



GRACE CHAPEL

GRACE CHAPEL, INC.

Financial Statements
With Independent Auditor's Report

April 30, 2025 and 2024

GRACE CHAPEL, INC.

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INDEPENDENT AUDITOR'S 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, 2025 and 2024, 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, 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 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

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 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 LLC

Middleton, Massachusetts
December 23, 2025

GRACE CHAPEL, INC.

Statements of Financial Position

	April 30,	
	2025	2024
ASSETS:		
Cash and cash equivalents	\$ 2,646,262	\$ 3,206,795
Cash held for board designated purposes	341,216	341,216
	<u>2,987,478</u>	<u>3,548,011</u>
Grants receivable	-	73,488
Prepaid expenses and other assets	109,613	126,429
Operating lease-right-of-use assets	-	9,570
Financing lease-right-of-use assets	150,388	162,176
Notes receivable	444,800	351,200
Property held for sale—net	1,293,552	1,293,552
Property and equipment—net	<u>16,053,206</u>	<u>16,488,208</u>
Total Assets	<u><u>\$ 21,039,037</u></u>	<u><u>\$ 22,052,634</u></u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	\$ 881,866	\$ 1,150,615
Performance obligation liabilities	18,591	12,045
Operating lease obligations	-	9,570
Financing lease obligations	132,733	162,176
Debt	<u>2,157,706</u>	<u>2,494,095</u>
Total liabilities	<u><u>3,190,896</u></u>	<u><u>3,828,501</u></u>
Net assets:		
Without donor restrictions:		
Undesignated	16,987,920	17,357,601
Board designated reserve	<u>341,216</u>	<u>341,216</u>
	<u><u>17,329,136</u></u>	<u><u>17,698,817</u></u>
With donor restrictions		
	<u><u>519,005</u></u>	<u><u>525,316</u></u>
Total net assets	<u><u>17,848,141</u></u>	<u><u>18,224,133</u></u>
Total Liabilities and Net Assets	<u><u>\$ 21,039,037</u></u>	<u><u>\$ 22,052,634</u></u>

See notes to financial statements

GRACE CHAPEL, INC.

Statements of Activities

	Years Ended April 30,					
	2025			2024		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions	\$ 8,590,544	\$ 395,935	\$ 8,986,479	\$ 8,511,034	\$ 394,174	\$ 8,905,208
Government grants	369,076	-	369,076	275,580	-	275,580
Rental income	692,420	-	692,420	557,518	-	557,518
Fees and other revenues	146,585	-	146,585	311,426	-	311,426
Interest income	75,618	-	75,618	101,733	-	101,733
 Total Support and Revenue	 9,874,243	 395,935	 10,270,178	 9,757,291	 394,174	 10,151,465
NET ASSETS RELEASED BY SATISFACTION OF PURPOSE RESTRICTIONS:						
	402,246	(402,246)	-	369,418	(369,418)	-
EXPENSES:						
Program services	8,955,639	-	8,955,639	10,122,444	-	10,122,444
Management and general	1,690,531	-	1,690,531	1,594,445	-	1,594,445
Total Expenses	10,646,170	-	10,646,170	11,716,889	-	11,716,889
 Change in Net Assets	 (369,681)	 (6,311)	 (375,992)	 (1,590,180)	 24,756	 (1,565,424)
 Net Assets, Beginning of Year	 17,698,817	 525,316	 18,224,133	 19,288,997	 500,560	 19,789,557
 Net Assets, End of Year	 <u>\$ 17,329,136</u>	 <u>\$ 519,005</u>	 <u>\$ 17,848,141</u>	 <u>\$ 17,698,817</u>	 <u>\$ 525,316</u>	 <u>\$ 18,224,133</u>

See notes to financial statements

GRACE CHAPEL, INC.

