

BLUE OAKS CHURCH



FINANCIAL STATEMENTS WITH INDEPENDENT ACCOUNTANT'S REVIEW REPORT

FOR THE YEAR ENDED JUNE 30, 2025 – REVIEWED



BLUE OAKS CHURCH

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
Blue Oaks Church
Pleasanton, California

We have reviewed the accompanying financial statements of Blue Oaks Church (a not-for-profit organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, cash flows and functional expenses for the year ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility 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; this includes 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Blue Oaks Church and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Dennison CPA, PC

Saint Cloud, Minnesota
September 15, 2025

BLUE OAKS CHURCH

(a not-for-profit corporation)

Statement of Financial Position

As of June 30, 2025

ASSETS

Cash and cash equivalents	220,560
Cash and cash equivalents - restricted	329,657
Prepaid expenses	6,516
Operating lease right-of-use asset	121,579
Property and equipment - net	<u>13,077,246</u>

TOTAL ASSETS

13,755,558

LIABILITIES

Accounts payable & accrued expenses	47,812
Payroll liabilities	65,023
Lease liability	125,068
Mortgage payable - net	<u>7,142,667</u>

TOTAL LIABILITIES

7,380,571

NET ASSETS

Without donor restrictions	
Undesignated	<u>6,045,330</u>
Total net assets without donor restrictions	6,045,330
With donor restrictions	<u>329,657</u>
Total Net Assets	<u>6,374,987</u>

TOTAL LIABILITIES AND NET ASSETS

13,755,558

BLUE OAKS CHURCH

(a not-for-profit corporation)

Statement of Activities

For the Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
<u>SUPPORT, REVENUE, AND GAINS</u>			
Tithes & Offerings	2,172,996	238,418	2,411,413
Program Fees	32,624	-	32,624
Gain (Loss) on Investments	4,897	-	4,897
Net Assets Released from Restrictions	343,888	(343,888)	-
Total Revenue, Support, and Gains	2,554,404	(105,470)	2,448,934
<u>FUNCTIONAL EXPENSES</u>			
Program Services Expense			
Ministry & Worship	2,175,567	-	2,175,567
Missions & Outreach	276,772	-	276,772
Total Program Services Expenses	2,452,339	-	2,452,339
Supporting Services Expense			
Management and General	298,056	-	298,056
Fundraising and Development	-	-	-
Total Supporting Services Expenses	298,056	-	298,056
Total Expenses	2,750,395	-	2,750,395
Change in Net Assets	(195,991)	(105,470)	(301,461)
Net Assets, Beginning of Year			
As previously reported	6,064,578	435,127	6,499,705
Prior period adjustment	176,743	-	176,743
As restated	6,241,321	435,127	6,676,448
Net Assets, End of Year	6,045,330	329,657	6,374,987

BLUE OAKS CHURCH

(a not-for-profit corporation)

Statement of Cash Flows

For the Year Ended June 30, 2025

OPERATING ACTIVITIES

Change in net assets	(301,461)
Adjustments to reconcile net assets to net cash provided by operating activities	
Depreciation	382,586
(Increase) decrease in operating assets:	
Prepaid expenses	(6,516)
Increase (decrease) in operating liabilities:	
Current year lease adjustment	1,847
Accounts payable & accrued expenses	(57,905)
Credit cards payable	(1,340)
Payroll liabilities	112
Net cash provided by operating activities	<u>17,323</u>

INVESTING ACTIVITIES

Investment in building improvements	(510,271)
Acquisition of furniture, fixtures & equipment	<u>(32,071)</u>
Net cash flows from investing activities	<u>(542,343)</u>

FINANCING ACTIVITIES

Amortization - deferred loan costs	4,624
Change in mortgage payable	<u>705,994</u>
Net cash flows from financing activities	<u>710,618</u>

<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	<u>185,598</u>
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<u>CASH AND CASH EQUIVALENTS - BEGINNING</u>	<u>364,618</u>
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<u>CASH AND CASH EQUIVALENTS - ENDING</u>	<u><u>550,217</u></u>
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Supplemental Information - Cash paid for:

Interest expense	<u><u>334,869</u></u>
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BLUE OAKS CHURCH

(a not-for-profit corporation)

