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CERTIFIED PUBLIC ACCOUNTANTS

The Village Church

Financial Statements

For The Years Ended June 30, 2026 and 2025



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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, 2026 and 2025, 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, 2026 and 2025, 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.

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- 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, 2026

THE VILLAGE CHURCH
STATEMENTS OF FINANCIAL POSITION

ASSETS

	June 30,	
	2026	2025
ASSETS		
Cash and cash equivalents	\$ 9,517,245	\$ 11,898,388
Cash designated for long-term purposes	940,000	5,519,770
Investments	8,320,569	7,897,720
Property and equipment, net	64,469,335	43,693,891
Other assets	<u>343,714</u>	<u>716,640</u>
Total assets	<u>\$ 83,590,863</u>	<u>\$ 69,726,409</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	<u>\$ 2,564,825</u>	<u>\$ 1,670,617</u>
Total liabilities	<u>2,564,825</u>	<u>1,670,617</u>
NET ASSETS		
Without donor restrictions		
Undesignated	6,299,475	13,218,007
Designated for property and equipment	55,689,857	42,502,059
Board designated	16,330,766	9,586,726
Management designated	<u>333,114</u>	<u>468,323</u>
Total without donor restrictions	78,653,212	65,775,115
With donor restrictions	<u>2,372,826</u>	<u>2,280,677</u>
Total net assets	<u>81,026,038</u>	<u>68,055,792</u>
Total liabilities and net assets	<u>\$ 83,590,863</u>	<u>\$ 69,726,409</u>

THE VILLAGE CHURCH
STATEMENTS OF ACTIVITIES

	For The Years Ended June 30,					
	2026			2025		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE AND NET ASSETS RELEASED FROM RESTRICTIONS						
Contributions	\$ 16,250,745	\$ 12,567,875	\$ 28,818,620	\$ 15,662,004	\$ 8,901,624	\$ 24,563,628
Other revenue, net	2,146,922	—	2,146,922	2,344,068	—	2,344,068
Net assets released from restrictions	<u>12,475,726</u>	<u>(12,475,726)</u>	<u>—</u>	<u>12,759,051</u>	<u>(12,759,051)</u>	<u>—</u>
Total public support and revenue and net assets released from restrictions	<u>30,873,393</u>	<u>92,149</u>	<u>30,965,542</u>	<u>30,765,123</u>	<u>(3,857,427)</u>	<u>26,907,696</u>
EXPENSES						
Program activities	14,464,536	—	14,464,536	13,056,939	—	13,056,939
Supporting activities	<u>3,530,760</u>	<u>—</u>	<u>3,530,760</u>	<u>3,334,613</u>	<u>—</u>	<u>3,334,613</u>
Total expenses	<u>17,995,296</u>	<u>—</u>	<u>17,995,296</u>	<u>16,391,552</u>	<u>—</u>	<u>16,391,552</u>
CHANGE IN NET ASSETS	12,878,097	92,149	12,970,246	14,373,571	(3,857,427)	10,516,144
NET ASSETS - Beginning of year	<u>65,775,115</u>	<u>2,280,677</u>	<u>68,055,792</u>	<u>51,401,544</u>	<u>6,138,104</u>	<u>57,539,648</u>
NET ASSETS - End of year	<u>\$ 78,653,212</u>	<u>\$ 2,372,826</u>	<u>\$ 81,026,038</u>	<u>\$ 65,775,115</u>	<u>\$ 2,280,677</u>	<u>\$ 68,055,792</u>

