



New life
CHURCH

NEW LIFE CHURCH

Consolidated Financial Statements
With Independent Auditor's Report

December 31, 2025 and 2024

NEW LIFE CHURCH

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1
Consolidated Financial Statements	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4
Consolidated Statements of Functional Expenses	5
Consolidated Statements of Cash Flows	6
Notes to Consolidated Financial Statements	8

INDEPENDENT AUDITOR'S REPORT

Board of Elders
New Life Church
Colorado Springs, Colorado

Opinion

We have audited the accompanying consolidated financial statements of New Life Church, which comprise the consolidated statements of financial position as of December 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 New Life Church as of December 31, 2025 and 2024, and the changes in its net assets and 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 New Life 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 New Life 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.

Board of Elders
New Life Church
Colorado Springs, Colorado

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 New Life 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 New Life 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.

Capin Crouse LLC

Colorado Springs, Colorado
April 30, 2026

NEW LIFE CHURCH

Consolidated Statements of Financial Position

	December 31,	
	2025	2024
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 5,372,923	\$ 3,387,635
Prepaid expenses and other assets	133,085	160,132
Insurance claim receivable	-	38,205
Rent and other receivables	195,496	203,173
	5,701,504	3,789,145
Restricted cash	523,401	850,072
Interest rate swap agreement	8,476	42,119
Property held for investment purposes	3,439,359	3,439,359
Land, buildings, and equipment—net	23,618,706	24,442,637
	5,701,504	3,789,145
Total Assets	\$ 33,291,446	\$ 32,563,332
LIABILITIES AND NET ASSETS:		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 830,640	\$ 705,448
Accrued and other liabilities	865,289	606,945
Current portion of notes payable	237,565	227,916
	1,933,494	1,540,309
Notes payable, net of current portion	6,265,132	6,405,001
Total liabilities	8,198,626	7,945,310
Net assets:		
Net assets without donor restrictions	24,074,381	22,612,787
Net assets with donor restrictions	1,018,439	2,005,235
Total net assets	25,092,820	24,618,022
Total Liabilities and Net Assets	\$ 33,291,446	\$ 32,563,332

See notes to consolidated financial statements

NEW LIFE CHURCH

Consolidated Statements of Activities

	Year Ended December 31,					
	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING:						
SUPPORT AND REVENUE:						
Contributions	\$ 21,299,793	\$ 1,738,955	\$ 23,038,748	\$ 18,654,624	\$ 2,181,888	\$ 20,836,512
Program income	904,221	-	904,221	668,846	-	668,846
Rental income	521,303	-	521,303	574,349	-	574,349
Gain on insurance claims	-	-	-	1,280,993	-	1,280,993
Sales and other income	271,384	-	271,384	234,585	-	234,585
Total Support and Revenue	<u>22,996,701</u>	<u>1,738,955</u>	<u>24,735,656</u>	<u>21,413,397</u>	<u>2,181,888</u>	<u>23,595,285</u>
NET ASSETS RELEASED:						
Purpose restrictions	2,725,751	(2,725,751)	-	1,712,255	(1,712,255)	-
EXPENSES:						
Program services	20,645,361	-	20,645,361	20,730,287	-	20,730,287
Supporting activities:						
General and administrative	2,503,242	-	2,503,242	2,350,804	-	2,350,804
Fundraising	37,202	-	37,202	26,877	-	26,877
Total Expenses	<u>23,185,805</u>	<u>-</u>	<u>23,185,805</u>	<u>23,107,968</u>	<u>-</u>	<u>23,107,968</u>
Change in Net Assets from Operations	2,536,647	(986,796)	1,549,851	17,684	469,633	487,317
NON-OPERATING:						
Gain on inherent contributions of non-financial assets to Communion of Saints	7,700,500	-	7,700,500	-	-	-
Contributions of assets to Communion of Saints	(8,741,910)	-	(8,741,910)	-	-	-
Change in interest rate swap agreements	(33,643)	-	(33,643)	3,287	-	3,287
Gain on extinguishment of debt related to swap agreements	-	-	-	5,892	-	5,892
Change in Net Assets from Non-Operating Activities	<u>(1,075,053)</u>	<u>-</u>	<u>(1,075,053)</u>	<u>9,179</u>	<u>-</u>	<u>9,179</u>
Change in Net Assets	1,461,594	(986,796)	474,798	26,863	469,633	496,496
Net Assets, Beginning of Year	<u>22,612,787</u>	<u>2,005,235</u>	<u>24,618,022</u>	<u>22,585,924</u>	<u>1,535,602</u>	<u>24,121,526</u>
Net Assets, End of Year	<u>\$ 24,074,381</u>	<u>\$ 1,018,439</u>	<u>\$ 25,092,820</u>	<u>\$ 22,612,787</u>	<u>\$ 2,005,235</u>	<u>\$ 24,618,022</u>

