

**Fiorita Kornhaas
& Company, PC**

Certified Public Accountants and Advisors



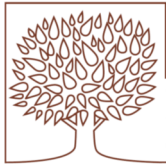
WALNUT HILL
COMMUNITY CHURCH

Walnut Hill Community Church

FINANCIAL STATEMENTS

For the Years Ended June 30, 2025 and 2024

With Independent Auditor's Report



Fiorita Kornhaas
& Company, PC

Certified Public Accountants and Advisors

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, 2025, 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, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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.

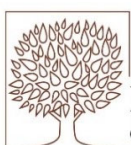
Report on Summarized Comparative Information

We have previously audited Walnut Hill Community Church's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 4, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, 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
January 8, 2026



Fiorita Kornhaas
& Company, PC

Certified Public Accountants and Advisors

WALNUT HILL COMMUNITY CHURCH

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WALNUT HILL COMMUNITY CHURCH
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 1,754,387	\$ 2,156,386
Employee receivable	10,414	7,600
Investments	12,314	-
Prepaid expenses and other current assets	7,198	38,335
<u>TOTAL CURRENT ASSETS</u>	<u>1,784,313</u>	<u>2,202,321</u>
<u>PROPERTY AND EQUIPMENT, NET</u>	12,497,456	12,855,141
<u>OTHER ASSETS</u>		
Right of use asset, finance leases	15,530	34,166
<u>TOTAL ASSETS</u>	<u>\$ 14,297,299</u>	<u>\$ 15,091,628</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 166,321	\$ 151,152
Short-term lease liability, finance leases	17,135	19,997
<u>TOTAL CURRENT LIABILITIES</u>	<u>183,456</u>	<u>171,149</u>
<u>LONG-TERM LIABILITIES</u>		
Long-term lease liability, finance leases	-	17,135
<u>TOTAL LIABILITIES</u>	<u>183,456</u>	<u>188,284</u>
<u>NET ASSETS</u>		
Net assets without donor restrictions	13,083,752	13,482,355
Net assets with donor restrictions	1,030,091	1,420,989
<u>TOTAL NET ASSETS</u>	<u>14,113,843</u>	<u>14,903,344</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 14,297,299</u>	<u>\$ 15,091,628</u>

See independent auditor's report and accompanying notes.

WALNUT HILL COMMUNITY CHURCH
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025
(With Summarized Financial Information for 2024)

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>TOTALS</u>	
			<u>2025</u>	<u>2024</u>
<u>REVENUES</u>				
Contributions and grants:				
Cash and other financial assets	\$ 4,210,113	\$ 1,236,430	\$ 5,446,543	\$ 5,114,289
In-kind	246,300	-	246,300	330,000
Rental income, net	31,157	-	31,157	6,670
Miscellaneous income, net	36,368	-	36,368	20,693
Investment return, net	5,671	-	5,671	(3,006)
Interest	2,882	-	2,882	3,751
Total revenues	<u>4,532,491</u>	<u>1,236,430</u>	<u>5,768,921</u>	<u>5,472,397</u>
Net assets released from restrictions	<u>1,627,328</u>	<u>(1,627,328)</u>	<u>-</u>	<u>-</u>
Total revenues and net assets released	6,159,819	(390,898)	5,768,921	5,472,397
<u>EXPENSES</u>				
Program services:				
Ministries and program	4,373,983	-	4,373,983	3,926,444
Outreach and community engagement	1,369,828	-	1,369,828	1,652,747
Capital and development	233,161	-	233,161	344,173
Grants and other programs	11,736	-	11,736	18,674
Total program services	<u>5,988,708</u>	<u>-</u>	<u>5,988,708</u>	<u>5,942,038</u>
Supporting services:				
Management and general	569,714	-	569,714	566,656
Total supporting services	<u>569,714</u>	<u>-</u>	<u>569,714</u>	<u>566,656</u>
Total expenses	<u>6,558,422</u>	<u>-</u>	<u>6,558,422</u>	<u>6,508,694</u>
Change in net assets	(398,603)	(390,898)	(789,501)	(1,036,297)
Net assets, beginning of year	<u>13,482,355</u>	<u>1,420,989</u>	<u>14,903,344</u>	<u>15,939,641</u>
Net assets, end of year	<u>\$ 13,083,752</u>	<u>\$ 1,030,091</u>	<u>\$ 14,113,843</u>	<u>\$ 14,903,344</u>

See independent auditor's report and accompanying notes.