The Accompanying Notes are an Integral
Part of These Financial Statements

THE VILLAGE CHURCH
STATEMENTS OF CASH FLOWS

	For The Years Ended June 30,	
	2026	2025
OPERATING CASH FLOWS		
Cash received from contributors	\$ 18,206,901	\$ 16,655,799
Other revenue received	3,126,901	2,882,936
Cash paid for operating activities and costs	<u>(16,321,173)</u>	<u>(15,107,030)</u>
Net operating cash flows	<u>5,012,629</u>	<u>4,431,705</u>
INVESTING CASH FLOWS		
Proceeds from sales of investments	2,657,223	6,355,254
Purchases of investments	(3,696,564)	(7,755,320)
Principal payments received on note receivable	—	99,555
Net purchases of and improvements to property and equipment	<u>(21,545,920)</u>	<u>(13,889,664)</u>
Net investing cash flows	<u>(22,585,261)</u>	<u>(15,190,175)</u>
FINANCING CASH FLOWS		
Proceeds from contributions restricted for long-term purposes	<u>10,611,719</u>	<u>7,907,829</u>
Net financing cash flows	<u>10,611,719</u>	<u>7,907,829</u>
NET CHANGE IN CASH, CASH EQUIVALENTS, AND DESIGNATED CASH	(6,960,913)	(2,850,641)
CASH, CASH EQUIVALENTS, DESIGNATED, AND RESTRICTED CASH - Beginning of year	<u>17,418,158</u>	<u>20,268,799</u>
CASH, CASH EQUIVALENTS, AND DESIGNATED CASH - End of year	<u>\$ 10,457,245</u>	<u>\$ 17,418,158</u>
REPORTED IN THE STATEMENTS OF FINANCIAL POSITION AS FOLLOWS		
Cash and cash equivalents	\$ 9,517,245	\$ 11,898,388
Cash designated for long-term purposes	<u>940,000</u>	<u>5,519,770</u>
Total cash, cash equivalents, and designated cash	<u>\$ 10,457,245</u>	<u>\$ 17,418,158</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET OPERATING CASH FLOWS		
Change in net assets	\$ 12,970,246	\$ 10,516,144
Adjustments to reconcile change in net assets to net operating cash flows		
Depreciation	1,450,872	1,047,879
Proceeds from contributions restricted for long-term purposes	(10,611,719)	(7,907,829)
Net investment loss (gain)	616,492	(346,189)
Change in other assets and liabilities	372,926	869,805
Change in accounts payable and accrued expenses	<u>213,812</u>	<u>251,895</u>
Net operating cash flows	<u>\$ 5,012,629</u>	<u>\$ 4,431,705</u>

SUPPLEMENTAL DISCLOSURE

Approximately \$1,872,000 and \$1,192,000 of property and equipment additions are included in "accounts payable and accrued expenses" in the accompanying statements of financial position as of June 30, 2026 and 2025, respectively.

THE VILLAGE CHURCH
STATEMENTS OF FUNCTIONAL EXPENSES

For The Year Ended June 30, 2026

	Program Activities	Supporting Activities	Total Expenses
Personnel costs	\$ 6,805,484	\$ 1,306,927	\$ 8,112,411
Ministry events and activities	2,535,376	38,101	2,573,477
Depreciation	1,316,212	134,660	1,450,872
Donations to third parties and benevolence	1,242,474	—	1,242,474
Facilities management and utilities	1,074,556	106,749	1,181,305
Professional services and fees	599,038	562,637	1,161,675
Office expense and supplies	227,729	837,943	1,065,672
Non-capitalized project expenditures	91,116	459,509	550,625
Insurance	361,044	36,882	397,926
Other	128,815	41,825	170,640
Rent	82,692	5,527	88,219
Total expenses	<u>\$ 14,464,536</u>	<u>\$ 3,530,760</u>	<u>\$ 17,995,296</u>

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	<u>\$ 13,056,939</u>	<u>\$ 3,334,613</u>	<u>\$ 16,391,552</u>

The Accompanying Notes are an Integral
Part of These Financial Statements

THE VILLAGE CHURCH
NOTES TO FINANCIAL STATEMENTS

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’s campus is 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 for certain construction and renovation 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.

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.

