HOSANNA/FAITH COMES BY HEARING
AND AFFILIATE

CONSOLIDATED FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
FOR THE YEARS ENDED
MARCH 31, 2026, AND 2025

HOSANNA/FAITH COMES BY HEARING AND AFFILIATE

TABLE OF CONTENTS

Page No.

TKM Auditors Advisors CPAs

Independent Auditors' Report

To the Board of Directors of
Hosanna/Faith Comes by Hearing and Affiliate
Albuquerque, New Mexico

Opinion

We have audited the accompanying consolidated financial statements of Hosanna/Faith Comes by Hearing and Affiliate (a nonprofit organization) (Organization), which comprise the consolidated statements of financial position as of March 31, 2026, and 2025, and the related consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of March 31, 2026, and 2025, 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 Organization 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 within one year after the date that the consolidated financial statements are available to be issued.

www.tkm.cpa (505) 822 5100 (505) 822 5106

AICPA GAQC Member

6747 Academy Road NE, STE A, Albuquerque, NM 87109

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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.

TKM, LLC

TKM, LLC
Auditors I Advisors I CPAs

Albuquerque, New Mexico
July 7, 2026

CONSOLIDATED FINANCIAL STATEMENTS

HOSANNA/FAITH COMES BY HEARING AND AFFILIATE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
MARCH 31,

	2026	2025
ASSETS		
Current Assets:		
Cash and Cash Equivalents	**$ 12,312,325**	$ 7,604,208
Accounts Receivable, Net, Trade	**364,152**	20,247
Accounts Receivable, Net, Other	**1,219**	4,453
Inventory	**4,043,858**	5,259,880
Donated Property Held for Sale	**338,196**	2,319,831
Deposits and Committed Orders	**139,300**	67,350
Prepaid Expenses	**178,981**	130,365
Total Current Assets	**17,378,031**	15,406,334
Noncurrent Assets:		
Recordings and Films, Net *(Note 1)*	**59,408,917**	63,326,162
Cash Value Life Insurance	**525,234**	446,913
Property and Equipment, Net	**3,489,437**	2,862,542
Total Noncurrent Assets	**63,423,588**	66,635,617
Total Assets	**$ 80,801,619**	$ 82,041,951
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts Payable	**$ 2,034,948**	$ 3,778,991
Accrued Expenses	**822,096**	951,569
Total Liabilities	**2,857,044**	4,730,560
NET ASSETS		
Without Donor Restrictions	**68,390,156**	73,532,988
With Donor Restrictions	**9,554,419**	3,778,403
Total Net Assets	**77,944,575**	77,311,391
Total Liabilities and Net Assets	**$ 80,801,619**	$ 82,041,951

See Independent Auditors' Report and Notes to Consolidated Financial Statements

HOSANNA/FAITH COMES BY HEARING AND AFFILIATE
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED MARCH 31, 2026, AND 2025

	Without Donor Restrictions	With Donor Restrictions	Total 2026	Total 2025
Operating Activities				
SALES	$ 68,359	$ -	$ 68,359	$ 90,226
OTHER REVENUE AND SUPPORT				
Contributions	-	54,666,658	54,666,658	43,528,295
Gain (Loss) on Sale of Assets	(138,520)	-	(138,520)	(6,056)
Interest	797,806	-	797,806	712,697
Other Income	1,191,232	-	1,191,232	2,025,148
Total Other Revenue and Support	1,850,518	54,666,658	56,517,176	46,260,084
Net Assets Released from Restrictions	48,890,642	(48,890,642)	-	-
Total Sales, Revenue, Support and Net Assets Released From Restrictions	50,809,519	5,776,016	56,585,535	46,350,310
EXPENSES				
Program Expense	46,789,378	-	46,789,378	35,580,277
Supporting Services				
General and Administrative	3,717,717	-	3,717,717	1,759,210
Fundraising	3,463,621	-	3,463,621	2,448,132
Total Expenses	53,970,716	-	53,970,716	39,787,619
Nonoperating Activities				
Change in Donated Property Held for Sale	(1,981,635)	-	(1,981,635)	-
Total Nonoperating Activities	(1,981,635)	-	(1,981,635)	-
Net Increase (Decrease) in Net Assets	(5,142,832)	5,776,016	633,184	6,562,691
Net Assets, Beginning of Year	73,532,988	3,778,403	77,311,391	70,748,700
Net Assets, End of Year	$ 68,390,156	$ 9,554,419	$ 77,944,575	$ 77,311,391

