

WICHITA FALLS FAITH MISSION, INC.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

FOR THE YEARS ENDED JUNE 30, 2025 AND 2024



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MWH GROUP
CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Wichita Falls Faith Mission, Inc.
Wichita Falls, Texas

Opinion

We have audited the accompanying financial statements of Wichita Falls Faith Mission, Inc. (the Mission), a nonprofit corporation, 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 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Wichita Falls Faith Mission, Inc. 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 Wichita Falls Faith Mission, Inc.'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 as a whole 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 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 Wichita Falls Faith Mission, Inc.'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 Wichita Falls Faith Mission, Inc.'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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules listed in the table of contents are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

MWH Group, P.C.

MWH GROUP, P.C.

Wichita Falls, Texas
December 3, 2025

WICHITA FALLS FAITH MISSION, INC.

STATEMENTS OF FINANCIAL POSITION JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
<u>ASSETS</u>		
Current assets:		
Cash	\$ 2,699,465	\$ 1,498,964
Accounts receivable	4,241	3,926
Pledges receivable, due in one year	1,400,000	-
Inventory	184,196	139,454
Prepaid expenses and other	1,705	24,639
Total current assets	<u>4,289,607</u>	<u>1,666,983</u>
Noncurrent assets:		
Pledges receivable, due in more than one year, net	382,775	-
Property and equipment, net	4,933,906	5,079,563
Operating right-of-use asset, net	1,084,730	1,185,853
Total noncurrent assets	<u>6,401,411</u>	<u>6,265,416</u>
Total assets	<u>\$ 10,691,018</u>	<u>\$ 7,932,399</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 52,188	\$ 38,989
Current portion of notes payable	2,714	3,248
Current portion of lease liability payable	67,611	53,127
Other accrued liabilities	90,167	90,541
Total current liabilities	<u>212,680</u>	<u>185,905</u>
Noncurrent liabilities:		
Notes payable, less current portion	2,876	5,715
Operating lease liability, less current portion	1,082,393	1,150,004
Total noncurrent liabilities	<u>1,085,269</u>	<u>1,155,719</u>
Total liabilities	<u>1,297,949</u>	<u>1,341,624</u>
Net assets:		
Without donor restrictions	6,256,069	6,389,617
With donor restrictions	3,137,000	201,158
Total net assets	<u>9,393,069</u>	<u>6,590,775</u>
Total liabilities and net assets	<u>\$ 10,691,018</u>	<u>\$ 7,932,399</u>

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

WICHITA FALLS FAITH MISSION, INC.

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support:			
Contributions	\$ 1,481,982	\$ 3,009,445	\$ 4,491,427
Donations in kind	2,581,599	-	2,581,599
Special events	174,658	-	174,658
Interest income	47,632	-	47,632
Oil and gas royalties	552	-	552
Rent from transitional housing	22,150	-	22,150
Employee Retention Credit	45,497	-	45,497
Miscellaneous revenue	1,549	-	1,549
Sales	2,251,389	-	2,251,389
Less: cost of sales	(2,143,780)	-	(2,143,780)
Gain on disposal of asset	10,486	-	10,486
Net assets released from restrictions	73,603	(73,603)	-
Total revenues and support	4,547,317	2,935,842	7,483,159
Expenses:			
Program services	4,114,265	-	4,114,265
Administrative	217,440	-	217,440
Fundraising	349,160	-	349,160
Total expenses	4,680,865	-	4,680,865
Change in net assets	(133,548)	2,935,842	2,802,294
Net assets at beginning of year	6,389,617	201,158	6,590,775
Net assets at end of year	\$ 6,256,069	\$ 3,137,000	\$ 9,393,069

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

WICHITA FALLS FAITH MISSION, INC.

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support:			
Contributions	\$ 1,763,350	\$ 62,925	\$ 1,826,275
Donations in kind	1,926,823	-	1,926,823
Special events	200,609	-	200,609
Interest income	45,568	-	45,568
Oil and gas royalties	911	-	911
Rent from transitional housing	19,834	-	19,834
Miscellaneous revenue	698	-	698
Sales	1,720,437	-	1,720,437
Less: cost of sales in kind	(1,613,943)	-	(1,613,943)
Gain on disposal of assets	1,950	-	1,950
Net assets released from restrictions	15,675	(15,675)	-
Total revenues and support	4,081,912	47,250	4,129,162
Expenses:			
Program services	3,537,792	-	3,537,792
Administrative	181,101	-	181,101
Fundraising	404,837	-	404,837
Total expenses	4,123,730	-	4,123,730
Change in net assets	(41,818)	47,250	5,432
Net assets at beginning of year	6,431,435	153,908	6,585,343
Net assets at end of year	\$ 6,389,617	\$ 201,158	\$ 6,590,775

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

WICHITA FALLS FAITH MISSION, INC.

