



Batts Morrison  
Wales & Lee

CERTIFIED PUBLIC ACCOUNTANTS

# River Pointe Community Church

Financial Statements

For The Years Ended March 31, 2022 and 2021



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CERTIFIED PUBLIC ACCOUNTANTS

## REPORT OF INDEPENDENT AUDITOR

The Advisory Team  
River Pointe Community Church  
Richmond, Texas

### ***Opinion***

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, 2022 and 2021, and the related statements of activities, cash flows, and functional expenses 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 River Pointe Community Church as of March 31, 2022 and 2021, 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 the Church and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Church’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 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, including omissions, 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 risk 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.

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Church's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Church's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Batts Morrison Wales & Lee, P.A.*

BATTS MORRISON WALES & LEE, P.A.

Plano, Texas  
February 28, 2023

**RIVER POINTE COMMUNITY CHURCH**  
STATEMENTS OF FINANCIAL POSITION

**ASSETS**

	March 31,	
	2022	2021
<b>ASSETS</b>		
Cash and cash equivalents	\$ 5,887,117	\$ 6,020,369
Cash restricted for long-term purposes	343,058	1,414,179
Certificates of deposit restricted for long-term purposes	5,000,000	—
Other assets	154,615	111,173
Property and equipment, net	53,950,594	53,738,001
<b>Total assets</b>	<b>\$ 65,335,384</b>	<b>\$ 61,283,722</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 326,272	\$ 281,555
Notes payable	7,624,370	8,039,328
<b>Total liabilities</b>	<b>7,950,642</b>	<b>8,320,883</b>
<b>NET ASSETS</b>		
Without donor restrictions		
Undesignated	49,703,889	49,013,006
Designated	813,695	1,181,520
Total net assets without donor restrictions	50,517,584	50,194,526
With donor restrictions	6,867,158	2,768,313
<b>Total net assets</b>	<b>57,384,742</b>	<b>52,962,839</b>
<b>Total liabilities and net assets</b>	<b>\$ 65,335,384</b>	<b>\$ 61,283,722</b>

The Accompanying Notes are an Integral  
Part of These Financial Statements

**RIVER POINTE COMMUNITY CHURCH**  
STATEMENTS OF ACTIVITIES

	For The Year Ended March 31, 2022			For The Year Ended March 31, 2021
	Without Donor Restrictions	With Donor Restrictions	Total	
<b>PUBLIC SUPPORT AND REVENUE AND NET ASSETS RELEASED FROM RESTRICTIONS</b>				
Contributions without donor restrictions	\$ 9,811,613	\$ —	\$ 9,811,613	\$ 9,012,794
Contributions with donor restrictions	—	7,210,902	7,210,902	4,209,767
Other revenue	1,230,197	—	1,230,197	219,433
Grant revenue	—	—	—	801,963
Net assets released from restrictions	<u>3,112,057</u>	<u>(3,112,057)</u>	<u>—</u>	<u>—</u>
<b>Total public support and revenue and net assets released from restrictions</b>	<b><u>14,153,867</u></b>	<b><u>4,098,845</u></b>	<b><u>18,252,712</u></b>	<b><u>14,243,957</u></b>
<b>EXPENSES</b>				
Program activities	11,842,157	—	11,842,157	9,333,904
Supporting activities	<u>1,988,652</u>	<u>—</u>	<u>1,988,652</u>	<u>1,829,670</u>
<b>Total expenses</b>	<b><u>13,830,809</u></b>	<b><u>—</u></b>	<b><u>13,830,809</u></b>	<b><u>11,163,574</u></b>
<b>Change in net assets without donor restrictions</b>	<b>323,058</b>	<b>—</b>	<b>323,058</b>	<b>3,093,187</b>
<b>Change in net assets with donor restrictions</b>	<u>—</u>	<b><u>4,098,845</u></b>	<b><u>4,098,845</u></b>	<b><u>(12,804)</u></b>
<b>CHANGE IN NET ASSETS</b>	<b>323,058</b>	<b>4,098,845</b>	<b>4,421,903</b>	<b>3,080,383</b>
<b>NET ASSETS - Beginning of year</b>	<b><u>50,194,526</u></b>	<b><u>2,768,313</u></b>	<b><u>52,962,839</u></b>	<b><u>49,882,456</u></b>
<b>NET ASSETS - End of year</b>	<b><u>\$ 50,517,584</u></b>	<b><u>\$ 6,867,158</u></b>	<b><u>\$ 57,384,742</u></b>	<b><u>\$ 52,962,839</u></b>

