

STONEBRIAR COMMUNITY CHURCH

Frisco, Texas

Financial Statements

Years Ended June 30, 2025 and 2024

STONEBRIAR COMMUNITY CHURCH

Financial Statements
Years Ended June 30, 2025 and 2024

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	3 - 4
Financial Statements	
Statements of Financial Position	5
Statements of Activities	6
Statements of Functional Expenses	7
Statements of Cash Flows	8
Notes to Financial Statements	9 - 13



INDEPENDENT AUDITORS' REPORT

To the Board of Elders and Finance Committee
Stonebriar Community Church
Frisco, Texas

Opinion

We have audited the accompanying financial statements of Stonebriar Community Church (the "Church"), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, 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 Stonebriar Community 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 Auditors' 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.

Management's Responsibilities 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.

Auditors' Responsibilities 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 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.

PSK LLP

Arlington, Texas
October 1, 2025

STONEBRIAR COMMUNITY CHURCH

Statements of Financial Position

June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Cash and cash equivalents	\$ 6,290,055	\$ 6,718,493
Investments	15,727,851	15,360,514
Interest receivable	26,610	32,027
Prepaid expenses	180,460	245,285
Other assets	2,032	19,707
Property and equipment, net	38,543,049	38,499,838
Operating lease right-of-use assets	<u>14,138</u>	<u>46,875</u>
Total assets	<u>\$ 60,784,195</u>	<u>\$ 60,922,739</u>
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 27,059	\$ 10,229
Accrued expenses	894,248	371,277
Operating lease payable	<u>14,138</u>	<u>46,875</u>
Total liabilities	<u>935,445</u>	<u>428,381</u>
Net assets		
Without donor restrictions		
Undesignated	43,033,776	43,956,311
Board designated	<u>15,363,971</u>	<u>15,130,224</u>
Total net assets without donor restrictions	58,397,747	59,086,535
With donor restrictions	<u>1,451,003</u>	<u>1,407,823</u>
Total net assets	<u>59,848,750</u>	<u>60,494,358</u>
Total liabilities and net assets	<u>\$ 60,784,195</u>	<u>\$ 60,922,739</u>

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

STONEBRIAR COMMUNITY CHURCH

Statements of Activities
Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Change in net assets without donor restrictions:		
Revenues, gains, and other support		
Contributions	\$ 15,536,349	\$ 17,402,205
Program service fees	236,346	323,456
Preschool Pals tuition	941,279	905,402
Interest and other investment returns	872,158	857,196
Net assets released from restrictions	<u>1,059,314</u>	<u>1,365,294</u>
Total revenues, gains, and other support	<u>18,645,446</u>	<u>20,853,553</u>
Expenses		
Ministries	17,755,237	16,425,982
Supporting services	<u>1,578,997</u>	<u>1,592,899</u>
Total expenses	<u>19,334,234</u>	<u>18,018,881</u>
Change in net assets without donor restrictions	<u>(688,788)</u>	<u>2,834,672</u>
Change in net assets with donor restrictions:		
Contributions	1,102,494	1,230,325
Net assets released from restrictions	<u>(1,059,314)</u>	<u>(1,365,294)</u>
Change in net assets with donor restrictions	43,180	(134,969)
Change in net assets	(645,608)	2,699,703
Net assets at beginning of year	<u>60,494,358</u>	<u>57,794,655</u>
Net assets at end of year	<u>\$ 59,848,750</u>	<u>\$ 60,494,358</u>

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

STONEBRIAR COMMUNITY CHURCH

Statements of Functional Expenses
Years Ended June 30, 2025 and 2024

	2025		
	<u>Ministries</u>	<u>Supporting Services</u>	<u>Total</u>
Salaries and benefits	\$ 10,928,943	\$ 493,586	\$ 11,422,529
Support for others	1,341,900	2,181	1,344,081
Supplies and resources	2,064,745	120,893	2,185,638
Facilities	1,781,790	500,376	2,282,166
Depreciation	<u>1,637,859</u>	<u>461,961</u>	<u>2,099,820</u>
Total	<u>\$ 17,755,237</u>	<u>\$ 1,578,997</u>	<u>\$ 19,334,234</u>

	2024		
	<u>Ministries</u>	<u>Supporting Services</u>	<u>Total</u>
Salaries and benefits	\$ 9,620,608	\$ 506,536	\$ 10,127,144
Support for others	1,386,315	60	1,386,375
Supplies and resources	1,958,753	93,115	2,051,868
Facilities	2,082,014	597,586	2,679,600
Depreciation	<u>1,378,292</u>	<u>395,602</u>	<u>1,773,894</u>
Total	<u>\$ 16,425,982</u>	<u>\$ 1,592,899</u>	<u>\$ 18,018,881</u>

