Batts Morrison Wales & Lee
CERTIFIED PUBLIC ACCOUNTANTS

The Village Church

Financial Statements

For The Years Ended June 30, 2025 and 2024

REPORT OF INDEPENDENT AUDITOR

The Central Elders Board
The Village Church
Flower Mound, Texas

Opinion
We have audited the accompanying financial statements of The Village Church ("the Church"), which consist of the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, cash flows, and functional expenses 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 The Village Church as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 the Church 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 the Church'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 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 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 risk 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 the Church'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 the Church'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.

Batts Morrison Wales & Lee, P.A.

BATTS MORRISON WALES & LEE, P.A.

Plano, Texas
October 15, 2025

THE VILLAGE CHURCH

STATEMENTS OF FINANCIAL POSITION

ASSETS

	June 30, 2025	June 30, 2024
ASSETS		
Cash and cash equivalents	$ 11,898,388	$ 13,089,785
Cash designated for long-term purposes	5,519,770	3,382,825
Cash restricted for long-term purposes	—	3,796,189
Investments	7,897,720	6,151,465
Property and equipment, net	43,693,891	30,681,226
Other assets	716,640	1,703,574
Total assets	**$ 69,726,409**	**$ 58,805,064**

LIABILITIES AND NET ASSETS

	2025	2024
LIABILITIES		
Accounts payable and accrued expenses	$ 1,670,617	$ 1,247,842
Other liabilities	—	17,574
Total liabilities	**1,670,617**	**1,265,416**
NET ASSETS		
Without donor restrictions		
Undesignated	13,218,007	13,902,545
Designated for property and equipment	42,502,059	29,660,274
Board designated	9,586,726	7,305,686
Management designated	468,323	533,039
Total without donor restrictions	65,775,115	51,401,544
With donor restrictions	2,280,677	6,138,104
Total net assets	**68,055,792**	**57,539,648**
Total liabilities and net assets	**$ 69,726,409**	**$ 58,805,064**

THE VILLAGE CHURCH
STATEMENTS OF ACTIVITIES

	2025 Without Donor Restrictions	2025 With Donor Restrictions	2025 Total	2024 Without Donor Restrictions	2024 With Donor Restrictions	2024 Total
	For The Years Ended June 30,					
PUBLIC SUPPORT AND REVENUE AND NET ASSETS RELEASED FROM RESTRICTIONS						
Contributions	$ 15,662,004	$ 8,901,624	$ 24,563,628	$ 15,618,298	$ 13,233,658	$ 28,851,956
Other revenue, net	2,344,068	—	2,344,068	2,374,705	—	2,374,705
Net assets released from restrictions	12,759,051	(12,759,051)	—	9,848,841	(9,848,841)	—
Total public support and revenue and net assets released from restrictions	**30,765,123**	**(3,857,427)**	**26,907,696**	**27,841,844**	**3,384,817**	**31,226,661**
EXPENSES						
Program activities	13,056,939	—	13,056,939	13,056,256	—	13,056,256
Supporting activities	3,334,613	—	3,334,613	3,724,537	—	3,724,537
Total expenses	**16,391,552**	**—**	**16,391,552**	**16,780,793**	**—**	**16,780,793**
CHANGE IN NET ASSETS BEFORE OTHER CHANGE	**14,373,571**	**(3,857,427)**	**10,516,144**	**11,061,051**	**3,384,817**	**14,445,868**
Loss on disposals of property and equipment, net	—	—	—	(2,447,901)	—	(2,447,901)
CHANGE IN NET ASSETS	**14,373,571**	**(3,857,427)**	**10,516,144**	**8,613,150**	**3,384,817**	**11,997,967**
NET ASSETS - Beginning of year	**51,401,544**	**6,138,104**	**57,539,648**	**42,788,394**	**2,753,287**	**45,541,681**
NET ASSETS - End of year	**$ 65,775,115**	**$ 2,280,677**	**$ 68,055,792**	**$ 51,401,544**	**$ 6,138,104**	**$ 57,539,648**