Statement of Functional Expenses

For the Year Ended June 30, 2025

	Program			Supporting Services			Total
	Ministry & Worship	Missions & Outreach	Total Program Services	Management and General	Fundraising and Development	Total Supporting Activities	
Advertising	94,356	293	94,649	-	-	-	94,649
Bank fees	-	-	-	26,256	-	26,256	26,256
Depreciation	382,586	-	382,586	-	-	-	382,586
Donations	-	78,397	78,397	-	-	-	78,397
Events	11,000	120	11,120	-	-	-	11,120
Facility rent	-	-	-	21,289	-	21,289	21,289
Interest	339,493	-	339,493	-	-	-	339,493
Maintenance & repairs	-	1,049	1,049	66,613	-	66,613	67,662
Operations	7,462	6,281	13,743	53,368	-	53,368	67,111
Professional fees	81,916	5,342	87,258	19,584	-	19,584	106,843
Salaries & related benefits	1,113,736	116,567	1,230,303	6,723	-	6,723	1,237,026
Supplies	92,553	65,598	158,151	43,899	-	43,899	202,050
Travel & conferences	51,142	2,816	53,957	7,581	-	7,581	61,538
Utilities	1,323	309	1,632	52,743	-	52,743	54,375
Total Expenses	2,175,567	276,772	2,452,339	298,056	-	298,056	2,750,395

NOTE 1 - NATURE OF ORGANIZATION:

Blue Oaks Church (Organization) was organized and incorporated in the State of California on April 23, 2012. The purpose of the Organization is to call people to commitment to Christ and His family, to lead believers in Christ-like character, to equip believers to care for others, and to engage believers in the cause of Christ in order to celebrate God. Ministries of the Organization include weekend worship services and classes, children's activities, youth groups, single adult fellowships, small group fellowships, and ministries to men, women, and families.

The Organization has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3), qualify for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and (viii), and have been determined not to be a private foundation under IRC Sections 509(a)(1) and (3), respectively. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. We have determined that the entity is not subject to unrelated business income tax and have not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Reporting – Method of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with Generally Accepted Accounting Principles (GAAP) and include all activities carried on in the name of the Organization. Revenues and expenses are recognized in the period earned or incurred.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board from time to time designates, from net assets without donor restrictions, net assets for an operating reserve and/or board-designated programs.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. We report contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. We report conditional contributions restricted by donors as increases in net assets without donor restrictions if the restrictions and conditions expire simultaneously in the reporting period. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are released when received and released from restrictions when the assets are placed in service.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Cash & Cash Equivalents and Credit Risks

Organization cash consists of cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase, except for those amounts that are held in the investment portfolio which are invested for long-term purposes.

The Organization manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Organization has not experienced losses in any of these accounts. Investments are made by diversified investment managers whose performance is monitored by management and the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the Board of Directors believe that the investment policies and guidelines are prudent for the long-term welfare of the Organization.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of 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, and those differences could be material.

Revenue Recognition

The Organization recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers*, and ASC Topic 958, *Not-for-Profit Entities*. The Organization's revenue streams primarily include contributions, and ancillary sales. Revenue is recognized when performance obligations are satisfied, and control of promised goods or services is transferred to the customer.

Tithes and Contributions: Tithes and other contributions received without donor restrictions are recognized as revenue when received or unconditionally promised. These revenues are considered nonexchange transactions and are accounted for under ASC 958-605. Contributions with donor-imposed restrictions are reported as restricted support and are reclassified to net assets without donor restrictions upon satisfaction of the restriction.

Program Revenue and Exchange Transactions: Revenue from exchange transactions is recognized when control of the promised goods or services is transferred to the customer or beneficiary in an amount that reflects the consideration the Organization expects to be entitled to in exchange for those goods or services. This includes program service fees, sales of materials, and event fees. The Organization identifies the contract, performance obligations, transaction price, and allocates the transaction price to the performance obligations, recognizing revenue when or as the performance obligations are satisfied.

Investment income: is recorded as revenue in the period in which it is earned and includes interest, dividends, realized gains and losses on investments, and the net change in the fair value of investments. Investment income is reported in the statement of activities as increases or decreases in net assets without donor restrictions unless the use of the income is restricted by donor-imposed stipulations. Investment income from donor-restricted endowments and other

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

restricted investments are reported as an increase in net assets with donor restrictions if such stipulations have not been met in the reporting period. This policy is consistent with the guidance in FASB ASC 958-225-45 regarding revenue recognition for not-for-profit entities and FASB ASC 320-10 and ASC 958-320 on accounting for investments and related income.

Donated Services

Volunteers contribute significant amounts of time to our program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. No significant contributions of such goods or services were received during the year ended June 30, 2025.

Advertising Costs

The Organization expenses advertising costs as they are incurred which totaled \$94,649 for the year ended June 30, 2025.

Property and Equipment

The Organization follows the practice of capitalizing all expenditures for property, furniture, fixtures, equipment, and leasehold improvements in excess of \$2,500. In accordance with GAAP, land is not depreciated, and Construction-in-Progress is depreciated when it is completed and placed into service. Maintenance, repairs, and minor renewal are expensed when incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income. We review the carrying values of property and equipment 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.

