HeartLand Church, Inc.
Financial Statements
December 31, 2024 and 2023

Contents

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INDEPENDENT AUDITOR'S REPORT

To the Board of Elders
HeartLand Church, Inc.
Southaven, MS

Opinion

We have audited the accompanying financial statements of HeartLand Church, Inc. (a nonprofit corporation), which comprise the statements of financial position as of December 31, 2024 and 2023 and the related statements of activities and changes in net assets, 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 HeartLand Church, Inc., as of December 31, 2024 and 2023 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of HeartLand Church, 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 HeartLand Church, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 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, including omissions, 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 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 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 HeartLand Church, 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 HeartLand Church, 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.

Freeman & Boonema, PLLC

April 30, 2025

HeartLand Church, Inc.
Statements of Financial Position
As of December 31, 2024 and 2023

	2024	2023
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 164,910	$ 102,721
Restricted Cash - Sinking Fund	13,975	12,399
Prepaid Expense	1,468	2,400
Total Current Assets	180,353	117,520
Property and Equipment		
Land	200,000	200,000
Buildings and Improvements	2,142,650	2,142,650
Furniture and Equipment	402,574	394,894
Total Cost	2,745,224	2,737,544
Less Accumulated Depreciation	432,437	366,316
Net Property and Equipment	2,312,787	2,371,228
Other Assets		
Right of Use Asset - Operating	14,104	19,564
Total Other Assets	14,104	19,564
Total Assets	2,507,244	2,508,312
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	9,305	412
Accrued Interest Payable	7,417	7,608
Other Liabilities	1,280	499
Current Portion of Lease Liability	5,460	5,460
Current Portion of Long-Term Debt	53,000	51,000
Total Current Liabilities	76,462	64,979
Long-Term Liabilities		
Operating Lease Liability	8,644	14,104
Bonds Payable	1,368,881	1,415,025
Total Long-Term Liabilities	1,377,525	1,429,129
Total Liabilities	1,453,987	1,494,108
Net Assets		
Net Assets without Donor Restrictions	147,830	98,658
Net Investment in Property and Equipment	897,464	909,994
Total Net Assets without Donor Restrictions	1,045,294	1,008,652
Net Assets with Donor Restrictions	7,963	5,552
Total Net Assets	1,053,257	1,014,204
Total Liabilities and Net Assets	2,507,244	2,508,312

See Notes to Financial Statements

HeartLand Church, Inc.
Statements of Activities and Changes in Net Assets
For the Years Ended December 31, 2024 and 2023

	2024	2023
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Support and Revenues		
Tithes, Offerings and Ministry Support	$ 753,835	$ 714,453
Other Ministry Support	20,224	6,826
Event Revenue	672	605
Café Revenue	5,400	4,731
Interest Income	1,863	1,851
Net Assets Released from Restrictions	32,150	67,189
Total Support and Revenues	814,144	795,655
Expenses		
Program Activities	691,188	599,264
Supporting Services	86,314	87,438
Total Expenses	777,502	686,702
Change in Net Assets without Donor Restrictions	36,642	108,953
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions and Support	34,561	18,847
Net Assets Released from Restriction	(32,150)	(67,189)
Change in Net Assets with Donor Restrictions	2,411	(48,342)
Change in Net Assets	39,053	60,611
Net Assets - Beginning of Year	1,014,204	953,593
Net Assets - End of Year	1,053,257	1,014,204

