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River Pointe Community Church

Financial Statements

For The Years Ended March 31, 2024 and 2023



Batts Morrison
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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, 2024 and 2023, 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, 2024 and 2023, 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 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.

A handwritten signature in blue ink that reads "Batts Morrison Wales & Lee, P.A.".

BATTS MORRISON WALES & LEE, P.A.

Plano, Texas
August 29, 2024

RIVER POINTE COMMUNITY CHURCH
STATEMENTS OF FINANCIAL POSITION

ASSETS

	March 31,	
	2024	2023
ASSETS		
Cash and cash equivalents	\$ 6,718,237	\$ 5,237,430
Cash designated for long-term purposes	715,988	367,444
Assets restricted for long-term purposes	5,758,360	6,162,101
Other assets	1,322,471	617,149
Property and equipment, net	51,397,416	52,218,627
Interest rate swap contract, at estimated fair value	60,895	—
	<u>60,895</u>	<u>—</u>
Total assets	<u>\$ 65,973,367</u>	<u>\$ 64,602,751</u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable and accrued expenses	\$ 1,232,380	\$ 524,866
Notes payable	6,714,000	6,919,255
	<u>6,714,000</u>	<u>6,919,255</u>
Total liabilities	<u>7,946,380</u>	<u>7,444,121</u>
NET ASSETS		
Without donor restrictions		
Undesignated	3,723,644	2,857,794
Designated	2,548,966	1,455,091
Net investment in property and equipment	44,683,416	45,299,372
	<u>44,683,416</u>	<u>45,299,372</u>
Total without donor restrictions	50,956,026	49,612,257
With donor restrictions	7,070,961	7,546,373
	<u>7,070,961</u>	<u>7,546,373</u>
Total net assets	<u>58,026,987</u>	<u>57,158,630</u>
Total liabilities and net assets	<u>\$ 65,973,367</u>	<u>\$ 64,602,751</u>

The Accompanying Notes are an Integral
Part of These Financial Statements

RIVER POINTE COMMUNITY CHURCH
STATEMENTS OF ACTIVITIES

	For The Years Ended March 31,					
	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE AND NET ASSETS RELEASED FROM RESTRICTIONS						
Contributions	\$ 11,865,990	\$ 1,899,225	\$ 13,765,215	\$ 10,007,738	\$ 2,517,960	\$ 12,525,698
Other revenue	3,514,857	—	3,514,857	1,813,564	—	1,813,564
Net assets released from restrictions	<u>2,374,637</u>	<u>(2,374,637)</u>	<u>—</u>	<u>1,838,745</u>	<u>(1,838,745)</u>	<u>—</u>
Total public support and revenue and net assets released from restrictions	<u>17,755,484</u>	<u>(475,412)</u>	<u>17,280,072</u>	<u>13,660,047</u>	<u>679,215</u>	<u>14,339,262</u>
EXPENSES						
Program activities	14,005,163	—	14,005,163	12,605,577	—	12,605,577
Supporting activities	<u>2,467,447</u>	<u>—</u>	<u>2,467,447</u>	<u>1,959,797</u>	<u>—</u>	<u>1,959,797</u>
Total expenses	<u>16,472,610</u>	<u>—</u>	<u>16,472,610</u>	<u>14,565,374</u>	<u>—</u>	<u>14,565,374</u>
CHANGE IN NET ASSETS BEFORE OTHER CHANGE	1,282,874	(475,412)	807,462	(905,327)	679,215	(226,112)
Change in estimated fair value of interest rate swap contract	<u>60,895</u>	<u>—</u>	<u>60,895</u>	<u>—</u>	<u>—</u>	<u>—</u>
CHANGE IN NET ASSETS	1,343,769	(475,412)	868,357	(905,327)	679,215	(226,112)
NET ASSETS - Beginning of year	<u>49,612,257</u>	<u>7,546,373</u>	<u>57,158,630</u>	<u>50,517,584</u>	<u>6,867,158</u>	<u>57,384,742</u>
NET ASSETS - End of year	<u>\$ 50,956,026</u>	<u>\$ 7,070,961</u>	<u>\$ 58,026,987</u>	<u>\$ 49,612,257</u>	<u>\$ 7,546,373</u>	<u>\$ 57,158,630</u>