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**RIVER POINTE COMMUNITY CHURCH**  
STATEMENTS OF CASH FLOWS

	For The Years Ended March 31,	
	2022	2021
<b>OPERATING CASH FLOWS</b>		
Cash received from contributors	\$ 10,657,261	\$ 9,590,088
Other revenue received	1,287,394	267,800
Cash paid for operating activities and costs	(11,374,179)	(8,619,345)
Interest paid	(265,281)	(333,647)
<b>Net operating cash flows</b>	<b>305,195</b>	<b>904,896</b>
<b>INVESTING CASH FLOWS</b>		
Purchases of certificates of deposit	(5,000,000)	—
Purchases of and improvements to property and equipment	(2,459,864)	(1,340,614)
<b>Net investing cash flows</b>	<b>(7,459,864)</b>	<b>(1,340,614)</b>
<b>FINANCING CASH FLOWS</b>		
Proceeds from contributions restricted for investment in property and equipment and debt retirement	6,365,254	3,632,473
Proceeds from issuance of notes payable and draws on line of credit	—	893,597
Repayments of notes payable and line of credit	(414,958)	(2,734,410)
<b>Net financing cash flows</b>	<b>5,950,296</b>	<b>1,791,660</b>
<b>NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b>	<b>(1,204,373)</b>	<b>1,355,942</b>
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - Beginning of year</b>	<b>7,434,548</b>	<b>6,078,606</b>
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - End of year</b>	<b>\$ 6,230,175</b>	<b>\$ 7,434,548</b>
<b>REPORTED IN THE STATEMENTS OF FINANCIAL POSITION AS FOLLOWS</b>		
Cash and cash equivalents	\$ 5,887,117	\$ 6,020,369
Cash restricted for long-term purposes	343,058	1,414,179
<b>Total cash, cash equivalents, and restricted cash</b>	<b>\$ 6,230,175</b>	<b>\$ 7,434,548</b>
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET OPERATING CASH FLOWS</b>		
Change in net assets	\$ 4,421,903	\$ 3,080,383
Adjustments to reconcile change in net assets to net operating cash flows		
Contributions restricted for investment in property and equipment and debt retirement	(6,365,254)	(3,632,473)
Conversion of note payable to grant revenue (see Note F)	—	(801,963)
Depreciation	2,247,271	2,173,312
Change in other assets	(43,442)	19,419
Change in accounts payable and accrued expenses	44,717	66,218
<b>Net operating cash flows</b>	<b>\$ 305,195</b>	<b>\$ 904,896</b>

**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, 2022

	<u>Program Activities</u>	<u>Supporting Activities</u>	<u>Total Expenses</u>
Personnel costs	\$ 5,912,576	\$ 308,495	\$ 6,221,071
Depreciation	2,045,017	202,254	2,247,271
Professional services and fees	782,268	685,769	1,468,037
Facilities management and non-capitalized project expenditures	885,697	482,969	1,368,666
Missions and outreach	751,822	—	751,822
Travel, meals, and refreshments	383,725	—	383,725
Other	342,506	36,941	379,447
Office expense and supplies	352,875	—	352,875
Rent and lease expense	91,193	248,349	339,542
Interest	241,406	23,875	265,281
Information technology and software	53,072	—	53,072
<b>Total expenses</b>	<b><u>\$ 11,842,157</u></b>	<b><u>\$ 1,988,652</u></b>	<b><u>\$ 13,830,809</u></b>

The Accompanying Notes are an Integral  
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# RIVER POINTE COMMUNITY CHURCH

## STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended March 31, 2021

	<u>Program Activities</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
	<u>9,458</u>	<u>17,636</u>	<u>27,094</u>
<b>Total expenses</b>	<b><u>\$ 9,333,904</u></b>	<b><u>\$ 1,829,670</u></b>	<b><u>\$ 11,163,574</u></b>

The Accompanying Notes are an Integral  
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**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 – one each 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.

**Certificates of deposit restricted for long-term purposes**

The Church’s certificates of deposit at March 31, 2022 mature through January 2023, include interest rates up to 0.32% per annum, and are held subject to donor restrictions stipulating that the funds be used 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.

**RIVER POINTE COMMUNITY CHURCH**  
NOTES TO FINANCIAL STATEMENTS

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 the useful lives of property and equipment. Actual results could differ from the estimates.