The Accompanying Notes are an Integral
Part of These Financial Statements

THE VILLAGE CHURCH
STATEMENTS OF CASH FLOWS

	For The Years Ended June 30, 2025	2024
OPERATING CASH FLOWS		
Cash received from contributors	$ 16,655,799	$ 16,787,349
Other revenue received	2,882,936	2,071,208
Cash paid for operating activities and costs	(15,107,030)	(16,262,252)
Net operating cash flows	**4,431,705**	**2,596,305**
INVESTING CASH FLOWS		
Redemptions of certificates of deposit	—	10,904,555
Sales of investments	6,355,254	41,578
Purchases of investments	(7,755,320)	—
Principal payments received on note receivable	99,555	238,931
Net purchases of and improvements to property and equipment	(13,889,664)	(7,766,049)
Net investing cash flows	**(15,190,175)**	**3,419,015**
FINANCING CASH FLOWS		
Proceeds from contributions restricted for long-term purposes	7,907,829	12,064,607
Net financing cash flows	**7,907,829**	**12,064,607**
NET CHANGE IN CASH, CASH EQUIVALENTS, DESIGNATED, AND RESTRICTED CASH	**(2,850,641)**	**18,079,927**
CASH, CASH EQUIVALENTS, DESIGNATED, AND RESTRICTED CASH - Beginning of year	**20,268,799**	**2,188,872**
CASH, CASH EQUIVALENTS, DESIGNATED, AND RESTRICTED CASH - End of year	**$ 17,418,158**	**$ 20,268,799**
REPORTED IN THE STATEMENTS OF FINANCIAL POSITION AS FOLLOWS		
Cash and cash equivalents	$ 11,898,388	$ 13,089,785
Cash designated for long-term purposes	5,519,770	3,382,825
Cash restricted for long-term purposes	—	3,796,189
Total cash, cash equivalents, designated, and restricted cash	**$ 17,418,158**	**$ 20,268,799**
RECONCILIATION OF CHANGE IN NET ASSETS TO NET OPERATING CASH FLOWS		
Change in net assets	$ 10,516,144	$ 11,997,967
Adjustments to reconcile change in net assets to net operating cash flows		
Depreciation	1,047,879	975,929
Proceeds from contributions restricted for long-term purposes	(7,907,829)	(12,064,607)
Net investment gain	(346,189)	(487,931)
Net loss on disposals of property and equipment	—	2,447,901
Change in other assets and liabilities	869,805	308,525
Change in accounts payable and accrued expenses	251,895	(581,479)
Net operating cash flows	**$ 4,431,705**	**$ 2,596,305**

SUPPLEMENTAL DISCLOSURE

Approximately $1,192,000 and $1,021,000 of property and equipment additions are included in "accounts payable and accrued expenses" in the accompanying statements of financial position as of June 30, 2025 and 2024, respectively.

THE VILLAGE CHURCH
STATEMENTS OF FUNCTIONAL EXPENSES

For The Year Ended June 30, 2025

	Program Activities	Supporting Activities	Total Expenses
Personnel costs	$ 6,481,728	$ 1,503,699	$ 7,985,427
Ministry events and activities	1,936,744	49,971	1,986,715
Other	1,231,621	38,333	1,269,954
Depreciation	944,414	103,465	1,047,879
Professional services and fees	464,469	555,412	1,019,881
Facilities management and utilities	877,591	94,415	972,006
Office expense and supplies	124,740	770,075	894,815
Insurance	453,879	49,843	503,722
Donations to third parties and benevolence	448,645	—	448,645
Non-capitalized project expenditures	44,383	168,822	213,205
Rent	48,725	578	49,303
Total expenses	**$ 13,056,939**	**$ 3,334,613**	**$ 16,391,552**