See Notes to Financial Statements

HeartLand Church, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2024

	Programs Expense	General and Administrative	Total
Operating Expenses			
Personnel	$ 307,725	$ 55,808	$ 363,533
Café	7,272	-	7,272
Dues and Subscriptions	4,671	-	4,671
Facility and Building Expense	15,501	816	16,317
Information Technology	6,592	347	6,939
Insurance	14,663	772	15,435
Merchant Fees	-	6,805	6,805
Ministry Expense	48,981	-	48,981
Missions	34,491	-	34,491
Missions - Bismark	43,079	-	43,079
Office Expense	9,578	3,363	12,941
Professional Fees	-	7,702	7,702
Property Tax	-	957	957
Training and Conferences	13,480	-	13,480
Utilities	28,471	1,498	29,969
Total Operating Expenses	534,504	78,068	612,572
Other Expenses			
Depreciation Expense	62,815	3,306	66,121
Interest Expense	92,302	4,858	97,160
Trustee Fees	1,567	82	1,649
Total Other Expenses	156,684	8,246	164,930
Total Functional Expenses	691,188	86,314	777,502

HeartLand Church, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2023

	Programs Expense	General and Administrative	Total
Operating Expenses			
Personnel	$ 279,688	$ 50,731	$ 330,419
Café	4,265	-	4,265
Dues and Subscriptions	4,749	-	4,749
Facility and Building Expense	10,541	555	11,096
Information Technology	6,724	354	7,078
Insurance	13,099	690	13,789
Merchant Fees	-	13,765	13,765
Ministry Expense	35,340	-	35,340
Missions	39,223	-	39,223
Missions - Mountain Movers	4,006	-	4,006
Missions - Bismark	4,500	-	4,500
Office Expense	7,399	3,272	10,671
Professional Fees	-	7,870	7,870
Property Tax	-	442	442
Training and Conferences	4,306	-	4,306
Utilities	26,247	1,381	27,628
Total Operating Expenses	440,087	79,060	519,147
Other Expenses			
Depreciation Expense	63,006	3,316	66,322
Interest Expense	94,576	4,978	99,554
Trustee Fees	1,595	84	1,679
Total Other Expenses	159,177	8,378	167,555
Total Functional Expenses	599,264	87,438	686,702

See Notes to Financial Statements

HeartLand Church, Inc.
Statements of Cash Flows
For the Years Ended December 31, 2024 and 2023

		2024		2023
CASH FLOWS FROM OPERATING ACTIVITIES				
Change in Net Assets	$	39,053	$	60,611
Adjustments to reconcile change in net assets to net cash provided (used) in operating activities:				
Items Not (Providing) Requiring Cash				
Depreciation		66,121		66,322
Amortization		6,855		6,855
Changes in Current Assets and Liabilities:				
(Increase) in Prepaid Expenses		932		(2,400)
Increase (Decrease) in Accounts Payable		8,893		(478)
Increase (Decrease) in Accrued Interest Payable		(191)		(174)
Increase (Decrease) in Other Liabilities		781		(26,315)
Net Cash Provided (Used) by Operating Activities		122,444		104,421
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to Equipment		(7,679)		(2,112)
Net Cash Provided (Used) by Investing Activities		(7,679)		(2,112)
CASH FLOWS FROM FINANCING ACTIVITIES				
(Increase) Decrease in Sinking Fund		(1,576)		(1,154)
Principal Payments on Bonds		(51,000)		(49,000)
Principal Payments on Loan		-		(42,392)
Net Cash Provided (Used) by Financing Activities		(52,576)		(92,546)
Change in Cash and Cash Equivalents		62,189		9,763
Cash and Cash Equivalents - Beginning of Year		102,721		92,958
Cash and Cash Equivalents - End of Year		164,910		102,721
Supplemental Disclosure				
Cash Paid for Interest		90,496		92,873

HeartLand Church, Inc.
Notes to Financial Statements
December 31, 2024 and 2023

1. NATURE OF ACTIVITIES

HeartLand Church, Inc. (the "Church") was incorporated under the laws of the state of Mississippi on June 27, 2005. The Church is a tax-exempt organization, organized exclusively for religious, charitable, and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code.

The Church operates its ministry and holds services in a single location in Southaven, Mississippi.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Church have been prepared on the accrual basis of accounting following principles generally accepted in the United States and accordingly reflect all significant receivables, payables and other liabilities.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported activities and changes in its net assets. Actual results could differ from those estimates.

