$ 2,113</u>

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

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 revenues 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 Church. 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.

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

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.

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 statements 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.

Property and Equipment

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.

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, 2024 and 2023. Any investments donated during the years ended June 30, 2024 and 2023 were sold in active markets.

WALNUT HILL COMMUNITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

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 restrictions 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, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Food donated by local supermarkets	\$ 330,000	\$ 705,800
	<u>\$ 330,000</u>	<u>\$ 705,800</u>

Food donated by local supermarkets totaled 171,005 pounds and 367,589 pounds during the years ended June 30, 2024 and 2023, respectively. The valuation of donated food received and donated food distributed is based on approximate average wholesale value of one pound of donated product at the national level of \$1.93 and \$1.92 for the years ended June 30, 2024 and 2023 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.

There were no restricted in-kind contributions for the years ended June 30, 2024 and 2023.

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, 2024 and 2023.

Advertising Costs

Advertising costs are expensed as incurred and were \$69,363 and \$69,721 for the years ended June 30, 2024 and 2023, respectively.

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.

See independent auditor's report

WALNUT HILL COMMUNITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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>2024</u>	<u>2023</u>
Allocated based on time and effort:		
Salaries, benefits and related taxes	\$ 2,260,484	\$ 2,435,818

Certain Bethel Campus expenses are allocated based on estimated time spent; 93% to ministries and program, 7% to management and general:

Salaries, benefits and related taxes	653,957	614,035
Staff development and conferences	6,638	5,920
Communication, multimedia and advertising	12,352	14,481
Technology support	89,025	83,229
Office equipment rental expense	21,823	52,858
Printing and supplies expense	29,830	25,003

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	193,376	202,186
Campus repair and maintenance costs	216,536	248,364
Insurance expense	47,178	45,839
Depreciation expense	394,137	404,093

See independent auditor's report

WALNUT HILL COMMUNITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reclassifications

Certain prior year amounts have been reclassified to be consistent with the current year presentation. The reclassifications had no impact on previously reported net assets.

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, 2023, from which the summarized information was derived.

Subsequent Events

Management has evaluated subsequent events through November 4, 2024, 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, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 2,156,386	\$ 2,778,767
Total financial assets	<u>2,156,386</u>	<u>2,778,767</u>
Less amounts not available to be used for general expenditures:	<u>1,420,989</u>	<u>1,876,920</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 735,397</u>	<u>\$ 901,847</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 independent auditor's report

WALNUT HILL COMMUNITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 4: PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Land	\$ 1,458,042	\$ 1,458,042
Buildings and improvements	19,383,995	19,227,163
Furniture, fixtures, and equipment	<u>2,409,306</u>	<u>2,484,805</u>
	23,251,343	23,170,010
Less: accumulated depreciation	<u>(10,396,202)</u>	<u>(9,912,832)</u>
	<u>\$ 12,855,141</u>	<u>\$ 13,257,178</u>

For the years ended June 30, 2024 and 2023 depreciation expense totaled \$729,423 and \$710,332, respectively.

Note 5: LINE OF CREDIT

The Church has a \$500,000 on demand 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, 2024 and 2023 was 9.25% and 9.00%, respectively. The line expires March 2026. There were no amounts outstanding on the line of credit as of June 30, 2024 and 2023, respectively.

Note 6: LEASES

The Church determines if an arrangement is a lease at inception of the contract. The right-of-use assets ("ROU") represent the Church's right to use the underlying assets for the lease term and the lease liabilities represent the obligation to make lease payments arising from leases. Right-of-use assets and lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term.

The Church estimates their incremental borrowing rate, derived from information available at the lease commencement date, in determining the present value of lease payments. The incremental borrowing rate for the Church's portfolio of leases uses the risk free rate as published by the U.S. Treasury that approximates the lease term.

The Church has elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and are applying this expedient to all relevant asset classes. The Church has also elected the practical expedient package to not reassess at adoption expired or existing contracts for whether they are or contain a lease, the lease classification of any existing leases, or initial indirect costs for existing leases.

The Church leases office equipment under a finance lease. The useful life of asset is limited by the expected lease term.

