



ANNUAL REPORT 2023





DEAR FRIENDS,

Thank you for taking time to explore our 2023 Annual Report! In this report, you will get a glimpse of ministry here at Vox over the last 12 months. I hope that you are encouraged and inspired! Included in this Annual Report is a financial overview and audit.

My prayer is that as you review this material, God would stir your heart to a place of greater faith.

I pray that he would give you a passion for the mission of Jesus through the local church like never before and a fresh sense of hope. Thank you for being a part of this work. We are honored to walk with you!

Your friends on the way,

Justin and Chrisy Kendrick
Vox Church



BAPTISMS



307
TOTAL
BAPTISMS



260
Adults
Baptized



47
Kids
Baptized





COMMUNITY GROUPS

Community Groups are “where the rest of church happens.” There is a genuine desire for authentic biblical community to build as people continue growing in their relationship with Jesus and commitment to one another. We witnessed people saying “yes” to Jesus, becoming fruitful disciples who study God’s Word and respond in faithful obedience even amidst life’s ups and downs. Community Group attendees have actively participated in outreach opportunities to reach those far from Jesus and regularly serve on a serving team to continue building Christ’s church.





793 people joined
Community Groups



Out of **239** active
groups, 88 were
brand-new groups



Over **2,500** active
Community Group
attendees

VOX KIDS



We are excited to see our programs multiply as we continue to reach new families across New England. The VoxKids community has grown tremendously in 2023. Last year, we welcomed **945** new children into our VoxKids programs. To share the gospel with more families, VoxKids expanded our capacity to include an additional **12** classrooms across all locations.

“God really opened my eyes and showed me that it doesn’t matter how far away someone is from him. He can still use them for miracles and save them.” –Taniesha

✓ **2027** kids participated in VoxKids programming

✓ **280** kids in attendance at VBS

✓ **77** children dedicated

✓ **1068** new kids registered for VoxKids

✓ **12** new VoxKids classrooms

VOX YOUTH

In 2023, VoxYouth regularly met in five locations across Connecticut and Massachusetts. Students showed unique excitement as they pursued Jesus in community with one another. As they built their identities on Jesus, they also formed the foundations for lifelong community centered on the gospel. Students shared Jesus with their friends and invited them to experience the joy of authentic Christian fellowship they found in VoxYouth.





231 students participated in
VoxYouth programming with

180 attending VoxYouth
retreats



33 students were baptized



81 students consistently served
on Sundays

ILLUME

This year Illume gathered **750** women for the annual women's conference, partnered with a local outreach organization to provide feminine products to those experiencing period poverty, and saw hundreds of women gather in homes in community groups. Women have grown in their walks with Christ, service to the community, and their love for one another.



THE WOMEN'S MINISTRY
OF VOX CHURCH

LOVING EACH OTHER.
LEADING TOGETHER.



Over **1,800** women participated in our conferences, worship night, and BrightOnes Lock-In

Over **17%** increase in Conference attendance



64 Illume groups with **471** active members

19 new groups





VOXMUSIC

We have seen and experienced God's favor and faithfulness this past year. Our campus teams, who serve by leading our church in worship every week, continue to grow, both in number and in spiritual maturity. VoxMusic hosted five worship leader trainings across our campuses. Unity between campuses is greater than ever as they support one another and collaborate on enhancing our worship experience.

VoxMusic wrote and released more music this year than any year before, allowing us to seek the heart of God for our church and capture what he is doing through song.



654,000

Original music streams
across Spotify, Apple Music,
and more



54

New musicians added to
Sunday serving teams

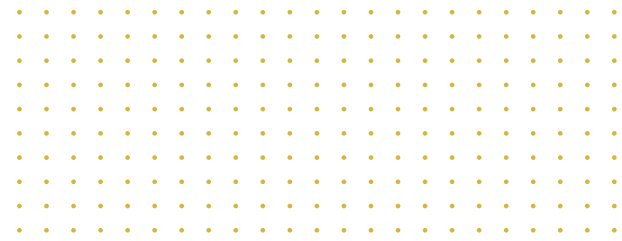


Recorded and released **10**
original songs

MISSIONS



In 2023, we partnered with **13** global mission organizations and workers. We also had **37** people attend four international global mission trip opportunities. Vox Missions contributed **\$194,237** in total to our global focus area partnerships.



