



CHESAPEAKE CHURCH

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024



Independent Accountant's Review Report

The Board of Directors
Chesapeake Church

We have reviewed the accompanying financial statements of Chesapeake Church (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses and cash flows for the year then 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 Chesapeake Church and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

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.

Report on 2023 Financial Statements

The accompanying 2023 financial statements of Chesapeake Church were previously reviewed by us, and we stated that we were not aware of any material modifications that should be made to those statements in order for them to be in conformity with accounting principles generally accepted in the United States of America in our report dated August 23, 2024. A review is less in scope than an audit. The accompanying 2023 financial statements were not audited and there was no expression of an opinion.

Bethesda, Maryland
September 17, 2025

Certified Public Accountants

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Chesapeake Church

Statement of Financial Position

December 31, 2024

With Comparative Totals As of December 31, 2023

	2023	2024
Assets		
Cash and Cash Equivalents	\$ 499,217	\$ 626,330
Pledges Receivable	-	9,240
Notes Receivable	100,358	52,657
Donated Food Inventory	9,353	49,058
Property and Equipment - Net	4,896,366	4,779,470
Total Assets	\$ 5,505,294	\$ 5,516,755
Liabilities and Net Assets		
Accounts Payable	\$ 78,332	\$ 33,998
Accrued Expenses	80,091	69,003
Deferred Revenue	975	-
Long-Term Debt	1,408,578	1,389,568
Total Liabilities	1,567,976	1,492,569
Net Assets		
Without Donor Restrictions	3,886,467	4,019,119
With Donor Restrictions	50,851	5,067
Total Net Assets	3,937,318	4,024,186
Total Liabilities and Net Assets	\$ 5,505,294	\$ 5,516,755

See Accompanying Notes to Financial Statements

See Independent Accountant's Review Report

Chesapeake Church

Statement of Activities For The Year Ended December 31, 2024 With Comparative Totals For the Year Ended December 31, 2023

	2023	2024		
	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues				
Contributions	\$ 2,781,948	\$ 2,298,897	\$ 32,000	\$ 2,330,897
Food Donations	1,143,272	1,208,646	-	1,208,646
Ministry	243,517	239,739	-	239,739
Rental	57,875	84,975	-	84,975
Other Income	68,395	57,617	-	57,617
Gain on Disposal of Property	89,492	-	-	-
Net Assets Released from Restriction	-	77,784	(77,784)	-
Total Support and Revenues	<u>4,384,499</u>	<u>3,967,658</u>	<u>(45,784)</u>	<u>3,921,874</u>
Expenses				
Program Services - Ministry	3,806,965	3,616,699	-	3,616,699
General & Administrative	244,188	218,307	-	218,307
Total Expenses	<u>4,051,153</u>	<u>3,835,006</u>	<u>-</u>	<u>3,835,006</u>
Changes in Net Assets	333,346	132,652	(45,784)	86,868
Net Assets, Beginning of Year	<u>3,603,972</u>	<u>3,886,467</u>	<u>50,851</u>	<u>3,937,318</u>
Net Assets, End of Year	<u>\$ 3,937,318</u>	<u>\$ 4,019,119</u>	<u>5,067</u>	<u>\$ 4,024,186</u>

See Accompanying Notes to Financial Statements

See Independent Accountant's Review Report

Chesapeake Church

Statement of Functional Expenses For The Year Ended December 31, 2024 With Comparative Totals For the Year Ended December 31, 2023

