

SEVEN HILLS
CHURCH

SEVEN HILLS CHURCH, INC.

(A Non-Profit Organization)

Financial Report

For the Years Ended December 31, 2025 and 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Seven Hills Church, Inc.

Opinion

We have audited the accompanying financial statements of Seven Hills Church, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Seven Hills Church, Inc. as of December 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Seven Hills Church, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Seven Hills Church, Inc.'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 Seven Hills Church, Inc.'s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Seven Hills Church, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Rushton, LLC

Certified Public Accountants

Gainesville, Georgia
June 3, 2026

SEVEN HILLS CHURCH, INC.
Statements of Financial Position
December 31, 2025 and 2024

	2025	2024
ASSETS		
Current Assets		
Cash	$ 4,563,166	$ 4,784,772
Investments	26,735	18,085
Other receivable	0	319,292
Total Current Assets	4,589,901	5,122,149
Long-Term Assets		
Property and equipment, net	25,710,758	21,168,158
Finance lease right-to-use asset, net	127,519	150,358
Operating lease right-to-use asset, net	658,089	659,687
Security deposits	50,000	80,000
Assets held in trust	415,344	376,100
Total Long-Term Assets	26,961,710	22,434,303
TOTAL ASSETS	$ 31,551,611	$ 27,556,452
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	$ 60,627	$ 233,041
Accrued salaries	161,484	152,472
Notes payable	13,527	14,290
Operating lease liability	141,534	119,630
Total Current Liabilities	377,172	519,433
Long-Term Liabilities		
Trust held for others	415,344	376,100
Notes payable	4,982	18,506
Operating lease liability	538,369	552,065
Total Long-Term Liabilities	958,695	946,671
TOTAL LIABILITIES	1,335,867	1,466,104
Net Assets		
Without donor restriction	29,820,037	25,810,792
With donor restriction	395,707	279,556
TOTAL NET ASSETS	30,215,744	26,090,348
TOTAL LIABILITIES AND NET ASSETS	$ 31,551,611	$ 27,556,452

The accompanying notes are an integral part of these financial statements.

SEVEN HILLS CHURCH, INC.
Statements of Activities
For the years ended December 31, 2025 and 2024

	2025	2024
WITHOUT DONOR RESTRICTION		
Revenue, Gains and Other Support		
General offerings	$ 15,065,304	$ 14,851,042
Non-cash contributions	8,650	0
Event income	667,475	494,647
College and internship program	1,986	1,946
Rental income	51,013	0
Investment income (loss), net	87,565	5,268
Gain on sale of property and equipment	25,000	820
Other	60,450	38,809
	15,967,443	15,392,532
Net Assets Released From Restrictions		
Restrictions satisfied by payments	519,188	459,369
Total Revenue, Gains and Other Support	16,486,631	15,851,901
Expenses and Losses		
Program Services		
Ministries	5,153,260	5,546,070
Missions	1,243,914	1,554,868
Children and Youth	3,082,760	3,042,981
Creative Media	2,106,077	2,026,213
Supporting Services		
Management and General	891,375	1,055,917
Total Expenses and Losses	12,477,386	13,226,049
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTION	4,009,245	2,625,852
WITH DONOR RESTRICTION		
Contributions	635,339	518,230
Net assets released from restrictions	(519,188)	(459,369)
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTION	116,151	58,861
INCREASE (DECREASE) IN NET ASSETS	4,125,396	2,684,713
BEGINNING NET ASSETS	26,090,348	23,405,635
ENDING NET ASSETS	$ 30,215,744	$ 26,090,348

The accompanying notes are an integral part of these financial statements.

SEVEN HILLS CHURCH, INC.

Statements of Cash Flows

For the years ended December 31, 2025 and 2024

	2025	2024
Cash Flows From Operating Activities		
Increase (decrease) in net assets	$ 4,125,396	$ 2,684,713
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,215,103	1,360,257
Operating lease right-to-use assets/liabilities, net change	9,806	7,201
Noncash contributions received	(8,650)	0
(Gain) loss on disposal of property and equipment	(25,000)	(820)
(Increase) decrease in operating assets		
Other receivable	319,292	0
Security deposits	30,000	(30,000)
Increase (decrease) in operating liabilities		
Accounts payable	(172,414)	(32,239)
Accrued salaries and liabilities	9,012	44,578
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	5,502,545	4,033,690
Cash Flows From Investing Activities		
Purchases of property and equipment	(5,734,864)	(735,579)
Proceeds from sale of property and equipment	25,000	820
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(5,709,864)	(734,759)
Cash Flows From Financing Activities		
Proceeds from notes payable	7,423,891	0
Principal payments on notes payable	(7,438,178)	(403,866)
Principal payments on finance lease liability	0	(73,813)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	(14,287)	(477,679)
NET INCREASE (DECREASE) IN CASH	(221,606)	2,821,252
CASH, BEGINNING	4,784,772	1,963,520
CASH, ENDING	$ 4,563,166	$ 4,784,772