HIGHLIGHTS

- Vox Missions gave \$20,000 as a part of our partnership with Converge International in the Great Sea region. These funds helped a local Lebanese pastor launch a church-resourcing website to rebuild the Church in Syria and support growing churches in the Middle East.
- We hosted our second annual Global Missions Weekend in April of 2023. For the first time, we hosted two prayer breakfasts, one in Hartford and one in Branford, and we saw over 50 people come out to hear from our partners and pray about their needs. We were honored to hear from Rob Morris, CEO and co-founder of Love 146, as our Sunday morning speaker.
- We sent a survey team of four people to The Philippines in April of 2023 with Advancing Native Missions. This team led a retreat for social workers serving children rescued from trafficking and also met a new ministry partner to discern ways for a deeper partnership in this region. In addition to our partnership with Advancing Native Missions, we donated \$12,000 to support the survivor care efforts of Love 146 in The Philippines.
- We gave \$12,000 to Rise + Shine in India to help provide school uniforms and supplies to over 6,500 orphans.
- \$9,000 supported humanitarian disaster response efforts in both Turkey and Israel & Gaza.

OUTREACH

Our heartbeat as a church is to see the gospel move forth in New England. This year, our local outreach programs sought to serve our cities in both word and deed. In total, we mobilized 1,698 volunteers this year and invested over 18,500 hours serving our cities. Here are a few of the highlights of 2023.



✓ **18,500** hours served in our cities

✓ **1,698** volunteers mobilized

✓ **282** outreach events hosted

40 DAYS OF COMPASSION

Our church embarked on a 40-day journey through Lent to pray, serve, and love those around us, challenging our hearts to respond like Jesus. We exceeded our goal of 10,000 acts of compassion by reaching 14,696 acts, with 6,398 people actively participating. Through the acts of compassion, we saw God open doors for gospel conversations and miracles to occur in people's lives.

NIGHT TO SHINE

We hosted our first-ever Night to Shine, welcoming 75 individuals with disabilities to a special prom night. With over 200 volunteers, vendors from the community, and lots of dancing, this event built a bridge for gospel expansion in an underserved community.

SERVING NEW BRITAIN AND CLINTON

With two new campus launches, Vox entered each city eager to serve the community. After assessing the needs of each city, we took immediate action. In Clinton, we helped provide for the pay gap for school lunches. In New Britain, we helped supply students' and teachers' back-to-school necessities.



PERSPECTIVES

At Vox, we believe that diversity in the church is the heartbeat of heaven, and our goal is to reflect the diversity of our congregation in every aspect of our leadership and ministry. By raising awareness of the realities of racial and ethnic divisions in our hearts and world, the Perspectives Team seeks to awaken a desire in the people of our church to be a part of the healing process for the transformation of our cities. We humbly build relationships with various churches, organizations, and neighbors to meet the community's needs and strengthen unity. We work to bridge the racial divide in the body of Christ, so we reflect the unity he has called us to and care for all of those involved through a year-long action plan of events, teaching, and fellowship opportunities.

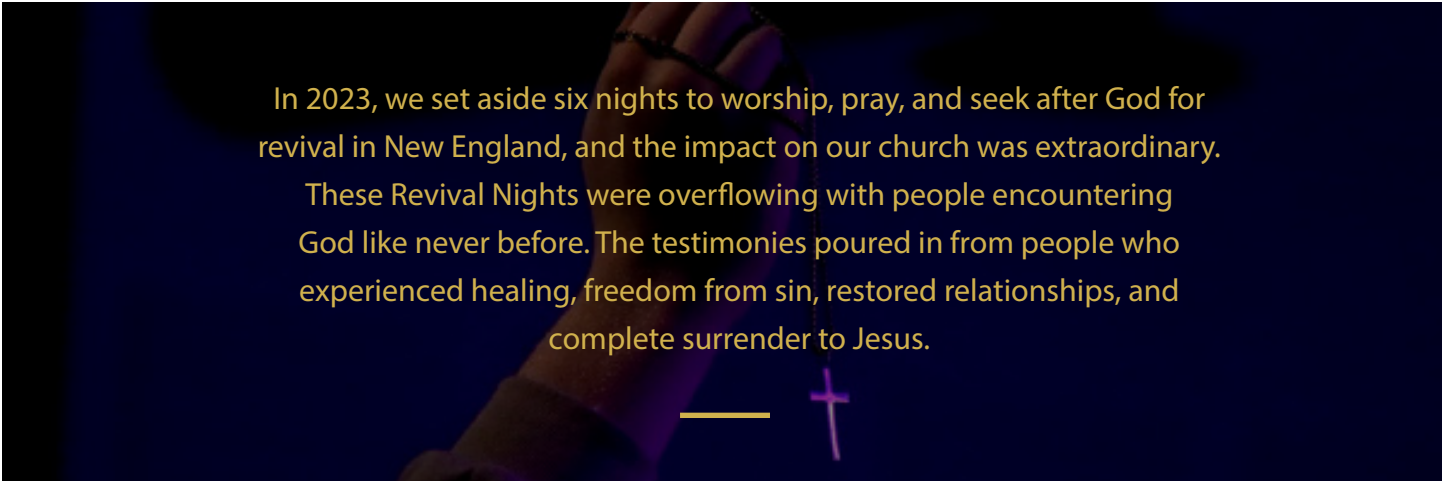
Over **300** people attended the Celebration of Cultures across two campuses: Springfield and Branford

40 people registered for LivingUNDIVIDED: the experiential journey toward racial healing and justice

6 new members added to the Perspectives Team, a diverse group of leaders who bring a variety of perspectives into the planning and decision-making conversations of our church



REVIVAL NIGHTS



In 2023, we set aside six nights to worship, pray, and seek after God for revival in New England, and the impact on our church was extraordinary. These Revival Nights were overflowing with people encountering God like never before. The testimonies poured in from people who experienced healing, freedom from sin, restored relationships, and complete surrender to Jesus.