WALNUT HILL COMMUNITY CHURCH
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025
(With Summarized Financial Information for 2024)

	2025						2024	
	Ministries and program	Outreach and community engagement	Capital and development	Grants and other programs	Total program services	Management and general	Total	Total
Grants and other assistance	\$ -	\$ 1,195,513	\$ 45,267	\$ 5,153	\$ 1,245,933	\$ -	\$ 1,245,933	\$ 1,572,300
Benevolence and awards to others	-	55,938	-	6,583	62,521	-	62,521	36,187
Salaries, benefits and related taxes	2,619,960	118,377	155,233	-	2,893,570	309,657	3,203,227	2,914,441
Staff development and conferences	68,137	-	-	-	68,137	6,628	74,765	59,720
Ministry supplies and resources	76,755	-	25,589	-	102,344	-	102,344	102,289
Communication, multimedia and advertising	10,829	-	-	-	10,829	66,636	77,465	81,715
Technology support	95,909	-	-	-	95,909	6,575	102,484	95,653
Food and fellowship	74,495	-	-	-	74,495	-	74,495	60,594
Consultants and honorariums	25,973	-	-	-	25,973	5,164	31,137	63,579
Professional service fees	3,909	-	-	-	3,909	44,186	48,095	82,510
Office equipment rental expense	33,407	-	-	-	33,407	2,515	35,922	21,823
Printing and supplies expense	30,321	-	-	-	30,321	2,024	32,345	35,094
Bank and processing fees	-	-	-	-	-	53,364	53,364	54,635
Campus occupancy costs	275,371	-	-	-	275,371	19,295	294,666	238,185
Campus repair and maintenance costs	294,102	-	7,072	-	301,174	17,620	318,794	302,886
Insurance expense	56,494	-	-	-	56,494	4,286	60,780	56,178
Interest expense	-	-	-	-	-	826	826	1,482
Depreciation expense	708,321	-	-	-	708,321	30,938	739,259	729,423
	<u>\$ 4,373,983</u>	<u>\$ 1,369,828</u>	<u>\$ 233,161</u>	<u>\$ 11,736</u>	<u>\$ 5,988,708</u>	<u>\$ 569,714</u>	<u>\$ 6,558,422</u>	<u>\$ 6,508,694</u>

See independent auditor's report and accompanying notes.

WALNUT HILL COMMUNITY CHURCH
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Change in net assets	\$ (789,501)	\$ (1,036,297)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation expense	739,259	729,423
Amortization of lease liability	18,636	20,614
Interest expense on finance leases	802	1,424
Donated securities, net	(12,314)	-
Changes in:		
Employee receivable	(2,814)	500
Prepaid expenses and other current assets	31,137	53,503
Accounts payable and accrued expenses	15,169	(21,753)
Deferred rent	-	(19,210)
Net cash provided by (used in) operating activities	<u>374</u>	<u>(271,796)</u>
Cash flows from investing activities:		
Property and equipment acquisitions, net	<u>(381,574)</u>	<u>(327,386)</u>
Net cash used in investing activities	<u>(381,574)</u>	<u>(327,386)</u>
Cash flows from financing activities:		
Finance leases	<u>(20,799)</u>	<u>(23,199)</u>
Net cash used in financing activities	<u>(20,799)</u>	<u>(23,199)</u>
Net decrease in cash and cash equivalents	(401,999)	(622,381)
Cash and cash equivalents, beginning of year	<u>2,156,386</u>	<u>2,778,767</u>
Cash and cash equivalents, end of year	<u>\$ 1,754,387</u>	<u>\$ 2,156,386</u>
Supplemental information:	<u>2025</u>	<u>2024</u>
Cash activity for the year:		
Interest paid	<u>\$ 826</u>	<u>\$ 1,482</u>

See independent auditor's report and accompanying notes.

