FAITH BAPTIST CHURCH OF WATERFORD

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

FAITH BAPTIST CHURCH OF WATERFORD

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Independent Auditors' Report

The Board of Directors of
Faith Baptist Church of Waterford

We have audited the financial statements of Faith Baptist Church of Waterford (a Michigan nonprofit organization) (the "Organization"), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). 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 Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Organization's ability to continue as a going concern for 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 GAAS 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 GAAS, 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 Organization'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 Organization'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.

CBIZ CPAs P.C.

Deerfield, Illinois
September 18, 2026

FAITH BAPTIST CHURCH OF WATERFORD

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2025

Assets	
Current Assets	
Cash and cash equivalents	$ 1,163,098
Accounts receivable	4,300
Due from related party	13,268
Prepaid expenses	17,542
Land contract receivable	39,430
Total Current Assets	1,237,638
Property and Equipment, Net	14,922,140
Total Assets	$ 16,159,778
Liabilities and Net Assets	
Current Liabilities	
Accounts payable	$ 92,031
Accrued liabilities	158,990
Current portion of long-term debt	153,263
Total Current Liabilities	404,284
Long-Term Liabilities	
Long-term debt, net of current portion and loan costs	5,428,556
Total Liabilities	5,832,840
Net Assets	
Without donor restrictions	10,326,938
Total Liabilities and Net Assets	$ 16,159,778

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

FAITH BAPTIST CHURCH OF WATERFORD

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues			
Contributions	$ 5,016,721	$ --	$ 5,016,721
Other income	382,776	--	382,776
Interest income	3,289	--	3,289
Total Support and Revenues	5,402,786	--	5,402,786
Expenses			
Program expenses	4,696,368	--	4,696,368
Management and general expenses	812,890	--	812,890
Total Expenses	5,509,258	--	5,509,258
Change in Net Assets	(106,472)	--	(106,472)
Net Assets - Beginning	10,433,410	--	10,433,410
Net Assets - Ending	$ 10,326,938	$ --	$ 10,326,938

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

FAITH BAPTIST CHURCH OF WATERFORD

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2025

	Program Activities	Management and General	Total
Salary and wages	$ 2,146,845	$ 238,538	$ 2,385,383
Employee benefits	260,419	28,936	289,355
Payroll taxes	103,224	11,469	114,693
Depreciation	528,002	132,001	660,003
Office expense	262,882	65,720	328,602
Insurance	110,857	27,714	138,571
Professional fees	--	65,575	65,575
Utilities	252,464	63,116	315,580
Events	168,891	--	168,891
Repair and maintenance	376,396	94,099	470,495
Taxes and license fees	--	7,307	7,307
Bank charges	--	3,446	3,446
Interest expense	221,817	55,454	277,271
Auto expense	9,587	9,588	19,175
Travel expense	157,333	--	157,333
Meals and entertainment	39,706	9,927	49,633
Mission support	57,945	--	57,945
Total	$ 4,696,368	$ 812,890	$ 5,509,258

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

FAITH BAPTIST CHURCH OF WATERFORD

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2025

Cash Flows From Operating Activities	
Change in net assets	$ (106,472)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	660,003
Amortization of loan fees	10,114
Changes in operating assets and liabilities:	
Accounts receivable	3,300
Prepaid expenses	(6,351)
Accounts payable	(79,451)
Accrued expenses	54,077
Total Adjustments	641,692
Net Cash Provided by Operating Activities	535,220
Cash Flows From Investing Activities	
Principal payments received on land contract receivable	9,800
Due from related party	26,518
Payments on property and equipment	(177,736)
Net Cash Used in Investing Activities	(141,418)
Cash Flows From Financing Activities	
Repayment of long-term debt	(147,732)
Net Cash Used in Financing Activities	(147,732)
Net Increase in Cash and Cash Equivalents	246,070
Cash and Cash Equivalents - Beginning	917,028
Cash and Cash Equivalents - Ending	$ 1,163,098

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

NOTE 1 - NATURE OF OPERATIONS

Faith Baptist Church of Waterford (the "Organization") is a nonprofit organization formed to conduct services of worship, to provide Christian education and pastoral care of its members and other individuals, and to organize benevolent efforts that seek to alleviate deprivation and suffering of people in its community and around the world.

The Organization's administrative office is located in Holly, Michigan. Worship locations include Waterford, Holly, Burton, Davison, Flushing, Lake Orion, Walled Lake, Goodrich and Grand Blanc, Michigan. The Organization's primary source of support is from the voluntary contributions of its members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Under the accrual basis, revenues are recognized when earned and expenses are recognized when the related liabilities for goods and services are incurred, regardless of the timing of cash flows.

