



# GRACE CHAPEL

GRACE CHAPEL, INC.

Financial Statements  
With Independent Auditors' Report

April 30, 2024 and 2023

# GRACE CHAPEL, INC.

## Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7

## INDEPENDENT AUDITORS' REPORT

Board of Elders  
Grace Chapel, Inc.  
Lexington, Massachusetts

### *Opinion*

We have audited the accompanying financial statements of Grace Chapel, Inc., which comprise the statements of financial position as of April 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Grace Chapel, Inc., as of April 30, 2024 and 2023, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Grace Chapel, 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 Grace Chapel, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Board of Elders  
Grace Chapel, Inc.  
Lexington, Massachusetts

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Grace Chapel, 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 Grace Chapel, 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.

*Capin Crouse LLP*

Middleton, Massachusetts  
January 30, 2025

# GRACE CHAPEL, INC.

## Statements of Financial Position

	April 30,	
	2024	2023
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 3,206,795	\$ 3,921,239
Cash held for board designated purposes	341,216	341,216
	<u>3,548,011</u>	<u>4,262,455</u>
Grants receivable	73,488	-
Other assets	112,811	100,361
Operating lease–right-of-use assets	171,746	68,709
Notes receivable	351,200	271,200
Property held for sale–net	1,293,552	-
Property and equipment–net	<u>16,488,208</u>	<u>18,423,730</u>
Total Assets	<u>\$ 22,039,016</u>	<u>\$ 23,126,455</u>
<b>LIABILITIES AND NET ASSETS:</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 1,136,997	\$ 393,806
Deferred revenue	12,045	55,114
Operating lease obligations	171,746	68,709
Debt	<u>2,494,095</u>	<u>2,819,269</u>
Total liabilities	<u>3,814,883</u>	<u>3,336,898</u>
Net assets:		
Without donor restrictions:		
Undesignated	17,357,601	18,947,781
Board designated reserve	<u>341,216</u>	<u>341,216</u>
	<u>17,698,817</u>	<u>19,288,997</u>
With donor restrictions	<u>525,316</u>	<u>500,560</u>
Total net assets	<u>18,224,133</u>	<u>19,789,557</u>
Total Liabilities and Net Assets	<u>\$ 22,039,016</u>	<u>\$ 23,126,455</u>

See notes to financial statements

# GRACE CHAPEL, INC.

## Statements of Activities

	Year Ended April 30,					
	2024			2023		
	Net Assets	Net Assets	Total	Net Assets	Net Assets	Total
	Without Donor Restrictions	With Donor Restrictions		Without Donor Restrictions	With Donor Restrictions	
CONTRIBUTIONS, GRANTS AND OTHER INCOME:						
Contributions	\$ 8,511,034	\$ 394,174	\$ 8,905,208	\$ 8,287,809	\$ 509,405	\$ 8,797,214
Government grants	275,580	-	275,580	427,701	-	427,701
Rental income	557,518	-	557,518	356,135	-	356,135
Fees and other revenues	311,426	-	311,426	137,579	-	137,579
Interest income	101,733	-	101,733	39,534	-	39,534
Loss on disposal of fixed assets	-	-	-	(116,882)	-	(116,882)
Total Contributions and Other Income	9,757,291	394,174	10,151,465	9,131,876	509,405	9,641,281
NET ASSETS RELEASED BY SATISFACTION OF PURPOSE RESTRICTIONS:	369,418	(369,418)	-	828,147	(828,147)	-
EXPENSES:						
Program services	10,122,444	-	10,122,444	8,594,692	-	8,594,692
Management and general	1,594,445	-	1,594,445	2,163,462	-	2,163,462
Total Expenses	11,716,889	-	11,716,889	10,758,154	-	10,758,154
Change in Net Assets	(1,590,180)	24,756	(1,565,424)	(798,131)	(318,742)	(1,116,873)
Net Assets, Beginning of Year	19,288,997	500,560	19,789,557	20,087,128	819,302	20,906,430
Net Assets, End of Year	\$ 17,698,817	\$ 525,316	\$ 18,224,133	\$ 19,288,997	\$ 500,560	\$ 19,789,557