For The Year Ended June 30, 2024

	Program Activities	Supporting Activities	Total Expenses
Personnel costs	$ 6,446,817	$ 1,341,241	$ 7,788,058
Ministry events and activities	1,921,481	49,570	1,971,051
Other	1,670,921	294,883	1,965,804
Office expense and supplies	191,950	847,347	1,039,297
Depreciation	727,403	248,526	975,929
Professional services and fees	406,245	534,522	940,767
Facilities management and utilities	693,220	150,164	843,384
Rent	423,499	—	423,499
Insurance	283,047	69,642	352,689
Donations to third parties and benevolence	252,843	—	252,843
Non-capitalized project expenditures	38,830	188,642	227,472
Total expenses	**$ 13,056,256**	**$ 3,724,537**	**$ 16,780,793**

NOTE A – NATURE OF ACTIVITIES

The Village Church ("the Church") is a not-for-profit Texas corporation which exists to love God, love people, and make disciples of Jesus Christ. The Church operates a single campus located in Flower Mound, Texas.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

The Church recognizes cash contributions as revenue when the contributions are received by the Church. Contributions received are recorded as without or with donor restrictions depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as "net assets released from restrictions."

Donor-restricted net assets for capital projects are released as funds are spent on the project, rather than when the underlying asset is placed in service. Management believes this treatment results in a fairer presentation of the Church's financial position. This treatment does not differ materially from the prescribed treatment for such activities under accounting principles generally accepted in the United States ("U.S. GAAP").

Cash and cash equivalents

The Church considers investment instruments purchased or donated with original maturities of three months or less to be cash equivalents.

Cash designated for long-term purposes

Cash designated for long-term purposes consists of amounts designated by the Central Elders Board and management for certain construction and renovation projects.

Cash restricted for long-term purposes

Cash restricted for long-term purposes consists of donor-restricted amounts for certain capital projects.

Investments

Investments are carried at estimated fair value.

Property and equipment, net

Property and equipment are stated at cost, if purchased, or estimated fair value on the date of donation, if donated. Depreciation is provided using the straight-line method over the estimated useful lives of the assets.

Functional allocation of expenses

The statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas. Indirect costs that benefit multiple functional areas are allocated among the various functional areas based primarily on employee time and space utilization.

Net assets

Net assets without donor restrictions are available for use at the discretion of the Central Elders Board and/or management for general operating purposes. Board and management designated net assets consist of amounts designated by the Central Elders Board and management, respectively, for various purposes further described in Note G. Net assets with donor restrictions consist of amounts with uses limited by donor-imposed time and/or purpose restrictions.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income taxes

The Church is exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from applicable state income taxes. The Church is further classified as a public charity and not a private foundation for federal tax purposes. The Church has not incurred unrelated business income taxes. As a result, no income tax provision or liability has been provided for in the accompanying financial statements.

Use of estimates

Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Significant estimates used in preparing these financial statements include those used in determining the fair value of investments and useful lives of property and equipment. Actual results could differ from the estimates.

Reclassifications

Certain amounts included in the June 30, 2024 financial statements have been reclassified to conform to classifications adopted during the year ended June 30, 2025. The reclassifications had no material effect on the accompanying financial statements.

Subsequent events

The Church has evaluated for possible financial reporting and disclosure subsequent events through the date of the report of independent auditor, the date as of which the financial statements were available to be issued.

NOTE C – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure within one year of the date of the statements of financial position are as follows:

	June 30,	
	2025	2024
Financial assets available:		
Cash and cash equivalents	$ 11,898,388	$ 13,089,785
Cash designated for long-term purposes	5,519,770	3,382,825
Cash restricted for long-term purposes	—	3,796,189
Investments	7,897,720	6,151,465
Receivables (included in “other assets”)	450,839	1,340,661
Total financial assets available within one year	25,766,717	27,760,925
Less amounts unavailable for general expenditure within one year due to:		
Receivable not expected to be collected within one year	—	(401,020)
Amounts held subject to board and management designations	(10,055,049)	(7,838,725)
Amounts held subject to donor restrictions	(1,400,066)	(5,196,255)
Net financial assets available within one year	$ 14,311,602	$ 14,324,925

The Church is primarily supported by contributions. As part of the Church’s liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Central Elders Board and management have designated certain amounts for various purposes further described in Note G. Because of the nature of the designations, these amounts may not be available for general expenditure within the next year; however, the Central Elders Board and management could make them available, if necessary.

