

FINANCIAL STATEMENTS
Dallas District Advisory Board –
Church of the Nazarene
dba North / East Texas District Church of the Nazarene
Fiscal Year Ended April 30, 2024

****Note:** This review and report reflects only the position of the North/East Texas District; and does NOT include financial information of Scottsville Camp & Conference Center. A review report for Scottsville Camp will be issued separately upon completion.

Dallas District Advisory Board - Church of the Nazarene
dba North / East Texas District Church of the Nazarene

Financial Statements

Fiscal Year Ended April 30, 2024

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Independent Accountants' Review Report

To the Board of Directors
Dallas District Advisory Board - Church of the Nazarene
dba North / East Texas Church of the Nazarene
Richardson, Texas

We have reviewed the accompanying financial statements of Dallas District Advisory Board - Church of the Nazarene (the "District"), which comprise the statement of financial position as of April 30, 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 district 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.

Accountants' 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 the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountants' 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.

Vail + Park, P.C.

Frisco, Texas
July 12, 2024

Dallas District Advisory Board - Church of the Nazarene
 dba North / East Texas District Church of the Nazarene
 Statement of Financial Position
 April 30, 2024

Assets

Current assets:

Cash and cash equivalents	\$ 5,665
Accounts receivable	182,078
Due from affiliates	181,773
Investments in securities	1,035,230
Prepaid expenses and deposits	<u>9,111</u>
Total current assets	<u>1,413,857</u>

Non-current assets:

Property and equipment, net	1,955,901
Finance lease right-of-use asset	2,373
Operating lease right-of-use asset	<u>24,622</u>
Total non-current assets	<u>1,982,896</u>

Total Assets

\$ 3,396,753

Liabilities and Net Assets

Liabilities

Current liabilities:

Accounts payable	\$ 6,950
Accrued expenses	76,603
Notes payable, current	38,263
Finance lease liability, current	1,077
Operating lease liability, current	<u>24,622</u>
Total current liabilities	<u>147,515</u>

Non-current liabilities:

Notes payable, non-current portion	404,954
Finance lease liability, non-current portion	<u>1,448</u>
Total non-current liabilities	<u>406,402</u>

Total liabilities

553,917

Net assets

Without donor restrictions	2,842,836
With donor restrictions	<u>-</u>
Total net assets	<u>2,842,836</u>

Total Liabilities and Net Assets

\$ 3,396,753

The accompanying notes are an integral part of these financial statements.

Dallas District Advisory Board - Church of the Nazarene
dba North / East Texas District Church of the Nazarene
Statement of Activities
Fiscal Year Ended April 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Supports and Revenues			
Budgeted support	\$ 289,493	\$ -	\$ 289,493
District offerings and contribution	20,364	-	20,364
Unrealized gains on investments	98,509	-	98,509
Gain on sales of properties	56,060	-	56,060
Other income	11,054	-	11,054
Total supports and revenues before net assets released from restrictions	475,480	-	475,480
Net assets released from restrictions	-	-	-
Total Support and Revenue	475,480	-	475,480
Operating Expenses			
Program service			
District advisory activities	128,305	-	128,305
Total program service	128,305	-	128,305
Supporting service			
General administration	417,007	-	417,007
Total supporting services	417,007	-	417,007
Total operating expenses	545,312	-	545,312
Change in Net Assets	(69,832)	-	(69,832)
Net Assets at Beginning of the Year	2,912,668	-	2,912,668
Net Assets at End of the Year	\$ 2,842,836	\$ -	\$ 2,842,836

The accompanying notes are an integral part of these financial statements.

Dallas District Advisory Board - Church of the Nazarene
dba North / East Texas District Church of the Nazarene
Statement of Functional Expenses
Fiscal Year Ended April 30, 2024

	District Advisory Activities	Total Program Service	General Administration	Total
Salaries and wages	\$ -	\$ -	\$ 120,108	\$ 120,108
Employee benefits and insurance	-	-	100,892	100,892
Payroll taxes	-	-	22,207	22,207
Office rent and maintenance	-	-	25,953	25,953
Utilities	-	-	3,564	3,564
Postage	-	-	496	496
Vehicle expenses	-	-	15,067	15,067
Travel expenses	-	-	12,286	12,286
Office supplies and expenses	-	-	13,327	13,327
District activities expense	17,764	17,764	-	17,764
Board meeting expense	334	334	-	334
Camp assistance	19,000	19,000	-	19,000
Pastoral and leadership development	14,212	14,212	-	14,212
Interest expense	-	-	26,599	26,599
Depreciation and amortization	-	-	67,349	67,349
Church support	66,852	66,852	-	66,852
Designated expenses	6,084	6,084	-	6,084
Other expenses	4,059	4,059	9,159	13,218
Total functional expenses	\$ 128,305	\$ 128,305	\$ 417,007	\$ 545,312

The accompanying notes are an integral part of these financial statements.