See notes to consolidated financial statements

NEW LIFE CHURCH

Consolidated Statements of Functional Expenses

	Year Ended December 31, 2025			
	Program Services	General and Administrative	Fundraising	Total
Operating expenses:				
Salaries and benefits	\$ 12,221,850	\$ 1,394,351	\$ -	\$ 13,616,201
Outreach and benevolence	2,675,638	-	-	2,675,638
Depreciation and amortization	1,682,314	186,924	-	1,869,238
Facilities	1,444,340	160,482	-	1,604,822
Supplies and equipment	1,113,672	222,762	1,176	1,337,610
Events and meetings	986,957	23,442	36,026	1,046,425
Interest and bank charges	84,844	427,356	-	512,200
Professional services	412,917	87,925	-	500,842
Cost of goods sold	22,829	-	-	22,829
	<u>20,645,361</u>	<u>2,503,242</u>	<u>37,202</u>	<u>23,185,805</u>
Non-operating expenses:				
Contributions of assets to Communion Saints	8,741,910	-	-	8,741,910
	<u>\$ 29,387,271</u>	<u>\$ 2,503,242</u>	<u>\$ 37,202</u>	<u>\$ 31,927,715</u>
	92.0%	7.9%	0.1%	
Year Ended December 31, 2024				
	Program Services	General and Administrative	Fundraising	Total
Operating expenses:				
Salaries and benefits	\$ 11,427,025	\$ 1,256,222	\$ -	\$ 12,683,247
Outreach and benevolence	2,457,539	-	-	2,457,539
Depreciation and amortization	2,234,027	248,417	-	2,482,444
Facilities	1,661,165	184,574	-	1,845,739
Supplies and equipment	1,320,624	169,687	1,008	1,491,319
Events and meetings	1,116,408	14,490	25,869	1,156,767
Interest and bank charges	57,259	444,247	-	501,506
Professional services	423,698	33,167	-	456,865
Cost of goods sold	32,542	-	-	32,542
	<u>\$ 20,730,287</u>	<u>\$ 2,350,804</u>	<u>\$ 26,877</u>	<u>\$ 23,107,968</u>
	89.7%	10.2%	0.1%	

See notes to consolidated financial statements

NEW LIFE CHURCH

Consolidated Statements of Cash Flows

	Year Ended December 31,	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 474,798	\$ 496,496
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization expense	1,860,846	2,477,506
Amortization of deferred debt issue costs	8,392	4,938
Noncash lease expense	-	(2,615)
Loss on sale of land, buildings, and equipment	1,727	9,679
Land, buildings, and equipment contributed to Communion of Saints	20,949	-
Contributions received for long-term purposes	(399,282)	(546,643)
Gain on insurance claims	-	(1,280,993)
Change in interest rate swap agreements	33,643	(3,287)
 Change in operating assets and liabilities:		
Prepaid expenses and other assets	27,047	50,477
Insurance claim receivable	38,205	-
Rent and other receivables	7,677	(10,615)
Accounts payable	125,192	150,070
Accrued and other liabilities	258,344	(67,677)
Net Cash Provided by Operating Activities	2,457,538	1,277,336
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of land, buildings, and equipment	(1,059,591)	(2,599,722)
Proceeds from sale of land, buildings, and equipment	-	32,000
Proceeds from insurance company	-	1,242,788
Net Cash Used by Investing Activities	(1,059,591)	(1,324,934)
 CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions received for long-term purposes	399,282	546,643
Debt issuance costs	-	(32,810)
Draw on line of credit	117,340	727,000
Principal payments on notes payable	(255,952)	(443,114)
Net Cash Provided by Financing Activities	260,670	797,719
 Change in Cash, Cash Equivalents, and Restricted Cash	1,658,617	750,121
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	4,237,707	3,487,586
Cash, Cash Equivalents, and Restricted Cash, End of Year	\$ 5,896,324	\$ 4,237,707