NOTE C – LIQUIDITY AND AVAILABILITY OF RESOURCES (Continued)

The Church also has certain assets limited to use for donor-restricted purposes. Because a donor's restriction requires resources to be used in a specific manner or in a future period, the Church must maintain sufficient resources to meet its responsibilities to its donors. Thus, those financial assets may not be available for general expenditure within one year and are excluded from net financial assets available to meet general expenditures within one year. Further, the Church has certain other donor-restricted net assets which are available for general expenditure within one year, because the restrictions on the net assets are expected to be met by conducting the normal activities of the Church's programs in the coming year. Management believes the Church has sufficient financial assets available for general operations that may be drawn upon in the event of unanticipated financial distress or immediate liquidity need.

NOTE D – CONCENTRATION OF CREDIT RISK

The Church maintains its cash and cash equivalents in deposit accounts which may not be federally insured, may exceed federally insured limits, or may be insured by an entity other than an agency of the federal government. The Church has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to cash and cash equivalents.

As of June 30, 2024, all of the Church’s investments were held by one financial institution. As of June 30, 2025, all of the Church’s investments were held by a separate financial institution.

NOTE E – FAIR VALUE MEASUREMENTS

U.S. GAAP defines fair value for an investment generally as the price an organization would receive upon selling the investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. The information available to measure fair value varies depending on the nature of each investment and its market or markets. Accordingly, U.S. GAAP recognizes a hierarchy of “inputs” an organization may use in determining or estimating fair value. The inputs are categorized into “levels” that relate to the extent to which an input is objectively observable and the extent to which markets exist for identical or comparable investments. In determining or estimating fair value, an organization is required to maximize the use of observable market data (to the extent available) and minimize the use of unobservable inputs. The hierarchy assigns the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs). A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Following is a description of each of the three levels of input within the fair value hierarchy:

Level 1 – unadjusted quoted market prices in active markets for identical items

Level 2 – other significant observable inputs (such as quoted prices for similar items)

Level 3 – significant unobservable inputs

Estimated fair value of assets measured on a recurring basis as of June 30, 2025, are as follows:

	Total	Level 1	Level 2	Level 3
Mutual and exchange-traded funds	$ 7,897,720	$ 7,897,720	$ —	$ —
Total	$ 7,897,720	$ 7,897,720	$ —	$ —

NOTE E – FAIR VALUE MEASUREMENTS (Continued)

Estimated fair value of assets measured on a recurring basis as of June 30, 2024, are as follows:

	Total	Level 1	Level 2	Level 3
Limited partnership interest	$ 6,151,465	$ —	$ —	$ 6,151,465
Total	$ 6,151,465	$ —	$ —	$ 6,151,465

The Church's limited partnership interest, valued using Level 3 inputs, consists of investments in pooled funds which primarily invest in privately-held enterprises. These investments can generally be liquidated at an amount approximating carrying value in the near-term with proper notice. Because the fair value estimates for assets made using Level 3 inputs involve a greater element of subjectivity than do determinations made using Level 1 inputs, it is possible that the actual value of such assets may differ significantly from the estimated amounts.

The following is a reconciliation of investments in which significant unobservable inputs (Level 3) were used in determining fair value:

Balance, July 1, 2023	$ 5,705,112
Net sales	(41,578)
Net gains	487,931
Balance, June 30, 2024	6,151,465
Net sales	(6,355,254)
Net gains	203,789
Balance, June 30, 2025	$ —

NOTE F – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	June 30,	
Category	2025	2024
Land	$ 5,364,138	$ 5,364,138
Buildings and building improvements	21,542,116	21,698,725
Furniture, fixtures, and equipment	4,156,111	4,472,854
Construction in progress	22,161,450	8,514,699
Total property and equipment	53,223,815	40,050,416
Less: Accumulated depreciation	(9,529,924)	(9,369,190)
Net property and equipment	$ 43,693,891	$ 30,681,226

Depreciation expense amounted to $1,047,879 and $975,929 during the years ended June 30, 2025 and 2024, respectively.