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2025

	Program Services	Administrative	Fundraising	Total
Salaries	\$ 1,906,218	\$ 119,161	\$ 83,540	\$ 2,108,919
Employee benefits	174,917	12,958	18,922	206,797
Payroll taxes	149,461	9,866	7,271	166,598
Total payroll and related expenses	2,230,596	141,985	109,733	2,482,314
Auto and truck	71,370	-	-	71,370
Christmas gift	3,456	-	197	3,653
Food	446,011	-	-	446,011
Insurance	138,157	5,788	5,088	149,033
Kitchen supplies	42,101	-	-	42,101
Membership dues and fees	6,492	-	(630)	5,862
Office and miscellaneous	201,394	7,700	48,784	257,878
Postage and printing	755	442	2,559	3,756
Professional fees	9,099	15,400	-	24,499
Program gift	58,898	-	-	58,898
Promotional	7,741	-	117,991	125,732
Rentals	1,060	-	-	1,060
Repair and maintenance	156,249	12,695	11,108	180,052
Specific assistance	2,875	-	-	2,875
Special events	-	-	23,614	23,614
Store lease	176,145	-	-	176,145
Training and travel	2,245	191	-	2,436
Capital campaign	-	-	1,632	1,632
Utilities	260,620	13,093	11,456	285,169
Total expenses before depreciation	3,815,264	197,294	331,532	4,344,090
Depreciation	299,001	20,146	17,628	336,775
Totals	<u>\$ 4,114,265</u>	<u>\$ 217,440</u>	<u>\$ 349,160</u>	<u>\$ 4,680,865</u>

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

WICHITA FALLS FAITH MISSION, INC.

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2024

	Program Services	Administrative	Fundraising	Total
Salaries	\$ 1,685,781	\$ 90,193	\$ 110,885	\$ 1,886,859
Employee benefits	77,857	8,095	20,077	106,029
Payroll taxes	138,091	7,836	10,008	155,935
Total payroll and related expenses	1,901,729	106,124	140,970	2,148,823
Auto and truck	71,324	-	-	71,324
Christmas gift	3,318	-	384	3,702
Contract labor	14,576	-	-	14,576
Food	352,262	-	-	352,262
Insurance	125,733	6,303	5,844	137,880
Kitchen supplies	28,625	-	-	28,625
Membership dues and fees	6,793	-	630	7,423
Office and miscellaneous	200,326	6,334	50,727	257,387
Postage and printing	445	476	2,618	3,539
Professional fees	128	15,000	-	15,128
Program gift	54,593	-	-	54,593
Promotional	3,047	-	140,411	143,458
Rentals	16,109	-	-	16,109
Repair and maintenance	167,439	13,509	11,821	192,769
Specific assistance	5,601	-	-	5,601
Special events	-	-	22,512	22,512
Store lease	52,795	-	-	52,795
Supplies	6,719	-	-	6,719
Training and travel	570	327	20	917
Utilities	244,412	11,960	10,465	266,837
Total expenses before depreciation	3,256,544	160,033	386,402	3,802,979
Depreciation	281,248	21,068	18,435	320,751
Totals	<u>\$ 3,537,792</u>	<u>\$ 181,101</u>	<u>\$ 404,837</u>	<u>\$ 4,123,730</u>