Financial Statement Presentation

Net assets, revenues, gains and losses are classified based upon donor-imposed restrictions. US GAAP requires the Church to report information regarding its financial position according to the following net asset classification:

Net Assets Without Donor Restrictions – Represents those resources over which the Board of Directors has discretionary control and may be expended for any purpose in performing the primary objectives of the Church. Designated amounts represent those revenues which the Consistory has set aside for a particular purpose. Property and equipment net of related debt is considered unrestricted.

Net Assets With Donor Restrictions – Represents those resources subject to donor-imposed restrictions. Some donor restrictions are temporary in nature; those restrictions will be satisfied by actions of the Church or passage of time. Other donor restrictions are perpetual in nature, where 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.

Measure of Operations

The statement of activities reports changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Church's ministry activities and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered unusual or nonrecurring.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

Cash and cash equivalents include cash, monies in banks and highly liquid investments that are readily convertible to cash or with an original maturity of three months or less.

Property and Equipment

The land, buildings and equipment of the Church are recorded at cost if purchased or self-constructed, or at approximate fair value as of the date received, if donated. It is the policy of the Church to capitalize those expenditures which exceed $1,000 and will provide an economic benefit greater than two years into the future. Expenditures for maintenance and repairs are charged to expense as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 50 years.

Revenue Recognition

The Church receives the majority of its support in the form of voluntary tithes, offerings and revenues from its members and attendees. Contribution income is recorded when cash is received or when ownership of donated assets is transferred. Faith Pledges are not recorded on the Church's financial statements. At December 31, 2024 and 2023, there were no outstanding unconditional promises to give that would require recognition of a pledge receivable.

Revenues are reported as increases in Net Assets without Restrictions unless use of the related asset is limited by donor-imposed restrictions. Expenses are recorded when incurred in accordance with the accrual basis of accounting and are reported as decreases in Net Assets without Restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in Net Assets without Restrictions unless their use is restricted by donor-imposed stipulations. Contributions with restrictions are reported as increases in Net Assets with Restrictions, depending upon the nature of the restriction. When a restriction expires (that is when a stipulated time restriction ends, or the purpose of the restriction is accomplished), the release is reported in the statement of activities as "Net Assets Released from Restriction".

Contributed Services

The Church receives services donated by its members in carrying out the Church's ministry. No amounts have been reflected in the financial statements for those services because they do not meet the criteria for recognition under accounting guidance.

Income Taxes

The Church is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3), except for taxes that may result from unrelated business activities. In addition, ordained ministers of the Church are granted certain income tax exemptions, if applied for and documented in the Church's records.

Additional income and payroll taxes can be assessed against the Church and its ministers if exemption requirements are not met. At December 31, 2024 and 2023, the Church has determined that there are no unrelated business activities for which income taxes would be due. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes (continued)
Accounting standards prescribe a recognition threshold and measurement principles for the financial statement disclosure of tax positions taken or expected to be taken that are not certain to be realized. Management has evaluated for uncertain tax positions and to date has determined that there are no material uncertain tax positions that would require recognition in the financial statements at December 31, 2024 and 2023.

Leases
In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)* which superseded the lease requirements of FASB ASC 840. Under FASB ASC 842, lessees are required to recognize all leases as “right of use assets” and corresponding lease liabilities on the balance sheet, classifying leases based on specific criteria and to provide detailed disclosures regarding the lease terms, discount rates used, and the impact of lease payments on future cash flows. The Church adopted FASB ASC 842, with a date of initial application of January 1, 2022.

The Church determines if an arrangement is a lease or contains a lease at inception of a contract. Leases are included in right-of-use (ROU) assets and lease liabilities in the Statement of Financial Position. Lease liabilities reflect the present value of the future minimum lease payments over the lease term. ROU assets reflect the related operating lease liability and also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term.

