Batts Morrison Wales & Lee
CPAs for Nonprofits

Faith Bible Church

Financial Statements

For The Years Ended March 31, 2026 and 2025

REPORT OF INDEPENDENT AUDITOR

The Board of Elders and Finance Committee
Faith Bible Church
The Woodlands, Texas

Opinion
We have audited the accompanying financial statements of Faith Bible Church ("the Church"), which consist of the statements of financial position as of March 31, 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 Faith Bible Church as of March 31, 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.

- 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 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.

Other Information Included in the Year End Report

Management is responsible for the other information included in the Year End Report ("other information") prepared by management. The other information consists of financial and nonfinancial information describing the Church's annual operations but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Batts Morrison Wales & Lee, P.A.

BATTS MORRISON WALES & LEE, P.A.

Plano, Texas
July 6, 2026

FAITH BIBLE CHURCH

STATEMENTS OF FINANCIAL POSITION

ASSETS

	March 31, 2026	March 31, 2025
ASSETS		
Cash and cash equivalents	$ 338,176	$ 933,194
Investments	1,276,993	584,351
Other assets	86,243	133,597
Property and equipment, net	18,281,410	18,784,438
Total assets	**$ 19,982,822**	**$ 20,435,580**

LIABILITIES AND NET ASSETS

	March 31, 2026	March 31, 2025
LIABILITIES		
Accounts payable and other liabilities	$ 139,044	$ 163,378
Total liabilities	**139,044**	**163,378**
NET ASSETS		
Without donor restrictions		
Undesignated	581,532	399,481
Board designated	617,077	584,351
Designated for property and equipment	18,281,410	18,784,438
Total net assets without donor restrictions	19,480,019	19,768,270
With donor restrictions	363,759	503,932
Total net assets	**19,843,778**	**20,272,202**
Total liabilities and net assets	**$ 19,982,822**	**$ 20,435,580**

The Accompanying Notes are an Integral
Part of These Financial Statements

FAITH BIBLE CHURCH
STATEMENTS OF ACTIVITIES

	For The Years Ended March 31,					
	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	$ 5,893,580	$ 312,140	$ 6,205,720	$ 5,902,070	$ 887,326	$ 6,789,396
Other revenue	305,415	—	305,415	251,781	—	251,781
Investment income, net	42,643	—	42,643	30,623	—	30,623
Net assets released from restrictions	452,313	(452,313)	—	776,360	(776,360)	—
Total public support and revenue and net assets released from restrictions	**6,693,951**	**(140,173)**	**6,553,778**	**6,960,834**	**110,966**	**7,071,800**
EXPENSES						
Program activities						
Ministry activities	5,771,842	—	5,771,842	5,347,193	—	5,347,193
Supporting activities	1,210,360	—	1,210,360	1,239,845	—	1,239,845
Total expenses	**6,982,202**	**—**	**6,982,202**	**6,587,038**	**—**	**6,587,038**
CHANGE IN NET ASSETS	**(288,251)**	**(140,173)**	**(428,424)**	**373,796**	**110,966**	**484,762**
NET ASSETS - Beginning of year	**19,768,270**	**503,932**	**20,272,202**	**19,394,474**	**392,966**	**19,787,440**
NET ASSETS - End of year	**$ 19,480,019**	**$ 363,759**	**$ 19,843,778**	**$ 19,768,270**	**$ 503,932**	**$ 20,272,202**

The Accompanying Notes are an Integral
Part of These Financial Statements

FAITH BIBLE CHURCH

STATEMENTS OF CASH FLOWS

	For The Years Ended March 31, 2026	2025
OPERATING CASH FLOWS		
Cash received from contributors	$ 6,205,720	$ 6,181,335
Other income received	305,415	251,781
Cash paid for operating activities and costs	(6,206,753)	(5,797,527)
Interest paid	—	(48,544)
Net operating cash flows	**304,382**	**587,045**
INVESTING CASH FLOWS		
(Purchases of) proceeds from sales of investments, net	(649,999)	19,619
Purchases of and improvements to property and equipment	(249,401)	(69,728)
Net investing cash flows	**(899,400)**	**(50,109)**
FINANCING CASH FLOWS		
Proceeds from contributions restricted for long-term purposes	—	608,061
Principal repayments	—	(975,421)
Net financing cash flows	**—**	**(367,360)**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**(595,018)**	**169,576**
CASH AND CASH EQUIVALENTS - Beginning of year	**933,194**	**763,618**
CASH AND CASH EQUIVALENTS - End of year	**$ 338,176**	**$ 933,194**

FAITH BIBLE CHURCH

STATEMENTS OF FUNCTIONAL EXPENSES

For The Year Ended March 31, 2026

	Program activities: Ministry activities	Supporting activities	Total expenses
Salaries and benefits	$ 2,664,517	$ 684,022	$ 3,348,539
Missions	829,198	—	829,198
Depreciation, interest, and amortization	621,986	155,497	777,483
Utilities and maintenance	584,305	146,250	730,555
Departmental ministry expense	284,890	213	285,103
Fees and professional services	225,811	53,908	279,719
Media and special events	136,550	92,365	228,915
Insurance	145,332	36,333	181,665
Office expenses and supplies	153,814	13,511	167,325
Meals and hospitality	76,848	539	77,387
Communications	17,642	25,739	43,381
Professional development	30,949	1,983	32,932
Total expenses	**$ 5,771,842**	**$ 1,210,360**	**$ 6,982,202**