(continued)

See notes to consolidated financial statements

NEW LIFE CHURCH

Consolidated Statements of Cash Flows (continued)

	Year Ended December 31,	
	<u>2025</u>	<u>2024</u>
SUMMARY OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH:		
Cash and cash equivalents	\$ 5,372,923	\$ 3,387,635
Restricted cash	<u>523,401</u>	<u>850,072</u>
	<u>\$ 5,896,324</u>	<u>\$ 4,237,707</u>
NON-CASH ACTIVITY AND SUPPLEMENTAL DISCLOSURE:		
Cash paid for interest	<u>\$ 286,187</u>	<u>\$ 259,494</u>
Land, buildings, and equipment obtained through notes payable	<u>\$ 117,340</u>	<u>\$ 727,000</u>

See notes to consolidated financial statements

NEW LIFE CHURCH

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

1. NATURE OF ORGANIZATIONS:

New Life Church (NLC) is an independent, nondenominational, charismatic church founded in 1985. NLC is operated as a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC), and comparable state laws. However, NLC is subject to federal income tax on any unrelated business taxable income. NLC is not a private foundation under Section 509(c) of the IRC. NLC is comprised of multiple congregations in Colorado Springs, Colorado. NLC's mission is to make disciples in the Pikes Peak Region by calling people to worship, connect, and serve. NLC's primary source of revenue is from contributions. Cross Peak View Retail Center, LLC and Cross Peak View Coffee, LLC (the LLCs) were organized in 2023 to own and operate commercial retail leases. NLC is the single member of the LLCs. Additionally, the assets and liabilities of Austin Bluffs Community Church (ABC Church) were acquired by NLC during the year ended December 31, 2023. NLC, ABC Church, and the LLCs are collectively referred to as the Church in these consolidated financial statements.

In November 2025, NLC released control of one of its congregations to become an independent church called Communion of Saints. This transaction resulted in net assets of \$8,741,910 being contributed to the new nonprofit entity and this expense is reported as a non-operating expense in the consolidated statements of activities and functional expenses for the year ended December 31, 2025. NLC recognized a gain on the transactions of \$7,700,500 based on the estimated fair market value of the net assets contributed for December 31, 2025, which is reported in the non-operating section of the consolidated statements of activities as a gain on inherent contributions of non-financial assets to Communion of Saints.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Church maintains its accounts and prepares its consolidated financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of any contingent assets and liabilities at the date of the consolidated financial statements, and the reported revenues and expenses during the reporting period. The significant estimates are depreciation of land, buildings, and equipment, allocation of expenses on a functional basis, fair value of the derivative contract, fair market value of non-financial assets contributed to another organization, and valuation of property held for investment purposes. Actual results could differ from the estimates. The significant accounting policies followed are described below to enhance the usefulness of the consolidated financial statements to the reader.

PRINCIPLES OF CONSOLIDATION

These consolidated financial statements include the activities of the LLCs and ABC Church. All material transactions and balances between NLC, ABC Church, and the LLCs have been eliminated in the consolidation.

NEW LIFE CHURCH

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are defined as actual currency, demand deposits, and highly liquid investments with original maturities of three months or less. As of December 31, 2025 and 2024, the Church had cash, cash equivalents, and restricted cash on deposit with financial institutions that exceeded the federally insured (FDIC) balance by approximately \$4,870,000 and \$3,037,000, respectively.

RESTRICTED CASH

Cash restricted for long-term purposes consists of contributions restricted for land, buildings, and equipment that had not been expended as of December 31, 2025 and 2024.