Dallas District Advisory Board - Church of the Nazarene
 dba North / East District Church of the Nazarene
 Statement of Cash Flows
 Fiscal Year Ended April 30, 2024

Cash Flows from Operating Activities	
Change in net assets	\$ (69,832)
Adjustments to reconcile net assets to net cash provided by (used in) operating activities	
Depreciation and amortization expenses	66,295
Amortization on finance lease right-of-use asset	1,054
Reduction of operating lease right-of-use asset	23,184
Loss (Gain) on sale of property and equipment	(56,060)
Net realized and unrealized losses (gains) on investments	45,491
Changes in operating assets and liabilities:	
Accounts receivable	108
Prepaid expenses and deposits	(7,063)
Accounts payable	(15,553)
Accrued expenses	(13,086)
Operating lease liability	(23,103)
Net cash provided by (used in) operating activities	<u>(48,565)</u>
Cash Flows from Investing Activities	
Proceeds from disposition of investments	50,000
Proceeds from sales of property and equipment	139,900
Net cash provided by (used in) investing activities	<u>189,900</u>
Cash Flows from Financing Activities	
Finance lease liability	(1,090)
Due from affiliates	(138,116)
Payments on notes payable	(34,127)
Net cash provided by (used in) financing activities	<u>(173,333)</u>
Change in cash and cash equivalents	(31,998)
Cash and cash equivalents at April 30, 2023	<u>37,663</u>
Cash and cash equivalents at April 30, 2024	<u>\$ 5,665</u>
Supplemental cash flow information:	
Interest paid during the year	<u>\$ 26,599</u>
Income tax paid during the year	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

Dallas District Advisory Board – Church of the Nazarene
Notes to Financial Statements
April 30, 2024

1. Nature of Organization

Dallas District Advisory Board - Church of the Nazarene (the “District”) is organized as a not-for-profit organization, affiliated with the International Church of the Nazarene. The organization does business under the name “North/ East Texas District Church of the Nazarene”.

The mission of the District is to encourage and resource ministries through the local Churches of the Nazarene as well as to create new ministries and local fellowships in order to impact people with the life-changing power of Jesus Christ in Northeast Texas. The District includes 68 unique congregations in Northeast Texas which it supports and is supported through budgeted support from its member congregations.

Dallas District Church of the Nazarene (the “Scottsville Camp”) has undergone a significant change by separating from the District and establishing its own independent operation since May 1, 2023.

2. Summary of Significant Accounting Policies

The summary of significant accounting policies of the District is presented to assist in understanding the financial statements. The financial statements and notes are representations of the District's management, who is responsible for the fairness and objectivity embodied in the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Basis of Accounting

The financial statements of the District are prepared in accordance with accounting principles generally accepted in the United States of America on the accrual basis of accounting.

Net Assets

The District’s revenues and gains are classified as net assets with donor restrictions and net assets without donor restrictions based on the existence or absence of donor-imposed restrictions. These classifications are defined as follows:

- 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 District. These net assets may be used at the discretion of the District’s 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 District or by the passage of time.

Dallas District Advisory Board – Church of the Nazarene
Notes to Financial Statements
April 30, 2024

2. Summary of Significant Accounting Policies (continued)

Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained perpetually. At April 30, 2024, the District has only net assets without donor restrictions. Donor restricted contributions are reported as an increase 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 statements of activities.

Cash and Cash Equivalents

The District considers all cash and highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. The District maintains its cash and cash equivalents in bank deposit accounts which, at times, may exceed the federally insured limit. The District has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Fair Value of Financial Instrument

The Company applies, when appropriate, the provisions of the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Codification (“ASC”) 820, Fair Value Measurement, to its financial assets and liabilities and its nonfinancial assets and liabilities that are measured and/or disclosed at fair value on a recurring basis.