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

STONEBRIAR COMMUNITY CHURCHStatements of Cash Flows
Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Change in net assets	\$ (645,608)	\$ 2,699,703
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation	2,099,820	1,773,894
Contributions restricted for debt reduction and building costs	(23,600)	(43,102)
(Increase) decrease in assets:		
Accounts receivable	5,417	32,577
Prepaid expenses	64,825	1,953
Other assets	17,675	5,108
Increase (decrease) in liabilities:		
Accounts payable	16,830	(2,872)
Deferred insurance claim	-	(426,251)
Accrued expenses	<u>522,971</u>	<u>29,730</u>
Net cash and cash equivalents provided by operating activities	<u>2,058,330</u>	<u>4,070,740</u>
Cash flows from investing activities:		
Proceeds from maturity of investments	18,558,000	11,949,988
Purchases of investments	(18,925,337)	(22,337,374)
Purchases of property and equipment	<u>(2,143,031)</u>	<u>(2,054,611)</u>
Net cash and cash equivalents used in investing activities	<u>(2,510,368)</u>	<u>(12,441,997)</u>
Cash flows from financing activities:		
Contributions restricted for debt reduction and building costs	<u>23,600</u>	<u>43,102</u>
Change in cash and cash equivalents	(428,438)	(8,328,155)
Cash and cash equivalents at beginning of year	<u>6,718,493</u>	<u>15,046,648</u>
Cash and cash equivalents at end of year	<u><u>\$ 6,290,055</u></u>	<u><u>\$ 6,718,493</u></u>

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

STONEBRIAR COMMUNITY CHURCH

Notes to Financial Statements

1 - Historical Background

Stonebriar Community Church (the “Church”) is a Texas nonprofit corporation located in Frisco, Texas. The Church was formed to promote Jesus Christ, the Son of God, as Lord and Savior to all who will acknowledge and trust Him and to teach and preach the Holy Bible as the inspired Word of God and propagate the Christian faith, beliefs, and practices.

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 - 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. The financial statements of the Church have been prepared using accounting principles generally accepted in the United States of America.

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.

Revenues and Support - Revenues and support for the Church are primarily derived from contributions from the Church membership.

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 on the basis of estimates of time and effort.

Use of Estimates - Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions 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.

Cash and Cash Equivalents - The Church considers all bank deposits and highly liquid financial instruments with original maturities of three months or less to be cash and cash equivalents.

Investments - As required by the Not-for-Profit Entities Investments of Debt and Equity Securities topic of the FASB ASC, investments in marketable equity securities with readily determinable fair values and all investments in debt securities are carried at their fair values in the consolidated statements of financial position. Realized and unrealized gains and losses are included in the change in net assets.

STONEBRIAR COMMUNITY CHURCH

Notes to Financial Statements

2 - Significant Accounting Policies (continued)

Property and Equipment - Property and equipment with values in excess of \$5,000 are recorded at cost, if purchased, and at fair market value at date of donation, if contributed. Major expenditures and those that substantially increase useful lives are capitalized. Maintenance, repairs and replacements, which do not improve or extend the lives of the respective assets, are charged to expense when incurred. Depreciation has been computed using the straight-line method over the useful lives of the assets as follows:

Buildings and improvements	40 years
Furniture and fixtures	5 to 10 years
Equipment	3 to 5 years
Vehicles	5 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.

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.

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

Compensated Absences - Employees of the Church, administrative and ministerial, are entitled to paid time off 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.

Concentrations of Credit Risk - At times, the Church maintains cash balances with financial institutions in excess of federally insured limits. It is the opinion of the Church's management that the solvency of the financial institutions is sufficient to cover any exposure.

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 June 30, 2025 and 2024, the Church has 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.

Subsequent Events - Subsequent events have been evaluated through October 1, 2025, which is the date the financial statements were available to be issued.

STONEBRIAR COMMUNITY CHURCH

Notes to Financial Statements

3 - Liquidity and Availability of Resources

The Church operates under a budget for activities supported by unrestricted contributions. Its Board of Elders (the “Board”) 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. Additionally, the Church maintains several Board-designated and donor-restricted funds purposed for various activities of the Church. Church management, in accordance with Church policy and/or in collaboration with the Board, appropriates resources from Board-designated and donor-restricted funds as needed.

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

	2025	2024
Cash and cash equivalents	\$ 6,290,055	\$ 6,718,493
Investments	15,727,851	15,360,514
Interest receivable	26,610	32,027
	<u>22,044,516</u>	<u>22,111,034</u>
Donor-restricted funds	(1,451,003)	(1,407,823)
Board-designated funds	<u>(15,363,971)</u>	<u>(15,130,224)</u>
Financial assets available to meet general expenditure needs within one year	<u>\$ 5,229,542</u>	<u>\$ 5,572,987</u>

4 - Fair Value Measurements and Disclosures

The Fair Value Measurements topic of the FASB ASC defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This guidance establishes market or observable inputs as the preferred sources of values, followed by assumptions based on hypothetical transactions in the absence of market inputs. This standard also establishes a hierarchy for grouping these assets and liabilities based on the significance level of the following inputs:

Level I – Quoted prices in active markets for identical assets or liabilities.