PROPERTY HELD FOR INVESTMENT PURPOSES

Property held for investment purposes consists of property owned by the Church for the purposes of the LLCs' operation of commercial retail leases. Property held for investment purposes is recorded at the lower of cost less impairment or fair market value. Property not being used for operating purposes is classified as property held for investment purposes on the consolidated statements of financial position.

LAND, BUILDINGS, AND EQUIPMENT—NET

Items capitalized as land, buildings, and equipment are recorded at cost. Donated items are recorded at their fair market value on the date of the gift. Depreciation on depreciable assets is computed on the straight-line method over the estimated useful lives (currently 5 - 30 years) of the related assets. Land and work in progress are not depreciated. The Church capitalizes fixed asset purchases exceeding \$5,000 with lesser amounts expensed in the year purchased. Repairs and maintenance costs are expensed as incurred.

CLASSES OF NET ASSETS

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

Net assets without donor restrictions are those currently available at the discretion of the board for use in the Church's operations and those resources invested in land, buildings, and equipment.

Net assets with donor restrictions are restricted by donors for specific operating purposes, or until time restrictions have been met. They are not currently available for use in the Church's activities until restrictions regarding their use have been fulfilled.

NEW LIFE CHURCH

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT, REVENUE, AND EXPENSES

Contributions are recorded when made, which may be when cash or other assets are received or unconditionally promised. Those contributions postmarked by December 31 are recorded as contributions and cash and cash equivalents rather than promises to give during the respective year. Gifts of cash and other assets are reported as support with donor restrictions if they are received with donor stipulations that limit the use of the donated amounts. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. The Church reports gifts of land, buildings, and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Church reports expirations of donor restrictions when the donated long-lived assets are placed in service.

Program income consists of revenues received for conferences, retreats, ministry programs, and events held by the Church. Program income is recorded at the point in time when earned or over the period of time which the program occurs.

Rental income consists of revenues received for rental of Church facilities and the LLC rental income from commercial leases. Rental income is recorded over time as it is earned, which is the period of time which the facilities are used. Sales income is related to the sale of various cafe items and ministry resources and is recorded when earned, which is when items are sold. Revenue for products sold at a point in time is recognized when the performance obligation is satisfied, which is when the product is provided to the customer. Other income is recognized when earned. Should amounts not be collected when a performance obligation is satisfied, accounts receivable is recorded for the outstanding amount. Performance obligations that are satisfied over a period of time, such as rental income, are recognized proportionally over the length of the agreement. There were no performance obligation liabilities as of December 31, 2025, 2024, and 2023. Rental and other receivables totaled \$192,558 as of January 1, 2024.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

FUNCTIONAL ALLOCATION OF EXPENSES

The consolidated statements of functional expenses report certain categories of expenses that are attributable to program or supporting activities of the Church. These expenses include facilities, interest, and depreciation and amortization, which are allocated based on square footage occupancy. Salaries and benefits are allocated based on time and effort, and costs of other categories are allocated based on the purpose of the expense.

ADVERTISING

The Church uses advertising to communicate the Gospel message to the city of Colorado Springs and to promote its programs to the audiences it serves. Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2025 and 2024 was \$18,322 and \$33,646, respectively.

NEW LIFE CHURCH

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

RECLASSIFICATIONS

Certain reclassifications were made to prior year balances to conform with current year presentation. For the 2024 presentation of the consolidated statement of financial position, \$3,439,359 was reclassified from land, buildings, and equipment to property held for investment purposes. Additionally, \$379,213 of interest and bank charges was reclassified from program to general and administrative expenses in the consolidated statement of functional expenses for the year ended December 31, 2024.

3. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects the Church's financial assets reduced by amounts not available for general use within one year, as of December 31, 2025 and 2024. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, or because the Board of Elders has set aside funds.