See notes to financial statements

# GRACE CHAPEL, INC.

## Statements of Functional Expenses

Year Ended April 30,						
	2024			2023		
	Program	Management and General	Total	Program	Management and General	Total
Salaries and benefits	\$ 5,478,442	\$ 1,309,157	\$ 6,787,599	\$ 4,103,372	\$ 1,801,546	\$ 5,904,918
Repairs and maintenance	884,672	1,088	885,760	694,683	11,125	705,808
Depreciation	884,734	843	885,577	932,290	12,468	944,758
Missionary support	744,667	-	744,667	938,780	-	938,780
Occupancy	600,309	4,708	605,017	642,320	22,270	664,590
Grants, scholarships and benevolences	279,699	-	279,699	140,454	-	140,454
Professional fees	218,934	18,660	237,594	159,113	22,139	181,252
Technology	163,315	57,715	221,030	226,273	91,297	317,570
Food and catering	209,797	2,826	212,623	162,449	6,261	168,710
Travel and lodging	201,646	1,570	203,216	148,086	1,221	149,307
Bank and credit card processing fees	58,481	126,384	184,865	32,272	103,545	135,817
Supplies and office expenses	153,237	30,417	183,654	154,302	50,428	204,730
Interest expense	81,212	14,332	95,544	90,601	15,988	106,589
Insurance	81,868	12,572	94,440	79,673	22,349	102,022
Other expenses	46,643	12,698	59,341	37,010	-	37,010
Advertising and communications	18,982	1,054	20,036	29,584	2,185	31,769
Staff training and development	15,806	421	16,227	23,430	640	24,070
	<u>\$ 10,122,444</u>	<u>\$ 1,594,445</u>	<u>\$ 11,716,889</u>	<u>\$ 8,594,692</u>	<u>\$ 2,163,462</u>	<u>\$ 10,758,154</u>

See notes to financial statements

# GRACE CHAPEL, INC.

## Statements of Cash Flows

	Year Ended April 30,	
	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (1,565,424)	\$ (1,116,873)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	885,577	944,758
Forgiveness of notes receivable	10,000	10,000
Loss on disposal of property and equipment	-	116,882
Change in:		
Grants receivable	(73,488)	33,800
Other assets	(12,450)	233,823
Accounts payable and accrued expenses	743,191	(244,421)
Deferred revenue	(43,069)	55,114
Net Cash Provided (Used) by Operating Activities	<u>(55,663)</u>	<u>33,083</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Issuance of notes receivable	(90,000)	-
Cash paid for purchases of property and equipment	(243,607)	(291,088)
Net Cash Used by Investing Activities	<u>(333,607)</u>	<u>(291,088)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Principal payments on debt	(325,174)	(314,128)
Net Cash Used by Financing Activities	<u>(325,174)</u>	<u>(314,128)</u>
Change in Cash, Cash Equivalents and Board Designated Cash	(714,444)	(572,133)
Cash, Cash Equivalents and Board Designated Cash, Beginning of Year	<u>4,262,455</u>	<u>4,834,588</u>
Cash, Cash Equivalents and Board Designated Cash, End of Year	<u>\$ 3,548,011</u>	<u>\$ 4,262,455</u>
<b>SUPPLEMENTAL INFORMATION:</b>		
Cash paid for interest	<u>\$ 95,544</u>	<u>\$ 106,589</u>
Right-of-use assets obtained in exchange for operating lease obligations	<u>\$ 172,609</u>	<u>\$ 107,736</u>

See notes to financial statements



# GRACE CHAPEL, INC.

## Notes to Financial Statements

April 30, 2024 and 2023

1. NATURE OF ORGANIZATION:

Grace Chapel, Inc. (Church) is incorporated in the state of Massachusetts and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and comparable state laws. However, the Church is subject to federal income tax on any unrelated business taxable income. The Church has income from debt-financed property; as such rental and related income in excess of related expenses are subject to income tax. The Church did not have any taxable income for the years ended April 30, 2024 and 2023. In addition, the Church is not classified as a private foundation within the meaning of Section 509(a) of the IRC.

The Church is one church with multiple campuses in Lexington, Wilmington, Watertown and Foxboro. All campuses offer a wide variety of ministries and activities on Sundays and throughout the week.

The Church is dedicated to establishing and maintaining the public worship of God and to promoting the evangelical faith in accordance with the principles and doctrines of the Holy Scriptures. The Church is supported primarily through contributions from the congregation and provides various programs to its members and the community, including Christian education, pastoral care, missions, and other special programs.

2. SIGNIFICANT ACCOUNTING POLICIES:

The financial statements have been prepared on the accrual basis. The preparation of the 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. The significant accounting policies followed are described below to enhance the usefulness of the statements to the reader.