“What God cannot do does not exist!” – Jhonai

“What a revival. I am so transformed, I cannot explain it.” – Tom

“God changed the lens of my heart! He put a new spirit in me! God changed my heart from wanting into thanking.” – Kathlline

“I woke up this morning and I am pain free. Our God is amazing! I am so grateful for our church! There is no place I would rather be.” – Tammey



VOX FINANCE

In early 2024, Vox Church successfully completed its third consecutive independent audit performed by CapinCrouse, a national firm specializing in nonprofit and church audits.

Our auditors issued an unqualified opinion. This conclusion represents that the financial statements present fairly, in all material respects, the financial position of Vox Church as of December 31, 2023, and that the changes in its net assets and cash flows are presented in accordance with Generally Accepted Accounting Principles.

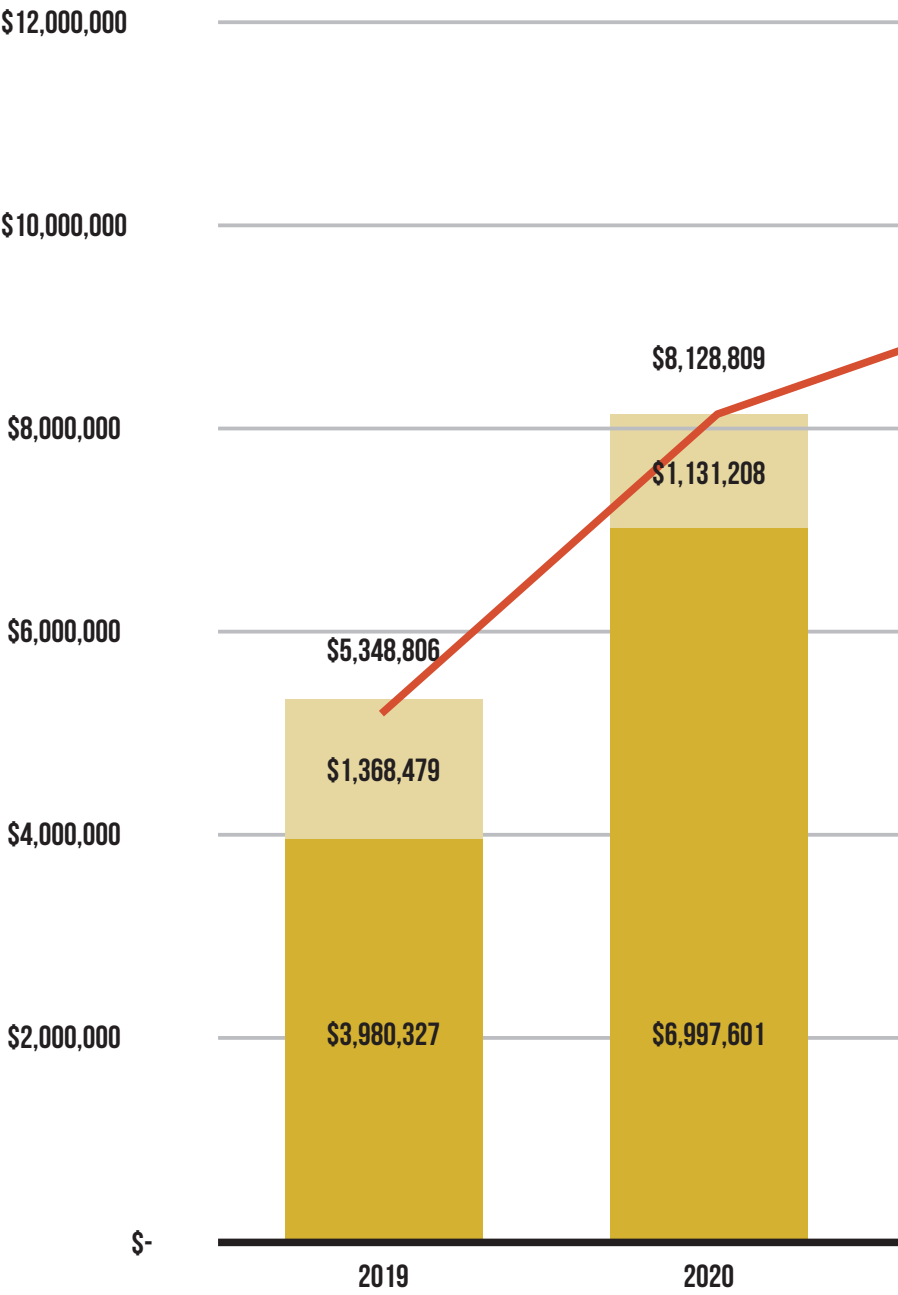


2023 HIGHLIGHTS

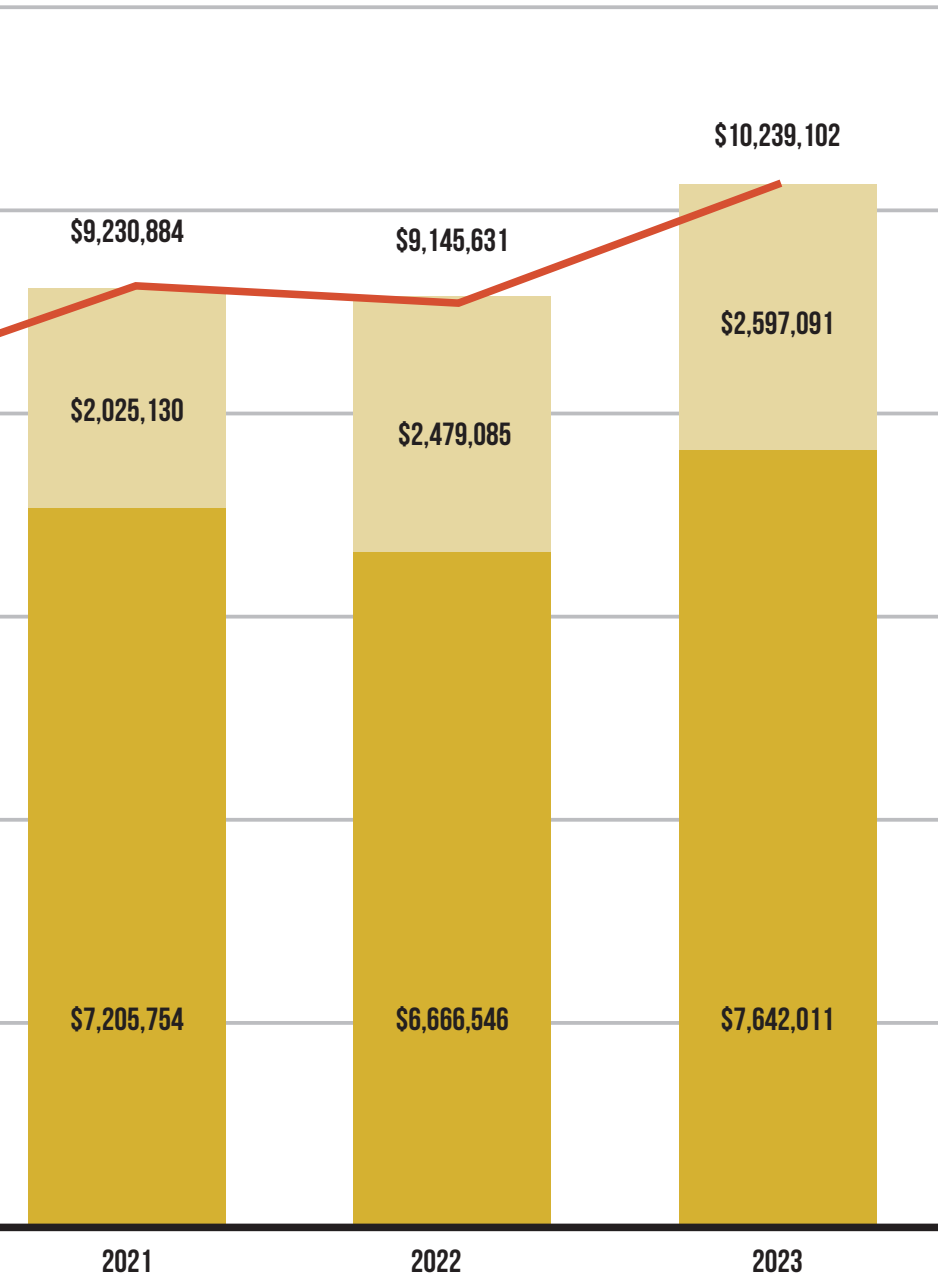
- Open Doors, our end-of-year (EOY) generosity challenge, totaled \$2,597,091
- In total, our 2023 contributions were \$10.2M
- 82% of our 2023 expenses were attributed to ministry efforts
- For the year ended December 31, 2023, we had a cash surplus of over \$1.1M
- As of December 31, 2023:
 - Net assets totaled \$10.6M, an increase of 12% from 2022
 - Cash and cash equivalents totaled \$6.5M
 - Property and equipment (net) totaled \$8.8M
- As a result of our intentional management of funds, Vox Church ended the year \$108K under budget (\$8.9M total budget) in 2023