THE VILLAGE CHURCH
NOTES TO FINANCIAL STATEMENTS

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Subsequent events

The Church has evaluated for possible financial reporting and disclosure subsequent events through October 15, 2026, 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:

	<u>June 30,</u>	
	<u>2026</u>	<u>2025</u>
Financial assets available:		
Cash and cash equivalents	\$ 9,517,245	\$ 11,898,388
Cash designated for long-term purposes	940,000	5,519,770
Investments	8,320,569	7,897,720
Receivables (included in "other assets")	<u>87,352</u>	<u>450,839</u>
Total financial assets available within one year	18,865,166	25,766,717
Less amounts unavailable for general expenditure within one year due to:		
Amounts held subject to board and management designations	(7,884,402)	(10,055,049)
Amounts held subject to donor restrictions	<u>(1,427,698)</u>	<u>(1,400,066)</u>
Net financial assets available within one year	<u>\$ 9,553,066</u>	<u>\$ 14,311,602</u>

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.

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.

THE VILLAGE CHURCH
NOTES TO FINANCIAL STATEMENTS

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, 2026 and 2025, all of the Church's investments were held by one 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, 2026, are as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual and exchange-traded funds	\$ 8,320,569	\$ 8,320,569	\$ —	\$ —
Total	<u>\$ 8,320,569</u>	<u>\$ 8,320,569</u>	<u>\$ —</u>	<u>\$ —</u>

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

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual and exchange-traded funds	\$ 7,897,720	\$ 7,897,720	\$ —	\$ —
Total	<u>\$ 7,897,720</u>	<u>\$ 7,897,720</u>	<u>\$ —</u>	<u>\$ —</u>

THE VILLAGE CHURCH
NOTES TO FINANCIAL STATEMENTS

NOTE F – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

<u>Category</u>	<u>June 30,</u>	
	<u>2026</u>	<u>2025</u>
Land	\$ 5,720,326	\$ 5,364,138
Buildings and building improvements	55,651,571	21,542,116
Furniture, fixtures, and equipment	3,143,171	4,156,111
Construction in progress	<u>8,946,388</u>	<u>22,161,450</u>
Total property and equipment	73,461,456	53,223,815
Less: Accumulated depreciation	<u>(8,992,121)</u>	<u>(9,529,924)</u>
Net property and equipment	<u>\$ 64,469,335</u>	<u>\$ 43,693,891</u>

Depreciation expense amounted to \$1,450,872 and \$1,047,879 during the years ended June 30, 2026 and 2025, respectively.

NOTE G – NET ASSETS

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

	<u>June 30,</u>	
	<u>2026</u>	<u>2025</u>
Board designated:		
Construction, renovation, and capital expenditure reserves	\$ 11,482,413	\$ 5,094,561
Operating reserves	3,500,000	3,500,000
Healthcare reserves	700,000	700,000
Other	<u>648,353</u>	<u>292,165</u>
Subtotal – Board designated	<u>16,330,766</u>	<u>9,586,726</u>
Management designated:		
Worship center end-of-life equipment reserve	290,000	290,000
Other	43,114	43,114
Roof repair	<u>—</u>	<u>135,209</u>
Subtotal – management designated	<u>333,114</u>	<u>468,323</u>
Total Board and management designated net assets	<u>\$ 16,663,880</u>	<u>\$ 10,055,049</u>

THE VILLAGE CHURCH
NOTES TO FINANCIAL STATEMENTS

NOTE G – NET ASSETS (Continued)

Activity for net assets with donor restrictions was as follows during the year ended June 30, 2026:

	Balance <u>July 1</u>	<u>Contributions</u>	<u>Releases</u>	Balance <u>June 30</u>
Local missions	\$ 1,400,066	\$ 553,760	\$ (526,128)	\$ 1,427,698
Global missions and church planting	880,611	1,402,396	(1,337,879)	945,128
Capital projects	<u>—</u>	<u>10,611,719</u>	<u>(10,611,719)</u>	<u>—</u>
Total	<u>\$ 2,280,677</u>	<u>\$ 12,567,875</u>	<u>\$ (12,475,726)</u>	<u>\$ 2,372,826</u>

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

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

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 \$322,000 and \$318,000 to the Plan during the years ended June 30, 2026 and 2025, respectively.