**CASH, CASH EQUIVALENTS, BOARD DESIGNATED CASH AND CREDIT RISK**

Cash, cash equivalents and board designated cash include cash on hand, checking accounts, savings accounts, and money market accounts. These funds are held at investment and financial banking institutions. At April 30, 2024 and 2023, the Church's cash balances exceeded federally insured limits by approximately \$273,000 and \$619,000, respectively. Included in cash and cash equivalents is cash restricted by the Board of Elders as a reserve. Restricted cash included in cash and cash equivalents totaled \$341,216 at April 30, 2024 and 2023.

**DONATED INVESTMENTS**

The Church's general policy is to liquidate donated investments upon receipt. Donated investment of stock is initially reported at fair market value on the date of the gift. These contributions are then included with cash and cash equivalents once liquidated.

# GRACE CHAPEL, INC.

## Notes to Financial Statements

April 30, 2024 and 2023

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### GRANTS RECEIVABLE

Grants receivable consist of amounts granted to the Church for the purpose of building a pastoral residency program, including pastoral development and partnerships with seminaries.

#### OTHER ASSETS

Other assets consist of prepaid expenses, deposits and café inventory.

#### NOTES RECEIVABLE

As part of a program to attract and retain excellent staff, the Church provides home purchase down payment assistance. Employee notes receivable amounting to approximately \$351,200 and \$271,000 were outstanding as of April 30, 2024 and 2023, respectively, and are less than 2% of total assets. The notes are collateralized by second trust deeds on single family residences located in the towns surrounding the Church. The second trust deeds are subordinated to the first trust deeds on the residences. Interest rates are determined by market rates for second trust deeds at the origination of the notes.

The notes mature at the earliest of the following:

- Six months after the employee is no longer employed by the Church;
- The secured property is sold, transferred or disposed of by the individual;
- The secured property is no longer used as the principal residence for the employee;
- On demand if required by law or if the employee defaults on the note agreement;
- New financing or refinancing of the secured property without the Church's written approval and consent.

No allowance for doubtful accounts has been recorded against these notes based on their collateralization and prior collection history.

#### PROPERTY HELD FOR SALE

Property held for sale consists of the property at 3 Militia Drive. As of April 30, 2024, the church entered into this sale agreement where the closing has not occurred. The buyer has right to cancel up to 1 year in the event they are unable to obtain necessary permits for planned residential project.

The property was properly reclassified as held for sale and depreciation has ceased. Book value of asset held for sale is \$1,293,552 at April 30, 2024.

#### PROPERTY, EQUIPMENT, AND DEPRECIATION

Items capitalized as property and equipment are reported at cost or, if donated, at fair market value on the date of donation. The Church reports donations of property and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. The Church's capitalization policy is \$5,000. Buildings and improvements, furniture, fixtures, and equipment are depreciated on the straight-line method over their estimated useful lives ranging from 3 to 40 years.

# GRACE CHAPEL, INC.

## Notes to Financial Statements

April 30, 2024 and 2023

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### PROPERTY, EQUIPMENT, AND DEPRECIATION, continued

The Church reviews its investment in property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the property and equipment to the future net undiscounted cash flows expected to be generated by the assets and any estimated proceeds from the eventual disposition of the assets. If the property and equipment is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the property and equipment exceeds the fair value of such property and equipment. There were no impairment losses recognized in the years ended April 30, 2024 and 2023.

#### NET ASSETS

*Net assets without donor restrictions* are those currently available for use in the Church under the direction of the board, and those resources invested in property and equipment—net of debt. Also included in net assets without donor restrictions is the board designated reserve. The board designated reserve is for growth initiatives within the Church.

*Net assets with donor restrictions* are those stipulated by donors for specific operating purposes or those not currently available for use until commitments regarding their use have been fulfilled. The Church has adopted a policy of considering restricted contributions and grants received and fully expended during the fiscal year as net assets without donor restrictions.

#### CONTRIBUTIONS, OTHER INCOME, AND NET ASSETS RELEASED BY SATISFACTION OF PURPOSE RESTRICTIONS

Contributions and grants are reported when made, which is generally when cash is received, unconditional promises are made, or ownership of donated assets is transferred to the Church. The Church at times receives indications of intent to support. The commitments are faith promises and subject to unilateral change by the donor. The commitments are not considered to be unconditional promises to give and are not reported prior to receipt of the contribution. Upon receipt, these funds are reported as either without donor restrictions or with donor restrictions pursuant to donor intent. Bequests are reported as support at the time the Church has an established right to the bequest and proceeds are measurable.

