

**COAST HILLS COMMUNITY CHURCH  
OF THE SADDLEBACK VALLEY, INC.**

**FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2025 AND 2024**



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**COAST HILLS COMMUNITY CHURCH OF THE SADDLEBACK VALLEY, INC.**  
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## INDEPENDENT AUDITORS' REPORT

Board of Elders  
Coast Hills Community Church  
of the Saddleback Valley, Inc.  
Aliso Viejo, California

### Report on the Audit of the Financial Statements

#### ***Opinion***

We have audited the accompanying financial statements of Coast Hills Community Church of the Saddleback Valley, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Coast Hills Community Church of the Saddleback Valley, Inc. as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Coast Hills Community Church of the Saddleback Valley, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Coast Hills Community Church of the Saddleback Valley, Inc's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Coast Hills Community Church of the Saddleback Valley, Inc's ability to continue as a going concern for a reasonable period of time.

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



**CliftonLarsonAllen LLP**

Irvine, California  
September 29, 2025

**COAST HILLS COMMUNITY CHURCH OF THE SADDLEBACK VALLEY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 573,962	\$ 725,785
Investments	1,261,532	1,212,477
Employee Retention Credit Receivable	-	8,557
Other Receivables	823	1,294
Prepaid Expenses	5,023	-
Property and Equipment, Net	<u>6,007,253</u>	<u>6,004,344</u>
Total Assets	<u><u>\$ 7,848,593</u></u>	<u><u>\$ 7,952,457</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable	\$ 25,412	\$ 42,317
Accrued Expenses	41,655	-
Accrued Salaries and Vacation	101,459	77,821
Rent Deposits	2,000	1,710
Note Payable, Net	<u>5,010,525</u>	<u>5,133,343</u>
Total Liabilities	5,181,051	5,255,191
<b>NET ASSETS</b>		
Without Donor Restrictions	2,465,792	2,483,161
With Donor Restrictions	<u>201,750</u>	<u>214,105</u>
Total Net Assets	<u><u>2,667,542</u></u>	<u><u>2,697,266</u></u>
Total Liabilities and Net Assets	<u><u>\$ 7,848,593</u></u>	<u><u>\$ 7,952,457</u></u>

See accompanying Notes to Financial Statements.

**COAST HILLS COMMUNITY CHURCH OF THE SADDLEBACK VALLEY, INC.**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED JUNE 30, 2025 AND 2024**

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUES</b>						
Pledges and Contributions	\$ 2,306,615	\$ 139,564	\$ 2,446,179	\$ 2,450,986	\$ 50,786	\$ 2,501,772
Ministry Events and Activities	248,624	-	248,624	204,120	-	204,120
Rental Income	213,383	-	213,383	218,135	-	218,135
Investment Income, Net	62,906	-	62,906	61,152	-	61,152
Net Assets Released from Restrictions	151,919	(151,919)	-	93,678	(93,678)	-
Total Support and Revenues	2,983,447	(12,355)	2,971,092	3,028,071	(42,892)	2,985,179
<b>EXPENSES</b>						
Program Activities	2,259,614	-	2,259,614	2,295,847	-	2,295,847
Supporting Activities:						
General and Administrative	724,032	-	724,032	615,426	-	615,426
Fundraising	17,170	-	17,170	7,265	-	7,265
Total Supporting Activities	741,202	-	741,202	622,691	-	622,691
Total Expenses	3,000,816	-	3,000,816	2,918,538	-	2,918,538
<b>CHANGE IN NET ASSETS</b>	(17,369)	(12,355)	(29,724)	109,533	(42,892)	66,641
Net Assets - Beginning of Year	2,483,161	214,105	2,697,266	2,373,628	256,997	2,630,625
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 2,465,792</u>	<u>\$ 201,750</u>	<u>\$ 2,667,542</u>	<u>\$ 2,483,161</u>	<u>\$ 214,105</u>	<u>\$ 2,697,266</u>

See accompanying Notes to Financial Statements.