Fair value for financial reporting purposes is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly market transaction between market participants at the measurement date (reporting date). Fair value is based on an exit price in the primary market or most advantageous market in which the reporting entity could transact.

The carrying amounts reported in the balance sheets for short-term financial instruments, including cash and cash equivalents, accounts receivable, other current assets, accounts payable, other payables, accrued expenses and other current liabilities, approximate fair value due to the short maturities of these instruments. The carrying amount reported in the balance sheets for long-term debt primarily approximates fair value since the interest rate fluctuates with market changes in interest rates.

Accounts Receivable

Accounts receivable are recorded at estimated realizable value. The District does not record the budget allocations from member churches as accounts receivable since such allocated amounts are conditional promises to pay and are not enforceable obligations. However, known current year budget allocations collected in subsequent periods after the fiscal year-end are considered unconditional promises to pay and are therefore recorded as accounts receivable in the current period.

Dallas District Advisory Board – Church of the Nazarene
Notes to Financial Statements
April 30, 2024

2. Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment are stated at cost or fair market value at the date the item is donated, less accumulated depreciation. Major expenditures over \$1,000, except for computer equipment, and those which substantially increase useful lives, are capitalized. Maintenance, repairs and replacements, which do not improve or extend the lives of the respective assets, are charged to operations when incurred. When furniture or equipment is sold or otherwise disposed of, the asset and related accumulated depreciation is removed, and gain or loss is included in operations.

Depreciation has been calculated using the straight-line method based on the estimated useful lives of the assets as follows:

Building and Conveyed property	30 years
Land improvements	5 years
Office equipment	5 years
Furniture and fixtures	5 years
Vehicles	5 years

The District may receive “conveyed property” by either (a) a church which can no longer make the mortgage payments may transfer ownership of the property to the District before insolvency; or (b) a church that becomes disorganized is automatically conveyed to the District in accordance with Section 108.2 and 108.3 of the Manual of the Church of Nazarene 2023.

Revenues and Contributions

Unrestricted contributions and in-kind contributions are recognized and reported as increases to net assets without donor restrictions in the statement of activities in the fiscal year in which the donor makes the unconditional promise to give to the Church. Contributions and in-kind contributions that are restricted by the donor as to their specified purpose or time period for use are recognized and reported as increases to net assets with donor restrictions in the statement of activities in the fiscal year in which the donor makes the promise to give to the Church. When a donor restriction expires or is satisfied, the related assets are reclassified from net assets “with donor restrictions” to net assets “without donor restrictions” in the financial statement of activities. Unconditional promises to give due in the current year are recorded at their net realizable value.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contribute assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions. Contributed services are reported as contributions at their fair value if such services create or enhance non-financial assets; the services would have been purchased if not provided by contribution; and the service requires specialized skills. Material in-kind items used in the program (e.g., equipment, supplies, etc.) are recorded as income and expense or are capitalized at the time the items are placed into service or distributed.

Dallas District Advisory Board – Church of the Nazarene
Notes to Financial Statements
April 30, 2024

2. Summary of Significant Accounting Policies (continued)

Additionally, the Foundation received significant contributions of time from its Directors and unpaid volunteers for various activities and other services of the Foundation. The value of this contributed time is not reflected in the financial statements since no objective basis is available to measure the value of the volunteer services.

Use of Estimates

The preparation of 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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Functional Expense Allocation

The costs of providing various programs and supporting services have been summarized on a functional basis in the statement of functional expenses. The District incurs expenses that directly relate to, and can be assigned to, a specific program or supporting activity. The District also conducts several activities which benefit both its program objectives as well as supporting services.

Accordingly, certain costs, which are not specifically attributable to a specific program or supporting activity, are allocated by management on a consistent basis among program and supporting services benefited. Allocation among programs and supporting services benefited is mainly based on estimates of time and effort incurred by personnel.

Leases

In February 2016, The FASB issued guidance (Accounting Standards Codification [ASC] 842, Leases) to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. The most prominent amount of the change in the standard is the recognition of ROU assets and lease liabilities by lessees for those classified as operating leases or finance lease. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

Starting on May 1, 2022, with the adoption of Accounting Standards Update (“ASU”) 2016-02, Leases (Topic 842), the District determines if an arrangement is a long-term lease (with a remaining lease term greater than 12 months), at inception (or transaction date) and recognizes a right of use asset (“ROU asset”) and lease liability based on the present value of the lease payments over the lease term.