Supplemental Cash Flow Information:

Cash paid during 2025 and 2024 for interest was $64,349 and $6,281, respectively.

Non-cash investing and financing activities:

Additions to right-to-use assets obtained from operating lease liabilities during 2025 and 2024 totaled $139,298 and $0 respectively.

Donated assets held for resale during 2025 and 2024 totaled $8,650 and $0, respectively.

The accompanying notes are an integral part of these financial statements.

SEVEN HILLS CHURCH, INC.
Statement of Functional Expenses
For the year ended December 31, 2025
(with comparative totals for the year ended December 31, 2024)

	2025						
	Program Services				Supporting Services		
	Ministries	Missions	Next Generation	Programming	Management and General	Totals	2024 Totals
Compensation and related expenses:							
Compensation	$ 2,190,568	$ 0	$ 809,209	$ 411,158	$ 516,896	$ 3,927,831	$ 3,943,843
Employee benefits	222,050	0	178,375	113,717	68,331	582,473	653,028
Payroll taxes	43,284	0	48,980	24,061	20,371	136,696	134,803
Total compensation expenses	2,455,902	0	1,036,564	548,936	605,598	4,647,000	4,731,674
Occupancy							
Utilities	91,990	0	68,696	953	2,628	164,267	185,153
Telephone	13,056	0	9,750	135	373	23,314	29,894
Leases	179,633	0	0	0	0	179,633	173,642
Insurance	60,851	0	45,442	630	1,739	108,662	93,718
Total occupancy expenses	345,530	0	123,888	1,718	4,740	475,876	482,407
Administration							
Postage, printing and mailings	6,901	0	12,748	54	150	19,853	26,215
Supplies	0	0	0	5,741	28,011	33,752	36,498
Janitorial supplies	35,226	0	26,306	365	1,006	62,903	113,796
Professional fees	0	0	0	0	142,028	142,028	290,585
Total administration expenses	42,127	0	39,054	6,160	171,195	258,536	467,094
Program expense	836,408	1,243,914	905,964	1,327,267	0	4,313,553	4,722,677
Contract services	277,847	0	107,224	116,720	4,102	505,893	390,168
Grounds expense	101,329	0	75,671	1,049	2,895	180,944	106,662
Equipment and software	42,516	0	24,817	44,435	949	112,717	152,715
Office expense	110,760	0	82,714	1,147	3,165	197,786	267,592
Interest	36,035	0	26,911	373	1,030	64,349	101,495
Repairs and maintenance	123,899	0	86,662	33,510	3,315	247,386	246,117
Vehicle expense	79,243	0	59,178	821	2,264	141,506	154,955
Conferences and continuing education	16,829	0	2,935	0	72,680	92,444	110,282
Travel and entertainment	4,378	0	3,022	16,893	0	24,293	27,168
Depreciation/amortization	680,457	0	508,156	7,048	19,442	1,215,103	1,265,043
Total functional expenses	$ 5,153,260	$ 1,243,914	$ 3,082,760	$ 2,106,077	$ 891,375	$ 12,477,386	$ 13,226,049

The accompanying notes are an integral part of these financial statements.

SEVEN HILLS CHURCH, INC.
Statement of Functional Expenses
For the year ended December 31, 2024