Property and equipment – net consist of the following:

		<u>Depreciation Lives</u>
Furniture & equipment	972,279	5 - 7 Years
Building & improvements	10,510,776	20 - 39 Years
Land & improvements	2,491,313	10 - 15 Years
	<u> </u>	
Less: Accumulated depreciation	(897,122)	
T total Property & Equipment	<u>13,077,246</u>	

Depreciation expense totaled \$382,586 for the year ended June 30, 2025.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Income Taxes

The Organization is exempt from income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions.

Uncertain Tax Positions

The financial statement effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based upon technical merits, that the position will be sustained upon examinations. Interest and penalties, if any, are included in expenses in the statements of activities. As of June 30, 2025, the Organization had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

Concentration of Support Risk

The Organization is primarily dependent upon contributions from its membership to meet expenses of operation and for the payment of principal and interest on debt, if any. Although management of the Organization expects contributions to be adequate, there can be no assurance that such contributions will be sufficient to meet the obligations. Also, there is no assurance that Organization membership will increase or remain stable, or that per capita contribution by members will increase or remain stable. Support of the Organization comes primarily from tithes and offering concentrated in Pleasanton, California and surrounding geographical area. The Organization receives 22.60% of contributions from the top 5 donors and 32.94% of total contributions from the top 10 donors. The Organization could be negatively impacted if one or more of its largest donors were to change their giving levels.

Fair Value of Financial Instruments

The Organization reports certain assets and liabilities at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Level 2 – Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets/liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable for the asset/liability; and,
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3 – Unobservable inputs that cannot be corroborated by observable market data.

Subsequent Events

Organization management has evaluated subsequent events through the report date, the date on which the financial statements were available to be issued, and found no events or transactions, which require modification to the financial statements. Subsequent events after that date have not been evaluated.

NOTE 3 – LIQUIDITY AND AVAILABILITY:

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing programs as well as the conduct of services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the statement of cash flows, which identifies the sources and uses of the Organization's cash and shows cash generated by operations for fiscal year ending June 30, 2025.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	\$ 550,217
Prepaid expenses	6,516
Total financial assets	<u>556,732</u>
Contractual or donor-imposed restrictions:	
Benevolence	(9,376)
Building Fund	(186,880)
Compassion	(105,385)
Scholarship	(25,749)
Special Needs	<u>(2,266)</u>
Total contractual or donor-imposed restrictions:	(329,657)

NOTE 3 – LIQUIDITY AND AVAILABILITY: (continued)

Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 227,075</u>
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Restricted financial assets totaled \$329,657 for the year ending June 30, 2025.

NOTE 4 – LONG-TERM DEBT:

Long-Term Debt consisted of the following amounts as of June 30, 2025:

The Organization executed a \$7,250,000 promissory note on April 4, 2022 with Church Development Fund, Inc. with an annual interest rate of 4.7500%. The terms of the promissory note require monthly payments of \$41,333.51 until maturity on May 1, 2029. Real estate is held as collateral for this promissory note.	<u>\$ 7,160,585</u>
Less unamortized debt issuance costs	(17,918)
Less current portion of debt	<u>(159,317)</u>
Debt-net of current portion	<u>\$ 6,983,350</u>

For years subsequent to 2025, long-term liabilities mature based upon the following schedule:

<u>Years Ending June 30,</u>	
2026	\$ 159,317
2027	167,052
2028	175,162
2029	6,659,054
2030	-
Thereafter	-
	<u>\$ 7,160,585</u>

Interest expense totaled \$334,869 for the year ended June 30, 2025.

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions are restricted for the following purposes for the year ended June 30, 2025:

Subject to expenditure for specific purpose:	Contributions and			
	Beginning Balance	Other Income	Releases	Ending Balance
Benevolence	21,253	1,200	13,077	9,376
Building Fund	286,750	112,713	212,583	186,880
Compassion	95,080	79,856	69,550	105,385
Scholarship	27,934	-	2,185	25,749
Special Needs	4,110	44,649	46,492	2,266
Total	435,127	238,418	343,888	329,657

Per Accounting Standards Update (ASU) 2016-14, Presentation of Financial Statements of Not-for-Profit Entities, net assets associated with building related activities will be released upon completion of the subject building project.

NOTE 6 – RETIREMENT PLAN AND HEALTH CARE BENEFITS:

403B PLAN

The Organization offers a defined contribution plan under IRS Section 403(b) for the benefit of its eligible employees. The program covers eligible employees who have met the minimum age and service requirements, as defined in the plan document. The Organization contributed \$58,885 to the plan during the year ended June 30, 2025.

