CENTRAL WESLEYAN CHURCH

Consolidated Financial Statements
With Independent Auditor's Report

May 31, 2026 and 2025

CENTRAL WESLEYAN CHURCH

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CAPINCROUSE
A DIVISION OF Carr, Riggs & Ingram

INDEPENDENT AUDITOR'S REPORT

Elder Board
Central Wesleyan Church
Holland, Michigan

Opinion

We have audited the accompanying consolidated financial statements of Central Wesleyan Church, which comprise the consolidated statements of financial position as of May 31, 2026 and 2025, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Central Wesleyan Church as of May 31, 2026 and 2025, 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 Consolidated Financial Statements section of our report. We are required to be independent of Central Wesleyan Church 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Central Wesleyan Church's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

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Elder Board
Central Wesleyan Church
Holland, Michigan

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 Central Wesleyan Church's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Central Wesleyan Church's ability to continue as a going concern for a reasonable period of time.

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



Grand Rapids, Michigan
August 31, 2026

CENTRAL WESLEYAN CHURCH

Consolidated Statements of Financial Position

	May 31, 2026	May 31, 2025
ASSETS:		
Cash and cash equivalents	$ 2,094,442	$ 1,348,885
Cash restricted for long-term purposes	26,404	338,883
Pledges receivable–net	247,659	142,081
Other assets	536,444	290,626
Investments	5,308,493	4,317,015
Operating lease right-of-use asset–net	1,591,816	1,751,156
Property, plant, and equipment–net	37,100,798	37,980,344
Total Assets	$ 46,906,056	$ 46,168,990
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	$ 239,497	$ 159,827
Accrued expenses	436,124	411,754
Performance obligation liabilities	132,802	153,980
Operating lease liability	1,618,216	1,772,665
Debt	8,667,990	9,001,532
Total liabilities	11,094,629	11,499,758
Net assets:		
Without donor restrictions	34,361,093	33,068,595
With donor restrictions	1,450,334	1,600,637
Total net assets	35,811,427	34,669,232
Total Liabilities and Net Assets	$ 46,906,056	$ 46,168,990

See notes to consolidated financial statements

CENTRAL WESLEYAN CHURCH

Consolidated Statements of Activities

	Year Ended May 31,					
	2026			2025		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE:						
Contributions	$ 15,904,965	$ 2,565,878	$ 18,470,843	$ 14,171,412	$ 1,985,129	$ 16,156,541
Tuition and fees–net	1,251,369	-	1,251,369	1,013,316	-	1,013,316
Merchandise sales	378,815	-	378,815	365,997	-	365,997
Contributed nonfinancial assets	-	-	-	350,000	-	350,000
Net investment income	186,336	-	186,336	183,451	-	183,451
Rental income	99,855	-	99,855	140,484	-	140,484
Other revenue	391,248	-	391,248	291,385	-	291,385
Total Revenue	18,212,588	2,565,878	20,778,466	16,516,045	1,985,129	18,501,174
NET ASSETS RELEASED FROM RESTRICTIONS AND RECLASSIFICATIONS:						
Satisfaction of purpose and time restrictions and reclassifications	2,716,181	(2,716,181)	-	2,665,357	(2,665,357)	-
Total Revenue, and Net Assets Released from Restrictions and Reclassifications	20,928,769	(150,303)	20,778,466	19,181,402	(680,228)	18,501,174
EXPENSES:						
Program	15,697,833	-	15,697,833	12,722,082	-	12,722,082
Management and general	3,938,438	-	3,938,438	4,388,416	-	4,388,416
Total Expenses	19,636,271	-	19,636,271	17,110,498	-	17,110,498
Change in Net Assets	1,292,498	(150,303)	1,142,195	2,070,904	(680,228)	1,390,676
Net Assets, Beginning of Year	33,068,595	1,600,637	34,669,232	30,997,691	2,280,865	33,278,556
Net Assets, End of Year	$ 34,361,093	$ 1,450,334	$ 35,811,427	$ 33,068,595	$ 1,600,637	$ 34,669,232