Members of the board of elders contributed approximately \$314,000 and \$163,000 to the Church for the years ended April 30, 2024 and 2023, respectively.

Rental income and other income is reported as income in the period earned. Unearned rental income is reported as deferred revenue in the statements of financial position.

# GRACE CHAPEL, INC.

## Notes to Financial Statements

April 30, 2024 and 2023

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### CONTRIBUTIONS, OTHER INCOME, AND NET ASSETS RELEASED BY SATISFACTION OF PURPOSE RESTRICTIONS, continued

When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released by satisfaction of purpose restrictions.

#### EMPLOYEE RETENTION CREDIT

During the year ended April 30, 2023, the Church filed for Employee Retention Credit (ERC) funds totaling \$615,630. The Church has taken the position that the acceptance and payment of ERC funds by the Internal Revenue Service (IRS) is the barrier to revenue recognition that must be met. As of April 30, 2023, the Church received from the IRS \$414,513 of ERC funds, which are recognized as a component of government grants in the statements of activities. In July 2023, \$209,927 of ERC funds were received from the IRS, and were recognized as government grants in the year ended April 30, 2024. The ERC, established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, acts as a fully refundable credit against the employer portion of social security taxes based on the amount of qualified wages that an eligible employer has incurred. Laws and regulations concerning government programs, including the ERC, established by the CARES Act are complex and subject to varying interpretation. 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 on the Church.

The Church has adopted a policy with respect to these government grants of reporting the conditional grants in which the restriction is met in the same fiscal year as revenue without donor restrictions in accordance with the simultaneous release option.

#### CONTRIBUTED SERVICES

The Church's ministry could not be fully achieved without the dedicated efforts of many volunteers. These contributed services are not reported as they do not meet the "specialized skills" requirements under current accounting standards.

#### CONCENTRATION OF CONTRIBUTIONS

Contributions for the Church come primarily from tithes and offerings concentrated in the greater Boston, Massachusetts area.

# GRACE CHAPEL, INC.

## Notes to Financial Statements

April 30, 2024 and 2023

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### EXPENSES

Expenses are recognized when incurred. The Church advertises its programs in various media. All advertising costs are expensed as incurred. The Church's advertising expenses were approximately \$20,000 and \$32,000 for the years ended April 30, 2024 and 2023, respectively. The Church incurred no joint costs for the years ended April 30, 2024 and 2023. The costs of providing the program services and management and general have been reported on a functional basis in the statements of activities. Certain costs not directly attributable to specific program services or management and general have been allocated to program services and management and general. These expenses include depreciation, salaries and benefits, repairs and maintenance, occupancy and other expenses. These expenses are allocated based on time and efforts or based on the programmatic purpose of the asset being depreciated. Costs of other categories were allocated based on programmatic purpose of the employees directly affected by the expense.

#### ADOPTION OF RECENTLY ISSUED ACCOUNTING STANDARDS

In 2016, the Financial Accounting Standards Board (FASB) issued guidance, *Current Expected Credit Losses (CECL)*, *ASU 2016-13*, which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Church that are subject to the guidance in FASB ASC 326 were notes receivable.

The CECL methodology utilizes a lifetime "expected credit loss" measurement objective for the recognition of credit losses for loans and other receivables at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. The methodology replaces the multiple existing impairment methods in current generally accepted accounting principles (GAAP), which generally require that a loss be incurred before it is recognized.

The Church adopted the standard effective May 1, 2023. The impact of the adoption was not considered material to the Church, therefore no additional disclosures have been recorded.

# GRACE CHAPEL, INC.

## Notes to Financial Statements

April 30, 2024 and 2023

3. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects the Church's financial assets, reduced by amounts not available for general use because of contractual or donor-imposed restrictions, as well as board designations, within one year of the statements of financial position date. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

	April 30,	
	2024	2023
Financial assets:		
Cash and cash equivalents	\$ 3,206,795	\$ 3,921,239
Cash held for board designated purposes	341,216	341,216
Grants receivable	73,488	-
Notes receivable	351,200	271,200
Financial assets, at year end	<u>3,972,699</u>	<u>4,533,655</u>
Less those not available for general expenditure within one year:		
Notes receivable collectible beyond one year	(351,200)	(271,200)
Board designated reserve	(341,216)	(341,216)
	<u>(692,416)</u>	<u>(612,416)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,280,283</u>	<u>\$ 3,921,239</u>

The Church is substantially supported by contributions on an unrestricted and restricted basis. Those contributions with donor restrictions require resources to be used in a particular manner or in a future period. The Church must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Church's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage liquidity needs, the Church maintains a line of credit in the amount of \$1,000,000 (Note 7), which was fully available as of both April 30, 2024 and 2023.