The Church does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less), or leases that are considered to be immaterial. Instead, the payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Functional Expenses
The cost of providing ministry programs and other activities has been summarized on a functional basis in the statement of functional expense. Supporting services include management and general expenses that are not directly identifiable with any specific function or program but provide for the overall support and direction of the Church. Certain costs have been allocated among ministry programs and supporting services.

Such allocations are determined by management on an equitable basis. The expenses that are allocated include the following:

Expense	Method of Allocation
Salaries and Benefits	Time and effort
Facility (Occupancy)	Square footage
Depreciation	Square footage
Interest Expense	Square footage

HeartLand Church, Inc.
Notes to Financial Statements
December 31, 2024 and 2023

3. LIQUIDITY

The following represents the Church's financial assets at December 31, 2024 and 2023:

	2024	2023
Financial Assets at Year End:		
Cash and Cash Equivalents	$ 164,910	$ 102,721
Sinking Fund	13,975	12,399
Total Financial Assets	115,120	115,120
Less: Amounts not available to be used within one year:		
Net Assets with Donor Restrictions	7,963	5,552
Financial assets available to meet general expenditures over the next twelve months	107,157	109,568

In addition to financial assets available to meet general expenditures over the next 12 months, the Church operates with a balanced budget and anticipates collecting sufficient support 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 Church's cash and shows positive cash generated by operations for the years ended December 31, 2024 and 2023. As part of its liquidity plan, excess cash is invested in bank and money market accounts.

4. SINKING AND ESCROW FUNDS

The Church issued First Mortgage Bonds dated December 1, 2017, in the original amount of $1,795,000. Proceeds from the issuance of the bonds were used to pay off bank debt and fund an escrow account to be used for construction expenditures for a new worship and ministry facility.

The Church is required to set aside funds for payment of principal and interest on the bonds and has set up a sinking fund account for monthly deposits pursuant to the terms of the Series 2017 Bonds. The Church is obligated to make monthly sinking fund payments in the amount of $9,250 commencing on January 10, 2018, through and including May 10, 2018, and in the amount of $8,300 commencing on June 10, 2018 through and including November 10, 2019, and in the amount of $11,910 commencing on December 10, 2019 and each month thereafter until the bonds are paid in full. The sinking fund balance for the bonds was $13,975 and $12,399 at December 31, 2024 and 2023. The use of these funds is restricted to payments of interest and principal on the Bonds.

5. DEBT

The Church issued First Mortgage Bonds, 2017 Series, dated December 1, 2017, with an original principal amount of $1,795,000, and with maturities beginning June 1, 2020 and a final maturity of December 1, 2042. Interest rates on the bonds range from 2.75% to 6.00%. Monthly payments to a sinking fund are required during the term that the bonds are outstanding. Semi-annual interest payments beginning June 1, 2018 and semi-annual principal payments beginning June 1, 2020 will be drawn from the sinking fund. The bonds are issued under and secured by a Trust Indenture on real property, improvements, furniture, fixtures and equipment owned by the Church. At December 31, 2024 and 2023, the balance of the bonds was $1,559,000 and $1,610,000.

5. DEBT (continued)

Financing costs totaling $171,398 were incurred to issue the bonds. These costs have been capitalized and are being amortized on the straight-line basis over the bond term beginning when principal payments are required. Accumulated amortization was $34,278 and $27,423 at December 31, 2024 and 2023. Deferred finance costs are reported on the statement of financial position as a direct deduction from the face amount of the debt. Amortization of deferred finance costs are included as a component of interest expense.