See notes to consolidated financial statements

CENTRAL WESLEYAN CHURCH

Consolidated Statement of Functional Expenses

Year Ended May 31, 2026

	Program	Management and General	Total Expenses
Salaries and benefits	$ 7,424,460	$ 2,488,692	$ 9,913,152
Depreciation and amortization	2,154,906	221,730	2,376,636
Other	9,391	280,524	289,915
Ministry production	1,365,188	-	1,365,188
Missions and outreach grants	1,029,271	-	1,029,271
Utilities	524,231	58,248	582,479
Meetings and events	692,738	-	692,738
Church supplies	571,857	133,182	705,039
Bank service fees and taxes	258,480	28,720	287,200
Interest	9,009	483,540	492,549
Trainings, curriculum and leadership development	183,004	4,601	187,605
Meals	191,514	-	191,514
District membership	155,726	-	155,726
Travel	107,950	514	108,464
Advertising	-	107,637	107,637
Repairs and maintenance	593,586	65,954	659,540
Rental	426,522	65,096	491,618
Total	$ 15,697,833	$ 3,938,438	$ 19,636,271

See notes to consolidated financial statements

CENTRAL WESLEYAN CHURCH

Consolidated Statement of Functional Expenses

Year Ended May 31, 2025

	Program	Management and General	Total Expenses
Salaries and benefits	$ 5,991,881	$ 2,800,100	$ 8,791,981
Depreciation and amortization	1,995,521	396,910	2,392,431
Other	100,984	-	100,984
Ministry production	1,638,647	43,089	1,681,736
Missions and outreach grants	1,243,647	483	1,244,130
Utilities	60,635	396,259	456,894
Meetings and events	293,742	1,225	294,967
Church supplies	311,901	37,334	349,235
Bank service fees and taxes	234,243	28,539	262,782
Interest	4,251	228,163	232,414
Trainings, curriculum and leadership development	190,534	-	190,534
Meals	155,636	5,426	161,062
District membership	149,630	-	149,630
Travel	134,555	5,863	140,418
Repairs and maintenance	214,217	364,566	578,783
Rental	2,058	80,459	82,517
Total	$ 12,722,082	$ 4,388,416	$ 17,110,498

See notes to consolidated financial statements

CENTRAL WESLEYAN CHURCH

Consolidated Statements of Cash Flows

	Year Ended May 31, 2026	Year Ended May 31, 2025
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 1,142,195	$ 1,390,676
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities:		
Depreciation and amortization	2,376,636	2,392,431
Credit losses	-	109,533
Contributions restricted for long-term purposes	-	(642,730)
Loss on sale and disposal of assets	24,769	3,226
Reduction of lease liability	(154,449)	(400,281)
Pledge write-off	64,730	
Contributed nonfinancial assets	-	(350,000)
Changes in:		
Pledges receivable–net	(170,308)	166,611
Other assets	(245,818)	464,213
Accounts payable	429,670	128,998
Accrued expenses	24,370	(360,095)
Performance obligation liabilities	(21,178)	54,077
Net Cash Provided by Operating Activities	3,470,617	2,956,659
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	2,013,027	1,397,520
Purchase of investments	(3,004,505)	(3,989,965)
Proceeds from sale of property, plant, and equipment	386,500	-
Purchase of property, plant, and equipment	(2,099,019)	(5,223,068)
Net Cash Used in Investing Activities	(2,703,997)	(7,815,513)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on line of credit	(3,291,079)	(168,468)
Draws on line of credit	2,957,537	4,900,000
Cash received for long-term purposes	-	1,187,637
Net Cash Provided by (Used in) Financing Activities	(333,542)	5,919,169
Change in Cash and Cash Equivalents	433,078	1,060,315
Cash and Cash Equivalents and Restricted Cash, Beginning of Year	1,687,768	627,453
Cash and Cash Equivalents and Restricted Cash, End of Year	$ 2,120,846	$ 1,687,768
SUPPLEMENTAL DISCLOSURES:		
Cash paid for interest (includes capitalized interest of $-0- and $192,730, respectively)	$ 492,549	$ 486,127
Noncash additions to property, plant, and equipment	$ -	$ 350,000