For The Year Ended March 31, 2025

	Program activities: Ministry activities	Supporting activities	Total expenses
Salaries and benefits	$ 2,513,854	$ 744,894	$ 3,258,748
Depreciation, interest, and amortization	638,507	159,627	798,134
Missions	695,629	—	695,629
Utilities and maintenance	531,820	137,490	669,310
Fees and professional services	215,060	52,109	267,169
Departmental ministry expense	246,617	395	247,012
Media and special events	143,013	64,417	207,430
Insurance	138,578	34,645	173,223
Office expenses and supplies	148,858	10,184	159,042
Communications	14,812	32,900	47,712
Professional development	31,424	1,587	33,011
Meals and hospitality	29,021	1,597	30,618
Total expenses	**$ 5,347,193**	**$ 1,239,845**	**$ 6,587,038**

NOTE A – NATURE OF ACTIVITIES

Faith Bible Church ("the Church") is a Texas not-for-profit corporation. The Church exists to glorify Jesus Christ by proclaiming the gospel, engaging in Christian activities, performing acts of service, and bringing relief to people in need within the church family, within the community, and around the world. The Church conducts numerous activities in accomplishing its purpose, including worship services, educational training, child care, evangelistic efforts, support of missionary endeavors, and other similar activities. The Church is located in The Woodlands, Texas.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

The Church recognizes cash contributions 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."

Cash and cash equivalents

Investment instruments purchased or donated with original maturities of three months or less are considered to be cash equivalents.

Investments

Investments are carried at estimated fair value.

Property and equipment

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 related assets.

Net assets

Net assets without donor restrictions are available for use at the discretion of the Board of Elders and/or management for general operating purposes. Board designated net assets consist of amounts designated by the Board of Elders for contingency purposes. 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 as a private foundation for federal tax purposes. The Church has not incurred unrelated business income taxes. As a result, no income tax liability has been provided for in the accompanying financial statements.

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 functional areas based primarily on employee time and space utilization.

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 related to the fair value of investments and the 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 July 6, 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:

	March 31, 2026	March 31, 2025
Cash and cash equivalents	$ 338,176	$ 933,194
Investments	1,276,993	584,351
Total financial assets available within one year	1,615,169	1,517,545
Less:		
Amounts unavailable without Elder approval	(617,077)	(584,351)
Net financial assets available within one year	$ 998,092	$ 933,194

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 Board of Elders has designated certain amounts for contingency purposes. Because of the nature of the designations, these amounts may not be available for general expenditure within one year; however, the Board of Elders could make them available if necessary. The Church's donor-restricted net assets 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. Accordingly, the related resources have been included in the quantitative information detailing the financial assets available to meet general expenditure within one 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 an immediate liquidity need.

NOTE D – CONCENTRATIONS

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 the Church believes it is not exposed to any significant credit risk related to cash and cash equivalents.

NOTE E – INVESTMENTS

Investments consisted of the following:

Category	March 31, 2026	2025
Money market funds	$ 828,478	$ 159,101
Mutual and exchange-traded funds	448,515	425,250
Total investments	$ 1,276,993	$ 584,351

Accounting principles generally accepted in the United States ("U.S. GAAP") define fair value for an investment 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. 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 items (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.

The Church's mutual and exchange-traded funds are valued using "Level 1" inputs.

NOTE F – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

Category	March 31, 2026	2025
Land	$ 953,234	$ 953,234
Buildings and building improvements	25,972,849	25,755,649
Equipment	191,147	158,946
Total property and equipment	27,117,230	26,867,829
Less: Accumulated depreciation	(8,835,820)	(8,083,391)
Net property and equipment	$ 18,281,410	$ 18,784,438

Depreciation expense amounted to approximately $752,000 and $725,000 during the years ended March 31, 2026 and 2025, respectively.

NOTE G – NOTES PAYABLE

During the year ended March 31, 2025, the Church repaid in full its note payable to a financial institution. The note had required monthly principal payments of $19,344 plus interest at the Closing Overnight AMERIBOR 30-day rate plus 1.50% per annum (approximately 5.90% at March 31, 2025) and was secured by certain real property.

The Church previously maintained an unsecured revolving line of credit with a financial institution. There were no draws under the line of credit during the years ended March 31, 2026 or 2025. The line of credit was closed in February 2026.

NOTE G – NOTES PAYABLE (Continued)

Interest expense was $0 and approximately $49,000 during the years ended March 31, 2026 and 2025, respectively.

NOTE H – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

	March 31,	
Category	2026	2025
Benevolence ministries fund	$ 139,382	$ 112,001
Adoption and foster care fund	105,982	128,316
Missions fund	95,514	210,766
Other funds	22,028	37,669
Medical fund	853	15,180
Total net assets with donor restrictions	$ 363,759	$ 503,932

NOTE I – RETIREMENT PLAN

The Church has adopted a 403(b) retirement plan ("the Plan") for the benefit of eligible employees. Employees are eligible to participate upon meeting the eligibility requirements described in the Plan document. The Plan allows the Church to provide discretionary contributions. The Church contributed approximately $104,000 and $100,000 to the Plan during the years ended March 31, 2026 and 2025, respectively.