

**BLACK ROCK CHURCH AND
SUBSIDIARY
CONSOLIDATED FINANCIAL
STATEMENTS
YEARS ENDED
MAY 31, 2025 AND 2024**

BLACK ROCK CHURCH AND SUBSIDIARY

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Beers, Hamerman, Cohen & Burger, PC
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INDEPENDENT AUDITOR'S REPORT

To the Board of Elders of
Black Rock Church and Subsidiary
Fairfield, Connecticut

Opinion

We have audited the accompanying consolidated financial statements of Black Rock Church and Subsidiary (a nonprofit Church), which comprise the consolidated statements of financial position as of May 31, 2025 and 2024, 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 financial position of Black Rock Church and Subsidiary as of May 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Black Rock Church and Subsidiary 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 the 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 Black Rock Church and Subsidiary'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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Auditor's Responsibilities for the Audit of the 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 Black Rock Church and Subsidiary'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 Black Rock Church and Subsidiary'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.

Beers, Hamerman, Cohen & Burger, P.C.

New Haven, Connecticut
November 3, 2025

BLACK ROCK CHURCH AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	May 31,	
	<u>2025</u>	<u>2024</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 3,057,460	\$ 1,980,384
Investments	224,031	62,164
Promises to give	128,732	41,686
Prepaid expenses	<u>71,013</u>	<u>93,259</u>
Total Current Assets	<u>3,481,236</u>	<u>2,177,493</u>
Non-Current Assets		
Beneficial interest in trust	299,635	292,557
Property and equipment - net	25,738,047	26,194,379
Right of use asset	<u>154,853</u>	<u>168,007</u>
Total Non-Current Assets	<u>26,192,535</u>	<u>26,654,943</u>
TOTAL ASSETS	<u>\$ 29,673,771</u>	<u>\$ 28,832,436</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 198,935	\$ 136,078
Deferred revenue	249,984	263,667
Lease liability - current portion	<u>39,610</u>	<u>37,111</u>
Total Current Liabilities	<u>488,529</u>	<u>436,856</u>
Non-Current Liabilities		
Lease liability - long-term portion	<u>56,603</u>	<u>57,567</u>
Total Non-Current Liabilities	<u>56,603</u>	<u>57,567</u>
Total Liabilities	<u>545,132</u>	<u>494,423</u>
Net Assets		
Unrestricted Net Assets		
Without donor restrictions		
Undesignated	26,979,583	27,434,557
Board designated	<u>531,940</u>	<u>99,080</u>
Total Without Donor Restrictions	27,511,523	27,533,637
With donor restrictions	<u>1,617,116</u>	<u>804,376</u>
Total Net Assets	<u>29,128,639</u>	<u>28,338,013</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 29,673,771</u>	<u>\$ 28,832,436</u>

See accompanying notes to the consolidated financial statements.

