



RIVER POINTE COMMUNITY CHURCH

FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2021 AND 2020





REPORT OF INDEPENDENT AUDITOR

The Advisory Team
River Pointe Community Church
Richmond, Texas

We have audited the accompanying financial statements of River Pointe Community Church ("the Church"), which consist of the statements of financial position as of March 31, 2021 and 2020, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Church's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Church's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of River Pointe Community Church as of March 31, 2021 and 2020, 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.

Battis Morrison Wales & Lee, P.A.

BATTIS MORRISON WALES & LEE, P.A.

Plano, Texas
August 25, 2021

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RIVER POINTE COMMUNITY CHURCH
STATEMENTS OF FINANCIAL POSITION

ASSETS

	March 31,	
	2021	2020
ASSETS		
Cash and cash equivalents	\$ 6,020,369	\$ 4,726,002
Cash restricted for long-term purposes	1,414,179	1,352,604
Prepaid expenses	111,173	130,592
Property and equipment, net	53,738,001	54,570,699
Total assets	\$ 61,283,722	\$ 60,779,897
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 281,555	\$ 215,337
Notes payable	8,039,328	10,682,104
Total liabilities	8,320,883	10,897,441
NET ASSETS		
Without donor restrictions		
Undesignated	49,013,006	45,280,368
Designated	1,181,520	1,820,971
Total net assets without donor restrictions	50,194,526	47,101,339
With donor restrictions	2,768,313	2,781,117
Total net assets	52,962,839	49,882,456
Total liabilities and net assets	\$ 61,283,722	\$ 60,779,897

The Accompanying Notes are an Integral
Part of These Financial Statements

RIVER POINTE COMMUNITY CHURCH
STATEMENTS OF ACTIVITIES

	For The Year Ended March 31, 2021			For The Year Ended March 31, 2020
	Without Donor Restrictions	With Donor Restrictions	Total	
PUBLIC SUPPORT AND REVENUE AND NET ASSETS RELEASED FROM RESTRICTIONS				
Contributions without donor restrictions	\$ 9,012,794	\$ —	\$ 9,012,794	\$ 9,280,782
Contributions with donor restrictions	—	4,209,767	4,209,767	5,894,986
Grant revenue	801,963	—	801,963	—
Other revenue	219,433	—	219,433	628,257
Net assets released from restrictions	<u>4,222,571</u>	<u>(4,222,571)</u>	<u>—</u>	<u>—</u>
Total public support and revenue and net assets released from restrictions	<u>14,256,761</u>	<u>(12,804)</u>	<u>13,441,994</u>	<u>15,804,025</u>
EXPENSES				
Program	9,333,904	—	9,333,904	10,628,589
Supporting activities	<u>1,829,670</u>	<u>—</u>	<u>1,829,670</u>	<u>1,624,402</u>
Total expenses	<u>11,163,574</u>	<u>—</u>	<u>11,163,574</u>	<u>12,252,991</u>
Change in net assets without donor restrictions	3,093,187	—	3,093,187	2,338,792
Change in net assets with donor restrictions	<u>—</u>	<u>(12,804)</u>	<u>(12,804)</u>	<u>1,212,242</u>
CHANGE IN NET ASSETS	3,093,187	(12,804)	3,080,383	3,551,034
NET ASSETS - Beginning of year	<u>47,101,339</u>	<u>2,781,117</u>	<u>49,882,456</u>	<u>46,331,422</u>
NET ASSETS - End of year	<u>\$ 50,194,526</u>	<u>\$ 2,768,313</u>	<u>\$ 52,962,839</u>	<u>\$ 49,882,456</u>