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

WICHITA FALLS FAITH MISSION, INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
Cash flows from operating activities:		
Change in net assets	\$ 2,802,294	\$ 5,432
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	336,775	320,751
Operating lease amortization - right-of-use asset	101,123	33,116
(Gain) loss on disposal of assets	(10,486)	(1,950)
(Increase) decrease in assets:		
Accounts receivable	(315)	3,689
Pledges receivable	(1,782,775)	-
Inventory	(44,742)	(28,450)
Prepaid expenses	22,934	(9,831)
Contributions restricted for capital campaign	(2,961,093)	-
Increase (decrease) in liabilities:		
Accounts payable	13,199	(25,039)
Other accrued liabilities	(374)	35,521
Net cash provided (used) by operating activities	(1,523,460)	333,239
Cash flows from investing activities:		
Purchase of property and equipment	(220,432)	(513,949)
Proceeds from sale of property and equipment	39,800	22,290
Purchase of investments	-	529,499
Collections on (additions to) note receivable	-	6,371
Net cash provided (used) by investing activities	(180,632)	44,211
Cash flows from financing activities:		
Contributions restricted for capital campaign	2,961,093	-
Payments on notes payable	(3,373)	(3,094)
Payments on lease liability	(53,127)	(15,992)
Net cash provided (used) by investing activities	2,904,593	(19,086)
Net increase (decrease) in cash and cash equivalents	1,200,501	358,364
Cash and cash equivalents at beginning of year	1,498,964	1,140,600
Cash and cash equivalents at end of year	\$ 2,699,465	\$ 1,498,964
Schedule of noncash investing and financing activities:		
Right-of-use asset aquired through execution of an operating lease	\$ -	\$ 1,203,131

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

WICHITA FALLS FAITH MISSION, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025 AND 2024

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Wichita Falls Faith Mission, Inc. (the Mission) is an independent nonprofit corporation whose operating facility and administrative offices are located at 1300 Travis Street, Wichita Falls, Texas. The Mission provides food, clothing, lodging, and shares the "Good News of the Gospel of Jesus Christ" with needy, transient, and indigent individuals and families in the Wichita Falls area. The Wichita Falls Faith Mission receives no government funding and relies on private donations of money, food, clothing, household items, etc. from the public.

Through its two shelters, Faith Mission for men and families and Faith Refuge for women and children, Wichita Falls Faith Mission, Inc. provides Christ-centered programs and services that lead the homeless toward self-sufficiency. Both shelters are open 24 hours per day, 7 days per week and all their programs and services are free of charge. They provide emergency shelter services, case management services, addiction recovery programs, job readiness programs and transitional supportive housing.

Wichita Falls Faith Mission has one social enterprise program, Faith Resale & Donation Center (thrift store). The program is used to train men and women in the skills that are necessary in order to be employed after they leave Wichita Falls Faith Mission.

Basis of Presentation

The financial statements of the Mission have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Mission to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Mission's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Mission or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, 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.

WICHITA FALLS FAITH MISSION, INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D.) JUNE 30, 2025 AND 2024

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

Cash and Cash Equivalents

For financial reporting purposes, the Mission considers all highly liquid debt instruments purchased with original maturities of three months or less to be cash equivalents.

Certificates of Deposit

Certificates of deposit are stated at cost and have maturity dates of one year.

Inventory

Inventory consists of donated apparel and other items and is recorded as contributions and as inventory in the period received at fair market value or net realizable value.

Property and Equipment

Acquisitions of property and equipment in excess of \$1,000 are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is provided utilizing the straight-line method over the estimated useful lives of the respective assets, as follows:

Buildings and improvements	10 to 30 years
Vehicles, furniture, and fixtures	3 to 10 years

Donated Land, Equipment, Materials, and Services

Contributions of services and materials are recognized in the accompanying financial statements in accordance with FASB ASC 958-605, *Accounting for Contributions Received and Contributions Made*. If the services received enhance or create non-financial assets, require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by the donation.

Income Taxes

The Mission is qualified as a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code of 1986 and therefore, has no provision for federal income tax.

Functional Classification of Expenses

Directly identifiable expenses are charged to program services, administrative, and fundraising functions. Expenses related to more than one function are charged to each function on the basis of periodic time and expense studies. Administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Mission. A description of the Mission's functions is provided below:

WICHITA FALLS FAITH MISSION, INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D.) JUNE 30, 2025 AND 2024

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

Functional Classification of Expenses (Cont'd.)

- Program Services

The Mission provides food, clothing, lodging, financial assistance, addiction counseling, and shares the "Good News of the Gospel of Jesus Christ" with needy, transient, and indigent individuals and families in the Wichita Falls area. Management believes that approximately 85% of pertinent non-direct expenses are related to this function.

- Administrative

The Administration program provides occupancy and administrative services to the Mission. Management believes that approximately 8% of pertinent non-direct expenses are related to this function.

- Fundraising

The Mission engages in a number of fundraising activities, including rallies with praise and worship, food drives, mail solicitations, Night in a Box, Decorator Show House, and Faith in the Falls. Contributions to the Mission are received from the general public. Management believes that approximately 7% of pertinent non-direct expenses are related to this function.