	2023	2024		
	Total	Ministry	Management and General	Total
Personnel Costs	\$ 1,713,386	\$ 1,329,027	\$ 147,670	\$ 1,476,697
Pantry Food	1,242,039	1,326,799	-	1,326,799
Ministry Hospitality and Supplies	76,871	81,404	-	81,404
Technology	128,942	116,817	-	116,817
Maintenance	6,829	6,955	-	6,955
Outside Services	109,234	64,550	-	64,550
Ministry Programs and Honorarium	29,652	38,505	-	38,505
Special Events	19,415	16,909	-	16,909
Interest	67,758	68,779	7,642	76,421
Professional Fees	36,802	44,851	4,983	49,834
Occupancy	41,029	26,254	2,917	29,171
Utilities	93,941	89,315	9,924	99,239
Insurance	63,248	42,358	4,707	47,065
Processing Fees	44,307	36,238	4,026	40,264
Depreciation and Amortization	327,218	275,635	30,626	306,261
Facilities and Management	50,493	52,303	5,812	58,115
	\$ 4,051,164	\$ 3,616,699	\$ 218,307	\$ 3,835,006

See Accompanying Notes to Financial Statements

See Independent Accountant's Review Report

Chesapeake Church

Statement of Cash Flows For The Year Ended December 31, 2024 With Comparative Totals For the Year Ended December 31, 2023

	2023	2024
Cash Flows from Operating Activities		
Change in Net Assets	\$ 333,346	\$ 86,868
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities		
Depreciation and Amortization	327,218	306,261
Note Receivable (Reinstatement) Forgiveness	(28,996)	(28,996)
Gain on Disposal of Property and Equipment	(89,492)	-
Net Debt Issuance Cost Amortization (Issuance)	(301)	-
(Increase) Decrease in Assets		
Accounts Receivable	30,357	(9,240)
Prepaid Expenses	965	-
Donated Food Inventory	(3,674)	(39,705)
Increase (Decrease) in Liabilities		
Accounts Payable	13,502	(44,334)
Accrued Expenses	37,851	(11,088)
Deferred Revenue	975	(975)
Net Cash Provided by (Used in) Operating Activities	<u>621,751</u>	<u>258,791</u>
Cash Flows from Investing Activities		
Proceeds from Sale of Property and Equipment	557,000	-
Purchases of Property and Equipment	(103,027)	(189,365)
Net Cash Provided by (Used in) Investing Activities	<u>453,973</u>	<u>(189,365)</u>
Cash Flows from Financing Activities		
Line of Credit Net Activity	(75,000)	-
Payments on Notes Receivable	3,743	76,697
Principal payments on Long-Term Debt	(845,773)	(19,010)
Principal payments on Capital Leases	(2,228)	-
Net Cash Provided by (Used in) Investing Activities	<u>(919,258)</u>	<u>57,687</u>
Increase (Decrease) in Cash and Cash Equivalents	156,466	127,113
Cash and Cash Equivalents, Beginning of Year	342,751	499,217
Cash and Cash Equivalents, End of Year	<u>\$ 499,217</u>	<u>\$ 626,330</u>
Supplemental Disclosure of Cash Flow Information		
Cash Paid for Interest	\$ 56,144	\$ 76,421

See Accompanying Notes to Financial Statements

See Independent Accountant's Review Report

Chesapeake Church

Notes to Financial Statements December 31, 2024

1. ORGANIZATION AND PURPOSE

Chesapeake Church (the Church) is a not-for-profit organization established in 1984 exclusively for religious purposes. The Church shall consist of professing Christians who voluntarily associate themselves together for divine worship and Godly living agreeable to the Holy Scripture.

Under the Church's not-for-profit exemption, it operates the Chesapeake Cares Food Pantry (the Pantry) and the Chesapeake Care Center (the Care Center). The Pantry supplies food and meals for the disadvantaged in the local area.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Church have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which requires the Church to report information regarding its financial position and activities according to the accrual basis of accounting and the following net asset classifications:

Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Church. These net assets may be used at the discretion of management and the Board of Directors.

Net Assets With Donor Restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Church or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

The Church considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Promises to Give

Unconditional promises to give are carried at present value after providing an estimate for doubtful promises to give based on a review of all outstanding promises to give on a monthly basis.

Chesapeake Church

Notes to Financial Statements December 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Promises to Give (Continued)

Management determines the allowance for doubtful promises to give by using the historical experience applied to an aging of promises. Promises are written off when deemed uncollectible.

There were no promises to give as of December 31, 2024.