**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,	
	2022	2021
Financial assets available:		
Cash and cash equivalents	\$ 5,887,117	\$ 6,020,369
Cash restricted for long-term purposes	343,058	1,414,179
Certificates of deposit restricted for long-term purposes	5,000,000	—
Total financial assets available within one year	11,230,175	7,434,548
Less:		
Amounts held subject to Advisory Team designations	(813,695)	(1,181,520)
Amounts restricted for long-term purposes	(5,343,058)	(1,414,179)
Net financial assets available within one year	\$ 5,073,422	\$ 4,838,849

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 and certificates of deposit 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,	
	2022	2021
Land and land improvements	\$ 16,576,590	\$ 16,576,590
Buildings and improvements	45,543,746	42,681,691
Furniture and equipment	7,909,883	7,405,232
Construction in progress	20,285	927,127
Total property and equipment	70,050,504	67,590,640
Less: Accumulated depreciation	(16,099,910)	(13,852,639)
Net property and equipment	\$ 53,950,594	\$ 53,738,001

Depreciation expense amounted to \$2,247,271 and \$2,173,312 during the years ended March 31, 2022 and 2021, respectively.

**NOTE F – NOTES PAYABLE**

Notes payable consisted of the following:

	March 31,	
	2022	2021
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, 2022 or 2021; secured by certain real property; through December 2021, required monthly installments of interest at the one-month LIBOR rate plus 2.25% per annum (approximately 2.36% as of March 31, 2021); beginning in January 2022, requires monthly installments of principal (based on a 10-year amortization period) and interest at a variable rate based on a certain index as described in the loan documents (approximately 2.50% as of March 31, 2022); subject to certain restrictive covenants as described in the loan documents; the non-revolving line of credit expires in January 2023, at which time all outstanding principal and interest are due; amended subsequent to March 31, 2022 (see Note I)	\$ 3,903,900	\$ 4,004,000
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	\$ 3,645,454	\$ 3,907,594
Other notes payable	75,016	127,734
Total notes payable	\$ 7,624,370	\$ 8,039,328

**RIVER POINTE COMMUNITY CHURCH**  
NOTES TO FINANCIAL STATEMENTS

**NOTE F – NOTES PAYABLE (Continued)**

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. The remaining amount of \$20,332 was paid in-full by the Church during the year ended March 31, 2022. The amount forgiven has been recognized as “grant revenue” in the accompanying statement of activities for the year ended March 31, 2021 and as a reduction to “notes payable” in the accompanying statement of financial position as of March 31, 2021.

Approximate future maturities of notes payable are as follows (after giving effect to the amendment of the non-revolving line of credit described in Note I):

<u>Year Ending</u> <u>March 31,</u>	
2023	\$ 3,301,000
2024	1,229,000
2025	3,090,000
2026	<u>4,000</u>
Total	<u>\$ 7,624,000</u>

Interest expense amounted to \$265,281 and \$333,647 during the years ended March 31, 2022 and 2021, respectively.

**NOTE G – RESTRICTIONS ON NET ASSETS**

Activity for net assets with donor restrictions was as follows during the year ended March 31, 2022:

	<u>Balance</u> <u>April 1</u>	<u>Contributions</u>	<u>Releases</u>	<u>Balance</u> <u>March 31</u>
Capital projects	\$ 1,414,179	\$ 6,365,254	\$ (2,436,375)	\$ 5,343,058
Missions	1,252,975	639,519	(450,394)	1,442,100
Other Church ministries	58,852	205,929	(205,573)	59,208
Disaster relief	<u>42,307</u>	<u>200</u>	<u>(19,715)</u>	<u>22,792</u>
Total	<u>\$ 2,768,313</u>	<u>\$ 7,210,902</u>	<u>\$ (3,112,057)</u>	<u>\$ 6,867,158</u>

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

	<u>Balance</u> <u>April 1</u>	<u>Contributions</u>	<u>Releases</u>	<u>Balance</u> <u>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>

**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 \$142,000 and \$129,000 to the Plan during the years ended March 31, 2022 and 2021, respectively.

**NOTE I – SUBSEQUENT EVENTS**

Subsequent to March 31, 2022, the Church agreed to an amendment to the non-revolving line of credit with a bank described in Note F. The terms of the amendment require monthly installments of principal and interest beginning in January 2023 in an amount sufficient to fully amortize the principal amount by May 2023, when the amended non-revolving line of credit matures.

The Church has evaluated for possible financial reporting and disclosure subsequent events through February 28, 2023, the date as of which the financial statements were available to be issued.