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RIVER POINTE COMMUNITY CHURCH
STATEMENTS OF CASH FLOWS

	For The Years Ended	
	March 31,	
	2021	2020
OPERATING CASH FLOWS		
Cash received from contributors	\$ 9,590,088	\$ 10,118,730
Other revenue received	267,800	585,266
Cash paid for operating activities and costs	(8,619,345)	(11,102,284)
Interest paid	(333,647)	(437,636)
Net operating cash flows	904,896	(835,924)
INVESTING CASH FLOWS		
Purchases of and improvements to property and equipment	(1,340,614)	(3,581,099)
Net investing cash flows	(1,340,614)	(3,581,099)
FINANCING CASH FLOWS		
Proceeds from contributions restricted for investment in property and equipment and debt retirement	3,632,473	5,057,038
Proceeds from issuance of notes payable and draws on line of credit	893,597	4,222,471
Repayments of notes payable and line of credit	(2,734,410)	(2,737,832)
Net financing cash flows	1,791,660	6,541,677
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	1,355,942	2,124,654
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - Beginning of year	6,078,606	3,953,952
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - End of year	\$ 7,434,548	\$ 6,078,606
REPORTED IN THE STATEMENTS OF FINANCIAL POSITION AS FOLLOWS		
Cash and cash equivalents	\$ 6,020,369	\$ 4,726,002
Cash restricted for long-term purposes	1,414,179	1,352,604
Total cash, cash equivalents, and restricted cash	\$ 7,434,548	\$ 6,078,606
RECONCILIATION OF CHANGE IN NET ASSETS TO NET OPERATING CASH FLOWS		
Change in net assets	\$ 3,080,383	\$ 3,551,034
Adjustments to reconcile change in net assets to net operating cash flows		
Contributions restricted for investment in property and equipment and debt retirement	(3,632,473)	(5,057,038)
Conversion of note payable to grant revenue (see Note F)	(801,963)	—
Depreciation	2,173,312	1,885,369
Change in prepaid expenses	19,419	22,213
Change in accounts payable and accrued expenses	66,218	(1,237,502)
Net operating cash flows	\$ 904,896	\$ (835,924)

SUPPLEMENTAL DISCLOSURE

\$801,963 of principal reductions of a certain note payable is included in "grant revenue" in the accompanying statement of activities for the year ended March 31, 2021. See Note F.

RIVER POINTE COMMUNITY CHURCH

STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended March 31, 2021

	<u>Program</u>	<u>Supporting Activities</u>	<u>Total Expenses</u>
Personnel costs	\$ 4,942,069	\$ 313,111	\$ 5,255,180
Depreciation	1,847,315	325,997	2,173,312
Facilities management and non-capitalized project expenditures	705,630	435,733	1,141,363
Professional services and fees	533,325	458,860	992,185
Missions and outreach	457,569	75,535	533,104
Interest	283,600	50,047	333,647
Travel, meals, and refreshments	313,468	18,871	332,339
Other	136,048	16,736	152,784
Rent and lease expense	53,322	83,395	136,717
Office expense and supplies	52,100	33,749	85,849
Information technology and software	9,458	17,636	27,094
Total expenses	<u>\$ 9,333,904</u>	<u>\$ 1,829,670</u>	<u>\$ 11,163,574</u>

The Accompanying Notes are an Integral
Part of These Financial Statements

RIVER POINTE COMMUNITY CHURCH

STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended March 31, 2020

	<u>Program</u>	<u>Supporting Activities</u>	<u>Total Expenses</u>
Personnel costs	\$ 5,074,220	\$ 209,897	\$ 5,284,117
Depreciation	1,602,564	282,805	1,885,369
Professional services and fees	1,066,152	414,809	1,480,961
Facilities management and non-capitalized project expenditures	806,859	361,834	1,168,693
Missions and outreach	969,575	85,512	1,055,087
Travel, meals, and refreshments	569,546	54,797	624,343
Other	220,576	9,595	230,171
Rent and lease expense	78,371	99,800	178,171
Interest	145,913	25,749	171,662
Office expense and supplies	90,305	63,100	153,405
Information technology and software	4,508	16,504	21,012
Total expenses	<u>\$ 10,628,589</u>	<u>\$ 1,624,402</u>	<u>\$ 12,252,991</u>

The Accompanying Notes are an Integral
Part of These Financial Statements

RIVER POINTE COMMUNITY CHURCH
NOTES TO FINANCIAL STATEMENTS

NOTE A – NATURE OF ACTIVITIES

River Pointe Community Church (“the Church”) is a not-for-profit Texas corporation. The purpose of the Church is to glorify God by fulfilling the Great Commandment and the Great Commission. The Church operates three campuses in the Houston metro area – located in Richmond, Missouri City, and Houston, Texas.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

The Church recognizes cash contributions as revenue when the contributions are received by the Church. Contributions received are recorded as without or with donor restrictions depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), 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.”

Cash and cash equivalents

The Church considers investment instruments purchased or donated with original maturities of three months or less to be cash equivalents.

Cash restricted for long-term purposes

Cash restricted for long-term purposes consists of donor-restricted amounts for building and construction projects and debt retirement.