See Independent Auditors’ Report and Notes to Consolidated Financial Statements

HOSANNA/FAITH COMES BY HEARING AND AFFILIATE
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED MARCH 31, 2026, AND 2025

		Supporting Services				
	Program Expense	General and Administrative	Fundraising	Total Supporting Services	Total 2026	Total 2025
Expenses						
Advertising and Promotion	$ 361,748	$ 90,080	$ 450,399	$ 540,479	$ 902,227	$ 1,180,381
Cost of Goods Produced	53,819	-	-	-	53,819	71,036
Depreciation and Amortization	16,550,212	1,883,891	941,946	2,825,837	19,376,049	4,215,989
Faith Comes by Hearing Programs	16,425,329	112,014	70,169	182,183	16,607,512	17,179,573
Insurance	54,539	15,583	7,792	23,375	77,914	93,702
Interest	26	7	4	11	37	307
Legal and Accounting Fees	19,018	8,036	5,414	13,450	32,468	41,034
Merchant and Bank Fees	100,288	14,422	72,103	86,525	186,813	152,127
Miscellaneous Expense	-	-	-	-	-	-
Office Expense	11,281	6,922	1,343	8,265	19,546	10,732
Payroll Taxes and Fringe Benefits	1,934,868	226,064	269,701	495,765	2,430,633	2,545,680
Postage and Courier Expense	29,748	6,243	14,672	20,915	50,663	51,849
Professional Services	3,918,103	377,550	570,297	947,847	4,865,950	3,593,985
Rental Expense	149,464	11,372	7,888	19,260	168,724	22,835
Repairs and Maintenance	62,487	17,740	12,431	30,171	92,658	89,687
Salaries and Wages	6,294,190	778,024	888,170	1,666,194	7,960,384	8,273,211
Supplies and Artwork Expense	61,449	11,776	18,471	30,247	91,696	75,503
Telephone and Utilities	106,770	29,866	18,702	48,568	155,338	146,534
Travel, Meetings and Entertainment	656,039	128,127	114,119	242,246	898,285	2,043,454
Total Expenses	$ 46,789,378	$ 3,717,717	$ 3,463,621	$ 7,181,338	$ 53,970,716	$ 39,787,619

See Independent Auditors’ Report and Notes to Consolidated Financial Statements

HOSANNA/FAITH COMES BY HEARING AND AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31,

	2026	2025
Reconciliation of Change in Net Assets to Net Cash:		
Change in Net Assets	$ 633,184	$ 6,562,691
Depreciation and Amortization	19,376,049	4,389,253
Change in Donated Property Held for Sale	1,981,635	(19,134)
Change in:		
Accounts Receivable, Net	(340,671)	52,124
Inventory	1,216,022	(2,517,266)
Deposits and Committed Orders	(71,950)	1,663,573
Prepaid Expenses	(48,616)	149,446
Accounts Payable	(1,744,043)	2,073,126
Accrued Expenses	(129,473)	39,235
Net Cash Provided By (Used In) Operating Activities	20,872,137	12,393,048
Cash Flows From Investing Activities		
Life Insurance Policy Payments	(78,321)	(63,258)
Purchase of Property and Equipment	(1,164,035)	(166,751)
Purchase and Creation of Recordings, Literature and Licenses	(14,921,664)	(11,947,661)
Net Cash Provided By (Used In) Investing Activities	(16,164,020)	(12,177,670)
Net Increase (Decrease) in Cash and Cash Equivalents	4,708,117	215,378
Cash and Cash Equivalents, Beginning of Year	7,604,208	7,388,830
Cash and Cash Equivalents, End of Year	$ 12,312,325	$ 7,604,208

See Independent Auditors' Report and Notes to Consolidated Financial Statements

NOTES TO FINANCIAL STATEMENTS

NOTE 1. DESCRIPTION OF ORGANIZATION

Organization & Nature of Operations
Hosanna/Faith Comes By Hearing and Affiliate ("Hosanna") is a nonprofit Christian ministry dedicated to recording the Bible in audio format in indigenous languages and distributing those recordings through Bible listening groups worldwide. The ministry operates in cooperation with Bible societies, churches, and mission organizations. Hosanna/Faith Comes By Hearing is exempt from income taxes under Internal Revenue Code (IRC) Section 501(c)(3) and is governed by a Board of Directors.

