

PROVIDENCE CHURCH

Frisco, Texas

Financial Statements

Year Ended December 31, 2024

PROVIDENCE CHURCH
Financial Statements
Year Ended December 31, 2024

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Elders and Finance Team
Providence Church
Frisco, Texas

We have reviewed the accompanying financial statements of Providence Church (the "Church"), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Church management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the Church and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

PSK LLP

Arlington, Texas
November 11, 2025

PROVIDENCE CHURCH
Statement of Financial Position
December 31, 2024

ASSETS

Cash and cash equivalents	\$ 8,271,518
Prepaid expenses and other assets	26,977
Cash restricted for capital expenditures	4,295,573
Property and equipment, net	<u>8,538,546</u>
 Total assets	 <u>\$ 21,132,614</u>

LIABILITIES AND NET ASSETS

Liabilities	
Accounts payable and accrued expenses	\$ 54,799
Note payable	<u>3,151,006</u>
 Total liabilities	 <u>3,205,805</u>
 Net assets	
Without donor restrictions	13,631,236
With donor restrictions	<u>4,295,573</u>
 Total net assets	 <u>17,926,809</u>
 Total liabilities and net assets	 <u>\$ 21,132,614</u>

*See independent accountants' review report.
The accompanying notes are an integral part of these financial statements.*

PROVIDENCE CHURCH
Statement of Activities
Year Ended December 31, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and support			
Tithes and contributions	\$ 4,526,601	\$ 1,129,946	\$ 5,656,547
Program income and fees	139,280	-	139,280
Academy tuition	86,995	-	86,995
Net investment return	85,242	-	85,242
Interest income	190,266	-	190,266
Other income	3,097	-	3,097
	<u>5,031,481</u>	<u>1,129,946</u>	<u>6,161,427</u>
Net assets released from restrictions	<u>216,523</u>	<u>(216,523)</u>	<u>-</u>
 Total revenues and support	 <u>5,248,004</u>	 <u>913,423</u>	 <u>6,161,427</u>
 Expenses			
Program expenses			
Ministries and worship	2,281,348	-	2,281,348
Missions and outreach	678,126	-	678,126
Academy	318,499	-	318,499
	<u>3,277,973</u>	<u>-</u>	<u>3,277,973</u>
Supporting services	441,629	-	441,629
 Total expenses	 <u>3,719,602</u>	 <u>-</u>	 <u>3,719,602</u>
 Change in net assets	 1,528,402	 913,423	 2,441,825
 Net assets at beginning of the year	 <u>12,102,834</u>	 <u>3,382,150</u>	 <u>15,484,984</u>
 Net assets at end of the year	 <u>\$ 13,631,236</u>	 <u>\$ 4,295,573</u>	 <u>\$ 17,926,809</u>

See independent accountants' review report.

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

PROVIDENCE CHURCH
Statement of Functional Expenses
Year Ended December 31, 2024

	Program Services				
	Ministries and Worship	Missions and Outreach	Academy	Supporting Services	Total
Personnel	\$ 1,690,547	\$ 219,365	\$ 136,717	\$ 219,365	\$ 2,265,994
Supplies and resources	410,276	51,063	10,581	51,063	522,983
Support for others	-	236,497	-	-	236,497
Facilities	82,077	72,753	72,753	72,753	300,336
Interest	28,398	28,398	28,398	28,398	113,592
Depreciation	70,050	70,050	70,050	70,050	280,200
	\$ 2,281,348	\$ 678,126	\$ 318,499	\$ 441,629	\$ 3,719,602

*See independent accountants' review report.
The accompanying notes are an integral part of these financial statements.*

PROVIDENCE CHURCH
Statement of Cash Flows
Year Ended December 31, 2024

Cash flows from operating activities	
Change in net assets	\$ 2,441,825
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	280,200
Net investment return	(85,242)
Contributions restricted for capital expenditures	(1,129,946)
(Increase) decrease in assets:	
Prepaid expenses and other assets	14,094
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	9,486
Grant payable	<u>(117,192)</u>
Net cash provided by operating activities	<u>1,413,225</u>
Cash flows from investing activities	
Proceeds from sale of investments	390,412
Purchases of property and equipment	<u>(291,305)</u>
Net cash provided by investing activities	<u>99,107</u>
Cash flows from financing activities	
Principal payments on note payable	(160,698)
Contributions restricted for capital expenditures	<u>1,129,946</u>
Net cash provided by financing activities	<u>969,248</u>
Net change in cash	2,481,580
Cash, cash equivalents, and restricted cash at beginning of the year	<u>10,085,511</u>
Cash, cash equivalents, and restricted cash at end of the year	<u>\$ 12,567,091</u>
Supplemental disclosures:	
Cash paid for interest and expensed	<u>\$ 113,592</u>
Noncash investing and operating activities:	
Construction in progress included in accounts payable at year-end	<u>\$ 15,276</u>