The Finance Team's highest priority is to steward Vox Church's assets and help leadership make sound financial decisions. We are pleased to report that Vox Church is in a strong financial position to launch new locations in 2024 and to fund our current expansion projects. We have also intentionally reserved money for the renovation of the new Hartford anchor location. The following revenue graph displays the continued generosity of the Vox Church family, which allows us to move the mission forward each year in New England!

CONTRIBUTION REVENUE GROWTH



NON-EOY REVENUE
 EOY OFFERING



 TOTAL CONTRIBUTION REVENUE



VOX CHURCH, INC.

Financial Statements
With Independent Auditors' Report

December 31, 2023 and 2022

VOX CHURCH, INC.

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Vox Church, Inc.
Branford, Connecticut

Opinion

We have audited the accompanying financial statements of Vox Church, Inc. (a nonprofit corporation), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities 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 Vox Church, Inc. as of December 31, 2023 and 2022, 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 audit in accordance with auditing standards generally accepted in the United States of America. 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 Vox Church, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Vox 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.

Board of Directors
Vox Church, Inc.
Branford, Connecticut

Auditors' Responsibility 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the 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 Vox 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 Vox 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.

Capin Crouse LLP

Lawrenceville, Georgia
April 5, 2024

VOX CHURCH, INC.

Statements of Financial Position

| | December 31, | |
|---|--------------------------|--------------------------|
| | <u>2023</u> | <u>2022</u> |
| ASSETS: | | |
| Cash and cash equivalents | \$ 6,458,812 | \$ 6,759,753 |
| Prepaid expenses and other assets | 108,773 | 161,779 |
| Operating leases right-of-use assets | 6,455,321 | 6,842,369 |
| Property and equipment—net | <u>8,753,735</u> | <u>7,427,212</u> |
| Total Assets | <u>\$ 21,776,641</u> | <u>\$ 21,191,113</u> |
| LIABILITIES AND NET ASSETS: | | |
| Liabilities: | | |
| Accounts payable and accrued expenses | \$ 453,071 | \$ 442,182 |
| Operating leases right-of-use obligations | 6,959,459 | 7,355,812 |
| Note payable | <u>3,729,751</u> | <u>3,929,137</u> |
| Total liabilities | <u>11,142,281</u> | <u>11,727,131</u> |
| Net assets: | | |
| Without donor restrictions | <u>10,634,360</u> | <u>9,463,982</u> |
| Total Liabilities and Net Assets | <u>\$ 21,776,641</u> | <u>\$ 21,191,113</u> |

See accompanying notes to the financial statements

VOX CHURCH, INC.

Statements of Activities

| | Year Ended December 31, | | | | | |
|---------------------------------------|-------------------------------|----------------------------|---------------|-------------------------------|----------------------------|--------------|
| | 2023 | | | 2022 | | |
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| SUPPORT AND REVENUES: | | | | | | |
| Support: | | | | | | |
| Contributions | \$ 10,229,102 | \$ 10,000 | \$ 10,239,102 | \$ 9,145,631 | \$ - | \$ 9,145,631 |
| Revenues: | | | | | | |
| Activity fees | 122,457 | - | 122,457 | 134,330 | - | 134,330 |
| Other | 217,354 | - | 217,354 | 376,229 | - | 376,229 |
| | 339,811 | - | 339,811 | 510,559 | - | 510,559 |
| Total Support and Revenues | 10,568,913 | 10,000 | 10,578,913 | 9,656,190 | - | 9,656,190 |
| RECLASSIFICATIONS: | | | | | | |
| Net assets released from restrictions | 10,000 | (10,000) | - | 10,264 | (10,264) | - |

(continued)

See accompanying notes to the financial statements

VOX CHURCH, INC.

Statements of Activities (continued)

| | Year Ended December 31, | | | | | |
|-------------------------------|-------------------------------|----------------------------|---------------|-------------------------------|----------------------------|--------------|
| | 2023 | | | 2022 | | |
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| EXPENSES: | | | | | | |
| Program services | 7,747,580 | - | 7,747,580 | 7,213,757 | - | 7,213,757 |
| Supporting activities: | | | | | | |
| General and administrative | 1,660,955 | - | 1,660,955 | 1,626,288 | - | 1,626,288 |
| Total Expenses | 9,408,535 | - | 9,408,535 | 8,840,045 | - | 8,840,045 |
| Change in Net Assets | 1,170,378 | - | 1,170,378 | 826,409 | (10,264) | 816,145 |
| Net Assets, Beginning of Year | 9,463,982 | - | 9,463,982 | 8,637,573 | 10,264 | 8,647,837 |
| Net Assets, End of Year | \$ 10,634,360 | \$ - | \$ 10,634,360 | \$ 9,463,982 | \$ - | \$ 9,463,982 |

See accompanying notes to the financial statements

VOX CHURCH, INC.