Dallas District Church of the Nazarene
dba North / East Texas District Church of the Nazarene

Notes to Financial Statements

2. Summary of Significant Accounting Policies (continued)

Federal Income Taxes

The District is a not-for-profit corporation that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Recently Issued Accounting Pronouncements

Current Expected Credit Loss

As of May 1, 2023, the District has adopted Accounting Standards Update (ASU) 2016-13, specifically Financial Instruments – Credit Losses (Topic 326), denoted as ASC 326. This regulatory framework supersedes the incurred loss methodology with the Current Expected Credit Loss (CECL) methodology.

CECL necessitates the derivation of credit loss estimates for the remaining projected life of financial assets, encompassing historical data, prevailing conditions, and substantiated forecasts.

Broadly applicable to financial assets assessed at amortized cost, including trade receivable, loan receivables and held-to-maturity debt securities, CECL also extends its purview to certain off-balance sheet credit exposures such as unfunded commitments to extend credit. In adherence to this methodology, financial assets measured at amortized cost are to be presented on financial statements at the net amount anticipated to be collected, incorporating an allowance for credit losses as a means of accounting for the estimated credit losses.

The District adopted ASU 2016-13 as of May 1, 2023, using the modified retrospective method and the adoption did not have a material impact on its financial statements.

3. Concentration of Credit Risk

Funds deposited in banks are federally insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). At April 30, 2023, the District maintains its cash in various accounts at amounts which are below the federally insured limit.

The District serves the Northeast Texas/Dallas Fort Worth Metroplex area and is entirely dependent upon budgeted payments from its member churches and their local church membership (excluding Scottsville Camp). Future changes within the area economy can significantly affect the ability of the member churches to provide funds for district operation.

Dallas District Advisory Board – Church of the Nazarene
Notes to Financial Statements
April 30, 2024

4. Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the District has the ability to access.

Level 2 – Inputs to the valuation methodology include:

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

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at April 30, 2024:

Mutual Funds

Valued at the daily closing price as reported by the fund. Mutual funds held by the District are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (“NAV”) and to transact at that price. The mutual funds held by the District are deemed to be actively traded.

The following table sets forth by level, within the fair value hierarchy, the District’s assets at fair value as of April 30, 2024:

	Level 1	Level 2	Level 3	Total
Money market funds	\$ 1,035,230	\$ -	\$ -	\$ 1,035,230
Mutual funds	-	-	-	-
Total investment at fair value	<u>\$ 1,035,230</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,035,230</u>

Dallas District Advisory Board – Church of the Nazarene
Notes to Financial Statements
April 30, 2024

5. Accounts Receivable

Accounts receivable consist of the following as of April 30, 2024 and 2023:

	April 30,	
	2024	2023
Accounts receivable	\$ 182,078	\$ 182,186
Less: allowance for doubtful accounts	-	-
Accounts receivable, net	\$ 182,078	\$ 182,186

6. Due from Affiliates

Amounts due from / to affiliates organization represent operating loans to affiliate organizations and will be repaid as deemed appropriate by the board based on cash flows and needs of the organization's operation. This advance or borrowing neither bear interest nor has stated repayment terms. Accordingly, all such borrowing or lending are not considered to have a due date, however, they are considered current due from / to related affiliate organizations on accompanying balance sheet.

The District loaned \$144,000 to an affiliate church to purchase a new parsonage. As of April 30, 2024, the District's balance is \$144,000. The District also covered taxes and insurance expenses for the affiliate organization during the year, with some of these expenses reimbursed. As of April 30, 2024, the District's balance is \$37,773.

7. Property and Equipment

The following is a summary of property and equipment as of April 30, 2024:

	April 30, 2023	Additions	Disposals	April 30, 2024
Conveyed property - land	\$ 387,152	\$ -	\$ (19,200)	\$ 367,952
Conveyed property - buildings	2,012,665	-	(76,800)	1,935,865
Office equipment	4,138	-	-	4,138
Total of property and equipment	2,403,955	-	(96,000)	2,307,955
Less: accumulated depreciation	(297,919)	(66,295)	12,160	(352,054)
Property and equipment, net	2,106,036	(66,295)	(83,840)	1,955,901

Tot

al depreciation expense for the fiscal year ended April 30, 2024 was \$66,295.