*See independent accountants' review report.
The accompanying notes are an integral part of these financial statements.*

PROVIDENCE CHURCH

Notes to Financial Statements

1 - Organization and Nature of Activities

Providence Church (the "Church"), formerly known as Providence Village Church, is incorporated in the state of Texas as a nonprofit religious organization. The Church's mission is to provide pastoral, educational, and other ministries to the Frisco, Texas area. The Church is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code as other than a private foundation.

2 - Summary of Significant Accounting Policies

Basis of Accounting - The financial statements of the Church have been prepared on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when the obligation is incurred.

Basis of Presentation - Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. When restrictions on donor-restricted contributions are met in the same year as received, they are reported as activities within net assets without donor restrictions.

Programs - The Church pursues its mission through the execution of the following major programs:

Ministries and worship - Ministry of community groups, ministries to men and women, educational classes and resources for families, outreach events, and deacon care. Weekly and special worship services of the Church, including teaching, music, communion, and baptism.

Missions and outreach - Support of missions and to engage members in missions related to church planting locally, nationally, and globally, and to provide financial benevolence to members and Frisco residents.

Academy - Two-day/week preschool to encourage the mental, physical, spiritual, social, and emotional development of children ages 2-5. The Academy is open to the community.

Cash and Cash Equivalents - The Church considers all bank deposits and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to capital needs, such as building projects and debt retirement, or other long-term purposes, are excluded from this definition.

PROVIDENCE CHURCH

Notes to Financial Statements

2 - Summary of Significant Accounting Policies (continued)

Investments - As required by the Not-for-Profit Entities Investments of Debt and Equity Securities topic of the Financial Accounting Standards Board *Accounting Standards Codification* (the “FASB ASC”), investments in marketable equity securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statements of financial position. Unrealized and realized gains and losses are included in the change in net assets. The Church did not hold any investments as of December 31, 2024.

Property and Equipment - Property and equipment are recorded at cost. Donated assets are recorded at fair market value at the date of donation. Depreciation is calculated using the straight-line method over the estimated useful lives as follows:

Buildings and improvements	15 to 30 years
Furniture, fixtures, and equipment	5 to 7 years

Leases - The Church recognizes a right-of-use asset and a lease liability on the effective date of a lease agreement. Right-of-use assets represent the right to use an underlying asset over the lease term and lease liabilities represent the obligation to make lease payments resulting from the lease agreement. The Church initially records these assets and liabilities based on the present value of lease payments over the lease term calculated using its incremental borrowing rate applicable to the leased asset or the implicit rate within the lease agreement if it is readily determinable. Lease agreements with lease and non-lease components are combined as a single lease component. Right-of-use assets additionally include net prepaid lease expenses. Options to extend or terminate an agreement are included in the lease term when it becomes reasonably certain the option will be exercised. Leases with an initial term of 12 months or less, short-term leases, are not recorded on the statement of financial position for all underlying asset classes. Lease expense for short-term and long-term operating leases is recognized on a straight-line basis over the lease term, while variable lease payments are expensed as incurred. The Church did not have right-of-use assets and lease liabilities as of December 31, 2024.

Revenues and Support - Revenues and support for the Church are primarily derived from contributions from the Church membership and from fee-based activities. The Church recognizes contributions when cash, securities, or other assets are received. The Church recognizes revenue from fee-based activities in the period the services are provided to members. The performance obligation of delivering services is simultaneously received and consumed by members; therefore, the revenue is recognized in the period to which it relates.

Donated Assets - Donated marketable securities and other noncash donations are recorded as tithes and contributions at their estimated fair values at the date of donation.

Donated Services - No amounts have been reflected in the financial statements for donated services. The Church pays for most services requiring specific expertise. A large number of people have contributed significant amounts of time to the activities of the Church without compensation. The financial statements do not reflect the value of those contributed services.