	Program Services				Supporting Services	
	Ministries	Missions	Next Generation	Programming	Management and General	Totals
Compensation and related expenses:						
Compensation	$ 2,282,785	$ 74,150	$ 655,882	$ 430,411	$ 500,615	$ 3,943,843
Employee benefits	240,046	17,582	182,185	130,985	82,230	653,028
Payroll taxes	44,989	5,596	39,648	25,782	18,788	134,803
Total compensation expenses	2,567,820	97,328	877,715	587,178	601,633	4,731,674
Occupancy						
Utilities	103,686	0	77,431	1,074	2,962	185,153
Telephone	16,741	0	12,502	173	478	29,894
Leases	173,642	0	0	0	0	173,642
Insurance	52,482	0	39,193	544	1,499	93,718
Total occupancy expenses	346,551	0	129,126	1,791	4,939	482,407
Administration						
Postage, printing and mailings	8,901	0	17,099	57	158	26,215
Supplies	0	0	0	12,341	24,157	36,498
Janitorial supplies	63,726	0	47,589	660	1,821	113,796
Professional fees	0	0	0	0	290,585	290,585
Total administration expenses	72,627	0	64,688	13,058	316,721	467,094
Program expense	1,006,793	1,457,540	933,597	1,324,747	0	4,722,677
Contract services	278,633	0	106,009	1,470	4,056	390,168
Grounds expense	59,730	0	44,606	619	1,707	106,662
Equipment and software	63,304	0	37,856	50,107	1,448	152,715
Office expense	149,852	0	111,907	1,552	4,281	267,592
Interest	56,837	0	42,445	589	1,624	101,495
Repairs and maintenance	129,588	0	96,808	16,058	3,663	246,117
Vehicle expense	86,775	0	64,802	899	2,479	154,955
Conferences and continuing education	13,155	0	4,002	0	93,125	110,282
Travel and entertainment	5,981	0	379	20,808	0	27,168
Depreciation/amortization	708,424	0	529,041	7,337	20,241	1,265,043
Total functional expenses	$ 5,546,070	$ 1,554,868	$ 3,042,981	$ 2,026,213	$ 1,055,917	$ 13,226,049

The accompanying notes are an integral part of these financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Church

Seven Hills Church, Inc. is a religious nonprofit Organization located in Florence, Kentucky which services many needs in the community and world. The Church was formed October 17, 1983 by Fellowship of Believers, Inc. On September 20, 2007, the Articles of Incorporation of Fellowship of Believers, Inc. were officially amended, changing the name to Seven Hills Church, Inc.

Description of Programs

The Church operates the following programs and supporting services:

Ministries

Includes ministry and religious services and programs, which is the main purpose for the Church.

Missions

Helps facilitate other individual and Church programs of need not connected with the Church.

Children and Youth

Helps introduce children and youths to worship through various interactive religious services and programs.

Creative Media

Encourages religion and ministry of the Church through television, audio/visual material, and books.

Management and General

Includes the functions necessary to handle the general operations of the Church as well as maintenance and upkeep of buildings and grounds.

Fundraising

Includes the functions necessary to handle the fundraising activities of the Church.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) ASC 958, *Financial Statements for Not-for-Profit Organizations*, as updated by Accounting Standards Update 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. This standard requires classification of net assets and revenue, expenses, gains and losses based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of these two classes of net assets, with donor restrictions and without donor restrictions, be displayed in the statement of activities and changes in net assets. The accounting standards provide that if a governing body of an organization has the ability to remove a donor restriction, the contributions should be classified as net assets without donor restrictions.

Basis of Accounting

The financial statements of Seven Hills Church have been prepared on the accrual basis of accounting. Using this method, revenues are recognized when earned and expenses when incurred.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Church is exempt from income taxes under the provision of section 501(c)(3) of the Internal Revenue Code as an "other than private" foundation.

Effective January 1, 2009, the Church implemented the accounting requirements associated with uncertainty in income taxes using the provisions of ASC 740, *Income Taxes*. The guidance prescribes a minimum recognition threshold and measurement methodology that a tax position taken or expected to be taken in a tax return is required before being recognized in the financial statements. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of December 31, 2025, the Church has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

With few exceptions, the Church is no longer subject to U.S. federal, state, and local income tax examinations by tax authorities for years before 2022.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Church considers all checking, savings, and money market accounts, which are immediately liquid on demand to be cash and cash equivalents.

Investments

The Church carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values based on quoted prices in active markets (all Level 1 measurements) in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities. The Church initially records any real estate and other investments that do not have readily determinable fair values at the fair value as of the dates the investments are donated to the Church and thereafter carries such investments primarily at current appraised values (Level 2 measurements). The Church carries other investments with fair values that are measured on a recurring basis using significant unobservable inputs (Level 3 measurements).