Dallas District Advisory Board – Church of the Nazarene
Notes to Financial Statements
April 30, 2024

8. Right of Use Assets and Lease Liability

The District holds long-term lease agreements for office space and for one printer. As a result of the adoption of the new lease accounting guidance (ASC Topic 842), the District recognized on May 1, 2022 (a) lease liability of approximately \$74,135, which represents the present value of the remaining lease payments, discounted using the District’s incremental borrowing rate, and (b) right of use asset at approximately \$74,135.

The District incurred rent expenses of approximately \$25,428 related to its operating lease and \$1,209 related to its finance lease during the year ended April 30, 2024.

Maturities of the District’s lease liabilities are as follows:

Year Ending April 30,		
2025	\$	25,699
2026		1,149
2027		<u>299</u>
Total lease liabilities	<u>\$</u>	<u>27,147</u>

The following table presents future lease payments under operating and finance leases as of April 30, 2024. Imputed interest represents the difference between undiscounted cash flows and discounted cash flows:

Year Ending April 30,	Operating Lease	Finance Lease
2025	\$ 25,428	\$ 1,209
2026	-	1,209
2027	<u>-</u>	<u>302</u>
Total undiscounted cash flow	25,428	2,720
Impact of present value discount	<u>(807)</u>	<u>(196)</u>
Amounts reported on balance sheet	<u>\$ 24,621</u>	<u>\$ 2,524</u>

Dallas District Advisory Board – Church of the Nazarene
Notes to Financial Statements
April 30, 2024

8. Right of Use Assets and Lease Liability (continued)

Component lease expense and other information for the year ended April 30, 2024 were as follows:

Operating lease costs	\$	25,428
Finance lease costs	\$	1,054
Short-term lease costs	\$	26,482

Supplemental balance sheet information related to leases as of April 30, 2024 is as follows:

Operating lease right-of-use asset	\$	24,622
Finance lease right-of-use asset		2,373
Total right-of-use assets	\$	<u>26,995</u>
Operating lease liability, current	\$	24,622
Finance lease liability, current		1,077
Operating lease liability, non-current		-
Finance lease liability, non-current		1,448
Total lease liabilities	\$	<u>27,147</u>

The following table displays the weighted-average term and discount rate for operating lease outstanding as of April 30, 2024.

	Operating Lease	Finance Lease
Weighted-average term (years)	1.0	2.3
Weighted-average discount rate	6.0%	6.5%

Dallas District Advisory Board – Church of the Nazarene
Notes to Financial Statements
April 30, 2024

9. Notes Payable

The following is a summary of notes payable as of April 30, 2024:

	Amounts
Note payable to investment fund, payable in monthly installments of \$3,126, including interest of 5.1% through January 2032. Collateralized by land and property. The loan is subject to periodic review and changes. This loan is for Catalyst Rowlett Church	\$ 237,910
Note payable to investment fund, payable in monthly installments of \$1,043 including interest of 5.0% through July of 2032. Collateralized by land and property. The loan is subject to periodic review and changes. This loan is for Bonham Church	77,310
Note payable to investment fund, payable in monthly installments of \$999 for principal and interest of 5.795% through November 2038. Collateralized by land and property. The loan is subject to periodic review and changes. This loan is for Marshall Community Church	127,997
Total notes payable	\$ 443,217
Less: current portion	38,263
Non-current portion	\$ 404,954

Notes payable maturities are as follows:

Years ending April 30:	Amount
2025	\$ 38,263
2026	40,289
2027	42,423
2028	44,664
2029 and thereafter	277,578
	\$ 443,217

Dallas District Advisory Board – Church of the Nazarene
Notes to Financial Statements
April 30, 2024

10. Prior Year Adjustment

The District's financial statements include prior year adjustments, net of \$155,086, which reflect the exclusion of two properties and their corresponding notes payable.

11. Commitments and Contingencies

The District is contingently liable on various mortgage notes of individual churches aggregating approximately \$3,508,980 as of April 30, 2024. In the event the churches are unable to satisfy their individual obligations, the District will be required to make the monthly payments on their behalf as a cosigner.

12. Date of Management's Review

The District has evaluated subsequent events that occurred after April 30, 2024, through July 12, 2024, the date on which the financial statements were available to be issued. During this period, there were no material subsequent events that required recognition or additional disclosure in these financial statements.

Draft 07.12.24