# GRACE CHAPEL, INC.

## Notes to Financial Statements

April 30, 2024 and 2023

4. PROPERTY AND EQUIPMENT AT COST–NET:

Property and equipment, at cost–net consists of:

	April 30,	
	2024	2023
Land and land improvements	\$ 2,834,742	\$ 3,702,546
Building and improvements	30,337,353	32,018,168
Furniture, fixtures and equipment	1,166,024	1,192,421
	34,338,119	36,913,135
Less accumulated depreciation	(17,993,356)	(18,489,405)
	16,344,763	18,423,730
Work in process	143,445	-
	<u>\$ 16,488,208</u>	<u>\$ 18,423,730</u>

Depreciation expense for the years ended April 30, 2024 and 2023, was \$885,557 and \$944,758, respectively.

Net investment in property and equipment consists of:

	April 30,	
	2024	2023
Property and equipment at cost–net	\$ 16,488,208	\$ 18,423,730
Less related debt	(2,494,095)	(2,819,269)
Net investment in property and equipment	<u>\$ 13,994,113</u>	<u>\$ 15,604,461</u>

# GRACE CHAPEL, INC.

## Notes to Financial Statements

April 30, 2024 and 2023

### 5. LEASE RIGHT-OF-USE ASSETS AND LIABILITIES:

The Church leases office equipment under operating leases expiring in 2029. The leases require various payments ranging between \$12,948 and \$41,457 annually. The discount rate represents the risk-free discount rate using a period comparable with that of the individual lease term on the inception date of the lease. Lease right-of-use assets and liabilities, as well as lease cost, consist of the following as of:

	April 30,	
	2024	2023
Assets:		
Operating right-of-use	\$ 171,746	\$ 68,709
Liabilities:		
Operating lease obligations	\$ 171,746	\$ 68,709
Lease cost:		
Operating lease costs	\$ 41,677	\$ 41,692
Weighted-average discount rate:		
Operating leases	4.00%	2.93%
Weighted-average remaining lease term (in years):		
Operating leases	4.45	1.69

Future minimum lease payments required under operating leases that have an initial or remaining non-cancelable lease term in excess of one year are as follows:

<u>Year Ending April 30,</u>	<u>Operating</u>
2025	\$ 41,677
2026	47,979
2027	38,268
2028	38,268
2029	25,512
	<u>191,704</u>
Less imputed interest	<u>(19,958)</u>
	<u>\$ 171,746</u>



# GRACE CHAPEL, INC.

## Notes to Financial Statements

April 30, 2024 and 2023

6. DEBT:

Debt consists of:

Mortgage note payable to Cass Commercial Bank (Cass) originally dated June 1, 2006, for \$5,000,000, which is secured by real estate located at 59 Worthen Rd., 2 Militia Drive and 3 Militia Drive in Lexington, Massachusetts, and assignment of rents. The note is a fixed rate nondisclosable loan to the Church for \$5,000,000. On June 23, 2013, the mortgage note payable was refinanced with Cass. Monthly payments were due in the amount of \$21,622 through June 2023, with a balloon payment due July 2023. The interest rate on the mortgage payable was equal to half a percentage point under the bank's prime rate (3.5% at April 30, 2021) with a maximum rate of 6% and a floor of 3.5%. On February 21, 2022, the mortgage note payable was refinanced with a fixed interest rate of 3.5%. Monthly payments are due in the amount of \$16,840 through January 2027, with a balloon payment due February 2027.