Level II – Quoted prices in active markets for similar assets and liabilities, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations whose inputs are observable or whose significant drivers are observable.

Level III – Significant inputs to the valuation model are unobservable.

The following is a listing of investments measured at fair value on a recurring basis and where they are classified within the hierarchy as of June 30, 2025:

	Level I	Level II	Level III	Total
Certificates of deposit	\$ 753,478	\$ -	\$ -	\$ 753,478
US Treasury bonds	<u>14,974,373</u>	<u>-</u>	<u>-</u>	<u>14,974,373</u>
Total assets at fair value	<u>\$ 15,727,851</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,727,851</u>

STONEBRIAR COMMUNITY CHURCH

Notes to Financial Statements

4 - Fair Value Measurements and Disclosures (continued)

The following is a listing of investments measured at fair value on a recurring basis and where they are classified within the hierarchy as of June 30, 2024:

	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>Total</u>
Certificates of deposit	\$ 1,245,903	\$ -	\$ -	\$ 1,245,903
US Treasury bonds	<u>14,114,611</u>	<u>-</u>	<u>-</u>	<u>14,114,611</u>
Total assets at fair value	<u>\$ 15,360,514</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,360,514</u>

The Church's certificates of deposit and Treasury bonds are classified in the hierarchy as Level I assets because they are traded on national exchanges with readily available prices.

5 - Property and Equipment

As of June 30, 2025 and 2024, the Church's property and equipment consisted of the following:

	<u>2025</u>	<u>2024</u>
Land	\$ 7,066,759	\$ 7,066,759
Buildings and improvements	52,062,127	51,356,892
Furniture, fixtures, and equipment	8,050,324	7,000,763
Vehicles	48,518	48,518
Construction in progress	<u>499,291</u>	<u>111,870</u>
	67,727,019	65,584,802
Less: accumulated depreciation	<u>(29,183,970)</u>	<u>(27,084,964)</u>
Property and equipment, net	<u>\$ 38,543,049</u>	<u>\$ 38,499,838</u>

6 - Operating Lease Commitments

The Church is a party to an operating lease agreement for office equipment with a weighted-average remaining lease term of 4.33 years, and a weighted-average discount rate to calculate the present value of future payments of 2.73%.

Future minimum lease payments under the operating leases as of June 30, 2025 are as follows:

<u>Year Ending June 30,</u>	
2026	\$ 4,675
2027	3,300
2028	3,300
2029	3,300
2030	<u>811</u>
Total lease payments	15,386
Less interest	<u>(1,248)</u>
Present value of operating leases payable	<u>\$ 14,138</u>

STONEBRIAR COMMUNITY CHURCH

Notes to Financial Statements

7 - Net Assets Without Donor Restrictions

The Board of Elders has designated certain net assets without donor restrictions to be set aside for various needs of the Church. These amounts have been included in the net assets without donor restrictions balance shown on the statement of financial position. As of June 30, 2025 and 2024, the Board had designated funds as follows:

	2025	2024
Operating reserve	\$ 7,977,680	\$ 7,622,370
Special projects reserve	7,288,426	6,532,854
HVAC reserve	97,865	975,000
	<u>\$ 15,363,971</u>	<u>\$ 15,130,224</u>

8 - Net Assets With Donor Restrictions

The balance of net assets with donor restrictions as of June 30, 2025 and 2024 relates to certain contributions for which the donor has imposed restrictions. During 2025 and 2024, net assets with donor restrictions in the amounts of \$1,059,314 and \$1,365,294, respectively, had been expended in accordance with donor restrictions and were reclassified to net assets without donor restrictions. Net assets with donor restrictions as of June 30, 2025 and 2024 were restricted for the following purposes and consisted of the following amounts:

	2025	2024
Missions	\$ 464,811	\$ 432,897
Special needs ministry	156,125	140,639
Adult ministry	151,998	229,092
Building fund	27,712	4,112
Library	177,608	177,608
Benevolence	105,600	100,040
Children ministry	25,142	20,689
Music	133,062	115,092
Community care	73,348	74,698
Other	135,597	112,956
	<u>\$ 1,451,003</u>	<u>\$ 1,407,823</u>

9 - Retirement Plan

The Church has a 403(b) retirement plan for all eligible employees. Employees can make contributions, subject to certain limitations, on a pretax basis. The Church can elect to contribute voluntarily to the plan on an annual basis. Employees are vested in the Church's contributions to the plan upon initial contribution. For the years ended June 30, 2025 and 2024, the Church contributed \$303,071 and \$379,603, respectively, to the retirement plan.