	December 31,	
	2025	2024
Financial assets:		
Cash and cash equivalents	\$ 5,372,923	\$ 3,387,635
Insurance claim receivable	-	38,205
Rent and other receivables	195,496	203,173
Restricted cash	523,401	850,072
Financial assets, at year-end	<u>6,091,820</u>	<u>4,479,085</u>
Less those unavailable for general expenditures within one year, due to:		
Insurance claim receivable	-	(38,205)
Rent receivable	(170,866)	(156,621)
Restricted cash	(523,401)	(850,072)
Project funds not expected to be used within one year	<u>(50,769)</u>	<u>(565,734)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,346,784</u>	<u>\$ 2,868,453</u>

The Church has approximately \$444,000 and \$589,000 of donor restricted net assets that are available for general expenditures within one year of December 31, 2025 and 2024, respectively, as the restrictions are expected to be met through conducting the normal activities of the Church. The Church structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Management monitors cash flows closely through board meetings and detailed financial analysis.

NEW LIFE CHURCH

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

4. INSURANCE CLAIM RECEIVABLE:

In 2022, a hail storm damaged the roof of ABC Church's building. Subsequent to the year ended December 31, 2023, the Church received an estimate of repair costs from its insurance company. The estimated amount of the costs not yet paid to the Church totaled \$0 and \$38,205 as of December 31, 2025 and 2024, respectively.

5. LAND, BUILDINGS, AND EQUIPMENT–NET:

Land, buildings, and equipment–net consist of:

	December 31,	
	2025	2024
Land and land improvements	\$ 4,597,006	\$ 7,119,568
Buildings and building improvements	47,529,323	43,512,362
Equipment	12,076,645	11,915,405
	64,202,974	62,547,335
Less accumulated depreciation	(40,642,125)	(39,002,514)
	23,560,849	23,544,821
Work in progress	57,857	897,816
	\$ 23,618,706	\$ 24,442,637

Equity in land, buildings, and equipment–net consists of:

	December 31,	
	2025	2024
Land, buildings, and equipment–net	\$ 23,618,706	\$ 27,881,996
Interest rate swap agreement, net asset	8,476	42,119
Less accrued interest payable	(23,374)	(23,936)
Less notes payable–net	(6,502,697)	(6,632,917)
	\$ 17,101,111	\$ 21,267,262

NEW LIFE CHURCH

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

6. INTEREST RATE SWAP AGREEMENT:

The Church had one derivative agreement, known as an interest rate swap, as of December 31, 2025 and 2024. In substance, this agreement exchanges the variable rate terms contained in the underlying loan agreement for fixed rates of interest contracted with the financial institution.

Under the swap agreement, the Church pays a fixed rate of 5.19% instead of a variable rate. During the years ended December 31, 2025 and 2024, the variable rate was 2.18% above SOFR, effectively 6.36% and 6.52%, respectively. The original note payable balance covered by the agreement is \$2,000,000, and the aggregate notional amount of the swap agreement was \$1,392,938 and \$1,450,546 as of December 31, 2025 and 2024, respectively. The notional amount declines monthly as principal and interest payments are made on the note payable. As of December 31, 2025 and 2024, the interest rate swap had a fair value of \$8,476 and \$42,119, respectively.

The change in the fair value of the swap agreement of a decrease of \$33,643 and increase of \$3,287 for the years ended December 31, 2025 and 2024, respectively, is reported as non-operating change in interest rate swap agreements in the consolidated statements of activities. This amount will be recomputed each year using the interest rates effective at the year end.

The asset as of December 31, 2025 and 2024 is recorded in the consolidated statements of financial position for the fair value of the interest rate swap agreement.

The Church uses appropriate valuation techniques to determine fair value based on inputs available. When appropriate, the Church measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs were not available. The Church's swap agreement is considered Level 2 under the fair value hierarchy and is based on observable inputs other than the quoted prices included in Level 1 and is based on yields for swap agreements of comparable maturity, quality, and types as obtained from market transactions. The calculation is determined by the Church's lender.