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 to those around us with the good news of the gospel of Jesus. 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 require 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 is based on the assumptions market participants would use when pricing an asset. Accounting principles generally accepted in the United States of America establish 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 groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

- Level 1 Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

See independent auditor's report.

WALNUT HILL COMMUNITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value (continued)

- Level 2 Other observable inputs, either directly or indirectly, including:
- Quoted prices for similar assets/liabilities in active markets;
 - Quoted prices for identical or similar assets in non-active markets;
 - Inputs other than quoted prices that are observable for the asset/liability; and,
 - Inputs that are derived principally from or corroborated by other observable market data.
- Level 3 Unobservable inputs that cannot be corroborated by observable market data.

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, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Food donated by local supermarkets	\$ 246,300	\$ 330,000
	<u>\$ 246,300</u>	<u>\$ 330,000</u>

Food donated by local supermarkets totaled 125,045 pounds and 171,005 pounds during the years ended June 30, 2025 and 2024, 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 \$1.97 and \$1.93 for the years ended June 30, 2025 and 2024 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, 2025 and 2024.

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, 2025 and 2024.

See independent auditor's report.

WALNUT HILL COMMUNITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Advertising Costs

Advertising costs are expensed as incurred and were \$65,821 and \$69,363 for the years ended June 30, 2025 and 2024, 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.

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>2025</u>	<u>2024</u>
Allocated based on time and effort:		
Salaries, benefits and related taxes	\$ 2,503,143	\$ 2,260,484

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	700,084	653,957
Staff development and conferences	7,423	6,638
Communication, multimedia and advertising	11,644	12,352
Technology support	93,925	89,025
Office equipment rental expense	35,922	21,823
Printing and supplies expense	28,920	29,830

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	241,186	193,376
Campus repair and maintenance costs	220,248	216,535
Insurance expense	53,580	47,178
Depreciation expense	386,722	394,137

See independent auditor's report.

WALNUT HILL COMMUNITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

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, 2024, from which the summarized information was derived.

Subsequent Events

Management has evaluated subsequent events through January 8, 2026, 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, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ <u>1,754,387</u>	\$ <u>2,156,386</u>
Total financial assets	<u>1,754,387</u>	<u>2,156,386</u>
Less amounts not available to be used for general expenditures:	<u>1,030,091</u>	<u>1,420,989</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 724,296</u>	<u>\$ 735,397</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.

Note 4: INVESTMENTS

The following is a summary of investments as of June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Donated equity securities	\$ <u>12,314</u>	\$ -
	<u>\$ 12,314</u>	<u>\$ -</u>

As of June 30, 2025 and 2024, all investments were considered level 1 investments.

See independent auditor's report.

WALNUT HILL COMMUNITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

Note 5: PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Land	\$ 1,458,042	\$ 1,458,042
Buildings and improvements	19,658,591	19,383,995
Furniture, fixtures, and equipment	2,516,284	2,409,306
	<u>23,632,917</u>	<u>23,251,343</u>
Less: accumulated depreciation	<u>(11,135,461)</u>	<u>(10,396,202)</u>
	<u>\$ 12,497,456</u>	<u>\$ 12,855,141</u>

Depreciation expense totaled \$739,259 and \$729,423 for the years ended June 30, 2025 and 2024, respectively.

Note 6: LINE OF CREDIT

The Church has a \$500,000 on demand revolving line of credit with Ives Bank. 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, 2025 and 2024 was 8.25% and 9.25%, respectively. The line is subject to annual review by Ives Bank. There were no amounts outstanding on the line of credit as of June 30, 2025 and 2024, respectively.

Note 7: LEASES

The Church determines if an arrangement is a financing 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.

See independent auditor's report.