Statements of Cash Flows

| | Year Ended December 31, | |
|---|-------------------------|--------------|
| | 2023 | 2022 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Change in net assets | \$ 1,170,378 | \$ 816,145 |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities: | | |
| Depreciation and amortization | 561,488 | 435,524 |
| Operating leases right-of-use assets | 435,640 | (337,514) |
| Operating leases right-of-use obligations | (444,945) | 389,200 |
| Changes in operating assets and liabilities: | | |
| Prepaid expenses and other assets | 53,006 | 14,823 |
| Accounts payable and accrued expenses | 10,889 | 235,810 |
| Net Cash Provided by Operating Activities | 1,786,456 | 1,553,988 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchases of property and equipment | (1,880,450) | (69,819) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Payments on note payable | (206,947) | (16,902) |
| Net Change in Cash and Cash Equivalents | (300,941) | 1,467,267 |
| Cash and Cash Equivalents, Beginning of Year | 6,759,753 | 5,292,486 |
| Cash and Cash Equivalents, End of Year | \$ 6,458,812 | \$ 6,759,753 |
| SUPPLEMENTAL DISCLOSURE: | | |
| Cash paid for interest | \$ 147,750 | \$ 146,015 |
| NONCASH INVESTING AND FINANCING ACTIVITIES: | | |
| Property and equipment acquired through issuance of note payable | \$ - | \$ 475,952 |
| Payment of construction payable through issuance of note payable | \$ - | \$ 882,316 |
| Right-of-use asset acquired in exchange for operating lease obligation | \$ 48,592 | \$ - |

See accompanying notes to the financial statements

VOX CHURCH, INC.

Notes to Financial Statements

December 31, 2023 and 2022

1. NATURE OF ORGANIZATION:

The mission of Vox Church, Inc. (the Church) is to spread the lifestyle of authentic Christianity for the glory of God and the transformation of New England. The heart of the Church is marked by a holy urgency. We believe that time is short, people need God, and he has called his church to be a voice. The name “Vox” comes from the Latin word for voice, and we believe that God desperately wants to speak to those far from him and bring them close. His primary method to do this is his church. As the people of God, we want to echo his truth in every corner of our world through sharing the gospel, serving the poor, helping those in need, seeking the good of the city, partnering with other churches and organizations, and participating in global missions.

The Church is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (Code) and comparable state law. Contributions to the Church are deductible from income taxes within the limitations prescribed by the Code. The Church is not a private foundation under Section 509(a)(1) of the Code. The primary source of revenue for the Church is contributions from the general public.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements have been prepared on the accrual basis of accounting, in conformity with accounting principles generally accepted in the United States. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

USE OF ESTIMATES

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States 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 AND CASH EQUIVALENTS

Cash and cash equivalents includes petty cash, checking accounts, and savings accounts. While deposits are in excess of federally insured limits, the Church has not experienced any losses in such accounts. At December 31, 2023 and 2022, cash balances exceeded federally insured limits by \$6,189,093 and \$6,188,993, respectively.

PROPERTY AND EQUIPMENT—NET

Items capitalized as property and equipment are stated at cost or, if donated, at market value on the date of donation. The Church generally capitalizes all property and equipment acquisitions in excess of \$5,000. Expenditures for repairs and maintenance are charged to expense as incurred, and additions and improvements that significantly extend the lives of assets are capitalized at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, ranging from 5 to 39 years.

VOX CHURCH, INC.

Notes to Financial Statements

December 31, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

DEBT ISSUANCE COSTS—NET

Debt issuance costs are recorded at cost and amortized on a straight-line basis over the term of the debt agreement. For both years ended December 31, 2023 and 2022, debt issuance costs totaled \$113,412, while accumulated amortization of debt issuance costs amounted to \$17,012 and \$9,451, respectively. Debt issuance costs—net are netted with the note payable in the accompanying statements of financial position.

CLASSES OF NET ASSETS

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

Net assets without donor restrictions are currently available for operating purposes under the direction of the board, designated by the board for specific use, or invested in property and equipment, net of accumulated depreciation and related debt.

Net assets with donor restrictions are stipulated by donors for specific operating purposes or programs, with time restrictions, or not currently available for use until commitments regarding their use have been fulfilled.

All contributions are considered available for use without donor restrictions unless specifically restricted by the donor or subject to other legal restrictions.