See notes to consolidated financial statements

CENTRAL WESLEYAN CHURCH

Notes to Consolidated Financial Statements

May 31, 2026 and 2025

1. NATURE OF ORGANIZATION:

Central Wesleyan Church (the Church) is a local body of believers and is part of the world-wide Wesleyan Church denomination. The primary ministries of the Church are public worship services, graded Christian education classes, after school programs for under-privileged children, missions in Holland, Michigan and around the world, and a wide range of programs for special needs such as financial counseling and divorce recovery.

The Church's main campus is in Holland, Michigan with satellite campuses around the country including the La Roca Church in the Holland, Michigan area, The Local Church in the Grand Rapids, Michigan area, Overflow Church in the Benton Harbor, Michigan area, LifeBridge Church in the South Haven, Michigan area, The Well in the Columbia, Tennessee area, Captivate Church in the San Diego, California area, and Redeemer City Church in Tampa, Florida.

The Church's mission is to amplify the hope and life of Jesus to all people. They pursue this mission through partnering with Jesus as He builds His church and with the Holy Spirit as Christ is formed in His church.

The Church is a not-for-profit corporation and has been recognized as tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code (the Code). Accordingly, no provision for income taxes has been reflected in the Church's consolidated financial statements. The Church is not a private foundation under section 509(a)(1) of the Code. The Church is supported primarily by contributions from members and tuition from Captivate Academy.

2. SIGNIFICANT ACCOUNTING POLICIES:

BASIS OF ACCOUNTING

The consolidated financial statements of the Church have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASU).

USE OF ESTIMATES

The preparation of U.S. GAAP consolidated financial statements 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 consolidated 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.

PRINCIPLES OF CONSOLIDATION

The accompanying consolidated financial statements include the consolidated financial statements of Central Wesleyan Church and its subsidiary, Water's Edge West (doing business as Captivate Church), collectively referred to as the Church. All intercompany balances and transactions have been eliminated in the consolidation. Water's Edge Family is also a subsidiary of Central Wesleyan Church, however, it has no financial activity.

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

Cash consists mainly of checking accounts and cash on hand. Cash and cash equivalents include all highly liquid investments with an original maturity of three months or less when purchased. The Church maintains cash and cash equivalents in financial institutions which may, at times, exceed federally insured limits. At May 31, 2026 and 2025, cash and cash equivalents and restricted cash exceeded federally insured limits in the amount of approximately $1,543,000 and $1,464,000, respectively.

Cash, cash equivalents, and restricted cash consist of the following

	Year Ended May 31,	
	2026	2025
Cash and cash equivalents	$ 2,094,442	$ 1,348,885
Cash restricted for long term purposes	26,404	338,883
	$ 2,120,846	$ 1,687,768

PLEDGES RECEIVABLE–NET

Unconditional promises to give are included in the consolidated financial statements as pledges receivable and revenue in the appropriate net asset category and are recorded at net realizable value. Pledges receivable–net are stated at the amount management expects to collect from balances outstanding. The allowance for doubtful accounts of $-0- and $16,183 have been recorded as of May 31, 2026 and 2025, respectively. All pledges receivable are expected to be collected in the next year, therefore, no discount is recorded as of May 31, 2026 and 2025.

OTHER ASSETS

Other assets consist of prepaid expenses and accounts receivables.

INVESTMENTS

The Church reports investments in money market funds with readily determinable fair values at their fair value in the consolidated statements of financial position. The Church reports investments in certificates of deposit held at Wesleyan Investment Foundation at cost in the consolidated statements of financial position. Unrealized gains and losses, interest and dividends, and realized gains and losses are included in net investment income in the accompanying consolidated statements of activities.

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

LEASES

The Church leases office space under five lease agreements. The Church determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities in the consolidated statements of financial position.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the leases do not provide an implicit rate, the Church uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Church will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. Lease agreements do not contain any material residual value guarantees or material restrictive covenants.