In fiscal year 1999, Hosanna established Faith Comes By Hearing International Foundation, Inc. (FCBHIF), whose mission is to solicit, manage, and disburse funds exclusively for the benefit of Hosanna. FCBHIF is exempt under IRC Section 501(c)(3) and is governed by a Board of Directors.

These consolidated financial statements include the accounts of Hosanna/Faith Comes By Hearing and FCBHIF (collectively, "Hosanna"). All significant intercompany balances and transactions have been eliminated in consolidation.

Primary Exempt Purpose
To proclaim Jesus Christ as Lord.

Mission and Program Accomplishments
Hosanna produces Audio Bible recordings in every language that needs them, then promotes and distributes those recordings worldwide, with the goal of Scripture engagement resulting in discipleship and transformation.

Bible Recording Assets
Hosanna produces Audio and Video Recordings of Translated Text Bibles and Oral Bible Translations. These completed recordings are deployed worldwide through Bible Listening and Bible Watching initiatives. Recording costs are capitalized and amortized over their useful lives. Vision2033 is Hosanna's goal to record the Bible in every language that needs it by 2033.

New Testament Recordings
During the year ended March 31, 2026, 493 audio recordings were completed in 293 new languages, bringing the total to 2,633 languages with a complete Audio New Testament — spoken in 190 countries by over 7.0 billion people. At year-end, 87 recordings were in final mastering and 93 were in-process.

Recording Methods
FIELD processes completed 225; PARTNER methods completed 263; VIRTUAL technology completed 5; and Oral Bible Translation recordings using RENDER technology had 200 new starts. Total Oral Bible Translation projects now span 667 languages. Hosanna worked with recording organizations in 25 countries through 49 recording teams. Recording center staff are not Hosanna employees and are not recorded on the consolidated financial statements.

NOTE 1. DESCRIPTION OF ORGANIZATION (CONTINUED)

Gospel Films
For the year ended March 31, 2026, over 330 unique Films in 280 languages were completed, bringing the total languages with a Gospel Film to 1,728. Of these, 135 languages have an Old Testament Panorama Film and 50 languages have a Film of the Book of Acts. YouTube views exceeded .5 million.

Bible Engagement — International and National
For fiscal year 2026, Hosanna began 347,951 new listening projects in over 80 countries, with approximately 31,315,590 new listeners hearing the entire New Testament in their indigenous language. Each group received a free audio New Testament and listened at least once weekly for 30 minutes; 302,717 groups received Proclaimer® units.

Most of the 301,669 programs started in 2025 continued in 2026. The Every Church/Every Village program provided over 8,279 New Testaments on Proclaimers to missionaries and individuals establishing listening groups across 190 countries. The worldwide average is 90 listeners per group, counting only those present at the program's initiation. Hosanna operates in churches, hospitals, unreached villages, prisons, schools, military and police settings, and JESUS Film follow-up programs.

In the last ten years, over 1,603,000 Military BibleSticks have been provided to military personnel.

Faith Comes By Hearing BIBLE.IS
Hosanna's Digital Bible Platform provides free access to audio and sign heart-language Scripture recordings. To date, 1,161 Global Bible Apps in unique languages are available worldwide. For fiscal year 2026, over 93.2 million chapters were accessed and 3.04 million downloads were made through Hosanna's digital infrastructure.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation
Hosanna has adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958, Hosanna reports information regarding its financial position and activities according to the existence or absence of donor-imposed restrictions. Accordingly, net assets of Hosanna and changes therein are classified and reported as follows:

> *Net Assets without Donor Restrictions*
> Net assets not subject to donor-imposed stipulations.
>
> *Net Assets with Donor Restrictions*
> Net assets subject to donor-imposed stipulations that will be met by Hosanna's actions or the passage of time. At March 31, 2026, and 2025, Hosanna had \$9,554,419 and \$3,778,403, respectively, of net assets with donor restrictions.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Comparative Financial Information
Prior year figures are presented as summarized comparative totals only, without net asset class detail, and should be read in conjunction with the FY2025 audited financial statements.