Property and equipment

Property and equipment are stated at cost, if purchased, or estimated fair value on the date of donation, if donated. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets.

Functional allocation of expenses

The statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas. Indirect costs that benefit multiple functional areas are allocated among the various functional areas based primarily on employee time and space utilization.

Net assets

Net assets without donor restrictions are available for use at the discretion of the Advisory Team and/or management for general operating purposes. From time to time, the Advisory Team may designate a portion of these net assets for specific purposes which makes them unavailable for use at management’s discretion. Designated net assets consist of amounts designated by the Advisory Team for various reserve purposes.

Income taxes

The Church is exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code and from state income tax pursuant to state law. The Church is further classified as a public charity and not a private foundation for federal tax purposes. The Church has not incurred unrelated business income taxes. As a result, no income tax provision or liability has been provided for in the accompanying financial statements.

Use of estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Significant estimates used in preparing these financial statements include those related to estimating the useful lives of property and equipment. Actual results could differ from the estimates.

RIVER POINTE COMMUNITY CHURCH
NOTES TO FINANCIAL STATEMENTS

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Economic uncertainties

In January 2020, the World Health Organization (“WHO”) announced a global health emergency related to the outbreak of a virus originating in China. In March 2020, WHO elevated the classification of the outbreak to a pandemic (“the pandemic”). Management is closely monitoring the potential impact of the pandemic on the Church’s financial condition and has taken actions to mitigate its impact. Such actions include availing the Church of relief measures available under federal law and reducing the overall scope and cost of operations. Because of the unknown impact on global commerce, management is not able to estimate the effects of the pandemic on its operating results, financial condition, or liquidity for the year ending March 31, 2022.

Subsequent events

The Church has evaluated for possible financial statement reporting and disclosure subsequent events through August 25, 2021, the date as of which the financial statements were available to be issued.

NOTE C – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure within one year of the date of the statements of financial position are as follows:

	March 31,	
	2021	2020
Financial assets available:		
Cash and cash equivalents	\$ 6,020,369	\$ 4,726,002
Cash restricted for long-term purposes	1,414,179	1,352,604
Total financial assets available within one year	7,434,548	6,078,606
Less:		
Amounts held subject to Advisory Team designations	(1,181,520)	(1,820,971)
Amounts restricted for long-term purposes	(1,414,179)	(1,352,604)
Net financial assets available within one year	\$ 4,838,849	\$ 2,905,031

The Church is primarily supported by contributions. As part of the Church’s liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Church’s Advisory Team has designated certain amounts for reserve purposes. Because of the nature of the designations, these amounts are not available for general expenditure within one year; however, the Advisory Team could make them available, if necessary. The Church also has certain assets limited to use for long-term donor-restricted purposes. Because of the nature of the restrictions, the Church must maintain sufficient resources to meet its responsibilities to its donors. Thus, those financial assets may not be available for general expenditure within one year. The Church also has other donor-restricted net assets that are available for general expenditure within one year, because the restrictions on net assets are expected to be met by conducting the normal activities of the Church in the coming year.

Management believes the Church has sufficient financial assets available for general operations that may be drawn upon in the event of unanticipated financial distress or immediate liquidity need.

NOTE D – CONCENTRATIONS

The Church maintains its cash and cash equivalents in deposit accounts which may not be federally insured, may exceed federally insured limits, or may be insured by an entity other than an agency of the federal government. The Church has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk related to cash and cash equivalents.

RIVER POINTE COMMUNITY CHURCH
NOTES TO FINANCIAL STATEMENTS

NOTE E – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

Category	March 31,	
	2021	2020
Land and land improvements	\$ 16,576,590	\$ 16,487,018
Buildings and improvements	42,681,691	42,655,852
Furniture and equipment	7,405,232	6,879,478
Construction in progress	927,127	227,678
Total property and equipment	67,590,640	66,250,026
Less: Accumulated depreciation	(13,852,639)	(11,679,327)
Net property and equipment	\$ 53,738,001	\$ 54,570,699

Depreciation expense amounted to \$2,173,312 and \$1,885,369 during the years ended March 31, 2021 and 2020, respectively.