Statements of Functional Expenses

	Years Ended April 30,					
	2025			2024		
	Program	Management and General	Total	Program	Management and General	Total
Salaries and benefits	\$ 4,905,850	\$ 1,144,883	\$ 6,050,733	\$ 5,478,442	\$ 1,309,157	\$ 6,787,599
Depreciation and amortization	811,955	49,056	861,011	904,786	843	905,629
Missionary support	745,748	-	745,748	744,667	-	744,667
Repairs and maintenance	623,173	36,814	659,987	884,672	1,088	885,760
Occupancy	507,708	51,254	558,962	600,309	4,708	605,017
Grants, scholarships and benevolences	245,483	-	245,483	279,699	-	279,699
Food and catering	241,710	1,703	243,413	209,797	2,826	212,623
Technology	140,590	89,009	229,599	163,315	57,715	221,030
Professional fees	104,001	91,704	195,705	218,934	18,660	237,594
Supplies and office expenses	155,985	39,449	195,434	153,237	30,417	183,654
Travel and lodging	139,801	49,329	189,130	201,646	1,570	203,216
Bank and credit card processing fees	62,746	94,556	157,302	58,481	126,384	184,865
Insurance	91,689	17,465	109,154	81,868	12,572	94,440
Other expenses	92,883	4,444	97,327	26,591	12,698	39,289
Interest expense	76,954	13,580	90,534	81,212	14,332	95,544
Staff training and development	9,363	745	10,108	15,806	421	16,227
Advertising and communications	-	6,540	6,540	18,982	1,054	20,036
	<u>\$ 8,955,639</u>	<u>\$ 1,690,531</u>	<u>\$ 10,646,170</u>	<u>\$ 10,122,444</u>	<u>\$ 1,594,445</u>	<u>\$ 11,716,889</u>

See notes to financial statements

GRACE CHAPEL, INC.

Statements of Cash Flows

	Years Ended April 30,	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (375,992)	\$ (1,565,424)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	861,011	905,629
Forgiveness of notes receivable	16,400	10,000
Non-cash effect of financing lease transactions	(25,694)	(14,010)
Change in:		
Grants receivable	73,488	(73,488)
Prepaid expenses and other assets	16,816	(12,450)
Accounts payable and accrued expenses	(268,749)	743,191
Performance obligation liabilities	6,546	(43,069)
Net Cash Provided by (Used in) Operating Activities	<u>303,826</u>	<u>(49,621)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Issuance of notes receivable	(110,000)	(90,000)
Cash paid for purchases of property and equipment	(385,906)	(243,607)
Net Cash Used in Investing Activities	<u>(495,906)</u>	<u>(333,607)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on debt	(336,389)	(325,174)
Principal payments on financing lease obligations	(32,064)	(6,042)
Net Cash Used in Financing Activities	<u>(368,453)</u>	<u>(331,216)</u>
Change in Cash, Cash Equivalents and Board Designated Cash	(560,533)	(714,444)
Cash, Cash Equivalents and Board Designated Cash, Beginning of Year	<u>3,548,011</u>	<u>4,262,455</u>
Cash, Cash Equivalents and Board Designated Cash, End of Year	<u>\$ 2,987,478</u>	<u>\$ 3,548,011</u>
SUPPLEMENTAL INFORMATION:		
Cash paid for interest	<u>\$ 90,534</u>	<u>\$ 95,544</u>
Right-of-use assets obtained in exchange for financing lease obligations	<u>\$ -</u>	<u>\$ 172,609</u>
Disposal of fully depreciated property and equipment	<u>\$ 282,828</u>	<u>\$ -</u>

See notes to financial statements

GRACE CHAPEL, INC.

Notes to Financial Statements

April 30, 2025 and 2024

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 from time to time 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, 2025 and 2024. 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 in accordance with accounting principles generally accepted in the United States of America (GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASU). The significant accounting policies followed are described below to enhance the usefulness of the statements to the reader. The preparation of financial statements in conformity with GAAP 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. Estimates that are particularly susceptible to significant change in the near term are related to allocation of functional expenses.

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 financial banking institutions. At April 30, 2025 and 2024, the Church's cash balances exceeded federally insured limits by approximately \$372,000 and \$273,000, 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 approximately \$341,000 at both April 30, 2025 and 2024.

GRACE CHAPEL, INC.

Notes to Financial Statements

April 30, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

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.

GRANTS RECEIVABLE

Grants receivable are reported at net realizable value. Management believes all grants receivable at April 30, 2025 and 2024 are collectible, therefore no allowance has been recorded.

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 \$445,000 and \$351,000 were outstanding as of April 30, 2025 and 2024, 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. During the year ended April 30, 2024, the Church entered into this sale agreement where the closing has not occurred as of April 30, 2025. The buyer had a 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 as of April 30, 2024. Book value of property held for sale was \$1,293,552 at both April 30, 2025 and 2024. The Church closed on the sale of this property subsequent to year end (see Note 10).

GRACE CHAPEL, INC.

Notes to Financial Statements

April 30, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

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. Land is not depreciated and construction in progress is not depreciated until placed into service.

The Church reviews its investment in property and equipment and properties held for sale 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, 2025 and 2024.