Use of Estimates
Preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts and disclosures. Actual results may differ.

Cash and Cash Equivalents
Hosanna considers all unrestricted, highly liquid investments with original maturities of three months or less to be cash equivalents. Large period-end cash balances may reflect donations received near fiscal year-end or restricted gifts with longer fulfillment timelines.

Accounts Receivable
Accounts receivable are stated net of an allowance for doubtful accounts based on management's assessment of collectability. Uncollectible balances are written off against the allowance. No allowance was recorded in fiscal years 2026 or 2025.

Inventory
Inventories are stated at the lower of cost or market, with cost determined using the weighted average method.

Deposits
Deposits represent advance payments to manufacturers for Proclaimers®, Mini Proclaimers® and Biblesticks®. Deposits for fiscal years 2026 and 2025 were $139,300 and $67,350, respectively.

Donated Property Held for Sale
Donated marketable securities are carried at fair value; investments in closely held businesses are carried at estimated net realizable value. Gains and losses on disposal are recorded using the specific identification method.

Hosanna received a donation of common stock of a privately held company in a prior year. During the year ended March 31, 2026, the investee completed an initial public offering (IPO), resulting in a readily determinable fair value for the investment based on quoted market prices in an active market.

As of March 31, 2026, the investment was measured at fair value using the quoted market price of the publicly traded shares, a Level 1 input within the fair value hierarchy. During the year, the quoted market price declined significantly following the IPO, resulting in a decrease in the fair value of $1,981,635, which is included in the accompanying statement of activities.

The fair value of the donated property held for sale was $338,196 and $2,319,831 as of March 31, 2026, and 2025, respectively.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Assets and Services
Donated services are recognized as contributions in accordance with FASB ASC 605-25-16, *Revenue Recognition - Contributed Services*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by Hosanna.

Prepaid Expenses
Prepaid expenses of $178,981 and $130,365 for fiscal years 2026 and 2025, respectively, primarily include advertising costs and group health and life insurance premiums, and are typically consumed within the following fiscal year.

Property and Equipment
Acquisitions exceeding $1,000 and expenditures that materially extend asset lives are capitalized at cost, or at fair value if donated. Depreciation is computed using the straight-line method over estimated useful lives of 3 to 20 years.

	2026	2025
Machinery and Equipment	**$ 4,655,964**	$ 3,642,595
Buildings and Improvements	**3,959,157**	3,953,846
Furniture and Fixtures	**365,184**	365,184
Land	**412,953**	412,953
Total Property and Equipment	**9,393,258**	8,374,578
Less: Accumulated Depreciation	**(5,903,821)**	(5,512,036)
Property and Equipment, Net	**$ 3,489,437**	$ 2,862,542

Property depreciation is allocated as a corporate expense based on the relationship of indirect to direct program costs. Depreciation is recorded in the Statements of Functional Expenses as follows:

	2026	2025
Cost of Goods Produced	**$ -**	$ 173,264
Depreciation and Amortization	**537,139**	574,276
Total	**$ 537,139**	$ 747,540

Impairment of Long-lived Assets and Long-lived Assets to be Disposed of
Hosanna reviews its long-lived assets and certain identifiable intangibles for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of, if any, are reported at the lower of the carrying amount or the fair value less costs to sell. No impairment was recorded in the current year.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recordings

All direct and applicable indirect costs of developing and acquiring Bible recordings are capitalized. Effective fiscal year 2026, Hosanna changed the amortization period for all Audio Recordings and Films from 20 years to 10 years on the straight-line basis. This change in accounting estimate better reflects the expected period of benefit of these assets. The effect of the change was to increase amortization expense by approximately $15,197,197 for the year ended March 31, 2026, with a corresponding decrease in net assets without donor restrictions. Amortization expense fiscal years 2026 and 2025 was $18,838,910 and $3,641,713, respectively.

Revenue Recognition

Hosanna recognizes revenue in accordance with FASB ASC 958-605, *Not-for-Profit Entities - Revenue Recognition*. Contributions received are recorded when cash is received, and are recorded as increases in net assets with or without donor restrictions, depending on the existence and/or nature of any donor stipulations. When a stipulation is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities and changes in net assets as net assets released from restrictions.