SUPPORT AND REVENUES, RECLASSIFICATIONS, AND EXPENSES

Revenue is recognized when earned and 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 met.

The Church reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated amounts. When a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as reclassifications.

The Church reports donations of property and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Church reports expirations of donor restrictions when the acquired or donated assets are placed in service.

Donated goods (including securities) are recorded at fair value at the date of the gift.

VOX CHURCH, INC.

Notes to Financial Statements

December 31, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

Expenses are recorded when incurred in accordance with the accrual basis of accounting. The costs of providing various program services and supporting activities of the Church have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

GOVERNMENT GRANTS

For the year ended December 31, 2022, other revenues includes \$300,484 claimed under the Employee Retention Credit (ERC) which was established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Laws and regulations concerning government programs, including the ERC, are complex and subject to varying interpretation. Claims made under the CARES Act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Church's claim to the ERC, and it is not possible to determine the impact (if any) this would have upon the Church.

3. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects the Church's financial assets as of December 31, 2023 and 2022, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. The Church considers general expenditures to be all expenditures related to fulfilling its vision as well as the conduct of services undertaken to support those activities to be general expenditures.

| | December 31, | |
|---|---------------------|---------------------|
| | 2023 | 2022 |
| Financial assets, at year-end and available to meet cash needs for general expenditures within one year: | | |
| Cash and cash equivalents | <u>\$ 6,458,812</u> | <u>\$ 6,759,753</u> |

As part of the Church's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

VOX CHURCH, INC.

Notes to Financial Statements

December 31, 2023 and 2022

4. PROPERTY AND EQUIPMENT–NET:
Property and equipment–net, consist of:

| | December 31, | |
|-------------------------------------|---------------------|---------------------|
| | 2023 | 2022 |
| Land and land improvements | \$ 204,870 | \$ 204,870 |
| Buildings and building improvements | 8,376,782 | 6,896,188 |
| Equipment and vehicles | 1,208,089 | 750,763 |
| | <u>9,789,741</u> | <u>7,851,821</u> |
| Less accumulated depreciation | (1,245,824) | (698,603) |
| | <u>8,543,917</u> | <u>7,153,218</u> |
| Construction in process | 209,818 | 273,994 |
| | <u>\$ 8,753,735</u> | <u>\$ 7,427,212</u> |

VOX CHURCH, INC.

Notes to Financial Statements

December 31, 2023 and 2022

5. OPERATING LEASES RIGHT-OF-USE ASSETS AND OBLIGATIONS:

The Church leases various buildings and equipment under lease agreements expiring in 2044. In determining the life of the lease, management has reviewed the available options for renewal for various leases and has chosen the option which most closely approximates management's current plan for the asset. The discount rate represents the risk-free discount rate using a period comparable with that of the individual lease terms on the inception of the leases. The leases require monthly payments ranging from \$941 to \$20,833. Total expenses incurred under the operating leases for the years ended December 31, 2023 and 2022, was \$598,620 and \$561,155, respectively.

| | December 31, | |
|---|--------------|--------------|
| | 2023 | 2022 |
| Operating leases right-of-use assets | \$ 6,455,321 | \$ 6,842,369 |
| Operating leases right-of-use obligations | \$ 6,959,459 | \$ 7,355,812 |
| Operating lease costs | \$ 598,620 | \$ 561,155 |
| Weighted-average discount rate | 2.38% | 2.37% |
| Weighted-average remaining lease term | 15.3 years | 16.9 years |

Future minimum lease payments required under operating leases with an initial or remaining noncancelable lease term in excess of one year are as follows:

| Years Ending December 31, | Amounts |
|---------------------------|--------------|
| 2024 | \$ 623,284 |
| 2025 | 601,162 |
| 2026 | 601,058 |
| 2027 | 590,218 |
| 2028 | 571,400 |
| Thereafter | 5,338,033 |
| | 8,325,155 |
| Less imputed interest | (1,365,696) |
| | \$ 6,959,459 |

VOX CHURCH, INC.

Notes to Financial Statements

December 31, 2023 and 2022

6. NOTE PAYABLE:

Note payable consist of:

| | December 31, | |
|---|--------------|--------------|
| | 2023 | 2022 |
| Effective 2021, the Church executed a construction promissory note payable, with an original principal amount of up to \$4,050,000; bears interest at a fixed rate of 3.75%; payments of principal and interest through maturity in November 2028; secured by certain real property in North Haven, CT. There is no prepayment penalty. | \$ 3,826,151 | \$ 4,033,098 |
| Less debt issuance costs–net | (96,400) | (103,961) |
| | \$ 3,729,751 | \$ 3,929,137 |

Maturities of the note payable are estimated as follows:

| Years Ending December 31, | Amounts |
|---------------------------|--------------|
| 2024 | \$ 214,886 |
| 2025 | 223,084 |
| 2026 | 231,595 |
| 2027 | 240,131 |
| 2028 | 2,916,455 |
| | \$ 3,826,151 |

The note payable contains restrictive time covenants. For the years ended December 31, 2023 and 2022, the Church has met all required time covenants.