**COAST HILLS COMMUNITY CHURCH OF THE SADDLEBACK VALLEY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2025**

	Program Activities	Supporting Activities		Total
	Ministry	General and Administrative	Fundraising	
<b>EXPENSES</b>				
Salaries	\$ 635,058	\$ 372,971	\$ -	\$ 1,008,029
Payroll Taxes	27,449	16,121	-	43,570
Employee Benefits	131,240	77,077	-	208,317
Total Salaries and Related Expenses	793,747	466,169	-	1,259,916
Advertising and Marketing	-	-	17,170	17,170
Auto and Mileage	3,730	115	-	3,845
Bad Debt Expense	-	8,557	-	8,557
Bank and Merchant Fees	-	39,881	-	39,881
Conferences and Travel	59	-	-	59
Depreciation	263,513	8,150	-	271,663
Dues and Subscriptions	66,899	2,069	-	68,968
Food and Beverage	71,233	-	-	71,233
Honoraria	2,400	-	-	2,400
Independent Contractors	71,551	35,241	-	106,792
Insurance	-	62,247	-	62,247
Interest	242,598	7,503	-	250,101
Ministry Activities	286,634	-	-	286,634
Miscellaneous	132	7	-	139
Missions and Missionary Support	138,502	-	-	138,502
Postage and Shipping	404	173	-	577
Printing	7,055	3,023	-	10,078
Professional Services	-	74,651	-	74,651
Repairs and Maintenance	142,120	4,395	-	146,515
Small Equipment	26,885	1,415	-	28,300
Supplies	28,122	1,480	-	29,602
Taxes and Licenses	3,214	3,213	-	6,427
Telephones	7,657	2,552	-	10,209
Utilities	103,159	3,191	-	106,350
Total Expenses	<u>\$ 2,259,614</u>	<u>\$ 724,032</u>	<u>\$ 17,170</u>	<u>\$ 3,000,816</u>

See accompanying Notes to Financial Statements.

**COAST HILLS COMMUNITY CHURCH OF THE SADDLEBACK VALLEY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2024**

	Program Activities	Supporting Activities		Total
	Ministry	General and Administrative	Fundraising	
<b>EXPENSES</b>				
Salaries	\$ 509,244	\$ 299,080	\$ -	\$ 808,324
Payroll Taxes	23,860	14,013	-	37,873
Employee Benefits	110,237	64,743	-	174,980
Total Salaries and Related Expenses	643,341	377,836	-	1,021,177
Advertising and Marketing	-	-	7,265	7,265
Auto and Mileage	4,529	140	-	4,669
Bank and Merchant Fees	-	46,156	-	46,156
Conferences and Travel	6,631	-	-	6,631
Depreciation	335,307	10,370	-	345,677
Dues and Subscriptions	69,070	2,136	-	71,206
Food and Beverage	70,311	-	-	70,311
Honoraria	9,900	-	-	9,900
Independent Contractors	61,083	30,086	-	91,169
Insurance	-	33,902	-	33,902
Interest	251,575	7,781	-	259,356
Ministry Activities	257,209	-	-	257,209
Ministry and Outreach	73,762	-	-	73,762
Miscellaneous	21	1	-	22
Missions and Missionary Support	200,599	-	-	200,599
Postage and Shipping	573	245	-	818
Printing	5,662	2,427	-	8,089
Professional Services	-	87,278	-	87,278
Repairs and Maintenance	155,600	4,812	-	160,412
Small Equipment	22,857	1,203	-	24,060
Supplies	25,278	1,330	-	26,608
Taxes and Licenses	2,774	2,774	-	5,548
Telephones	12,777	4,259	-	17,036
Utilities	86,988	2,690	-	89,678
Total Expenses	<u>\$ 2,295,847</u>	<u>\$ 615,426</u>	<u>\$ 7,265</u>	<u>\$ 2,918,538</u>

See accompanying Notes to Financial Statements.



**COAST HILLS COMMUNITY CHURCH OF THE SADDLEBACK VALLEY, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (29,724)	66,641
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities:		
Depreciation	271,663	345,677
Accrued Interest Received on Investments	(44,955)	(36,345)
Unrealized Gain on Investments	(4,100)	(13,131)
Stock Donations	-	(20,197)
Interest Expense - Loan Fees	2,573	2,573
Bad Debt	8,557	-
Changes in:		
Employee Retention Credit Receivable	-	92,683
Other Receivables	471	(940)
Prepaid Expenses	(5,023)	-
Accounts Payable	(16,905)	7,422
Rent Deposits	290	-
Accrued Expenses	41,655	-
Accrued Salaries and Vacation	23,638	11,952
Net Cash Provided by Operating Activities	<u>248,140</u>	<u>456,335</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Investments	-	(129,941)
Purchases of Property and Equipment	<u>(274,572)</u>	<u>(88,105)</u>
Net Cash Used by Investing Activities	(274,572)	(218,046)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal Payments on Note Payable	<u>(125,391)</u>	<u>(118,709)</u>
Net Cash Used by Financing Activities	<u>(125,391)</u>	<u>(118,709)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(151,823)	119,580
Cash and Cash Equivalents - Beginning of Year	<u>725,785</u>	<u>606,205</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 573,962</u></u>	<u><u>\$ 725,785</u></u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Cash Paid for:		
Interest	<u>\$ 247,528</u>	<u>\$ 256,783</u>
Income Taxes	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Financial Statements.