BLACK ROCK CHURCH AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES

	Year Ended May 31, 2025			Year Ended May 31, 2024		
	Without Donor Restrictions	With Donor <u>Restrictions</u>	<u>Total</u>	Without Donor Restrictions	With Donor <u>Restrictions</u>	<u>Total</u>
Revenue and Support						
Offerings	\$ 4,559,323	\$ 2,481,706	\$ 7,041,029	\$ 4,411,932	\$ 1,759,708	\$ 6,171,640
Summer camp registration fees	306,483	-	306,483	279,957	-	279,957
Interest	59,423	1,763	61,186	35,146	1,604	36,750
Miscellaneous income	34,790	-	34,790	39,415	-	39,415
Rental income	37,320	-	37,320	35,659	-	35,659
Café sales	54,409	-	54,409	47,897	-	47,897
Ministry events and projects	100,329	1,584,985	1,685,314	290,444	41,853	332,297
Change in beneficial interest in trust	-	18,928	18,928	-	38,570	38,570
Realized and unrealized gains on investments	98	4,546	4,644	16,734	6,237	22,971
Total Revenue and Support Before Net Assets Released From Restrictions	5,152,175	4,091,928	9,244,103	5,157,184	1,847,972	7,005,156
Net Assets Released From Restrictions - Purpose restriction	3,279,188	(3,279,188)	-	2,192,230	(2,192,230)	-
Total Revenue and Support	8,431,363	812,740	9,244,103	7,349,414	(344,258)	7,005,156
Operating Expenses						
Program services	6,980,583	-	6,980,583	6,339,509	-	6,339,509
Supporting services	1,377,329	-	1,377,329	1,422,710	-	1,422,710
Fundraising	95,565	-	95,565	82,973	-	82,973
Total Operating Expenses	8,453,477	-	8,453,477	7,845,192	-	7,845,192
Change in Net Assets from Operations	(22,114)	812,740	790,626	(495,778)	(344,258)	(840,036)
Other Changes in Net Assets						
Employee retention tax credit income	-	-	-	113,075	-	113,075
Change in Net Assets	(22,114)	812,740	790,626	(382,703)	(344,258)	(726,961)
Net Assets, Beginning of Year	27,533,637	804,376	28,338,013	27,916,340	1,148,634	29,064,974
Net Assets, End of Year	\$ 27,511,523	\$ 1,617,116	\$ 29,128,639	\$ 27,533,637	\$ 804,376	\$ 28,338,013

See accompanying notes to the consolidated financial statements.

BLACK ROCK CHURCH AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

	Year Ended May 31, 2025				Year Ended May 31, 2024			
	<u>Program</u> <u>Services</u>	<u>Supporting</u> <u>Services</u>	<u>Fundraising</u>	<u>Total</u>	<u>Program</u> <u>Services</u>	<u>Supporting</u> <u>Services</u>	<u>Fundraising</u>	<u>Total</u>
Salaries, Benefits and Payroll Taxes	\$ 2,514,745	\$ 761,041	\$ 33,089	\$ 3,308,875	\$ 2,307,945	\$ 738,542	\$ 30,773	\$ 3,077,260
Missions	1,167,405	-	-	1,167,405	1,277,385	-	-	1,277,385
Depreciation	672,024	203,376	8,842	884,242	693,487	221,916	9,246	924,649
Employee Health Insurance	359,343	108,749	4,728	472,820	392,515	125,605	5,234	523,354
Ministry Projects	875,981	-	-	875,981	357,533	-	-	357,533
Church Building Maintenance	263,302	-	-	263,302	222,265	-	-	222,265
Administrative	-	162,291	-	162,291	-	214,174	-	214,174
Ministry Expenses - Deacon	176,585	-	-	176,585	212,552	-	-	212,552
Utilities	152,512	46,155	2,007	200,674	115,823	37,063	1,544	154,430
Miscellaneous	100,629	-	-	100,629	108,797	-	-	108,797
Summer Camp Supplies	110,682	-	-	110,682	101,971	-	-	101,971
Community Engagement	82,905	-	-	82,905	95,899	-	-	95,899
Office	-	95,717	-	95,717	6,112	85,410	-	91,522
Youth Ministries	101,897	-	-	101,897	87,686	-	-	87,686
Music Ministries	72,736	-	-	72,736	76,323	-	-	76,323
Insurance	64,944	-	-	64,944	57,064	-	-	57,064
Children's Ministries	59,616	-	-	59,616	50,778	-	-	50,778
Café Costs of Sales	-	-	46,899	46,899	-	-	36,176	36,176
Spiritual Development	53,411	-	-	53,411	35,062	-	-	35,062
Adult Ministries	16,311	-	-	16,311	30,744	-	-	30,744
Sanctuary Ministries	34,298	-	-	34,298	28,627	-	-	28,627
Other Ministries	31,175	-	-	31,175	24,253	-	-	24,253
Automobile	28,111	-	-	28,111	24,005	-	-	24,005
Advertising	31,078	-	-	31,078	21,182	-	-	21,182
Van Maintenance	10,893	-	-	10,893	11,501	-	-	11,501
	<u>\$ 6,980,583</u>	<u>\$ 1,377,329</u>	<u>\$ 95,565</u>	<u>\$ 8,453,477</u>	<u>\$ 6,339,509</u>	<u>\$ 1,422,710</u>	<u>\$ 82,973</u>	<u>\$ 7,845,192</u>

See accompanying notes to the consolidated financial statements.