WALNUT HILL COMMUNITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

Note 7: LEASES (continued)

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

The components of lease expense for the years ending June 30, 2025 and 2024 were as follows:

	<u>2025</u>	<u>2024</u>
Finance lease expense		
Amortization of ROU assets	\$ 18,636	\$ 20,614
Interest on lease liabilities	802	1,424
<u>TOTAL</u>	<u>\$ 19,438</u>	<u>\$ 22,038</u>

Cash flows and other information related to leases for the years ending June 30, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Cash paid for amounts included in the measurement of lease liabilities		
Cash flows from finance leases	\$ 20,799	\$ 23,199

	<u>2025</u>	<u>2024</u>
ROU assets obtained in exchange for new lease liabilities		
Finance leases	\$ -	\$ -

The weighted-average lease terms and discount rates are as follows for the years ending June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Weighted-average remaining lease term in years:		
Finance leases	0.83	1.83
Weighted-average discount rate:		
Finance leases	3.05%	3.05%

Future maturities of lease liabilities at June 30, 2025 are as follows:

	<u>Finance Leases</u>
2026	<u>17,331</u>
Total undiscounted cash flows	17,331
Less: present value discount	(196)
Total lease liabilities	<u>\$ 17,135</u>

The Church leases office equipment under various month to month operating leases. Expenses incurred for all operating leases totaled \$564 for each of the years ended June 30, 2025 and 2024.

See independent auditor's report.

WALNUT HILL COMMUNITY CHURCH

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

Note 8: NET ASSETS

Net assets without donor restrictions for the years ended June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Undesignated	\$ <u>13,083,752</u>	\$ <u>13,482,355</u>

Net assets with donor restrictions for the years ended June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
<u>To be released for specific purpose</u>		
Outreach and community engagement:		
Church in Action fund	\$ 669,368	\$ 643,144
Benevolence	21,010	58,651
Special needs fund	<u>22,548</u>	<u>28,396</u>
Total outreach and community engagement	<u>712,926</u>	<u>730,191</u>
Capital and development:		
Walnut Hill development fund	17,803	31,436
Ignite Legacy	288,050	654,588
Spiritual refreshment fund	<u>2,974</u>	<u>-</u>
Total capital and development	<u>308,827</u>	<u>686,024</u>
Grants and other programs:		
Grants	4,603	4,455
Other	<u>3,735</u>	<u>319</u>
Total grants and other programs	<u>8,338</u>	<u>4,774</u>
	<u>\$ 1,030,091</u>	<u>\$ 1,420,989</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 programs - 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, 2025

Note 9: RENTAL INCOME, NET

The Church owns three buildings near the Bethel Campus. The homes are rented under one year or less terms. Two homes are rented to employees of the Church.

Net rental income is made up of the following for the years ended June 30, 2025 and 2024:

	<u>Revenue</u>	<u>Expense</u>	<u>2025 Net</u>	<u>2024 Net</u>
Employee rentals	\$ 25,200	\$ 18,648	\$ 6,552	\$ 209
Other building rentals	19,800	7,714	12,086	6,057
Other space rentals	34,690	22,171	12,519	404
	<u>\$ 79,690</u>	<u>\$ 48,533</u>	<u>\$ 31,157</u>	<u>\$ 6,670</u>

Note 10: MISCELLANEOUS INCOME (LOSS), NET

Miscellaneous income (loss) is reported net of expenses and includes the following for the years ended June 30, 2025 and 2024:

	<u>Revenue</u>	<u>Expense</u>	<u>2025 Net</u>	<u>2024 Net</u>
Café operations	\$ 15,297	\$ 10,954	\$ 4,343	\$ 3,803
Non-mission retreats and trips	61,840	38,557	23,283	10,442
Other ministry income	37,045	26,673	10,372	6,448
Other fundraising events	5,035	6,665	(1,630)	-
	<u>\$ 119,217</u>	<u>\$ 82,849</u>	<u>\$ 36,368</u>	<u>\$ 20,693</u>

Note 11: RELATED PARTY TRANSACTIONS

Some board members of the Church have a relative employed by the Church. In addition, employees of the Walnut Hill Community Church periodically rent homes from the Church, see Note 9.

Committee members of the Church in Action Fund became board members of various outside organizations supported by the Church. The Church paid \$119,466 and \$52,837 to the organizations for the years ended June 30, 2025 and 2024, respectively. The committee members were not involved in any financial decisions on behalf of the Church pertaining to those organizations.

Note 12: 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.