NOTE G – NET ASSETS

Net assets without donor restrictions were designated by the Central Board of Elders and management for the following purposes:

	June 30, 2025	June 30, 2024
Board designated:		
Construction, renovation, and capital expenditure reserves	$ 5,094,561	$ 2,932,825
Operating reserves	3,500,000	3,500,000
Healthcare reserves	700,000	700,000
Other	292,165	172,861
Subtotal – Board designated	9,586,726	7,305,686
Management designated:		
Worship center end-of-life equipment reserve	290,000	—
Roof repair	135,209	450,000
Other	43,114	83,039
Subtotal – Management designated	468,323	533,039
Total Board and management designated net assets	$ 10,055,049	$ 7,838,725

Activity for net assets with donor restrictions was as follows during the year ended June 30, 2025:

	Balance July 1	Contributions	Releases	Balance June 30
Local missions	$ 1,400,066	$ —	$ —	$ 1,400,066
Global missions and church planting	941,849	993,795	(1,055,033)	880,611
Capital projects	3,796,189	7,907,829	(11,704,018)	—
Total	$ 6,138,104	$ 8,901,624	$ (12,759,051)	$ 2,280,677

Activity for net assets with donor restrictions was as follows during the year ended June 30, 2024:

	Balance July 1	Contributions	Releases	Balance June 30
Capital projects	$ 20,000	$ 12,064,607	$ (8,288,418)	$ 3,796,189
Local missions	1,520,066	—	(120,000)	1,400,066
Global missions and church planting	1,213,221	1,169,051	(1,440,423)	941,849
Total	$ 2,753,287	$ 13,233,658	$ (9,848,841)	$ 6,138,104

NOTE H – RETIREMENT PLAN

The Church maintains a defined contribution retirement plan for eligible employees offered by GuideStone Financial Resources of the Southern Baptist Convention ("the Plan"). Eligible employees may make elective deferrals to the Plan up to the maximum amount allowed by the Internal Revenue Code. The Church makes an annual discretionary matching contribution to employee accounts based on years of service. The Church contributed approximately $318,000 and $326,000 to the Plan during the years ended June 30, 2025 and 2024, respectively.

NOTE I – COMMITMENTS

During the year ended June 30, 2024, the Church entered into a revolving line of credit with a bank in an amount up to $15,000,000 for a certain construction project. The revolving line of credit requires monthly interest-only payments at the Wall Street Journal Prime Rate less 0.50% (7.00% and 8.00% as of June 30, 2025 and 2024, respectively) on any outstanding amounts beginning in February 2024. The Church may elect an alternative fixed interest rate as defined in the loan documents through January 2026, at which point the option to elect the alternative fixed interest rate expires. The revolving line of credit matures in January 2026 or at the completion of the construction project, whichever is earlier, at which point the revolving line of credit converts to a non-revolving note payable. The non-revolving note payable requires the outstanding balance to be paid down below $10,000,000 in February 2026. The remaining balance is required to be paid in monthly installments of principal and interest (at the interest rate described above) pursuant to a 20-year amortization schedule beginning in February 2026. The revolving line of credit (and subsequent non-revolving note payable), is secured by a certain deed of trust and other collateral and contains certain restrictive financial covenants, the most restrictive of which requires the Church to maintain a minimum of $3,000,000 in unrestricted liquid assets as defined in the loan documents. The non-revolving note payable matures in January 2046. No amounts were drawn or outstanding on this revolving line of credit during the years ended June 30, 2025 or 2024.

Also during the year ended June 30, 2024, the Church executed certain construction contracts totaling approximately $30,202,000 in connection with an expansion project at the Church's campus. Approximately $12,697,000 remained unpaid as of June 30, 2025, and will be paid as work on the project is completed.