Restricted and Unrestricted Revenue

Contributions received are recorded as increases in net assets with or without donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Accrued Compensated Absences

The Mission's policy for compensated absences for vacation and sick leave allows for accumulated hours earned monthly based on years of service. An employee may accumulate up to 96 hours of vacation each year and is to be paid for unused vacation time upon separation from service. The total dollar amount of unpaid vacation, which is accrued and included in other accrued liabilities, was \$25,473 and \$25,222 as of June 30, 2025 and 2024, respectively.

WICHITA FALLS FAITH MISSION, INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D) JUNE 30, 2025 AND 2024

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

Accrued Compensated Absences (Cont'd.)

An employee may earn up to 64 hours of sick time in a year, but any unused sick time cannot be carried over to future periods. Sick leave benefits are forfeited at the date of employee termination. No liability has been recorded on the books of the Mission relative to sick leave benefits. It is considered remote that the entire contingent liability will be paid; furthermore, the probable amount of sick leave compensation expected to be paid in the future cannot be reasonably estimated.

Advertising

The Mission uses advertising to solicit donations and promote special events. The costs of advertising are expensed as incurred. During the years ended June 30, 2025 and 2024, advertising costs totaled \$125,732 and \$143,458, respectively.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

Donated Goods

The Mission receives donated food to provide meals in the shelters and goods to be sold through Faith Resale. The majority of the food distributed by the Mission is received by contributions from the general public, and local businesses. The estimated value of these contributions, which is determined to be \$1.92 and \$1.92 per pound for 2025 and 2024, respectively, is recognized in the financial statements as contribution revenue and program expense. The Mission received \$189,087 and \$193,431 in donated food for the years ended June 30, 2025 and 2024, respectively. The Refuge received \$11,472 and \$22,546 in donated food for the years ended June 30, 2025 and 2024. Purchased food is expensed at cost. Unlike donated food, there is no revenue associated with the purchased food. However, a majority of the food purchases are funded by cash contributions that are restricted for a particular distribution program.

Donated goods for resale are valued at fair market value, as determined by the sales price. Faith Resale received \$2,206,280 and \$1,642,393 in donated goods for the years ended June 30, 2025 and 2024, respectively.

Date of Management's Evaluation

Management has evaluated subsequent events through December 3, 2025, the date on which the financial statements were available to be issued.

WICHITA FALLS FAITH MISSION, INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D.) JUNE 30, 2025 AND 2024

Note 2 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	2025	2024
Cash and cash equivalents	\$ 2,699,465	\$ 1,498,964
Accounts receivable	4,241	3,926
	\$ 2,703,706	\$ 1,502,890

As part of the liquidity management plan, they invest cash in excess of daily requirements in short-term investments and money market funds.

Note 3 - FINANCIAL INSTRUMENTS

Concentration of Credit Risk for Cash Held in Banks

The Mission maintains bank accounts with several institutions. The accounts held at the bank are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2025 and 2024, the Mission's cash accounts exceeded the FDIC insurance threshold by \$323,303 and \$594,255, respectively.

Fair Value

Management has determined the carrying amounts of the Mission's cash and cash equivalents, accounts receivable, accounts payable, inventory, and other accrued liabilities approximate their fair value.

Note 4 - PROPERTY AND EQUIPMENT

Property and equipment are stated at cost less accumulated depreciation. Major classifications of property and equipment at June 30, 2025 and 2024 are summarized as follows:

	2025	2024
Property and equipment not being depreciated:		
Land	\$ 290,908	\$ 290,908
Construction in process	23,700	-
Total property and equipment not being depreciated	314,608	290,908
Property and equipment being depreciated:		
Building and improvements	7,605,225	7,534,583
Furniture and fixtures	764,113	723,164
Vehicles and equipment	438,479	402,995
Total property and equipment being depreciated	8,807,817	8,660,742
Less: accumulated depreciation	(4,188,519)	(3,872,087)
Total property and equipment being depreciated, net	4,619,298	4,788,655
Total property and equipment, net	\$ 4,933,906	\$ 5,079,563

WICHITA FALLS FAITH MISSION, INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D.) JUNE 30, 2025 AND 2024

Note 4 - PROPERTY AND EQUIPMENT (CONT'D)

Depreciation expense was \$336,775 and \$320,751 for 2025 and 2024, respectively.