PROPERTY, PLANT, AND EQUIPMENT–NET

All acquisitions and expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of property and equipment in excess of $10,000 are capitalized. Repairs and maintenance are expensed as incurred. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets. Land and construction in progress are not depreciated. The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended May 31, 2026 and 2025.

The estimated useful lives of the assets are as follows:

Building and improvements	10-40 years
Vehicles	5-15 years
Furniture and equipment	3-10 years

CLASSES OF NET ASSETS

The consolidated financial statements report amounts separately by class of net assets:

Net assets without donor restrictions are resources over which the Church has discretionary control.

Net assets with donor restrictions represent resources subject to donor-imposed stipulations for specific purposes, programs, or with timing restrictions.

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

REVENUE RECOGNITION

Contributions and Contributed Nonfinancial Assets
Contributions are recorded when received or unconditionally promised to give. Contributions received are reported as without donor restrictions or with donor restrictions support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Gifts of property and equipment are reported at fair market value on the date received as contributed nonfinancial assets without donor restrictions, unless there are specific donor restrictions imposed on the use of those assets.

Tuition and fees–net
Revenue from tuition and fees is recognized as the performance obligations are satisfied over time during the period in which the student attends class and educational services are provided. Tuition and fees for these classes are reported at the amount that reflects the consideration to which the Church expects to be entitled in exchange for providing educational services. This includes student aid in the form of scholarships and discounts. As such, this aid is referred to as scholarships and represents the difference between the stated charge for tuition and fees and the amount billed to the student.

Net tuition and fees are as follows:

	Year Ended May 31,	
	2026	2025
Tuition	$ 1,293,553	$ 1,022,893
Other fees	-	56,371
	1,293,553	1,079,264
Tuition discounts and scholarships	(42,184)	(65,948)
Total net tuition and fees	$ 1,251,369	$ 1,013,316

Performance obligation liabilities are recorded when tuition payments are made in advance of when the educational services take place. Contract assets are recorded when educational services take place in advance of when tuition payments are made. Contract assets related to tuition at May 31, 2026 and 2025, were approximately $114,000 and $4,000, respectively, and are reported as other assets in the consolidated statements of financial position.

Rental income, and other revenue
Merchandise sales are recognized at point of sale. Rental income and other revenue is recognized as earned.

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

FUNCTIONAL CLASSES OF EXPENSES

The costs of providing the program services and supporting activities have been summarized on a functional basis in the consolidated statements of activities and consolidated statements of functional expenses. Certain costs not directly attributable to specific program services or functions have been allocated to program services and supporting activities. Employee salaries, wages, and benefits have been allocated across program services and supporting activities based on employee time. Depreciation, building operations and maintenance expenses are allocated on a square footage of facilities basis. Interest expense is allocated to the functional categories which have benefited from the associated debt. The Church incurred no fundraising and joint costs for the years ended May 31, 2026 and 2025. Advertising expenses for the years ended May 31, 2026 and 2025, were approximately $108,000 and $58,000, respectively.

FAIR VALUE MEASUREMENTS

The Church follows the provisions of the *Fair Value Measurements and Disclosure* topic of the FASB ASC. These standards establish a fair value hierarchy that prioritize the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs or other quoted prices for identical assets, and Level 3 inputs have the lowest priority. Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying consolidated statements of financial position, as well as, the general classification of such instruments pursuant to the valuation hierarchy. The Church had no Level 2 investments for the years ended May 31, 2026 and 2025. There have been no changes in the methodologies used at May 31, 2026 and 2025.

Level 1

Money market mutual funds - The fair value of these financial instruments is based on quoted market prices.

Level 3

Beneficial interest in charitable remainder annuity trust- The fair value of these assets are determined by calculating the present value of the respective annuity trusts.