NEW LIFE CHURCH

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

7. NOTES PAYABLE:

Notes payable consist of:

	December 31,	
	2025	2024
<p>Term loan payable to BMO Financial Group, secured by the Church's land and buildings with an approximate net book value of \$9,900,000 and \$11,600,000 as of December 31, 2025 and 2024, respectively. The loan had an original principal balance of \$4,000,000 maturing in February 2032 and payable via monthly principal and interest payments of \$20,376. The term loan accrues interest at a rate of 3.61% until February 2027, when the rate will convert to 2% more than the average of the rates quoted for the five-year swaps for the week immediately prior to the conversion date. The loan was originally a construction line of credit with \$4,000,000 on the line of credit, which matured in February 2023, after which it was converted to the term loan.</p>	\$ 3,707,792	\$ 3,814,467
<p>Note payable to BMO Financial Group, secured by the Church's land, buildings, and equipment with a net book value of \$2,400,000 and \$2,500,000 as of December 31, 2025 and 2024, respectively. For the years ended December 31, 2025 and 2024, the note had a variable interest rate of 2.18% above SOFR, effectively 6.36% and 6.52%, respectively. The original principal portion of the note payable was \$2,000,000, payable at the fixed interest rate of 5.19% per a swap agreement with the difference being paid to, or by the bank to reflect the total interest rate. Principal and interest payments are due monthly and fluctuate based on the relationship between the effective interest rate and the fixed interest rate. The monthly payment of principal and interest as of December 31, 2025 and 2024 was \$12,109 and \$12,995, respectively. The agreement terminates February 1, 2028, at which time a balloon payment will be required.</p>	1,392,939	1,450,546

NEW LIFE CHURCH

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

7. NOTES PAYABLE, continued:

Notes payable consist of, continued:

	December 31,	
	2025	2024
<p>Line of credit payable to BMO Financial Group, secured by the Church's land, buildings, and equipment with a net book value of \$9,900,000 and \$11,600,000 as of December 31, 2025 and 2024, respectively, with a maximum amount of \$5,000,000. For the years ended December 31, 2025 and 2024, the line had a variable interest rate of 2.66% above SOFR, effectively 6.36% and 7.00%, respectively. The line may be converted to a term loan at any time before September 19, 2029, otherwise the agreement will terminate on that date, at which time all outstanding principal and interest will be due.</p>	816,340	727,000
<p>Note payable to First Citizens Bank, secured ABC Church's land, building, and equipment with a net book value of \$5,800,000 and \$4,300,000 as of December 31, 2025 and 2024, respectively. Monthly payments of \$7,394 are due, including interest at 3.95% fixed until March 31, 2029, at which point a balloon payment will be required.</p>	629,352	691,529
<p>Debt agreement, secured by equipment with a net book value of approximately \$3,000 and \$4,000 as of December 31, 2025 and 2024, respectively, maturing in 2027 with principal and interest payments of \$146 due monthly and with an interest rate of 7.3%.</p>	2,890	4,383
	6,549,313	6,687,925
Less current portion of notes payable	(237,565)	(227,916)
Less deferred debt issue costs-net	(46,616)	(55,008)
	\$ 6,265,132	\$ 6,405,001

NEW LIFE CHURCH

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

7. NOTES PAYABLE, continued:

Deferred debt issue costs are recorded at cost and amortized on a straight-line basis over the term of the debt agreements. Amortization expense, related to deferred debt issue costs, was \$8,392 and \$4,938 for the years ended December 31, 2025 and 2024, respectively. Accumulated amortization was \$62,978 and \$54,586, as of December 31, 2025 and 2024, respectively.

Future minimum payments on the notes payable are:

<u>Year Ending December 31,</u>	
2026	\$ 237,565
2027	247,146
2028	1,457,200
2029	1,366,991
2030	128,005
Thereafter	<u>3,112,406</u>
	<u><u>\$ 6,549,313</u></u>

The Church was in compliance with, or has obtained a waiver for, all financial and reporting covenants as of December 31, 2025 and 2024.

8. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of:

	<u>December 31,</u>	
	<u>2025</u>	<u>2024</u>
Building projects	\$ 527,501	\$ 854,202
Missions projects	436,864	1,096,342
Scholarship fund	50,769	50,769
Ministry projects	<u>3,305</u>	<u>3,922</u>
	<u><u>\$ 1,018,439</u></u>	<u><u>\$ 2,005,235</u></u>

NEW LIFE CHURCH

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

9. RENTAL AGREEMENTS:

The Church, via Cross Peak View Coffee, LLC, leases part of its land to a renter. The initial term of the lease was fifteen years with the option to extend an additional fifteen years. Rental income of \$62,890 related to this lease was recognized in the consolidated statements of activities for both years ended December 31, 2025 and 2024. Future minimum rentals are:

<u>Year Ending December 31,</u>	
2026	\$ 59,375
2027	62,700
2028	62,700
2029	62,700
2030	62,700
Thereafter	<u>381,425</u>
	<u>\$ 691,600</u>

The Church, via Cross Peak View Retail Center, LLC, rents retail center space to multiple tenants. The initial term of the leases is ten years, with options for tenants to extend to additional years. Rental income of \$283,569 and \$283,464 related to these leases was recognized in the consolidated statements of activities for the years ended December 31, 2025 and 2024, respectively. Future minimum rentals are:

<u>Year Ending December 31,</u>	
2026	\$ 277,636
2027	281,488
2028	294,167
2029	304,460
2030	308,667
Thereafter	<u>824,495</u>
	<u>\$ 2,290,913</u>

Rental income for each of the leases described above is recognized on a straight-line basis over the term of the leases. This has resulted in rent receivable of \$170,866 and \$156,621 for the years ended December 31, 2025 and 2024, respectively.

Also, in May 2006, the Church entered into a fifty-year lease with Pikes Peak State College to lease a portion of the college's land. In lieu of rent, the Church agreed to construct and maintain a parking lot and pay the electricity for the parking lot. The parking lot was completed during the year ended December 31, 2006, and capitalized at \$632,623 with accumulated depreciation of \$606,263 and \$574,632, as of December 31, 2025 and 2024, respectively. The parking lot is being depreciated over a life of twenty years.

NEW LIFE CHURCH

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

10. OPERATING AND NON-OPERATING ACTIVITIES:

The activity of the Church has been reported in the consolidated statements of activities in the following two categories: operating and non-operating. Operating includes the core church and ministry activities of the Church. Non-operating includes all other activity that is not considered to be core church and ministry activities, such as the change in the interest rate swap agreements, the gain on the extinguishment of debt, and the impact of releasing control of one of the Church's congregations to become an independent church called Communion of Saints.

11. RETIREMENT PLAN:

Effective January 1, 2008, the Church adopted a 403(b) retirement plan for all employees. Total employer contributions and matches for the years ended December 31, 2025 and 2024 were \$302,443 and \$355,458, respectively.

12. RELATED PARTY TRANSACTIONS:

During the years ended December 31, 2025 and 2024, New Life Church donated cash and in-kind contributions to Dream Centers of \$789,618 and \$910,478, respectively. Dream Centers is considered a related party due to Dream Centers and the Church having overlapping board members.

Approximately \$327,000 (1.4%) and \$427,000 (2.1%) of contribution revenue was received from related parties, including certain members of the Board of Elders, senior staff, and their family members, during the years ended December 31, 2025 and 2024, respectively. In addition to these amounts, the Church received approximately \$96,000 from a donor-advised fund initiated by an elder's gifts during both of the years ended December 31, 2025 and 2024.

The Church has also contracted a board member's company to be the leasing agent for the retail center. During the years ended December 31, 2025 and 2024, the Church paid \$29,125 and \$73,280, respectively, to this related party.

During the years ended December 31, 2025 and 2024, the Church paid fees totaling \$26,550 and \$38,400, respectively, to a website consulting company. The son of a senior staff member is the owner of the company.

During both years ended December 31, 2025 and 2024, the Church made contributions and paid missions support and reimbursements totaling \$2,100 and \$9,200, respectively, to an organization. The senior vice president/chief financial officer of that organization is also an elder of the Church.

The Church gave donations to a separate 501(c)3 organization of \$8,800 and \$13,424 during the years ended December 31, 2025 and 2024, respectively. An elder of the Church serves on the board of directors of this organization.

NEW LIFE CHURCH

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

13. SUBSEQUENT EVENTS:

Management evaluated all events or transactions that occurred after December 31, 2025 through April 30, 2026, which is the date the consolidated financial statements were available to be issued. No subsequent events occurring after this date have been evaluated for inclusion in these consolidated financial statements.