Note 5 - LEASE AGREEMENTS

The Mission has entered into a lease agreement with Crossroads 2708, LLC, for building suites located at 2708 Southwest Parkway in Wichita Falls, Texas. The purpose of this lease is to provide additional space for Faith Resale activities. The lease agreement has an initial term of 10 years, and includes provisions for 5-year renewal options. The initial term and duty to pay rent shall commence thirty days after the completion of the agreed upon renovations to the property. The renovations to the building were completed and the lease term commenced as of March 1, 2024. As such, a total of \$1,218,969 in operating right-of-use assets and \$1,218,969 in operating lease liabilities were recognized on the statement of financial position as of March 1, 2024. The agreement stipulates a monthly lease payment of \$8,879 for the first year and an annual increase to the monthly lease payment for each successive year that is limited to \$1 per square foot, or \$11,519 annually. Operating lease expense and amortization expense under ASC Topic 842 were \$53,127 and \$101,123, respectively for the year ended June 30, 2025. Operating lease expense and amortization expense under ASC Topic 842 were \$19,679 and \$33,116, respectively for the year ended June 30, 2024.

The operating lease right-of-use asset and lease liability for the year ended June 30, 2025 and 2024, are as follows:

	<u>2025</u>	<u>2024</u>
Right-of-use asset:		
Operating lease	\$ 1,218,969	\$ 1,218,969
Less: accumulated amort.	<u>(134,239)</u>	<u>(33,116)</u>
Total right-of-use asset	<u>\$ 1,084,730</u>	<u>\$ 1,185,853</u>
Lease liability:		
Operating lease	<u>\$ 1,150,004</u>	<u>\$ 1,203,131</u>
Total lease liability	<u>\$ 1,150,004</u>	<u>\$ 1,203,131</u>

WICHITA FALLS FAITH MISSION, INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D.) JUNE 30, 2025 AND 2024

Note 5 - LEASE AGREEMENTS (CONT'D.)

Future undiscounted lease commitments are as follows:

Year ending June 30,	Amount
2026	\$ 67,611
2027	82,819
2028	98,660
2029	115,548
2030	133,153
Thereafter	652,213
Total	\$ 1,150,004

Note 6 - LONG-TERM DEBT

The Mission entered into an interest free note payable agreement on March 25, 2021, with Kubota Credit Corporation, for the purchase of a Kubota commercial mower. The agreement requires monthly payments of \$133 and expires in March 2026.

The Mission entered into an interest free note payable agreement on March 14, 2024, with Kubota Credit Corporation, for a Kubota commercial mower. The agreement requires monthly payments of \$137 and expires in March 2028.

The notes payable agreements provide for future principal payments as of June 30, 2025, as follows:

Year ending June 30,	Amount
2026	\$ 2,714
2027	1,645
2028	1,231
Total	\$ 5,590

The carrying value of the equipment purchased through the note agreement is \$8,706 at June 30, 2025.

WICHITA FALLS FAITH MISSION, INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D.) JUNE 30, 2025 AND 2024

Note 7 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes at June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Subject to expenditure for a specific purpose:		
Medical and dental care – for clients	\$ 29,812	\$ 23,771
Transitional support	87,306	107,640
Client supplies and gifts	10,433	8,942
Capital projects	19,300	42,700
Women’s scholarship fund	18,374	18,105
Capital Campaign	<u>2,971,775</u>	<u>-</u>
Total	<u>\$ 3,137,000</u>	<u>\$ 201,158</u>

Note 8 - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors during the years June 30, 2025 and 2024 was as follows:

	<u>2025</u>	<u>2024</u>
Medical and dental care – for clients	\$ 18,962	\$ 4,681
Transitional Support	27,732	3,662
Client supplies and gifts	2,509	2,332
Capital projects	24,400	-
Women’s scholarship fund	<u>-</u>	<u>5,000</u>
Total	<u>\$ 73,603</u>	<u>\$ 15,675</u>

Note 9 - FAITH RESALE SALES

Sales for Faith Resale were \$2,251,389 and \$1,685,056 for the years ended June 30, 2025 and 2024, respectively. Sales are shown net of applicable sales taxes.

Note 10 - OIL AND GAS MINERAL INTEREST

In 1987, the Mission received a donation of an overriding royalty interest in an oil and gas mineral lease located in Webster Parish, Louisiana.

Royalties received are included as unrestricted revenue in the accompanying financial statements. The \$8,756 original appraised value of the asset has been fully amortized and is included in the Mission’s property and equipment.