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

FAIR VALUE MEASUREMENTS, continued:
The fair value of investments and beneficial interest in charitable remainder annuity trusts for the fiscal year ended May 31, 2026, consists of:

	Total	Level 1	Level 2	Level 3
Money market funds	$ 284,992	$ 284,992	$ -	$ -
Beneficial interest in charitable remainder annuity trust	14,000	-	-	14,000
Total assets at fair market value	298,992	$ 284,992	$ -	$ 14,000
Investmetns held at cost:				
Certificate of deposit	5,009,501			
	$ 5,308,493			

The fair value of investments and beneficial interest in charitable remainder annuity trusts for the fiscal year ended May 31, 2025, consists of:

	Total	Level 1	Level 2	Level 3
Money market funds	$ 511,601	$ 511,601	$ -	$ -
Beneficial interest in charitable remainder annuity trust	14,000	-	-	14,000
Total assets at fair market value	525,601	$ 511,601	$ -	$ 14,000
Investmetns held at cost:				
Certificate of deposit	3,791,414			
	$ 4,317,015			

3. LIQUIDITY AND AVAILABILITY OF RESOURCES:

The following reflects the Church's financial assets reduced by amounts not available for general use within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. The following table represents liquidity:

	May 31, 2026	May 31, 2025
Financial assets:		
Cash and cash equivalents	$ 2,094,442	$ 1,348,885
Cash restricted for long-term purposes	26,404	338,883
Pledges receivable–net	247,659	142,081
Accounts receivable (included in other assets)	135,566	71,714
Investments	5,308,493	4,317,015
Financial assets, at year end	7,812,564	6,218,578
Less those unavailable for general expenditures within one year due to:		
Restricted by donors with purpose or time restrictions	(1,450,334)	(1,600,637)
	(1,450,334)	(1,600,637)
Financial assets available to meet cash needs for general expenditures within one year	$ 6,362,230	$ 4,617,941

The Church is principally supported by contributions and tuition and fees. The goal of the Church is to maintain available financial assets to meet its next 90 days of operating expenses. In the event of unanticipated liquidity needs, the Church had $4,215,186 and $999,000 available to draw from on their line of credit at May 31, 2026 and 2025, respectively, if needed.

4. INVESTMENTS:

Investments are as follows:

	May 31, 2026	May 31, 2025
Money market funds	$ 284,992	$ 511,601
Beneficial interest in charitable remainder trust	14,000	14,000
Certificate of deposit	5,009,501	3,791,414
Total investments	$ 5,308,493	$ 4,317,015

5. PROPERTY, PLANT, AND EQUIPMENT–NET:

Property, plant, and equipment–net are as follows:

	May 31, 2026	May 31, 2025
Land	$ 3,350,948	$ 3,489,481
Building and improvements	64,370,483	62,562,607
Vehicles	337,077	281,293
Furniture and equipment	1,636,187	1,551,765
Construction in progress	415,028	1,053,468
	70,109,723	68,938,614
Less accumulated depreciation	(33,008,925)	(30,958,270)
	$ 37,100,798	$ 37,980,344

During the year ended May 31, 2026, the Church started a construction project related to a lobby renovation. The original contract sum was approximately $1,117,000 and approximatley $112,000 was completed at May 31, 2026. Therefore, the remaining cost to complete at May 31, 2026, was approximately $1,005,000, which is expected to occur during the year ended May 31, 2027.

6. PERFORMANCE OBLIGATION LIABILITIES:

Performance obligation liabilities are as follows:

	May 31, 2026	May 31, 2025
Beginning balance	$ 153,980	$ 99,903
Revenue recognized	(153,980)	(99,903)
Payments received for future performance obligations	132,802	153,980
	$ 132,802	$ 153,980