BLACK ROCK CHURCH AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended May 31,	
	<u>2025</u>	<u>2024</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 790,626	\$ (726,961)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Beneficial interest in net assets of trust	(7,078)	(27,002)
Realized and unrealized gain on investments	(4,644)	(22,971)
Amortization of right of use asset	13,154	55,490
Depreciation	884,242	924,649
Changes in operating assets and liabilities:		
Contributions receivable	(87,046)	(8,794)
Prepaid expenses	22,246	(29,329)
Accrued expenses	62,857	(34,644)
Deferred revenue	(13,683)	92,426
Lease liability	<u>1,535</u>	<u>(40,537)</u>
Net Cash Provided by Operating Activities	<u>1,662,209</u>	<u>182,327</u>
Cash Flows from Investing Activities		
Purchases of investments	(159,926)	(6,001)
Proceeds from sale of investments	2,703	534,079
Purchases of property and equipment	<u>(427,910)</u>	<u>(562,161)</u>
Net Cash Used by Investing Activities	<u>(585,133)</u>	<u>(34,083)</u>
Change in Cash and Cash Equivalents	1,077,076	148,244
Cash and Cash Equivalents, Beginning of Year	<u>1,980,384</u>	<u>1,832,140</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,057,460</u>	<u>\$ 1,980,384</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid for amount included in the measurement of lease liabilities	<u>\$ 48,635</u>	<u>\$ 43,838</u>

See accompanying notes to the consolidated financial statements.

BLACK ROCK CHURCH AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2025 AND 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Black Rock Church and Subsidiary (Church) is a non-profit Church established under the laws of the State of Connecticut that operates exclusively for religious purposes. The Church is supported primarily through contributions from the congregation. The Church's programs consist of its worship and ministry programs, mission programs, and educational programs.

Principles of Consolidation

The consolidated financial statements present the consolidated financial results of Black Rock Church and its wholly owned subsidiary, BRCC Holdings, LLC, with all significant balances and transactions between the two entities eliminated. BRCC Holdings, LLC was established to hold certain properties owned by the Church.

Estimates

The Church uses estimates and assumptions in preparing these consolidated financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Basis of Presentation

The consolidated financial statements of the Church have been prepared on the accrual basis of accounting. The Church reports information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Net Assets Without Donor Restrictions:

Net assets that include expendable resources that are used to carry out the Church's operations and are not subject to donor-imposed stipulations. These assets represent resources that may be expended at the discretion of the Board of Elders.

Net Assets with Donor Restrictions:

Net assets subject to donor-imposed restrictions that will be met either by the actions of the Church or through the passage of time. Items that affect this net asset category are gifts for which donor-imposed restrictions have not been met in the year of receipt. Expirations of restrictions on net assets with donor restrictions are reported as net assets released from restrictions.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries and payroll taxes and related benefits are allocated based on estimates of actual time spent on program activities, support activities, and fundraising activities.

BLACK ROCK CHURCH AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2025 AND 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Property and Equipment

The Church capitalizes all expenditures for property and equipment with an expected life greater than one year in excess of a cost of \$2,000, which includes freight charges and/or installation costs. Depreciation is computed on the straight-line basis method over the estimated lives of the assets, which can range from three to 40 years. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the consolidated statements of activities. The costs of maintenance and repairs that do not improve or extend the lives of the respective assets are expensed.

Contributions

Contributions are recognized when the donor makes a promise to give to the Church that is, in substance, unconditional. Contributions that are unrestricted by the donor are reported as an increase in net assets without donor restrictions as are contributions with donor-imposed restrictions which expire in the reporting period in which the contributions are recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded at fair value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. The Church frequently receives faith promises from donors for future periods or projects. It is understood that the faith promise is conditioned upon the funds being available to give. Faith promises are used by the Church to budget operations for the year. The Church's policy is that pledges that are made for budgetary purposes only or that clearly allow the promise makers to change their minds are intentions to give and not promises to give. Accordingly, these are not recorded as contributions receivable in the consolidated statements of financial position.