WICHITA FALLS FAITH MISSION, INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D.) JUNE 30, 2025 AND 2024

Note 11 - CAPITAL CAMPAIGN – CONTRIBUTIONS AND PLEDGES RECEIVABLE

During the year ended June 30, 2025, the Mission began a capital campaign to fund the construction of a new wing for Faith Refuge for women and children, and various updates to the Faith Mission shelter for men. The campaign has received the following contributions and pledges:

- Contributions received in cash during the year: \$1,189,000
- Unconditional promises to give (pledges) received during the year: \$1,800,000
- Of the total pledges, \$1,400,000 is expected to be collected within one year, and \$400,000 is expected to be collected in the year ending June 30, 2027.
- Discount to present value: Pledges due in more than one year are discounted at a risk-free rate of 4.5%, resulting in a discount of \$17,225.

All contributions and pledges are restricted by donors for the Faith Mission and Faith Refuge women's and children's wing addition and facility improvements.

Note 12 - CONCENTRATIONS

Faith Mission operates in Wichita Falls, Texas. Therefore, support and revenue is dependent on economic conditions in that area.

Note 13 - RETIREMENT PLAN

The Mission has in place a Savings Incentive Match Plan for Employees (SIMPLE). A SIMPLE plan is a defined contribution plan where an employee may defer up to \$11,500 per year in compensation. The Mission will match up to 3% of the employee's salary. SIMPLE matching expense was \$28,896 and \$27,020 for 2025 and 2024, respectively.

Note 14 – SUBSEQUENT EVENTS

Capital Campaign

Subsequent to year-end, and prior to the date the financial statements were available to be issued December 3, 2025, the Organization received \$167,500 in cash contributions and \$155,000 in unconditional pledges totaling \$318,150 related to the capital campaign. These pledges are expected to be collected over the next two years. Management has evaluated the collectability of these subsequent pledges and believes they are fully collectible.

SUPPLEMENTAL SCHEDULES

WICHITA FALLS FAITH MISSION, INC.

SCHEDULE OF ACTIVITIES BY COST CENTER FOR THE YEAR ENDED JUNE 30, 2025

	Without Donor Restrictions			
	Faith Mission	Faith Resale	Faith Refuge	Total
Revenues and support:				
Contributions	\$ 1,286,285	\$ -	\$ 195,697	\$ 1,481,982
Donations in kind	328,137	2,206,280	47,182	2,581,599
Special events	61,913	-	112,745	174,658
Interest income	47,632	-	-	47,632
Oil and gas royalties	552	-	-	552
Rent from transitional housing	13,975	-	8,175	22,150
Employee Retention Credit	45,497	-	-	45,497
Miscellaneous revenue	250	1,299	-	1,549
Sales	-	2,251,389	-	2,251,389
Less: cost of sales in kind	-	(2,143,780)	-	(2,143,780)
Gain (loss) on the disposal of assets	10,486	-	-	10,486
Net assets released from restrictions	63,103	-	10,500	73,603
	<u>1,857,830</u>	<u>2,315,188</u>	<u>374,299</u>	<u>4,547,317</u>
Total revenues and support				
Expenses:				
Program services	1,405,071	1,618,757	1,090,437	4,114,265
Administrative	103,118	-	114,322	217,440
Fundraising	169,678	-	179,482	349,160
	<u>1,677,867</u>	<u>1,618,757</u>	<u>1,384,241</u>	<u>4,680,865</u>
Total expenses				
Change in net assets	<u>\$ 179,963</u>	<u>\$ 696,431</u>	<u>\$ (1,009,942)</u>	<u>\$ (133,548)</u>

With Donor Restrictions

<u>Faith Mission</u>	<u>Faith Refuge</u>	<u>Total</u>	<u>Total</u>
\$ 966,538	\$ 2,042,907	\$ 3,009,445	\$ 4,491,427
-	-	-	2,581,599
-	-	-	174,658
-	-	-	47,632
-	-	-	552
-	-	-	22,150
-	-	-	45,497
-	-	-	1,549
-	-	-	2,251,389
-	-	-	(2,143,780)
-	-	-	10,486
<u>(63,103)</u>	<u>(10,500)</u>	<u>(73,603)</u>	<u>-</u>
<u>903,435</u>	<u>2,032,407</u>	<u>2,935,842</u>	<u>7,483,159</u>
-	-	-	4,114,265
-	-	-	217,440
<u>-</u>	<u>-</u>	<u>-</u>	<u>349,160</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>4,680,865</u>
<u>\$ 903,435</u>	<u>\$ 2,032,407</u>	<u>\$ 2,935,842</u>	<u>\$ 2,802,294</u>

WICHITA FALLS FAITH MISSION, INC.