Mortgage note payable to Cass originally dated November 30, 2006, for \$2,000,000, which is secured by real estate located at 59 Worthen Rd. and 2 Militia Drive in Lexington, Massachusetts. On June 23, 2013, the mortgage note payable was refinanced with Cass. Monthly payments were due in the amount of \$12,076 through June 2023, with a balloon payment due July 2023. The interest rate on the mortgage payable was equal to half a percentage point under the bank's prime rate (3.5% at April 30, 2021) with a maximum rate of 6% and a floor of 3.5%. On February 21, 2022, the mortgage note payable was refinanced with a fixed interest rate of 3.5%. Monthly payments are due in the amount of \$9,406 through January 2027, with a balloon payment due February 2027.

Mortgage note payable to Cass originally dated December 1, 2010, for \$1,000,000, which is secured by real estate located at 128 West St. in Wilmington, Massachusetts. On June 23, 2013, the mortgage note payable was refinanced with Cass. Monthly payments were due in the amount of \$7,482 through June 2023, with a balloon payment due July 2023. The interest rate on the mortgage payable was equal to half a percentage point under the bank's prime rate (3.5% at April 30, 2021) with a maximum rate of 6% and a floor of 3.5%. On February 21, 2022, the mortgage note payable was refinanced with a fixed interest rate of 3.5%. Monthly payments are due in the amount of \$5,835 through January 2027, with a balloon payment due February 2027.

Mortgage note payable to Cass dated April 1, 2022, for \$500,000, secured by real estate located at 59 Worthen Rd., 2 Militia Drive and 3 Militia Drive in Lexington, Massachusetts, for the purpose of making improvements to facilities, with a fixed interest rate of 3.75%. Monthly payments are due in the amount of \$2,979 through March 2027, with a balloon payment due April 2027.

# GRACE CHAPEL, INC.

## Notes to Financial Statements

April 30, 2024 and 2023

6. DEBT, continued:

The debt summary is as follows:

	April 30,	
	2024	2023
\$5,000,000 bank mortgage loan	\$ 1,066,151	\$ 1,227,504
\$2,000,000 bank mortgage loan	595,428	684,685
\$1,000,000 bank mortgage loan	368,708	424,384
\$500,000 bank mortgage loan	463,808	482,696
	<u>\$ 2,494,095</u>	<u>\$ 2,819,269</u>

Debt is estimated to mature as follows:

<u>Year Ending April 30,</u>	
2025	\$ 336,425
2026	348,608
2027	<u>1,809,062</u>
	<u>\$ 2,494,095</u>

7. REVOLVING LINE OF CREDIT:

The Church has a revolving line of credit with maximum borrowings of \$1,000,000 with Cass which is secured by real estate located in Massachusetts. Interest is payable monthly at the bank's prime rate minus half a percentage point, with a floor of 4% (8.0% and 7.5% at April 30, 2024 and 2023, respectively). There were no borrowings on the line of credit as of and during the years ended April 30, 2024 and 2023.

# GRACE CHAPEL, INC.

## Notes to Financial Statements

April 30, 2024 and 2023

### 8. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of:

	April 30,			
	2023	Contributions	Net Assets Released	2024
Ministry	\$ 168,373	\$ 186,018	\$ (110,645)	\$ 243,746
Missions	243,973	208,156	(258,773)	193,356
Memorials	88,214	-	-	88,214
	<u>\$ 500,560</u>	<u>\$ 394,174</u>	<u>\$ (369,418)</u>	<u>\$ 525,316</u>

  

	April 30,			
	2022	Contributions	Net Assets Released	2023
Ministry	\$ 316,062	\$ 102,209	\$ (249,898)	\$ 168,373
Digital ministry	222,063	163,338	(385,401)	-
Missions	192,963	243,858	(192,848)	243,973
Memorials	88,214	-	-	88,214
	<u>\$ 819,302</u>	<u>\$ 509,405</u>	<u>\$ (828,147)</u>	<u>\$ 500,560</u>

### 9. RETIREMENT PLAN:

The Church has established a 403(b) defined contribution retirement plan covering all employees, subject to certain exceptions described in the Summary Plan Document. The Church contributed 3% of the participants' eligible compensation for both the years ended April 30, 2024 and 2023. The Church also matched the first 3% of eligible compensation deferred by the participants. All eligible participants can enroll and participate immediately upon employment. A more complete description of the benefit provisions can be found in the Church's 403(b) Plan Agreement. The Church's contributions were approximately \$259,000 and \$238,000 for the years ended April 30, 2024 and 2023, respectively.

### 10. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through January 30, 2025, which represents the date the financial statements were available to be issued. Subsequent to January 30, 2025, Grace Chapel entered into an additional note receivable with employee totaling \$110,000.