7. EXPENSES BY BOTH NATURE AND FUNCTION:

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Church. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Payroll and benefits, dues and fees, and interest are allocated on an analysis of employee time and effort for the employees incurring the expense. All other expenses are allocated based on an analysis of the Church campus or location incurring the expense.

VOX CHURCH, INC.

Notes to Financial Statements

December 31, 2023 and 2022

7. EXPENSES BY BOTH NATURE AND FUNCTION, continued:

Functional expenses by natural classification for the year ended December 31, 2023:

| | <u>Program Services</u> | <u>General and Administrative</u> | <u>Total</u> |
|-------------------------------------|-----------------------------|---------------------------------------|---------------------|
| Payroll and benefits | \$ 3,871,539 | \$ 778,423 | \$ 4,649,962 |
| Equipment, repairs, and maintenance | 137,568 | 17,326 | 154,894 |
| Professional and outside services | 236,915 | 490,902 | 727,817 |
| Depreciation and amortization | 541,030 | 20,458 | 561,488 |
| Advertising | 212,242 | - | 212,242 |
| Dues and fees | 63,336 | 137,493 | 200,829 |
| Meals and travel | 173,175 | 55,582 | 228,757 |
| Facilities | 1,367,674 | 63,857 | 1,431,531 |
| Office and supplies | 422,894 | 22,377 | 445,271 |
| Grants to others | 282,257 | - | 282,257 |
| Curriculum | 66,177 | - | 66,177 |
| Insurance | 57,482 | 28,327 | 85,809 |
| Interest | 147,195 | - | 147,195 |
| Computers and technology | 168,096 | 46,210 | 214,306 |
| | <u>\$ 7,747,580</u> | <u>\$ 1,660,955</u> | <u>\$ 9,408,535</u> |

VOX CHURCH, INC.

Notes to Financial Statements

December 31, 2023 and 2022

7. EXPENSES BY BOTH NATURE AND FUNCTION, continued:

Functional expenses by natural classification for the year ended December 31, 2022:

| | <u>Program Services</u> | <u>General and Administrative</u> | <u>Total</u> |
|-------------------------------------|-----------------------------|---------------------------------------|---------------------|
| Payroll and benefits | \$ 3,455,377 | \$ 1,018,935 | \$ 4,474,312 |
| Equipment, repairs, and maintenance | 141,354 | 17,536 | 158,890 |
| Professional and outside services | 311,247 | 193,500 | 504,747 |
| Depreciation and amortization | 417,604 | 17,920 | 435,524 |
| Advertising | 169,470 | - | 169,470 |
| Dues and fees | 101,163 | 158,315 | 259,478 |
| Meals and travel | 195,754 | 36,871 | 232,625 |
| Facilities | 1,199,906 | 96,036 | 1,295,942 |
| Office and supplies | 413,679 | 17,792 | 431,471 |
| Grants to others | 359,333 | - | 359,333 |
| Curriculum | 104,516 | - | 104,516 |
| Insurance | 47,861 | 23,985 | 71,846 |
| Interest | 149,368 | - | 149,368 |
| Computers and technology | 147,125 | 45,398 | 192,523 |
| | <u>\$ 7,213,757</u> | <u>\$ 1,626,288</u> | <u>\$ 8,840,045</u> |

8. RETIREMENT PLAN:

The Church offers a Savings Incentive Match Plan for Employees (the Simple Plan) to all eligible staff members. The Church matches contributions up to 3%. The employer amount contributed to the Simple Plan for the years ended December 31, 2023 and 2022, was \$71,892 and \$67,391, respectively.

VOX CHURCH, INC.

Notes to Financial Statements

December 31, 2023 and 2022

9. SUBSEQUENT EVENTS:

Effective January 2024, the Church committed to the purchase of certain real property located in Hartford, Connecticut. The commitment specifies an agreed-upon purchase price of approximately \$750,000. In addition, the Church has received a letter of intent for financing the purchase, subject to closing on the property.

Effective February 2024, the Church received a letter of intent for a \$4,000,000 project loan (Hartford Project Loan) that is secured by real property. Stipulated terms are subject to closing on the Hartford, Connecticut property.

Effective February 2024, the Church has received a letter of intent for a \$2,000,000 revolving working capital line of credit that is secured by certain real property, bears prevailing interest rate, and requires monthly interest-only payments on outstanding balances through maturity. Stipulated terms are subject to closing on the Hartford, Connecticut property.

Subsequent events have been evaluated through April 5, 2024, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.