CASH AND CASH EQUIVALENTS

The Organization considers all unrestricted, highly liquid investments with an initial maturity of three months or less when purchased to be cash equivalents.

Cash flows from operating activities reflect cash payments for interest of $267,157 for the year ended December 31, 2025.

CASH BALANCES IN EXCESS OF INSURED AMOUNTS

The Organization maintains its cash in accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses due to these limits.

CLASSES OF NET ASSETS

The accounts of the Organization are maintained whereby resources are classified for accounting and reporting purposes with net asset categories established according to their nature and purposes.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CLASSES OF NET ASSETS (CONTINUED)

The net assets of the Organization are categorized as follows:

Net Assets Without Donor Restrictions
Represents the portion of expendable funds which are not limited by donor restrictions on use and are available to support the Organization's current operations including investments and resources for its long-term needs.

Net Assets With Donor Restrictions
Represents the portion of expendable funds which are restricted by donors for specific purposes that may become unrestricted by actions taken by the Organization or the passage of time or that must be retained and permanently invested by the Organization. The Organization does not have any net assets with donor restrictions at December 31, 2025.

ACCOUNTS RECEIVABLE AND LAND CONTRACT RECEIVABLE

Accounts receivable consists of charges for events, expense reimbursements and facility use. The land contract receivable is from a prior year sale of property. Accounts receivable and land contract receivable are stated at the amount management expects to collect from outstanding balances. The Organization assesses the collectability of accounts receivable and land contract receivable by determining the current expected credit losses. The Organization separates accounts receivable and the land contract receivable into risk pools based on their payor type. To determine a loss rate for each risk pool, management performs an annual assessment of historical write-offs and expected net collections, business and economic conditions, and other collection indicators. The Organization uses the aging method to determine the historical collection rate of the accounts receivable and the land contract receivable.

It is the Organization's policy to charge off uncollectible receivables when management determines the receivables will not be collected. The Organization has deemed that no allowance for credit losses is necessary for neither the accounts receivable nor the land contract receivable at December 31, 2025. Accounts receivable consists of $4,300 for facility rental at December 31, 2025. The receivable is expected to be collected within one year from the statement of financial position date. See Note 4 for the land contract receivable.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY AND EQUIPMENT

Property and equipment are carried at cost. It is the Organization's policy to capitalize expenditures for long-lived assets if they are over $5,000. Donated property and equipment are recorded at fair value at the date of donation. Repairs and maintenance are charged to expense. Renewals and betterments that extend the useful lives of assets are capitalized. When property and equipment are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts, and any resulting gain or loss is included in the results of operations for the respective period.

Depreciation is provided using the straight-line method over the following estimated useful lives of the assets:

	Years
Buildings and improvements	5-45
Furniture and equipment	3-10
Vehicles	3-7

The Organization continually evaluates whether events and circumstances have occurred that may warrant revision of the estimated useful lives of its long-lived assets or whether the remaining balance of its long-lived assets should be evaluated for possible impairment. If and when such factors, events or circumstances indicate that long-lived assets should be evaluated for possible impairment, the Organization will determine the fair value of the asset by making an estimate of expected future cash flows over the remaining lives of the respective assets and comparing that fair value with the carrying value of the assets in measuring their recoverability. There were no impairment losses recognized for the year ended December 31, 2025.

DONATED GOODS AND SERVICES

The Organization recognizes donated goods and services as revenue if the goods and services are received at fair value and the contributed services either create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would otherwise need to be purchased. Any donated goods and services are reflected as revenue and expense in the period received at their estimated fair values on the date of receipt. In addition, a number of volunteers have donated significant hours of their time in the Organization's programs. There were no donated goods or services received that met the criteria for the year ended December 31, 2025.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CONTRIBUTIONS

Unconditional contributions, including unconditional promises to give, are reported at fair value when received. All contributions are available without donor restrictions unless explicit donor stipulations specify how or when the contributions may be used. Donor restricted contributions whose restrictions have been met in the same reporting period are reported as without donor restrictions support. Unconditional promises to give due in subsequent years are reported at the present value of their estimated future cash flow, using risk-free interest rates applicable to those years in which the promises are to be received. The Organization does not have any unconditional promises to give at December 31, 2025.

OTHER INCOME

The Organization receives other income related to events, facility rental and merchandise sales. Events are various outings organized by the Organization for which an individual pays a fee to participate. Revenues from events are recognized at a point in time upon the occurrence of the event. At times, the Organization rents its facility to others. Facility rental income is recorded at a point in time when the rental takes place. Merchandise sales are recorded at a point in time when the merchandise is sold.