Mission and program related sales revenue is accounted for under FASB ASC 606*, Revenue from Contracts with Customers*, recognizing revenue when performance obligations under the terms of the contracts with customers are satisfied.

Goods and services to customers are billed monthly and are typically due in 30 days. There are no instances where the timing of revenue recognition differs from the timing of the right to invoice, thus, Hosanna has determined that a significant financing component does not exist.

As of March 31, 2026, and 2025, contract assets (accounts receivable) balances were $364,152 and $20,247, respectively, and contract liabilities were $0.

Classification of Functional Expenses

Expenses directly identifiable with a specific program are allocated to that function. Shared costs are allocated based on the following methods: salaries and related costs by employee time and effort; occupancy costs; depreciation and amortization allocated as a corporate expense based on program and department costs; and other shared costs by their relationship to direct program costs.

Shipping and Handling Costs

Shipping and handling costs are included in program expense and totaled $3,730,769 and $3,439,486 for fiscal years 2026 and 2025, respectively.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising and Promotion
Direct-response advertising and fundraising materials are amortized according to usage. No direct-response material costs were incurred in fiscal years 2026 and 2025. Total advertising expense was $902,227 and $1,180,381 for fiscal years 2026 and 2025, respectively, of which $301,748 and $625,481 is included in program expense in the Statements of Functional Expenses for fiscal years 2026 and 2025, respectively.

Income Taxes
Hosanna and the FCBHIF are non-profit corporations and qualify as tax-exempt organizations under IRC Section 501(c)(3). As such, their normal activities do not result in any income tax liability. Hosanna and the Foundation are classified as other than private foundations. Hosanna did not incur any unrelated business taxable income for the years ended March 31, 2026, and 2025. As a result, Hosanna did not recognize federal and state income tax for the years then ended.

Hosanna adopted FASB ASC 740, *Income Taxes*, relating to accounting for uncertain tax positions. FASB ASC 740 prescribes a recognition threshold and measurement process for accounting for uncertain tax positions and also provides guidance on various related matters such as derecognition, interest, penalties and disclosure required. Hosanna has no unrecognized tax benefit which would require an adjustment to the beginning balance of net assets and had no unrecognized tax benefits at year-end. Hosanna files an exempt organization return in the U.S. federal jurisdiction. Hosanna is no longer subject to income tax examinations by taxing authorities for years beginning before its December 31, 2021, federal filings.

Conflicts of Interest / Private Inurement
Transactions or relationships that conflict with Hosanna's interests are prohibited by policy for all Board members, officers, and employees.

Expense Approval
All expenditures require authorization and approval by two members of management. Reimbursable expense accounts are not used.

Wages, Benefits and Compensation
Compensation is determined by a Board-approved, nondiscriminatory graded pay scale with merit and tenure adjustments. Compensation for employees related to upper management is disclosed in the Form 990.

NOTE 3. CASH AND CASH EQUIVALENTS

Hosanna maintains deposits at two financial institutions. Balances are insured by the Federal Deposit Insurance Corporation (FDIC) and the National Credit Union Administration (NCUA) up to $250,000 per financial institution. Hosanna has not experienced losses in these accounts and does not believe it is exposed to significant credit risk on uninsured balances. At March 31, 2026, Hosanna had deposits of $11,900,019 exceeded of the FDIC or NCUA insurance limits.

NOTE 4. INVENTORIES

Inventories at March 31 consisted of the following:

	2026	2025
Raw Materials and Supplies	**$ 3,589,736**	$ 4,848,856
Finished Goods	**37,918**	346,212
Work in Progress	**416,204**	64,812
Total Inventory	**$ 4,043,858**	$ 5,259,880

NOTE 5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at March 31 are available for the following purposes:

	2026	2025
Faith Comes By Hearing Programs	**$ 1,847,395**	$ 2,191,835
Narration Programs	**7,707,024**	1,586,568
Total Net Assets With Donor Restrictions	**$ 9,554,419**	$ 3,778,403

Restrictions are released as costs are incurred in conducting the restricted programs. Fixed-amount releases include $37 per New Testament produced for distribution and $35,000 per Audio Drama New Testament recorded. Other releases are based on management's estimate of actual costs incurred plus applicable indirect costs.