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Property and Equipment

The Church capitalizes property and equipment with a cost of over $5,000 and an estimated life of three years or more. Property and equipment are carried at cost or, if donated, at their approximate fair value at the date of donation. Interest expense incurred in direct relation to construction projects is capitalized and recorded in the cost of the constructed asset. Depreciation is computed using primarily the straight-line method over the following years:

	Years
Furniture and Equipment	5-10
Vehicles	5
Buildings	39
Land Improvements	15

Right-to-Use Assets

The Church has recorded right-to-use assets as a result of implementing FASB 2016-02 Topic 842, *Leases*. The right-to-use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right-to-use assets are amortized on a straight-line basis over the estimated useful life of the leased asset or life of the related lease, based on the lease type.

Compensated Absences

The Church's policy does not permit employees to accumulate earned but unused vacation benefits into next year. Therefore, no liability is reported for compensated absences.

Donated Assets and Property and Equipment

Noncash donations are recorded as contributions at their estimated fair values at the date of donation.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Church. The Church receives a substantial amount of services donated by individuals. These services consist of program volunteers. No amounts have been reflected in the financial statements for program volunteer hours.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restriction that increases that net asset class. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restriction and reported in the statements of activities as net assets released from restrictions.

Recognition of Donor Restrictions

Support that is restricted by the donor is reported as an increase in net assets without donor restriction if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restriction depending on the nature of the restriction. When a restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Revenue and Revenue Recognition

The Church recognizes contributions when cash, securities or other assets or an unconditional promise to give is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. There are currently no unconditional or conditional promises to give to report.

The Church recognizes rental revenues on a monthly basis in accordance with signed lease agreements.

The Church also records fees for the College and Intern program. These fees are recorded and recognized as they are earned.

Restricted and Unrestricted Revenue

Contributions are recorded as support with donor restriction or without donor restriction, depending on the existence and/or nature of any donor restrictions.

Functional Allocation of Expenses

The cost of providing various programs and supporting services have been summarized on a functional basis in the Statement of Activities. Salaries and benefits of program employees have been directly charged to the related programs. Depreciation, interest, and other expenses have been allocated to the Church's programs and supporting services based on the square footage utilized in providing the program service. Management and general expenses include those expenses that are not directly identifiable with any other specific function but to provide for the overall support and direction of the Church.

Advertising

The Church uses advertising to promote its programs. The production costs of advertising are expensed as incurred. There were no advertising costs reported in 2025 or 2024.

NOTE 2 – INVESTMENTS

Investments are presented in the financial statements at fair value using level 1 fair value measures (quoted prices in active markets). Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities. The Church initially records its other investments that do not have readily determinable fair values at the fair value as of the dates the investments are donated to the Church and thereafter carries such investment primarily at current appraised values (Level 2 measurements). The Church may carry other investments with fair values that are measured on a recurring basis using significant unobservable inputs (Level 3 measurements). Investments presented in the financial statements at December 31, 2025 consist of the following:

	Value	Level 2
Jewelry	$ 8,000	$ 8,000
Precious metals	10,085	10,085
Coin collection	8,650	8,650
Total	$ 26,735	$ 26,735

NOTE 2 – INVESTMENTS, continued

Investments presented in the financial statements at December 31, 2024 consist of the following:

	Value	Level 2
Jewelry	$ 8,000	$ 8,000
Precious metals	10,085	10,085
Total	$ 18,085	$ 18,085

NOTE 3 – EMPLOYEE RETENTION CREDIT

The Consolidated Appropriations Act, 2021 (CAA) signed into law included additional COVID-19 related relief. The CAA substantially and retroactively expanded the Employee Retention Credit (ERC), a refundable tax credit against certain employment taxes equal to a percentage of qualified wages an eligible employer paid to employees after March 12, 2020. The ERC was previously not available to taxpayers who received a PPP loan under the CARES Act. Provisions in the CAA removed this barrier and allowed organizations that qualified to retroactively apply for the credit so long as the same wages were not used for both the credit and the PPP loan. The balance of the receivable is $0 and $319,292 and is included in other receivables as of December 31, 2025 and December 31, 2024, respectively. The credit was included as other revenue on the statement of activities for the year ended December 31, 2021. This amount was collected in full during 2025.

Laws and regulations concerning government programs, including the Employee Retention Credit established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, are complex and subject to varying interpretations. Claims made under the CARES Act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Church's claim to the ERC, and it is not possible to determine the impact (if any) this would have upon the Church.

NOTE 4 – FINANCIAL INSTRUMENTS AND CREDIT RISK

The Church's principal financial instruments subject to credit risk is its cash. The degree and concentration of credit risk varies by the type of investment. The Church maintains cash balances in a credit-worthy financial institution which participates in the Federal Deposit Insurance Corporation (FDIC). The Church's uninsured cash balances at December 31, 2025 and 2024 were $3,909,455 and $4,293,946, respectively.