7. DEBT:

Revolving Line of Credit

At May 31, 2026 and 2025, the Church has a revolving line of credit agreement provided by a bank which provides borrowings up to $10,000,000. The maturity date of the revolving line of credit is August 2027. There were approximately $35,000 and $4,900,000 in additional draws on the revolving line of credit during the years ended May 31, 2026 and 2025, respectively. Draw 2, as noted below, was refinanced with a new institution during the year ended May 31, 2026. There was an outstanding balance of $5,784,814 and $9,001,532 at May 31, 2026 and 2025, respectively. The Church was in compliance with all debt covenants at May 31, 2026 and 2025. The loans require monthly payments of principal and interest ranging from $4,152 to $25,255. The loans are collateralized by real property with a net book value of approximately $10,000,000. The maturity dates and interest rates for each draw are as follows:

	Maturity Date	Interest Rate	Original Draw	May 31, 2026	May 31, 2025
Draw 1	August 25, 2026	3.49%	$ 2,270,000	$ 2,130,672	$ 2,212,392
Draw 2	August 16, 2025	6.37%	2,000,000	-	1,889,140
Draw 3	August 20, 2030	6.37%	4,100,000	3,176,100	4,100,000
Draw 4	April 12, 2031	6.37%	800,000	478,044	800,000
		Total line of credit		$ 5,784,816	$ 9,001,532

Business Loan

On July 1, 2025, the Church borrowed a business loan with a different financial institution in the amount of $3,297,000. Principal and interest payments of $21,578, are due monthly with a final maturity in July 2030. The interest rate for the business loan is fixed at 6.150% until fiscal year 2031. Real property serves as collateral with a net book value of approximately $3,250,000.

Outstanding debt is as follows:

	May 31, 2026	May 31, 2025
Line of credit	$ 5,784,816	$ 9,001,532
Business loan	2,883,174	-
	$ 8,667,990	$ 9,001,532

7. DEBT, continued:

The scheduled maturities of debt are as follows:

Year Ending May 31,	
2027	$ 2,401,605
2028	270,933
2029	270,933
2030	270,933
2031	5,453,586
Thereafter	-
	$ 8,667,990

8. OPERATING LEASES:

The Church leases building space under five noncancelable operating leases expiring at various dates between 2026 and 2032. The discount rate represents the risk-free discount rate using a period comparable with that of the individual lease terms on the inception date of the leases. Discount rates on these leases range from 2.84%-4.27%. The leases require monthly payments ranging from $2,000 to $23,500.

	Year Ended May 31,	
	2026	2025
Operating lease costs	$ 488,635	$ 469,513
Weighted-average discount rate	3.05%	3.11%
Weighted-average remaining lease term (years)	4.53	5.24

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

Year Ending May 31,	
2027	$ 432,837
2028	368,240
2029	342,500
2030	318,000
2031	244,500
Thereafter	26,000
	1,732,077
Less imputed interest	(113,861)
	$ 1,618,216

9. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consists of:

	May 31, 2026	May 31, 2025
Restricted by purpose:		
Missions	$ 506,095	$ 588,572
WE Champions	432,692	245,276
Benevolence	202,065	131,829
End Spiritual Loneliness	117,836	210,810
Other	76,923	54,877
Youth	49,263	16,390
Building	26,404	24,919
Pray it forward Campaign	25,056	-
The Local Church Capital Campaign	-	249,234
Overflow Capital Campaign	-	64,730
	1,436,334	1,586,637
Restricted by time:		
Beneficial interest in charitable annuity trust	14,000	14,000
Total net assets with donor restrictions	$ 1,450,334	$ 1,600,637

10. RELATED PARTY TRANSACTIONS:

During the years ended May 31, 2026 and 2025, the Church received approximately $105,000 and $182,000 in contributions from members of the Elder Board, respectively.

11. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through August 31, 2026, which represents the date the consolidated financial statements were available to be issued. Subsequent events after that date have not been evaluated.

Subsequent to year-end, the Church refinanced its Draw 1 line of credit, which matured in August 2026. In August 2026, the Church renewed the loan with a fixed interest rate of 6.3% and a five-year term, with a maturity date of August 2031. The loan is amortized over 18 years, resulting in estimated monthly payments of approximately $16,400, consisting of principal and interest. Because the contractual term is five years while the loan is amortized over 18 years, the remaining outstanding principal balance will be due as a balloon payment upon maturity in August 2031.