SCHEDULE OF ACTIVITIES BY COST CENTER FOR THE YEAR ENDED JUNE 30, 2024

	Without Donor Restrictions					Total
	Faith Mission	Faith Resale	Faith Refuge	Academy	Faith Enterprises	
Revenues and support:						
Contributions	\$ 1,475,965	\$ 26,638	\$ 259,647	\$ -	\$ 1,100	\$ 1,763,350
Donations in kind	242,037	1,642,393	42,393	-	-	1,926,823
Special events	83,359	-	117,250	-	-	200,609
Interest income	45,568	-	-	-	-	45,568
Oil and gas royalties	911	-	-	-	-	911
Rent from transitional housing	15,350	-	4,484	-	-	19,834
Miscellaneous revenue	-	402	-	-	296	698
Sales	-	1,685,056	-	-	35,381	1,720,437
Less: cost of sales	-	(1,613,943)	-	-	-	(1,613,943)
Gain on the disposal of assets	1,950	-	-	-	-	1,950
Net assets released from restrictions	1,729	-	13,946	-	-	15,675
Total revenues and support	1,866,869	1,740,546	437,720	-	36,777	4,081,912
Expenses:						
Program services	1,224,468	1,273,430	982,124	14,286	43,484	3,537,792
Administrative	84,904	-	96,197	-	-	181,101
Fundraising	197,478	-	207,359	-	-	404,837
Total expenses	1,506,850	1,273,430	1,285,680	14,286	43,484	4,123,730
Change in net assets	<u>\$ 360,019</u>	<u>\$ 467,116</u>	<u>\$ (847,960)</u>	<u>\$ (14,286)</u>	<u>\$ (6,707)</u>	<u>\$ (41,818)</u>

With Donor Restrictions

Faith Mission	Faith Refuge	Total	Total
\$ 26,200	\$ 36,725	\$ 62,925	\$ 1,826,275
-	-	-	1,926,823
-	-	-	200,609
-	-	-	45,568
-	-	-	911
-	-	-	19,834
-	-	-	698
-	-	-	1,720,437
-	-	-	(1,613,943)
-	-	-	1,950
(1,729)	(13,946)	(15,675)	-
<u>24,471</u>	<u>22,779</u>	<u>47,250</u>	<u>4,129,162</u>
-	-	-	3,537,792
-	-	-	181,101
-	-	-	<u>404,837</u>
-	-	-	4,123,730
<u>\$ 24,471</u>	<u>\$ 22,779</u>	<u>\$ 47,250</u>	<u>\$ 5,432</u>

WICHITA FALLS FAITH MISSION, INC.