Notes Receivable

Notes receivable represent funds advanced to a related party. Loans are stated at unpaid principal balances. The loan is uncollateralized.

Donated Food Inventory

Donated food inventory is reported at fair value based on an average value per pound estimate calculated by the Maryland Food Bank.

Property and Equipment

Donated assets are recorded at their fair value on the date of the gift, and other assets are recorded at cost. Depreciation is provided using the straight-line method over the estimated useful life of 3 to 39 years. The Church capitalizes all property and equipment with a cost of \$2,500 or more.

Right of Use Asset and Lease Liability

The right of use asset and lease liability are recognized at the commencement date of the operating lease agreement based on the present value of lease payments over the lease term using the Church's estimated incremental borrowing rate or implicit rate, when readily determinable. The lease liability will be reduced as lease payments are made throughout the life of the lease. The right of use asset will be reduced as lease expense is recognized on a straight line basis throughout the life of the lease. The total lease expense will be equal to the total lease component payments made for the lease. Short-term operating leases, which have an initial term of twelve months or less, are not recorded on the statement of financial position.

Revenue Recognition

Unconditional contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a 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.

Chesapeake Church

Notes to Financial Statements December 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Donated food from food drives and local organizations, as well as event fundraisers, are recorded as a contribution at its estimated fair market value, which is based on an average value per pound provided by the local food bank and is recorded as revenue at the date of donation. All donated food is utilized in the Church's ministry program.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, the categories of expenses that are attributable to more than one program or supporting function have been allocated among the programs and supporting services on the basis of employee time and effort.

Income Taxes

The Church is generally exempt from federal and state income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code. In addition, the Church has been determined by the Internal Revenue Service not to be a private foundation. Income which is not related to exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes. During the year ended December 31, 2024, the Church had no taxable unrelated business income, and accordingly, no provision for income taxes is required in the accompanying financial statements.

The Church has adopted the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. The Church had no such positions recorded in the financial statements at December 31, 2024.

The Church is exempt from the annual IRS Form 990 filing requirements.

Comparative Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Church's financial statements for the year ended December 31, 2023, from which the summarized information was derived.

Reclassifications

Certain prior year amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported change in net assets.

Chesapeake Church

Notes to Financial Statements December 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Management has evaluated subsequent events through September 17, 2025, the date which the financial statements were available to be issued.

3. NOTES RECEIVABLE

In December 2018, the Church loaned Honduras Compassion Partners \$125,000 to purchase a property in Honduras. The loan is non-interest bearing and calls for principal payments in the amount of \$935 until June 2031 when the loan will be paid off. During 2023 and in prior years, the Church forgave monthly payments. All of these previously forgiven principal amounts were reinstated by Honduras Compassion Partners and repaid in January 2024. Beginning January 2024, monthly payments of \$935 resumed.

As of December 31, 2024, the outstanding amount was \$52,657.

4. PROPERTY AND EQUIPMENT

Property and equipment and accumulated depreciation at December 31, 2024, are as follows:

Building and Improvements	\$ 8,139,160
Land and Improvements	368,950
Equipment	715,222
Vehicles	<u>30,739</u>
	9,254,071
Accumulated Depreciation and Amortization	<u>(4,474,601)</u>
Property and Equipment - Net	<u>\$ 4,779,470</u>

Depreciation and amortization expense totaled \$306,261 for the year ended December 31, 2024.

5. LONG-TERM DEBT

During the year ended December 31, 2021, the Church received a \$150,000 loan from the Economic Injury Disaster Loan (EIDL) program from the SBA. The interest rate for nonprofit organizations is 2.75% and repayable over a term up to thirty years. Payments were deferred for thirty months with interest accruing over this time. Monthly principal and interest payments of \$641 began in December 2022.