NOTE 6. COMMITMENTS AND CONTINGENCIES

Hosanna purchases proprietary audio devices from an overseas manufacturer and is obligated for the full amount of each order. Advance payments are recorded as deposits; the remaining balance is recorded as accounts payable and committed orders. Committed orders at March 31, 2026, and 2025 were $51,538 and $37,067, respectively.

NOTE 7. ROYALTY AGREEMENTS

Hosanna holds several copyright license agreements requiring royalty payments of up to 10% of net sales. Sales subject to royalties were $68,359 and $90,226 for fiscal years 2026 and 2025, respectively. Royalties paid were $1,594 and $6,546, respectively, and are included in the statements of financial position.

NOTE 8. MAJOR DONORS

Two donors accounted for 15.00% and 12.06% of total contributions for fiscal years 2026 and 2025, respectively. Management expects contributor concentration to continue, with differing composition.

NOTE 9. RELATED PARTY TRANSACTIONS

With Board disclosure and approval, Hosanna purchases goods and services from entities in which key personnel or Board members hold ownership interests.

The Chief Operating Officer of Hosanna holds an ownership interest in 2Sparrows Manufacturing, from whom Hosanna purchased Audio Bible Programs totaling $8,275,184 and $8,056,093 for fiscal years 2026 and 2025, respectively, representing 96% and 86% of total Audio Bible Programs purchases for fiscal years 2026 and 2025, respectively.

NOTE 10. AVAILABILITY OF FINANCIAL ASSETS

Hosanna's financial assets available within one year of the balance sheet date for general expenditure consisted of the following at March 31,:

	2026	2025
Cash and Cash Equivalents	**$ 12,312,325**	$ 7,604,208
Accounts Receivable, Net	**365,371**	24,700
Cash Value Life Insurance	**525,234**	446,913
Subtotal	**13,202,930**	8,075,821
Less:		
Current Liabilities	**(2,857,044)**	(4,730,560)
Net Assets w/ donor restrictions	**(9,554,419)**	(3,778,403)
Total Financial Assets Available to Meet General Expenditures	**$ 791,467**	$ (433,142)

NOTE 11. SUBSEQUENT ACCOUNTING PRONOUNCEMENTS

The FASB has issued several Accounting Standard Updates (ASU) which are not yet effective for Hosanna. Hosanna is assessing the impact these recent accounting pronouncements will have on its financial statements. The ASUs applicable to Hosanna will be implemented in the subsequent reporting periods.

- ASU 2024-01, *Compensation—Stock Compensation (Topic 718): Scope Application of Profits Interest and Similar Awards*
- ASU 2024-02, *Codification Improvements—Amendments to Remove References to the Concepts Statements*
- ASU 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*
- ASU 2024-04, *Debt—Debt with Conversion and Other Options (Subtopic 470-20): Induced Conversions of Convertible Debt Instruments*
- ASU 2025-01, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date*

NOTE 11. SUBSEQUENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)

- ASU 2025-03, *Business Combinations (Topic 805) and Consolidation (Topic 810): Determining the Accounting Acquirer in the Acquisition of a Variable Interest Entity*
- ASU 2025-04, *Compensation—Stock Compensation (Topic 718) and Revenue from Contracts with Customers (Topic 606): Clarifications to Share-Based Consideration Payable to a Customer*
- ASU 2025-05, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets*
- ASU 2025-06, *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software*
- ASU 2025-07, *Derivatives and Hedging (Topic 815) and Revenue from Contracts with Customers (Topic 606): Derivatives Scope Refinements and Scope Clarification for Share-Based Noncash Consideration from a Customer in a Revenue Contract*
- ASU 2025-08, *Financial Instruments—Credit Losses (Topic 326): Purchased Loans*
- ASU 2025-09, *Derivatives and Hedging (Topic 815): Hedge Accounting Improvements*
- ASU 2025-10, *Government Grants (Topic 832): Accounting for Government Grants Received by Business Entities*
- ASU 2025-11, *Interim Reporting (Topic 270): Narrow-Scope Improvements*
- ASU 2025-12, *Codification Improvements*

NOTE 12. SUBSEQUENT EVENTS

Management evaluated all activity through July 7, 2026, the date the financial statements were available to be issued and concluded that no subsequent events have occurred which would require recognition in the financial statements or disclosure in the notes to the financial statements at March 31, 2026.