**COAST HILLS COMMUNITY CHURCH OF THE SADDLEBACK VALLEY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**NOTE 1    PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Coast Hills (church, we, us, our), a California nonprofit corporation, is a nondenominational church in the city of Aliso Viejo, California. The purpose of Coast Hills is to glorify God together through LIFE in the pursuit of real and right relationships with Him and others, as we live out the love and truth of Scripture. Coast Hills is also known as Coast Hills Church. Coast Hills is primarily supported by tithes and offerings from the church body.

**Contributions**

We receive weekly church offerings and tithes from members of the church. In addition, members contribute to various church activities and projects with stipulated purpose.

**Ministry Events and Activities**

We offer various event and ministry opportunities to gather, grow, and enjoy life together as a church.

**Cash, Cash Equivalents, and Restricted Cash**

We consider all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

**Investments**

We record investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment income/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

**Property and Equipment**

We record property and equipment additions over \$5,000 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 5 to 40 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statement of activity. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

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. There were no indicators of asset impairment during the years ended June 30, 2025 and 2024.

**COAST HILLS COMMUNITY CHURCH OF THE SADDLEBACK VALLEY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**NOTE 1    PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

*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. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**Revenue Recognition**

We recognize contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Revenue from contracts is recognized when the Coast Hills satisfies a performance obligation by transferring a promised good or service to a customer. Coast Hills considers the terms of the contract and all relevant facts and circumstances when applying the revenue recognition standard. Coast Hills also applies the revenue recognition standard consistently to contracts with similar characteristics and in similar circumstances.

Rental income under an operating lease agreement should be recognized on a straight line basis. Coast Hills records rental income according to each tenant's lease agreement. The difference between the two methods was determined to be immaterial to the financial statements.

Ministry programs and activities are recognized over the time period that the program or activity takes place.

**COAST HILLS COMMUNITY CHURCH OF THE SADDLEBACK VALLEY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**NOTE 1    PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Donated Services and In-Kind Contributions**

Contributed nonfinancial assets include donated professional services, donated equipment, and other in-kind contributions which are recorded at the respective fair values of the goods or services received. We do not sell donated gifts-in-kind. In addition to contributed nonfinancial assets, volunteers contribute significant amounts of time to 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 years ended June 30, 2025 and 2024.

**Advertising and Marketing Costs**

Coast Hills expenses all advertising and marketing costs as they are incurred. Advertising and marketing costs for the years ended June 30, 2025 and 2024 were \$17,170 and \$7,265, respectively.

**Functional Allocation of Expenses**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Certain expenses are allocated on the basis of square footage, such as include occupancy and depreciation. Other expenses are allocated on the basis of time and effort, such as salaries and wages, benefits, payroll taxes, professional services, office expenses, and information technology.

**Income Taxes**

Coast Hills Community Church of the Saddleback Valley, Inc. is organized as a California nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under IRC Section 501(a) as described in Internal Revenue Code (IRC) Section 501(c)(3), qualifies for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and (viii), and has been determined not to be a private foundation under IRC Sections 509(a)(1) and (3), respectively. In addition, the church 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 we did not have any unrelated business income for the years ended June 30, 2025 and 2024.

**Estimates**

The preparation of financial statements in conformity with US GAAP 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.

**COAST HILLS COMMUNITY CHURCH OF THE SADDLEBACK VALLEY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Financial Instruments and Credit Risk**

We manage deposit concentration risk by placing cash and money market accounts with financial institutions believed by us to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, we have not experienced losses in any of these accounts. Credit risk associated with accounts receivable is considered to be limited due to high historical collection rates. Investments are made by diversified investment managers whose performance is monitored by us and the investment committee of the board of elders. Although the fair values of investments are subject to fluctuation on a year-to-year basis, we and the investment committee believe that the investment policies and guidelines are prudent for the long-term welfare of the organization.

**Reclassifications**

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

**Subsequent Events**

We have evaluated subsequent events through September 29, 2025, the date the financial statements were available to be issued

**NOTE 2 LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following for the years ended June 30, 2025 and 2024:

	2025	2024
Cash and Cash Equivalents	\$ 573,962	\$ 725,785
Investments	1,261,532	1,212,477
Other Receivables	823	1,294
Total Financial Assets	1,836,317	1,939,556
Donor Contributions with Specific Purpose Restrictions	201,750	214,105
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 1,634,567</u>	<u>\$ 1,725,451</u>

**COAST HILLS COMMUNITY CHURCH OF THE SADDLEBACK VALLEY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**NOTE 3 FAIR VALUE MEASUREMENT**

We report certain assets 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* – Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.