SCHEDULE OF FUNCTIONAL EXPENSES BY COST CENTER FOR THE YEAR ENDED JUNE 30, 2025

	<u>Program Services</u>						
	<u>Faith Mission</u>	<u>Faith Resale</u>	<u>Faith Refuge</u>	<u>Total</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 568,038	\$ 840,337	\$ 497,843	\$ 1,906,218	\$ 119,161	\$ 83,540	\$ 2,108,919
Employee benefits	63,976	58,686	52,255	174,917	12,958	18,922	206,797
Payroll taxes	41,891	67,913	39,657	149,461	9,866	7,271	166,598
Total payroll and related expenses	<u>673,905</u>	<u>966,936</u>	<u>589,755</u>	<u>2,230,596</u>	<u>141,985</u>	<u>109,733</u>	<u>2,482,314</u>
Auto and truck	29,727	27,285	14,358	71,370	-	-	71,370
Christmas gift	2,116	1,272	68	3,456	-	197	3,653
Food	368,834	-	77,177	446,011	-	-	446,011
Insurance	29,768	78,768	29,621	138,157	5,788	5,088	149,033
Kitchen supplies	24,685	-	17,416	42,101	-	-	42,101
Membership dues and fees	6,407	30	55	6,492	-	(630)	5,862
Office and miscellaneous	38,586	132,256	30,552	201,394	7,700	48,784	257,878
Postage and printing	1,085	(586)	256	755	442	2,559	3,756
Professional fees	9,099	-	-	9,099	15,400	-	24,499
Program gift	33,719	-	25,179	58,898	-	-	58,898
Promotional	-	7,741	-	7,741	-	117,991	125,732
Rentals	-	1,060	-	1,060	-	-	1,060
Repair and maintenance	53,495	21,365	81,389	156,249	12,695	11,108	180,052
Specific assistance	1,593	-	1,282	2,875	-	-	2,875
Special events	-	-	-	-	-	23,614	23,614
Building lease	-	176,145	-	176,145	-	-	176,145
Training and travel	1,117	25	1,103	2,245	191	-	2,436
Capital campaign	-	-	-	-	-	1,632	1,632
Utilities	85,088	121,507	54,025	260,620	13,093	11,456	285,169
Total expenses before depreciation	<u>1,359,224</u>	<u>1,533,804</u>	<u>922,236</u>	<u>3,815,264</u>	<u>197,294</u>	<u>331,532</u>	<u>4,344,090</u>
Depreciation	<u>45,847</u>	<u>84,953</u>	<u>168,201</u>	<u>299,001</u>	<u>20,146</u>	<u>17,628</u>	<u>336,775</u>
Totals	<u>\$ 1,405,071</u>	<u>\$ 1,618,757</u>	<u>\$ 1,090,437</u>	<u>\$ 4,114,265</u>	<u>\$ 217,440</u>	<u>\$ 349,160</u>	<u>\$ 4,680,865</u>

WICHITA FALLS FAITH MISSION, INC.

SCHEDULE OF FUNCTIONAL EXPENSES BY COST CENTER FOR THE YEAR ENDED JUNE 30, 2024

	Program Services					Total	Administrative	Fundraising	Total
	Faith Mission	Faith Resale	Faith Refuge	Academy	Faith Enterprises				
Salaries	\$ 514,754	\$ 729,551	\$ 417,484	\$ 10,740	\$ 13,252	\$ 1,685,781	\$ 90,193	\$ 110,885	\$ 1,886,859
Employee benefits	32,714	20,262	24,511	-	370	77,857	8,095	20,077	106,029
Payroll taxes	39,608	61,292	34,927	803	1,461	138,091	7,836	10,008	155,935
Total payroll and related expenses	587,076	811,105	476,922	11,543	15,083	1,901,729	106,124	140,970	2,148,823
Auto and truck	25,917	21,266	16,099	-	8,042	71,324	-	-	71,324
Christmas gift	2,184	706	428	-	-	3,318	-	384	3,702
Contract labor	-	63	14,513	-	-	14,576	-	-	14,576
Food	285,180	-	67,082	-	-	352,262	-	-	352,262
Insurance	31,638	61,505	30,808	411	1,371	125,733	6,303	5,844	137,880
Kitchen supplies	19,487	-	9,138	-	-	28,625	-	-	28,625
Membership dues and fees	6,380	50	363	-	-	6,793	-	630	7,423
Office and miscellaneous	46,505	117,864	32,982	188	2,787	200,326	6,334	50,727	257,387
Postage and printing	340	-	105	-	-	445	476	2,618	3,539
Professional fees	128	-	-	-	-	128	15,000	-	15,128
Program gift	28,796	-	23,937	1,860	-	54,593	-	-	54,593
Promotional	-	2,219	-	-	828	3,047	-	140,411	143,458
Rentals	-	14,689	-	-	1,420	16,109	-	-	16,109
Repair and maintenance	66,770	19,278	76,770	-	4,621	167,439	13,509	11,821	192,769
Specific assistance	3,517	-	2,084	-	-	5,601	-	-	5,601
Special events	-	-	-	-	-	-	-	22,512	22,512
Building Lease	-	52,795	-	-	-	52,795	-	-	52,795
Supplies	-	-	-	-	6,719	6,719	-	-	6,719
Training and travel	498	50	22	-	-	570	327	20	917
Utilities	74,800	117,055	52,279	-	278	244,412	11,960	10,465	266,837
Total expenses before depreciation	1,179,216	1,218,645	803,532	14,002	41,149	3,256,544	160,033	386,402	3,802,979
Depreciation	45,252	54,785	178,592	284	2,335	281,248	21,068	18,435	320,751
Totals	\$ 1,224,468	\$ 1,273,430	\$ 982,124	\$ 14,286	\$ 43,484	\$ 3,537,792	\$ 181,101	\$ 404,837	\$ 4,123,730