NOTE 5 – LIQUIDITY

Financial assets available within one year for general operating expenses are as follows as of December 31:

	2025	2024
Cash	$ 4,563,166	$ 4,784,772
Less those unavailable within one year due to donor restrictions	(395,707)	(279,556)
	$ 4,167,459	$ 4,505,216

The Church expects to have these liquid assets available for use on general operating expenses in the next year.

NOTE 6 – TRUST HELD FOR OTHERS

Effective December 23, 2018, a trust agreement was established for the purpose of providing a deferred compensation plan for the Senior Pastor. The principal of the trust, and any earnings thereafter, shall be held separate from other funds of the Church, and shall be used exclusively for the uses and purposes of plan participants and general creditors. The Church may make additional deposits of cash or other property in trust with Trustee to augment the principal at any time. The balance reported as both an asset and liability at December 31, 2025 and 2024 was $415,344 and $376,100, respectively.

Assets held in trust presented in the financial statements at December 31, 2025 consist of the following:

Investments Held in Trust	Total	Level 1	Level 3
Cash	$ 4,764	$ 4,764	$ 0
Fund Holdings	248,949	248,949	0
Fixed Income	42,985	42,985	0
Real Estate	118,646	0	118,646
	$ 415,344	$ 296,698	$ 118,646

Assets held in trust presented in the financial statements at December 31, 2024 consist of the following:

Investments Held in Trust	Total	Level 1	Level 3
Cash	$ 5,138	$ 5,138	$ 0
Fund Holdings	212,457	212,457	0
Fixed Income	39,859	39,859	0
Real Estate	118,646	0	118,646
	$ 376,100	$ 257,454	$ 118,646

NOTE 7 – RETIREMENT PLAN

Effective January 1, 2019, the Church adopted a retirement plan under IRC Section 403(b). All employees are eligible to participate with a 4% match by the Church except for the Senior Pastor and his spouse which are matched dollar for dollar. The expense to the Church under this plan for the years ended December 31, 2025 and 2024 was $129,044 and $146,064, respectively.

NOTE 8 – PROPERTY AND EQUIPMENT, NET

Property and equipment consist of the following at December 31:

	2025	2024
Furniture and equipment	$ 6,262,510	$ 6,182,970
Vehicles	1,338,522	1,277,174
Building and building improvements	22,802,607	21,297,607
Land and land improvements	8,454,743	4,559,274
Construction in progress	123,006	0
	38,981,388	33,317,025
Less accumulated depreciation	(13,270,630)	(12,148,867)
	$ 25,710,758	$ 21,168,158

Depreciation expense on property and equipment for 2025 and 2024 totaled to $1,192,264 and $1,242,204, respectively.

NOTE 9 – NOTES PAYABLE

	2025	2024
Note payable to GM Financial in the original amount of $32,689 secured by a vehicle with an annual interest rate of 3.80% monthly payments of principal and interest for 60 months beginning March 23, 2020.	$ 0	$ 1,194
Note payable to GM Financial in the original amount of $75,886 secured by a vehicle with an annual interest rate of 3.24% monthly payments of principal and interest for 72 months beginning June 26, 2021.	18,509	31,602
On February 21, 2023 the Church refinanced the construction loan above to a revolving line of credit of $12,000,000 with a variable rate of interest per annum equal to the Adjusted Term SOFR Rate, which was 5.81% at the end of 2025. Interest on the unpaid balance is payable monthly and the unpaid principal balance is due on the maturity date of August 21, 2026.	0	0
Total	18,509	32,796
Less: Current Portion	(13,527)	(14,290)
Long-Term Portion of Notes Payable	$ 4,982	$ 18,506

The revolving line of credit was cancelled on May 20, 2026. See Note 14 for further details.

Interest expense for 2025 and 2024 was $64,349 and $101,495, respectively; inclusive of amortization of debt issuance costs of $0 and $95,214 for 2025 and 2024, respectively.