Revenue from Contracts with Customers

Revenue from contracts with customers consists of the following:

	Year Ended May 31,	
	<u>2025</u>	<u>2024</u>
Summer camp registration fees	\$ 306,483	\$ 279,957
Café sales	<u>54,409</u>	<u>47,897</u>
Total	<u>\$ 360,892</u>	<u>\$ 327,854</u>

BLACK ROCK CHURCH AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2025 AND 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Revenue from Contracts with Customers – (Continued)

Registration fees for the summer camp are recognized as revenue in the period the campers attend the camp. Registration fees received in advance of the summer camp are recorded as deferred revenue in the consolidated statements of financial position.

Revenue for café sales is recognized at the point of sale.

Grants Payable

The Church awards grants and contributions to other organizations for purposes of supporting specific program initiatives. Promised grants and contributions are recognized in the period in which the promises are made if the promise is unconditional. If the promised grant or contribution is conditional, the expense is recognized when the condition is substantially met.

Investments

The Church records investments at their fair values in the consolidated statements of financial position.

Income Taxes

The Church qualifies as a tax-exempt church under Section 501(c)(3) of the Internal Revenue Code.

Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid instruments with an initial maturity of three months or less.

Leases

The Church determines if an arrangement is a lease at inception. The Church currently has only operating leases, which are included in operating lease right-of-use (ROU) assets and operating lease liabilities in the statements of financial position.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the Church's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. As the Church's leases do not provide an implicit rate, the Church uses a risk-free rate based on the information available at the 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 Church's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Church will exercise the option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Church's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Advertising

Advertising costs are expensed as incurred. Advertising expenses for the years ended May 31, 2025 and 2024 were \$31,078 and \$21,182, respectively.

BLACK ROCK CHURCH AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2025 AND 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Reclassifications

Prior period financial statement amounts have been reclassified to conform to current period presentation.

Subsequent Events

The Church evaluated subsequent events through November 3, 2025, which is the date the financial statements were available to be issued. See Note 12.

NOTE 2 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Liquidity

The operations and programs of the Church are primarily funded by contributions from Church members, as well as from ministry events and projects and the revenue from summer camp registration. 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.

Availability of Financial Assets

The following reflects the Church's financial assets as of the consolidated statement of financial position date, reduced by amounts not available for general use within one year of the consolidated statement of financial position date because of contractual or donor-imposed restrictions or internal designations. Amounts not available include amounts set aside for operation and other reserves that could be drawn upon if the Board approves that action.

	May 31, <u>2025</u>	<u>2024</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 3,057,460	\$ 1,980,384
Investments	224,031	62,164
Promises to give	128,732	41,686
	<u>3,410,223</u>	<u>2,084,234</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	1,617,116	804,376
Board designated net assets	531,940	99,080
	<u>2,149,056</u>	<u>903,456</u>
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 1,261,167</u>	<u>\$ 1,180,778</u>

BLACK ROCK CHURCH AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2025 AND 2024

NOTE 3 - FAIR VALUE MEASUREMENTS

The financial accounting standards codification defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy that prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value in three broad levels:

- Level 1: Inputs are based upon unadjusted quoted prices for identical instruments traded in active markets.
- Level 2: Inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3: Inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are, therefore, determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques. These inputs reflect the assumptions of management about assumptions market participants would use in pricing the investments.

The following table sets forth by level, within the fair value hierarchy, the Church's investments at fair value:

<u>Description</u>	<u>May 31, 2025</u>	<u>Level 1</u>
Exchange traded products	\$ 67,825	\$ 67,825
Mutual funds	<u>156,206</u>	<u>156,206</u>
	<u>\$ 224,031</u>	<u>\$ 224,031</u>
<u>Description</u>	<u>May 31, 2024</u>	<u>Level 1</u>
Exchange traded products	<u>\$ 62,164</u>	<u>\$ 62,164</u>

BLACK ROCK CHURCH AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2025 AND 2024

NOTE 4 - CONCENTRATION OF CREDIT RISK

As of May 31, 2025 and 2024, the Church held cash of \$449,080 and \$236,261, respectively, in excess of the amounts insured by the Federal Deposit Insurance Corporation (FDIC). The Church, however, has not experienced any losses on these accounts and management does not believe that its cash balances are subject to significant credit risk.