RIGHT-OF-USE LEASED ASSETS AND LIABILITIES

Right to use leased assets and the related liabilities are recognized at the lease commencement date and represent the Church's right to use an underlying asset and lease liability for the lease term. Right to use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. The Church includes in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised. Right to use leased assets are amortized over the shorter of the lease term or the useful life of the underlying asset using the straight-line method. The Church has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. The Church has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating and financing leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on a straight-line basis. The Church elected the practical expedient to not separate lease and non-lease components for equipment leases.

GRACE CHAPEL, INC.

Notes to Financial Statements

April 30, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

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.

SUPPORT, REVENUE, 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. 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.

Members of the board of elders contributed approximately \$276,000 and \$314,000 to the Church for the years ended April 30, 2025 and 2024, respectively.

Rental income is recognized in the period earned, which is the point in time the rented space is utilized. Rental income received in advance, if any, is reported as performance obligation liabilities on the statements of financial position. Fees and other revenue is recognized in the period earned, which is a point in time. Investment income is recognized in the period earned.

GRACE CHAPEL, INC.

Notes to Financial Statements

April 30, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

GOVERNMENT GRANTS

Conditional grants are recognized as grant revenue on the statements of activities in the period in which conditions are met. The Church applied for several conditional grants administered through the Commonwealth of Massachusetts for advanced security measures. During the years ended April 30, 2025 and 2024, approximately \$369,000 and \$66,000 was received and recognized as a component of government grants in the statements of activities. As of April 30, 2025 and 2024, the Church has outstanding conditional grants of approximately \$-0- and \$298,000, respectively, which have not yet been recognized in the financial statements as the conditions had not yet been met.

During the year ended April 30, 2023, the Church filed for Employee Retention Credit (ERC) funds totaling approximately \$616,000. 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 approximately \$415,000 of ERC funds, including interest, which are recognized as a component of government grants in the statements of activities. In July 2023, approximately \$210,000 of ERC funds, including interest, 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, 2025 and 2024

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 \$7,000 and \$20,000 for the years ended April 30, 2025 and 2024, respectively. The Church incurred no joint costs for the years ended April 30, 2025 and 2024. 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.

GRACE CHAPEL, INC.

Notes to Financial Statements

April 30, 2025 and 2024

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,	
	2025	2024
Financial assets:		
Cash and cash equivalents	\$ 2,646,262	\$ 3,206,795
Cash held for board designated purposes	341,216	341,216
Grants receivable	-	73,488
Notes receivable	444,800	351,200
Financial assets, at year end	<u>3,432,278</u>	<u>3,972,699</u>
 Less those not available for general expenditure within one year:		
Notes receivable collectible beyond one year	(244,800)	(351,200)
Board designated reserve	(341,216)	(341,216)
Subject to satisfaction of donor restrictions for specified purposes	<u>(519,005)</u>	<u>(525,316)</u>
	<u>(1,105,021)</u>	<u>(1,217,732)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,327,257</u>	<u>\$ 2,754,967</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. The Church's governing board has designated certain net assets without donor restrictions for reserve purposes. Those amounts are identified as "board designated reserve" in the table above. The board designated these funds and they can be used/spent for the designated purpose(s), however they can be reverted back to operations with board approval should the need arise.

GRACE CHAPEL, INC.

Notes to Financial Statements

April 30, 2025 and 2024

4. PROPERTY AND EQUIPMENT–NET:

Property and equipment–net consists of:

	April 30,	
	2025	2024
Land and land improvements	\$ 2,834,742	\$ 2,834,742
Building and improvements	30,725,839	30,319,621
Furniture, fixtures and equipment	902,520	1,183,756
	34,463,101	34,338,119
Less accumulated depreciation	(18,531,436)	(17,993,356)
	15,931,665	16,344,763
Work in process	121,541	143,445
	\$ 16,053,206	\$ 16,488,208

Depreciation expense for the years ended April 30, 2025 and 2024, was \$820,908 and \$885,557, respectively.

Net investment in property and equipment consists of:

	April 30,	
	2025	2024
Property and equipment at cost–net	\$ 16,053,206	\$ 16,488,208
Less related debt	(2,157,706)	(2,494,095)
Net investment in property and equipment	\$ 13,895,500	\$ 13,994,113

GRACE CHAPEL, INC.