The future scheduled principal maturities of notes payable are as follows:

Year Ending December 31,	Principal
2026	$ 13,527
2027	4,982
	$ 18,509

NOTE 10 – LEASES

Operating Leases

The Church entered into a facility-use lease agreement beginning October 1, 2020, through September 1, 2025. At commencement, the Church recorded an operating lease liability of $169,280. Calculations were based on a 60-month non-cancelable term and assumed a discount rate of 0.419%, 10-year daily Treasury rate for October 1, 2020. The Church extended this lease agreement beginning October 1, 2025, through September 1, 2028. At commencement, the Church recorded an operating lease liability of $139,298. Calculations were based on a 36-month non-cancelable term and assumed a discount rate of 2.275%, 10-year daily Treasury rate for October 1, 2025.

The Church entered into a facility-use lease agreement beginning October 1, 2023, through September 1, 2029. At commencement, the Church recorded an operating lease liability of $226,021. Calculations were based on a 84-month non-cancelable term and assumed a discount rate of 3.211%, 10-year daily Treasury rate for October 1, 2023.

The Church entered into a space-use lease agreement beginning October 1, 2024, through December 31, 2032. At commencement, the Church recorded an operating lease liability of $555,100. Calculations were based on a 99-month non-cancelable term and assumed a discount rate of 3.642%. 10-year daily Treasury rate for October 1, 2024.

The weighted-average discount rate for operating leases is 3.32% with a weighted-average remaining lease term of 5.07.

The following is a schedule of future minimum payments required under these operating lease liabilities together with their present value at December 31, 2025:

Year Ending December 31,	Principal
2026	$ 162,000
2027	162,000
2028	150,000
2029	105,000
2030	78,000
2031-2032	84,500
Total lease payments due under operating lease liabilities	741,500
Less effects of discounting	(61,597)
Operating leases liabilities recognized	$ 679,903

Operating Lease Right-to-Use Assets

On October 1, 2020, the Church recorded a right-to-use asset of $169,280, on October 1, 2022, the Church recorded an additional right-to-use asset of $226,021, on October 1, 2023, the Church recorded an additional right-to-use asset of $555,100, and on October 1, 2025, the Church recorded an additional right-to-use asset of $139,298. The calculations were based on the initial operating lease liability. The subsequent measurement is based on the carrying amount of the lease liability adjusted for straight-line rent accrual. Amortization of these assets are included in lease expense on the statement of functional expenses.

As of December 31, 2025 and 2024, the right-to-use asset balance on operating leases was $658,089 and $659,687, respectively.

NOTE 10 – LEASES, continued

Finance Lease Right-to-Use Assets

On August 10, 2021, the Church recorded a right-to-use asset of $228,392. The calculation was based on the initial finance lease liability. The subsequent measurement is based on the initial amount of the lease liability adjusted for straight-line depreciation.

As of December 31, 2025 and 2024, the right-to-use asset balance on the finance lease was $127,519 and $150,358, respectively.

As of December 31, 2025 and 2024, depreciation expense on the right-to-use asset for the finance lease totaled $22,839 and $22,839, respectively, and is included in depreciation expense on the statement of functional expenses.

NOTE 11 – NET ASSETS WITH DONOR RESTRICTION

Activity for net assets with donor restriction for the year ended December 31, 2025 is as follows:

	12/31/2024 Balance	Contributions	Released from Restriction	12/31/2025 Balance
Missions and Programs	$ 279,556	$ 635,339	$ (519,188)	$ 395,707

Activity for net assets with donor restriction for the year ended December 31, 2024 is as follows:

	12/31/2023 Balance	Contributions	Released from Restriction	12/31/2024 Balance
Missions and Programs	$ 220,695	$ 518,230	$ (459,369)	$ 279,556

NOTE 12 – RISK AND UNCERTAINTIES

Leadership

Contributions could be impacted, especially in the short-term, if the Church's Senior Pastor were unable to perform his duties.

NOTE 13 – NEW ACCOUNTING PRONOUNCEMENTS

The Church implemented FASB Update 2023-01, *Leases (Topic 842) – Common Control Arrangements*, effective for the Church's current fiscal year. This update provides a practical expedient for private companies and not-for-profits for leasehold improvements between entities under common control, allowing amortization of leasehold improvements over their useful life rather than the lease term. The Church has completed its evaluation of the impact of adopting this standard and has concluded that it will not have a material impact on the Church's statements of financial position or statements of activities.

NOTE 14 – SUBSEQUENT EVENTS

The revolving line of credit was cancelled on May 20, 2026. The balance of the revolving line of credit was $0 at December 31, 2025, and the Church was no longer utilizing.

Management has evaluated subsequent events through June 3, 2026, the date the financial statements were available to be issued.