Other income for the year ended December 31, 2025 includes the following:

Events	$	306,049
Facility rental		17,088
Merchandise sales		22,460
Other		37,179
Total Other Income	**$**	**382,776**

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs. Salaries and benefits are allocated based on the time spent by the staff. Repairs, insurance, depreciation, interest and utilities are based on square footage of the related buildings. Other expenses are allocated based on approximate expenditures for program services.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INCOME TAXES

The Organization is exempt from federal income taxes under Section 170(b)(1)(A)(vi) of the Internal Revenue Code. In addition, the Organization qualifies as a religious order in accordance with IRC Section 501-154, 4940-4947, and 6033. Therefore, the Organization does not file a tax return and has thus made no provision for income taxes in the accompanying financial statements.

USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

SUBSEQUENT EVENTS

The Organization has evaluated events and transactions for potential recognition or disclosure through September 18, 2026, the date that the financial statements were available to be issued.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2025:

Land, building and improvements	$ 22,521,404
Furniture and equipment	620,729
Vehicles	152,461
Construction in process	12,642
Total	23,307,236
Accumulated depreciation	(8,385,096)
Property and Equipment, Net	$ 14,922,140

Depreciation expense for the year ended December 31, 2025 amounted to $660,003.

Construction in process relates to permits for renovation work. There were no commitments for the renovation work at December 31, 2025 and the work was completed in the next year.

NOTE 4 - LAND CONTRACT RECEIVABLE

In August of 2019, the property located on Gale Road in Atlas, Michigan was sold for $150,000. There was a down payment of $19,500 at the execution of the contract and monthly payments of $1,784 including 4% interest continue through October 2026. Although the Organization has continued to receive payments on the land contract receivable, payments have not been received in accordance with the contractual payment schedule. Management has determined that no allowance for credit losses is necessary. At December 31, 2025, the balance of the contract receivable was $39,430.

NOTE 5 - LONG-TERM DEBT

On September 14, 2022, the Organization secured a note payable with The State Bank for $6,100,000 to refinance existing mortgage indebtedness and improvements. The note is payable in monthly principal and interest payments of $34,574 and matures in September 2032. The principal payments are over a twenty-five year amortization period. Interest on the loan is at an annual rate of 4.625%. The note is collateralized by substantially all assets of the Organization. Cash paid for interest and interest expense on this note was $267,157 for the year ended December 31, 2025. In addition, the loan is subject to a debt service coverage ratio covenant and a liquidity covenant. The financial statements were also required to be furnished to The State Bank within 120 days of year-end. The Organization was not in compliance with the financial statement requirement and received a waiver subsequent to year-end.

The note carries prepayment restrictions. Through September 14, 2030, prepayment will result in a 1 to 3% penalty as defined in the agreement. After September 14, 2030, the note may be prepaid with no penalty.

Debt issuance costs of $101,140 associated with obtaining the note are being amortized on the straight-line basis over ten years. Accumulated amortization at December 31, 2025 was $33,714. Amortization expense was $10,114 for the year ended December 31, 2025 and has been included with interest expense on the statement of activities and changes in net assets.

Maturities of long-term debt for the years ending December 31 are as follows:

2026	$	153,263
2027		160,607
2028		167,595
2029		176,332
2030		184,780
Thereafter		4,806,669
Total		**5,649,246**
Less: Current portion		(153,263)
Less: Unamortized loan fees		(67,427)
Long-Term Debt	**$**	**5,428,556**

NOTE 6 - RETIREMENT PLAN

The Organization sponsors a contributory defined contribution plan for all employees. Employees are eligible upon employment and are immediately vested in all employee and employer contributions. The Organization matches employee's contribution up to a maximum of 3% of the employee's compensation. Contributions for the year ended December 31, 2025 totaled $45,911.

NOTE 7 - RELATED PARTY TRANSACTIONS

During the year ended December 31, 2025, the Organization received financial contributions of $60,721 from members related to the Organization.

The Organization has a related party receivable from New Life Camp (the "Camp") of $13,268 at December 31, 2025. The Camp is related due to common board members. The Camp's payroll is under a common paymaster with the Organization. All payroll and related expenses are then charged back to the Camp. In addition, the Organization paid the Camp $163,518 for the use of its facilities for the year ended December 31, 2025.

NOTE 8 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of December 31, 2025, reduced by amounts not available for general use within one year:

Cash and cash equivalents	$ 1,163,098
Accounts receivable	4,300
Land contract receivable	39,430
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	$ 1,206,828

The Organization is substantially supported by individual contributions. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.