A summary of debt at December 31, 2024 and 2023 is as follows:

	2024	2023
Series 2017 Bonds	$ 1,559,000	$ 1,610,000
Less: Unamortized Finance Costs	137,119	143,975
Bonds Net of Finance Costs	1,421,881	1,466,025
Less: Current Portion of Bonds	53,000	51,000
Long-Term Portion of Bonds	1,368,881	1,415,025

Scheduled maturities for the bonds and estimated principal payments for the loan over the next five years are as follows:

Year Ended Dec. 31,	Bonds
2025	$ 53,000
2026	55,000
2027	59,000
2028	61,000
2029	65,000

Components of interest expense for the years ended December 31, 2024 and 2023, were as follows:

	2024	2023
Interest on Bonds	$ 90,305	$ 92,699
Amortization of Finance Costs	6,855	6,855
Total Interest Expense	97,160	99,554

6. LEASES

Operating Lease

In May 2022, the Church entered into an agreement to lease office equipment for a period of 63 months. Monthly payments of $499 began in May 2022.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Church uses the implicit rate when readily determinable. When the lease does not provide an implicit rate, the Church uses its incremental borrowing rate based on the information available at the commencement date to determine the present value of lease payments. For leases in effect at December 31, 2024 and 2023, the Church is using the incremental borrowing rate.

The following summarizes the line items in the statements of financial position which include amounts for operating leases at December 31, 2024 and 2023 are as follows:

	2024	2023
Non-cash financing and investing cash flows		
Right of Use (ROU) Assets obtained in exchange For Operating Lease Obligations	$ -	$ -
Change in ROU Assets and Operating Lease Liabilities	$ (5,460)	$ (5,460)
Supplemental Balance Sheet Information		
Operating Leases:		
Operating Lease – Right of Use Asset	14,104	19,564
Current Portion of Operating Lease Liability	5,460	5,460
Long-term Portion of Operating Lease Liability	8,644	14,104
Total Operating Lease Liability	14,104	19,564
Weighted Average Remaining Lease Term		
Operating Leases	2.58 years	3.58 years
Weighted Average Discount Rate		
Operating Leases	4.00%	4.00%

6. LEASES (continued)

Future minimum lease payments and reconciliation to the balance sheet at December 31, 2024 and 2023, are as follows:

Year ended December 31,	2024	2023
2024	$ -	$ 5,985
2025	5,985	5,985
2026	5,985	5,985
2027	3,490	3,490
Total Future Undiscounted Lease Payments	15,460	21,445
Less Present Value Discount	1,356	1,881
Total Lease Liabilities	14,104	19,564
Less Current Portion of Lease Liabilities	5,460	5,460
Long Term Portion of Lease Liabilities	8,644	14,104

7. NET ASSETS

Net Assets with Donor Restrictions

The Church receives contributions with restrictions for various purposes.

	Mountain Movers	Ministry, Missions and Activities	Church Plant
Balance – Dec 31, 2022	$ 457	$ 5,095	$ -
Contributions and Support – 2023	-	15,447	3,400
Released from Restrictions – 2023	(51,566)	(12,223)	(3,400)
Balance – Dec 31, 2023	457	5,095	-
Contributions and Support – 2024	20	33,241	1,300
Released from Restrictions – 2024	-	(30,850)	(1,300)
Balance – Dec 31, 2024	477	7,486	-

The amounts restricted at December 31, 2024 and 2023, were as follows:

	2024	2023
Mountain Movers	$ 477	$ 457
Missions & Benevolence	7,486	5,095
Total with Donor Restriction	7,963	5,552

8. RETIREMENT PLAN

The Church sponsors a 403(b)-retirement plan for qualifying employees. Total expense incurred by the Church related to the plan was $5,250 and $5,250 for each of the years ended December 31, 2024 and 2023.

9. CONCENTRATIONS

The Church maintains cash in bank deposit accounts which, at times, may exceed federally insured limits.

The Church is primarily dependent upon contributions from its congregation to meet expenses of operation. Although management of the Church expects contributions to be adequate to service all obligations, there can be no assurance that such contributions will be sufficient to meet these obligations. Also, there is no assurance that Church membership will increase or remain stable.

Any adverse change in the tax laws, or any adverse change in the Church's tax status as a tax-exempt organization, would affect contributors who are currently entitled to deduct their contributions to the Church from gross income. Any such change, in turn, could adversely affect the level of contributions to the Church and the ability of the Church to meet its obligations.

10. SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 30, 2025, which is the date the financial statements were available to be issued.