*Level 2* – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

*Level 3* – Unobservable inputs for the asset or liability. In these situations, we develop inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

The following table presents assets measured at fair value on a recurring basis, at June 30, 2025:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Certificates of Deposit	\$ 1,261,532	\$ -	\$ 1,261,532	\$ -
Total Investments	<u>\$ 1,261,532</u>	<u>\$ -</u>	<u>\$ 1,261,532</u>	<u>\$ -</u>

**COAST HILLS COMMUNITY CHURCH OF THE SADDLEBACK VALLEY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**NOTE 3 FAIR VALUE MEASUREMENT (CONTINUED)**

The following table presents assets measured at fair value on a recurring basis, at June 30, 2024:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Certificates of Deposit	\$ 1,212,477	\$ -	\$ 1,212,477	\$ -
Total Investments	<u>\$ 1,212,477</u>	<u>\$ -</u>	<u>\$ 1,212,477</u>	<u>\$ -</u>

**NOTE 4 PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Land	\$ 3,242,559	\$ 3,242,559
Building and Improvements	8,982,802	8,825,742
Furniture and Fixtures	423,647	423,647
Machinery and Equipment	613,649	496,022
Vehicles	26,687	26,687
Construction in Progress	-	4,533
Total Property and Equipment	<u>13,289,344</u>	<u>13,019,190</u>
Less: Accumulated Depreciation	<u>(7,282,091)</u>	<u>(7,014,846)</u>
Total Property and Equipment	<u>\$ 6,007,253</u>	<u>\$ 6,004,344</u>

Depreciation expense totaled \$271,663 and \$345,677 for the years ended June 30, 2025 and 2024, respectively.

**NOTE 5 NOTE PAYABLE**

Note payable consisted of the following at June 30, 2025 and 2024:

<u>Description</u>	<u>2025</u>	<u>2024</u>
On May 13, 2022, Coast Hills acquired a note payable, secured by real property. With an original amount of \$5,400,000. The note requires monthly principal and interest payments of \$31,291 at a rate of 4.84%. All outstanding principal and interest are due May 13, 2032.	\$ 5,028,317	\$ 5,153,708
Less: Loan Fees, Net	<u>(17,792)</u>	<u>(20,365)</u>
Total Note Payable, Net	<u>\$ 5,010,525</u>	<u>\$ 5,133,343</u>

**COAST HILLS COMMUNITY CHURCH OF THE SADDLEBACK VALLEY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**NOTE 5 NOTE PAYABLE (CONTINUED)**

Future minimum principal payments consist of the following for the years ended June 30:

<u>Year Ending June 30,</u>	<u>Amount</u>
2026	\$ 138,750
2027	145,617
2028	152,823
2029	160,386
2030	168,323
Thereafter	4,262,418
Total	<u>\$ 5,028,317</u>

**NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consisted of the following at June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Subject to Expenditure for Specified Purpose:		
Crisis Fund	\$ 18,123	\$ 6,783
Building Fund	23,446	120,225
Family Life	51,341	53,257
Foster and Adoption	5,391	5,391
Student Life	75,000	-
Room 101 Refresh	6,889	6,889
Room 202 Build Out	8,730	8,730
Gift of the Word	12,830	12,830
Total Net Assets With Donor Restrictions	<u>\$ 201,750</u>	<u>\$ 214,105</u>

**NOTE 7 RENTAL INCOME**

On February 7, 2023, we amended a lease agreement with New Cingular Wireless PCS, LLC for a cell tower on the premises. The amendment is pursuant to an original agreement dated in May 2002, which contains four consecutive 5-year options to renew. We renewed each option and expect the agreement to continue through all possible renewal options, which would expire in May 2032. The annual rental income increases by 3% each calendar year.

Future expected rental income consists of the following for the years ended June 30:

<u>Year Ending June 30,</u>	<u>Amount</u>
2026	\$ 39,338
2027	40,518
2028	41,734
2029	42,986
2030	44,275
Thereafter	65,176
Total	<u>\$ 274,027</u>



**COAST HILLS COMMUNITY CHURCH OF THE SADDLEBACK VALLEY, INC.**  
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**NOTE 7 RENTAL INCOME (CONTINUED)**

We also receive rental income from short-term arrangements of less than 12 months.

**NOTE 8 EMPLOYEE BENEFITS**

We sponsor a tax deferred annuity plan under IRS Code Section 403(b) for eligible employees. There is no age or service requirement for participating in the plan; however, to be eligible for employer contributions, an employee must be 21 years of age, have completed one year of service, and normally work more than 30 hours per week. Coast Hills' contributions are determined annually as a percentage of each participant's compensation. The assets, liabilities and results of operations of each employee plan are not included in the financial statements of Coast Hills. We made contributions of \$37,765 and \$37,515 to the plan for the years ended June 30, 2025 and 2024, respectively.