NOTE F – NOTES PAYABLE

Notes payable consisted of the following:

	March 31,	
	2021	2020
Non-revolving line of credit with a bank in an amount up to \$8,910,000; no amounts were available to be drawn as of March 31, 2021 and 2020; secured by certain real property; interest payable monthly at the one-month LIBOR rate plus 2.25% per annum (approximately 2.36% and 3.24% as of March 31, 2021 and March 31, 2020, respectively); subject to certain restrictive covenants as described in the loan documents; the non-revolving line of credit expires in January 2022, at which time all outstanding principal and interest are due	\$ 4,004,000	\$ 6,457,000
Note payable to a bank; payable in monthly installments of principal and interest at 4.17% per annum; subject to certain restrictive covenants as described in the loan documents; secured by the Church’s real property; the note matures in December 2024	3,907,594	4,159,380
Other notes payable	127,734	65,724
Total notes payable	\$ 8,039,328	\$ 10,682,104

During the year ended March 31, 2021, the Church obtained a Paycheck Protection Program note payable (“PPP loan”) to a bank in the amount of \$822,295. Pursuant to federal law, \$801,963 of the PPP loan was forgiven in March 2021 based on the nature of the Church’s expenditures during an applicable period and approximately \$20,000 will be repaid by the Church according to the terms of the PPP loan agreement. The forgiven amount has been recognized as “grant revenue” in the accompanying statement of activities and as a reduction to “notes payable” in the statement of financial position for the year ended March 31, 2021.

RIVER POINTE COMMUNITY CHURCH
NOTES TO FINANCIAL STATEMENTS

NOTE F – NOTES PAYABLE (Continued)

Approximate future maturities of notes payable are as follows:

Year Ending <u>March 31,</u>	
2022	\$ 4,328,000
2023	310,000
2024	318,000
2025	3,080,000
2026	<u>3,000</u>
Total	<u>\$ 8,039,000</u>

Interest paid, accrued, capitalized, and expensed consisted of the following amounts:

	<u>For The Years Ended March 31,</u>	
	<u>2021</u>	<u>2020</u>
Total interest paid	\$ 333,647	\$ 437,636
Less: Amount capitalized as property and equipment	<u>—</u>	<u>(265,974)</u>
Interest expense	<u>\$ 333,647</u>	<u>\$ 171,662</u>

NOTE G – RESTRICTIONS ON NET ASSETS

Activity for net assets with donor restrictions was as follows during the year ended March 31, 2021:

	<u>Balance April 1</u>	<u>Contributions</u>	<u>Releases</u>	<u>Balance March 31</u>
Capital projects	\$ 1,352,604	\$ 3,632,473	\$ (3,570,898)	\$ 1,414,179
Missions	1,184,417	540,900	(472,342)	1,252,975
Other Church ministries	175,802	35,244	(152,194)	58,852
Disaster relief	<u>68,294</u>	<u>1,150</u>	<u>(27,137)</u>	<u>42,307</u>
Total	<u>\$ 2,781,117</u>	<u>\$ 4,209,767</u>	<u>\$ (4,222,571)</u>	<u>\$ 2,768,313</u>

Activity for net assets with donor restrictions was as follows during the year ended March 31, 2020:

	<u>Balance April 1</u>	<u>Contributions</u>	<u>Releases</u>	<u>Balance March 31</u>
Capital projects	\$ —	\$ 5,057,038	\$ (3,704,434)	\$ 1,352,604
Missions	937,542	597,011	(350,136)	1,184,417
Other Church ministries	335,393	236,937	(396,528)	175,802
Disaster relief	<u>295,940</u>	<u>4,000</u>	<u>(231,646)</u>	<u>68,294</u>
Total	<u>\$ 1,568,875</u>	<u>\$ 5,894,986</u>	<u>\$ (4,682,744)</u>	<u>\$ 2,781,117</u>

RIVER POINTE COMMUNITY CHURCH
NOTES TO FINANCIAL STATEMENTS

NOTE H – RETIREMENT PLAN

The Church maintains a 403(b) retirement plan (“the Plan”) for the benefit of its employees. Eligible employees may make elective deferral contributions to the Plan. Employer contributions to the Plan are discretionary. The Church contributed approximately \$129,000 and \$114,000 to the Plan during the years ended March 31, 2021 and 2020, respectively.

NOTE I – COMMITMENT

During the year ended March 31, 2021, the Church executed a contract related to a construction project at the Church’s Houston campus. The total contract amount through August 25, 2021, the date as of which the financial statements were available to be issued, was approximately \$2,024,000. Approximately \$1,591,000 in progress payments are expected to be made in connection with the construction contract as work on the project is completed.