HEALTH CARE BENEFITS

The Organization provides healthcare insurance coverage for eligible employees through participation in a group health insurance plan. The Organization pays a portion of the monthly premiums, with employees responsible for the remainder through payroll deductions.

For the year ended June 30, 2025, the Organization incurred \$132,297 in healthcare insurance premium expenses, which are included in salaries and related benefits in the accompanying financial statements. The Organization does not sponsor any post-employment healthcare benefit plans, and its obligations are limited to the payment of insurance premiums for active employees as described above.

NOTE 7 – FUNCTIONAL ALLOCATION OF EXPENSES:

The costs of providing the Organization's various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Allocation methods include specific identification, employee time and effort, and usage-based metrics, as appropriate to the nature of the expense.

Expenses are categorized as follows:

- Program Services: Activities that result in goods and services being distributed to beneficiaries, customers, or members that fulfill the purposes or mission of the Organization.
- Management and General: Expenses that are not directly identifiable with any specific program or fundraising activity but are indispensable to the conduct of those activities and to the Organization's existence.
- Fundraising: Costs incurred to induce potential donors to contribute to the Organization.

Expenses that are allocated between two or more categories include occupancy expenses such as rent, utilities, mortgage interest, depreciation, and amortization, which are allocated on a square footage basis. Other expenses such as salaries & wages, benefits, payroll taxes, and other expenses are allocated on the basis of estimates of time and effort.

NOTE 8 – LEASES – ASC 842 – RIGHT-OF-USE:

The Organization determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12-months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

The Organization leases overflow parking and a storage unit under several long-term noncancelable operating lease(s) that expires at various dates through 2033. The Organization 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. Our operating lease provides for increases in future minimum annual rental payments, if applicable.

Cash paid for amounts in the measurement of lease liabilities:	
Operating cash flows from operating leases:	\$ 21,396

The weighted-average discount rate is based on the discount rate implicit in the lease. The Organization has elected the option to use the risk-free rate determined by using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. The Organization has applied the risk-free rate option to the building and office equipment classes of assets.

NOTE 8 – LEASES – ASC 842 – RIGHT-OF-USE: (continued)

The Organization has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis. The lease agreements require monthly combined payments of \$1,783 per month until expiration. The discount rates on these leases range from 6.572% - 6.673%.

The following summarizes the weighted average remaining term and the weighted average discount rate:

Weighted-average remaining lease terms in years:	
Operating leases	7.53
Weighted-average discount rate:	
Operating leases	6.661%

The future minimum lease payments under non-cancelable operating lease(s) with terms greater than one year are listed below as of June 30, 2025:

<u>Years Ending June 30,</u>	
2026	\$ 19,998
2027	20,472
2028	20,961
2029	21,462
2030	17,784
Thereafter	61,421
Total lease payments	162,098
Less interest	(37,030)
Present value of lease liabilities	<u>\$ 125,068</u>

NOTE 9 – UNAMORTIZED DEBT ISSUANCE COSTS:

The Organization incurred \$32,368 of debt issuance costs (closing costs, appraisal, title insurance, etc.) associated with the promissory note described in Note 4. These costs are being amortized using the straight-line method over the term of the promissory note. Under FASB ASC 835-30-45-1A and -3, amortized debt issuance costs are reported as interest expense and totaled \$4,624 for the year ended June 30, 2025.

For years subsequent to 2025, amortization of issuance costs is based upon the following schedule:

<u>Years Ending June 30,</u>	
2026	\$ 4,624
2027	4,624
2028	4,624
2029	4,046
Thereafter	-
Total	<u><u>\$ 17,918</u></u>

NOTE 10 – PRIOR PERIOD ADJUSTMENT:

During the year ending June 30, 2025, management discovered that fixed assets, deferred loan costs & associated amortization, and right-of-use leases under ASC 842 were not properly stated. The following prior period adjustment was recorded.

	<u>June 30, 2024</u>	
	As Originally Presented	As Restated
Statement of Financial Position		
<u>Other Assets</u>		
Operating lease right-of-use asset	\$ -	\$ 134,241
Property and equipment - net	12,761,646	12,917,489
	<u>12,761,646</u>	<u>12,917,489</u>
<u>Liabilities</u>		
Lease Liability	-	135,883
Mortgage payable - net	6,454,591	6,432,049
	<u>6,454,591</u>	<u>6,567,932</u>
<u>Net Assets</u>		
Without Donor Restrictions	<u>\$ 6,064,578</u>	<u>\$ 6,241,321</u>