NOTE 5 - RETIREMENT PLAN

The Church has a 403(b)-retirement plan that covers all employees who have completed six months of service and attained the age of 21. The Plan provides that the Church matches contributions of participating employees at the rate of 50% up to 6% of their total earnings. The Church's contributions amounted to \$53,495 and \$54,342 for the years ended May 31, 2025 and 2024, respectively, and is recorded in salaries, benefits and payroll taxes on the accompanying consolidated statements of functional expenses.

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	May 31,	
	<u>2025</u>	<u>2024</u>
Buildings and building improvements	\$ 27,918,137	\$ 27,865,014
Land	3,634,710	3,634,710
Computers and equipment	1,187,218	1,174,557
Furniture and fixtures	1,524,083	1,445,064
Automobiles and trucks	162,564	162,564
Construction in progress	<u>477,713</u>	<u>194,606</u>
	34,904,425	34,476,515
Accumulated depreciation	<u>(9,166,378)</u>	<u>(8,282,136)</u>
	<u>\$ 25,738,047</u>	<u>\$ 26,194,379</u>

BLACK ROCK CHURCH AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2025 AND 2024

NOTE 7 - TRUST BENEFICIARY

The Church is the income beneficiary of a trust established in 1933. The initial contribution of \$32,000 was invested in a perpetual trust and income is distributed to the Church on a quarterly basis. Since the Church has an irrevocable right to the income from the trust assets, the Church is required to reflect its beneficial interest in the net assets of the trust in the consolidated financial statements. Legally, the trust and the Church are separate entities, and the Church can only receive distributions of the net income of the trust when approved by the trustee of the assets.

The Church's beneficial interest in the net assets of the trust of \$299,635 and \$292,557 as of May 31, 2025 and 2024, respectively, has been reflected on the accompanying consolidated statements of financial position. The Church's change in the beneficial interest in the net assets of the trust of \$18,928 and \$38,570 during the years ended May 31, 2025 and 2024, respectively, is reflected on the accompanying consolidated statements of activities.

The trust's summarized financial data is as follows:

	May 31,	
	<u>2025</u>	<u>2024</u>
Total assets and net assets	<u>\$ 299,635</u>	<u>\$ 292,557</u>
Total investment income	<u>\$ 18,928</u>	<u>\$ 38,570</u>
Distributions to Black Rock Church	<u>\$ 11,850</u>	<u>\$ 11,568</u>

BLACK ROCK CHURCH AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2025 AND 2024

NOTE 8 - BOARD DESIGNATED FUNDS

Funds designated by the Church Elders were as follows:

	May 31,	
	<u>2025</u>	<u>2024</u>
Finance and property	\$ 443,081	\$ -
Digital discipleship	19,500	19,500
CARS ministry	10,337	12,939
Sunday school	9,862	18,751
Special events	8,016	4,814
Men's ministry	4,912	5,398
Community engagement	4,218	4,818
Special projects	4,000	4,000
SOR missionary support	3,619	1,724
Senior high events	3,338	7,707
Seniors of the Rock	2,528	5,044
Junior high events	2,500	180
Women's ministry	2,382	477
Care ministry	2,258	1,189
Elevate	2,131	3,859
Moms of the Rock	1,624	161
Chancel choir	1,432	1,347
Shine ministry	1,335	335
Soul care	1,106	1,274
Dads of the Rock	1,084	1,084
Spiritual development	742	742
Vacation bible school	708	708
Marriage ministry	539	1,975
Sews and sews	290	290
Community groups	218	198
Urban impact	137	-
Miscellaneous	22	22
Awana	21	544
	<u>\$ 531,940</u>	<u>\$ 99,080</u>