Functional Allocation of Expenses - The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses allocated on an estimated usage include depreciation, interest, utilities, and other facilities-related expenses, while salaries and wages, benefits, payroll taxes, outside services, office expenses, information technology, insurance, and other, are allocated on the basis of estimates of time and effort.

See independent accountants' review report.

PROVIDENCE CHURCH

Notes to Financial Statements

2 - Summary of Significant Accounting Policies (continued)

Use of Estimates - Management makes estimates in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Compensated Absences - All employees of the Church are entitled to paid vacation depending upon length of service and other factors. The Church cannot reasonably estimate the amount of compensation for future absences; accordingly, no liability has been recorded in the accompanying financial statements. The Church's policy is to recognize the cost of compensated absences when paid to employees.

Income Taxes - The Church follows the Income Taxes topic of the FASB ASC, which prescribes a comprehensive model for the financial statement recognition, measurement, presentation and disclosure of uncertain tax positions taken or expected to be taken in income tax returns. The Church is not aware of any activities that would jeopardize its tax-exempt status and is not aware of any activities that are subject to tax on unrelated business income. As of December 31, 2024, the Church had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements and does not expect this to change in the next twelve months.

Concentrations of Credit Risk - Financial instruments, which potentially subject the Church to concentrations of credit risk, consist of bank accounts. The Church maintains its cash in highly reputable financial institutions. Occasionally, the Church's accounts may maintain balances in excess of FDIC insurance protection. It is the opinion of management that the solvency of the financial institutions is sufficient to cover any exposure.

Subsequent Events - Subsequent events have been evaluated through November 11, 2025, which is the date the financial statements were available to be issued.

3 - Liquidity and Availability of Resources

The Church operates under a budget for activities supported by unrestricted tithes and contributions. Its Board of Elders (the "Elders") is responsible for monitoring the liquidity necessary to meet the Church's operating needs, and meets periodically throughout the year to evaluate the actual results of financial operations versus the budget. Church management, in accordance with Church policy and/or in collaboration with the Elders, also appropriates resources from donor-restricted accounts as needed.

Financial assets available for general expenditure, that is, without donor restrictions limiting their use or without requiring specific action of the Elders, within one year of the date of the statement of financial position are comprised of the following:

Cash and cash equivalents	\$ 8,271,518
Cash restricted for capital expenditures	4,295,573
	<u>12,567,091</u>
Donor-restricted funds	<u>(4,295,573)</u>
Financial assets available to meet general expenditure needs within one year	<u>\$ 8,271,518</u>

See independent accountants' review report.

PROVIDENCE CHURCH

Notes to Financial Statements

4 - Cash, Cash Equivalents, and Restricted Cash

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position that sum to the total of the same such amounts shown in the statement of cash flows as of December 31, 2024:

Cash and cash equivalents	\$ 8,271,518
Cash restricted for capital expenditures	<u>4,295,573</u>
Total cash, cash equivalents, and restricted cash shown in the statement of cash flows	<u>\$ 12,567,091</u>

5 - Property and Equipment

Property and equipment consisted of the following at December 31, 2024:

Land	\$ 2,831,000
Buildings and improvements	5,720,690
Furniture, fixtures, and equipment	548,601
Construction in progress	1,620,454
Less: accumulated depreciation	<u>(2,182,199)</u>
Property and equipment, net	<u>\$ 8,538,546</u>

6 - Note Payable

In March 2016, the Church obtained a \$4,250,000 loan from a financial institution in order to refinance existing debt. The related promissory note, which is secured by real estate, is payable in monthly installments of principal and interest in the amount of \$22,858. In March 2021, the Church exercised an option to reduce the interest rate on the loan from 4.18% to 3.45%. This rate will remain in effect until the loan matures in March 2026, at which time all unpaid principal and accrued interest will be due. As of December 31, 2024, the balance on the note was \$3,151,006.

As of December 31, 2024, future maturities of this note payable are due as follows:

Year Ending	
<u>December 31,</u>	
2025	\$ 168,225
2026	2,982,781

7 - Net Assets With Donor Restrictions

Net assets with donor restrictions totaling \$4,295,573 as of December 31, 2024 consist of a capital campaign to provide resources for a construction project. Net assets released from restriction during the year totaled \$216,523 related to planned capital expenditures.

See independent accountants' review report.