See independent auditor's report

WALNUT HILL COMMUNITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 6: LEASES (continued)

The components of lease expense for the years ending June 30, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Finance lease expense		
Amortization of ROU assets	\$ 20,614	\$ 21,274
Interest on lease liabilities	1,424	2,062
<u>TOTAL</u>	<u>\$ 22,038</u>	<u>\$ 23,336</u>

Cash flows and other information related to leases for the years ending June 30, 2024 and 2023 are as follows:

Cash paid for amounts included in the measurement of lease liabilities

Operating cash flows from finance leases	\$ 1,473	\$ 1,919
Financing cash flows from finance leases	21,725	21,759

ROU assets obtained in exchange for new lease liabilities

Finance leases	\$ -	\$ 80,522
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The weighted-average lease terms and discount rates are as follows for the years ending June 30, 2024 and 2023:

Weighted-average remaining lease term in years:	<u>2024</u>	<u>2023</u>
Finance leases	1.83	2.75
Weighted-average discount rate:		
Finance leases	3.05%	3.01%

Future maturities of lease liabilities at June 30, 2024 are as follows:

	<u>Finance Leases</u>
2025	20,798
2026	17,332
Total undiscounted cash flows	38,130
Less: present value discount	(998)
Total lease liabilities	<u>\$ 37,132</u>

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, 2024 and 2023 were \$564 and \$246, respectively.

See independent auditor's report

WALNUT HILL COMMUNITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 7: NET ASSETS

Net assets without donor restrictions for the years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Undesignated	\$ 13,482,355	\$ 14,062,721

Net assets with donor restrictions for the years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
<u>To be released for specific purpose</u>		
Outreach and community engagement:		
Church in Action fund	\$ 643,144	\$ 641,461
Benevolence	58,651	73,047
Special needs fund	28,396	16,163
Total outreach and community engagement	<u>730,191</u>	<u>730,671</u>
Capital and development:		
Walnut Hill development fund	31,436	42,467
Ignite Legacy	654,588	1,056,460
Spiritual refreshment fund	-	3,188
Total capital and development	<u>686,024</u>	<u>1,102,115</u>
Grants and other programs:		
Grants	4,455	35,233
Other	319	8,901
Total grants and other programs	<u>4,774</u>	<u>44,134</u>
	<u>\$ 1,420,989</u>	<u>\$ 1,876,920</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 independent auditor's report

WALNUT HILL COMMUNITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 8: 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, 2024 and 2023:

	<u>Revenue</u>	<u>Expense</u>	<u>2024 Net</u>	<u>2023 Net</u>
Employee rentals	\$ 13,640	\$ 13,431	\$ 209	\$ 12,448
Other building rentals	14,400	8,343	6,057	8,319
Other space rentals	19,175	18,771	404	16,337
	<u>\$ 47,215</u>	<u>\$ 40,545</u>	<u>\$ 6,670</u>	<u>\$ 37,104</u>

Note 9: MISCELLANEOUS INCOME (LOSS), NET

Miscellaneous income (loss) is reported net of expenses and includes the following at June 30, 2024 and 2023:

	<u>Revenue</u>	<u>Expense</u>	<u>2024 Net</u>	<u>2023 Net</u>
Café and book cart operation	\$ 19,799	\$ 15,996	\$ 3,803	\$ (581)
Non-mission retreats and trips	43,889	33,447	10,442	(7,533)
Other ministry income	40,116	33,668	6,448	1,922
Other fundraising events	15,504	15,504	-	-
	<u>\$ 119,308</u>	<u>\$ 98,615</u>	<u>\$ 20,693</u>	<u>\$ (6,192)</u>

Note 10: RELATED PARTY TRANSACTIONS

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

	<u>2024</u>	<u>2023</u>
Building repair services	\$ 1,500	\$ -

An employee of the Church provided outside catering services of \$108 for the year ended June 30, 2024. Some board members also have a relative employed by the Church. In addition, employees of the Church periodically rent homes from the Church, see Note 8.

A committee member of the Church in Action Fund became a board member of an organization supported by the Church. The Church paid \$52,837 and \$26,004 to the organization for the years ended June 30, 2024 and 2023, respectively. The committee member was not involved in any financial decisions on behalf of the Church pertaining to that organization.

Note 11: 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 independent auditor's report