BLACK ROCK CHURCH AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS

The Church's net assets with donor restrictions consist of the following:

	May 31,	
	<u>2025</u>	<u>2024</u>
Ministry Fund		
Worship Center and Chapel expansion	\$ 781,873	\$ -
Youth counseling	9,925	-
David A Hoder Memorial Scholarship	5,000	-
Single moms of the rock	4,681	4,681
Targeted gifts	2,500	2,500
Choir and orchestra supplies	1,358	1,516
Digital discipleship	500	500
Hoder Memorial Fund	-	27,381
Total Local Ministry Fund	<u>805,837</u>	<u>36,578</u>
Missions Fund		
Missions - general and trips	179,745	196,282
College loan assistance	<u>67,825</u>	<u>62,164</u>
Total Missions Fund	247,570	258,446
Beneficial Interest in trust	299,635	292,557
Deacons Fund - For Families In Need	216,438	216,795
Building Fund	<u>47,636</u>	-
Total net assets with donor restrictions	<u>\$ 1,617,116</u>	<u>\$ 804,376</u>

NOTE 10 - OPERATING LEASES

The Church entered into a ten-year lease agreement for the use of designated parking spaces at 3617 Black Rock Turnpike, expiring on August 3, 2028. The lease agreement required a base rent payment of \$170,000 to be prepaid in July of 2018 and an additional payment of \$80,000, payable in \$10,000 installments due on August 1 of each subsequent year through 2026. Rent under the parking lot lease was \$25,000 during the years ended May 31, 2025 and 2024, and is recorded in Church building maintenance in the accompanying consolidated statements of functional expenses.

The Church leases office equipment under non-cancelable operating leases that expire through May 2029. Rent expense for office equipment was \$35,707 and \$33,300 during the years ended May 31, 2025 and 2024, respectively, and is recorded in office expenses in the accompanying consolidated statements of functional expenses.

BLACK ROCK CHURCH AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 10 - OPERATING LEASES – (CONTINUED)

Other information related to leases was as follows:

	Year Ended May 31,	
	<u>2025</u>	<u>2024</u>
Weighted average remaining lease term		
Operating leases	2.69	2.48
Weighted average discount rate		
Operating leases	3.47%	2.64%

Minimum future rental payments under the non-cancelable operating leases are:

Year Ending <u>May 31,</u>	
2026	\$ 41,171
2027	38,156
2028	10,428
2029	<u>10,428</u>
	100,183
Less: imputed interest	<u>(3,970)</u>
	<u>\$ 96,213</u>

NOTE 11 - RENTAL INCOME

The Church leases several properties to employees under short-term agreements. The current lease agreements are through May 31, 2025. Rental income under these agreements was \$31,320 and \$35,659 for the years ended May 31, 2025 and 2024, respectively. These amounts have been reported in rental income on the consolidated statements of activities.

In January 2024, the Church entered into an agreement with Renew Counseling Associates whereby the Church has made available space in their Growth Center. The agreement is for a two-year period. There was no monthly rent through August 31, 2024. For the period September 2024 through May 2025, rent totaled \$6,000 and has been reported in rental income on the consolidated statements of activities. Rental income for the second year per the agreement is \$9,600.

NOTE 12 - SUBSEQUENT EVENTS

On June 17, 2025, the Church obtained a construction to permanent loan promissory note with a bank, whereby up to \$750,000 can be advanced. Interest is to be payable from the date of the first advance on the outstanding principal, with an initial interest rate of 6.78% per annum. The interest rate on the note will change every five years. As of November 3, 2025, no amounts have been drawn down on this loan.

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NOTE 12 - SUBSEQUENT EVENTS – (CONTINUED)

On August 27, 2025, the Church amended its parking lot lease. Under the original lease, the Church was to pay annual installments of \$10,000 every August for August 1, 2019 through August 1, 2026. Under the amended lease, annual rent was increased to \$25,000, with \$13,000 payable on August 15 each year and an additional monthly amount of \$1,000, through August of 2028.