In November 2023, the Church modified its obligation in the amount of \$1,270,000 to provide interest only payments through May 2024 at which point principal and interest payments in the amount \$7,990 became due. Interest on the obligation is charged at a rate of 5.75% per annum and the obligation matures in April 2049. This note is collateralized by a Deed of Trust, constituting a lien on all of the Church's property and equipment. As part of its notes, the Church incurred debt issuance costs of \$14,418, which are being amortized straight-line over the life of the note and offset long-term debt on the Statement of Financial Position.

At December 31, 2024, the balance on the note was \$1,256,672.

Chesapeake Church

Notes to Financial Statements December 31, 2024

5. LONG-TERM DEBT (CONTINUED)

Aggregate maturities of long-term debt, including the EIDL note payable, as of December 31, 2024, are due in future years as follows:

2025	\$	27,500
2026		29,039
2027		30,665
2028		32,384
2029		34,203
Thereafter		<u>1,246,749</u>
		1,400,540
Less Unamortized Debt Issuance Costs		<u>(10,972)</u>
	\$	<u>1,389,568</u>

Interest expense on long-term debt for the year ended December 31, 2024, amounted to \$76,421.

6. NET ASSETS

Net assets with donor restrictions activity during the year ended December 31, 2024 was as follows:

	Beginning of Year	Additions	Releases	End of Year
Food Pantry	<u>\$ 50,851</u>	<u>\$ 32,000</u>	<u>\$ (77,784)</u>	<u>\$ 5,067</u>

Net assets without donor restrictions for the year ended December 31, 2024 were undesignated.

7. LEASE COMMITMENT

In June 2014, the Church entered into an agreement to lease property located at 6035 Solomons Island Road which expired in May 2016. The lease is on a month-to-month basis with monthly rent payments of \$953 plus applicable property taxes and insurance.

In March 2018, the Church entered into an agreement to lease property located at 6011 Solomons Island Road which expires in February 2019. The lease calls for monthly payments of \$906. After the expiration of the lease, a month-to-month arrangement has been agreed to.

8. RENTAL INCOME

During 2019, the Church entered into an amendment with the Maryland Transit Administration (MTA) to extend the agreement for a period of five years granting the MTA non-exclusive access to the parking lot and use of a maximum of 150 parking spaces for MTA commuter patrons in relation to commuter bus service to Washington, D.C. In return, the MTA agreed to pay a monthly service fee of \$3,000 to the Church. The monthly amount will increase by 2% on an annual basis. The lease is being accounted for as an operating lease. The lease was subsequently terminated in September 2025.

Rental income for the year ended December 31, 2024, was \$84,975.

Chesapeake Church

Notes to Financial Statements December 31, 2024

9. RELATED PARTY

The Church is affiliated with End Hunger in Calvert County, Inc. (the Corporation). At December 31, 2024, the Corporation did not owe the Church for office or program expenditures.

During the year ended December 31, 2024, End Hunger reimbursed the Church approximately \$54,000 for expenses paid on End Hunger's behalf. During the year ended December 31, 2024, End Hunger received approximately \$163,000 of additional support from the Church.

During 2019, End Hunger entered into a 40-year lease with the Church to rent the Church's land for a warehouse for \$1 a year.

The Church is also affiliated with Honduras Compassion Partners (HCP). As disclosed in Note 3, the Church loaned Honduras Compassion Partners \$125,000 to purchase a property in Honduras. As of December 31, 2024, the outstanding amount was \$52,657. During the year ended December 31, 2024, the Church provided approximately \$53,500 of support to HCP in the form of staff time dedicated to HCP operations. HCP did not owe the Church for office or program expenditures.

10. AVAILABILITY AND LIQUIDITY

The following represents the Church's financial assets at December 31, 2024:

Financial Assets at Year End:	
Cash and Cash Equivalents	\$ 626,330
Total Financial Assets	635,570
Less Amounts Not Available To Be Used Within One Year:	
Net Assets With Donor Restrictions	5,067
Less: Net Assets With Purpose Restrictions To Be Met in Less Than a Year	(5,067)
	<u>-</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>\$ 635,570</u>

As part of the Church's liquidity management plan, cash in excess of daily requirements is transferred to income generating accounts when available.