Notes to Financial Statements

April 30, 2025 and 2024

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

The Church leases office equipment under operating leases expiring in 2025 through 2029. The leases require various payments ranging between approximately \$12,000 and \$38,000 annually. Lease right-of-use assets and liabilities, as well as lease cost, consist of the following as of:

	April 30,	
	2025	2024
Assets:		
Operating lease-right-of-use assets	\$ -	\$ 9,570
Financing lease-right-of-use assets	\$ 150,388	\$ 162,176
Liabilities:		
Operating lease obligations	\$ -	\$ 9,570
Financing lease obligations	\$ 132,733	\$ 162,176
Lease cost:		
Finance lease costs:		
Amortization of ROU assets	\$ 40,103	\$ 20,052
Interest on lease liabilities	6,204	3,525
Operating lease costs	<u>9,711</u>	<u>12,948</u>
	<u><u>\$ 56,018</u></u>	<u><u>\$ 36,525</u></u>
Weighted-average discount rate:		
Operating leases	-	2.93%
Finance leases	4.13%	4.13%
Weighted-average remaining lease term (in years):		
Operating leases	-	0.75
Finance leases	3.75	4.75

GRACE CHAPEL, INC.

Notes to Financial Statements

April 30, 2025 and 2024

5. LEASE RIGHT-OF-USE ASSETS AND LIABILITIES, continued:

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>Financing</u>
2026	\$ 38,268
2027	38,268
2028	38,268
2029	<u>28,701</u>
	<u>143,505</u>
Less imputed interest	<u>(10,772)</u>
	<u><u>\$ 132,733</u></u>

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.

GRACE CHAPEL, INC.

Notes to Financial Statements

April 30, 2025 and 2024

6. DEBT, continued:

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.

Net Book Value of Assets Pledged as Collateral

The net book value of 59 Worthen Rd. was approximately \$6,760,000 and \$7,129,000 as of June 30, 2025 and 2024, respectively. The net book value of 2 Militia Drive was approximately \$2,752,000 and \$2,859,000 as of June 30, 2025 and 2024, respectively. The net book value of 3 Militia Drive was approximately \$1,294,000 as of both June 30, 2025 and 2024 (see Property Held for Sale disclosure in Note 2). The net book value of 128 West St. was approximately \$2,634,000 and \$2,754,000 as of June 30, 2025 and 2024, respectively.

The debt summary is as follows:

	April 30,	
	2025	2024
\$5,000,000 bank mortgage loan	\$ 899,215	\$ 1,066,151
\$2,000,000 bank mortgage loan	502,183	595,428
\$1,000,000 bank mortgage loan	310,870	368,708
\$500,000 bank mortgage loan	445,438	463,808
	<hr/>	<hr/>
	\$ 2,157,706	\$ 2,494,095
	<hr/>	<hr/>

Debt is estimated to mature as follows:

Year Ending April 30,

2026	\$ 348,608
2027	1,809,098
	<hr/>
	\$ 2,157,706
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GRACE CHAPEL, INC.

Notes to Financial Statements

April 30, 2025 and 2024

7. REVOLVING LINE OF CREDIT:

The Church had a revolving line of credit with maximum borrowings of \$1,000,000 with Cass which is secured by real estate located in Massachusetts. Interest was payable monthly at the bank's prime rate minus half a percentage point, with a floor of 4% (8.0% at April 30, 2024). There were no borrowings on the line of credit as of and during the year ended April 30, 2024. During the year ended April 30, 2025, this line of credit was closed.

8. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of:

	April 30,			
	Net Assets			
	2024	Contributions	Released	2025
Ministry	\$ 243,746	\$ 118,766	\$ (131,793)	\$ 230,719
Missions	193,356	277,169	(270,453)	200,072
Memorials	88,214	-	-	88,214
	<u>\$ 525,316</u>	<u>\$ 395,935</u>	<u>\$ (402,246)</u>	<u>\$ 519,005</u>

	April 30,			
	Net Assets			
	2023	Contributions	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>

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, 2025 and 2024. 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 \$244,000 and \$259,000 for the years ended April 30, 2025 and 2024, respectively.

GRACE CHAPEL, INC.

Notes to Financial Statements

April 30, 2025 and 2024

10. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through December 23, 2025, which represents the date the financial statements were available to be issued.

Subsequent to year-end in May 2025, the Church closed on the sale of 3 Militia Drive. Net proceeds amounted to approximately \$6,643,000. Gain on sale of this property amounted approximately \$5,349,000. As a part of the sale, the bank released the building from collateral on the Church's debt (see Note 6) without any requirement for an additional principal payment.