The Accompanying Notes are an Integral
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RIVER POINTE COMMUNITY CHURCH
STATEMENTS OF CASH FLOWS

	For The Years Ended March 31,	
	2024	2023
OPERATING CASH FLOWS		
Cash received from contributors	\$ 12,522,858	\$ 10,583,108
Other revenue received	2,384,707	1,754,988
Cash paid for operating activities and costs	(13,154,227)	(12,188,493)
Interest paid	(359,115)	(332,154)
Net operating cash flows	1,394,223	(182,551)
INVESTING CASH FLOWS		
Proceeds from redemptions of certificates of deposit	1,000,000	5,000,000
Purchases of certificates of deposit	—	(1,000,000)
Net proceeds from sales (purchases) of investments and reinvestment of interest	1,551,399	(1,455,030)
Purchases of and improvements to property and equipment	(1,077,040)	(543,168)
Net investing cash flows	1,474,359	2,001,802
FINANCING CASH FLOWS		
Proceeds from contributions restricted for investment in property and equipment and debt retirement	1,242,357	1,942,590
Proceeds from borrowings	7,000,000	—
Repayments of notes payable and line of credit	(7,205,255)	(705,115)
Net financing cash flows	1,037,102	1,237,475
NET CHANGE IN CASH, CASH EQUIVALENTS, DESIGNATED, AND RESTRICTED CASH	3,905,684	3,056,726
CASH, CASH EQUIVALENTS, DESIGNATED, AND RESTRICTED CASH - Beginning of year	9,286,901	6,230,175
CASH, CASH EQUIVALENTS, DESIGNATED, AND RESTRICTED CASH - End of year	\$ 13,192,585	\$ 9,286,901
REPORTED IN THE STATEMENTS OF FINANCIAL POSITION AS FOLLOWS		
Cash and cash equivalents	\$ 6,718,237	\$ 5,237,430
Cash designated for long-term purposes	715,988	367,444
Restricted cash included in "assets restricted for long-term purposes"	5,758,360	3,682,027
Total cash, cash equivalents, designated, and restricted cash	\$ 13,192,585	\$ 9,286,901
RECONCILIATION OF CHANGE IN NET ASSETS TO NET OPERATING CASH FLOWS		
Change in net assets	\$ 868,357	\$ (226,112)
Adjustments to reconcile change in net assets to net operating cash flows		
Contributions restricted for investment in property and equipment and debt retirement	(1,242,357)	(1,942,590)
Depreciation	2,200,397	2,275,135
Net gain on investments	(71,325)	(25,044)
Change in other assets	(705,322)	(462,534)
Change in estimated fair value of interest rate swap contract	(60,895)	—
Change in accounts payable and accrued expenses	405,368	198,594
Net operating cash flows	\$ 1,394,223	\$ (182,551)

SUPPLEMENTAL DISCLOSURE

Approximately \$302,000 of property and equipment additions are included in "accounts payable and accrued expenses" in the accompanying statement of financial position as of March 31, 2024.

The Accompanying Notes are an Integral
Part of These Financial Statements

RIVER POINTE COMMUNITY CHURCH
STATEMENTS OF FUNCTIONAL EXPENSES

For The Year Ended March 31, 2024

	Program Activities	Supporting Activities	Total Expenses
Personnel costs	\$ 6,458,804	\$ 267,371	\$ 6,726,175
Professional services and fees	1,295,222	1,174,138	2,469,360
Depreciation	2,002,361	198,036	2,200,397
Facilities management and non-capitalized project expenditures	888,313	437,194	1,325,507
Missions and outreach	1,283,395	—	1,283,395
Other	660,228	50,969	711,197
Office expense and supplies	557,466	—	557,466
Travel, meals, and refreshments	454,248	—	454,248
Interest	326,795	32,320	359,115
Rent and lease expense	48,163	307,419	355,582
Information technology and software	30,168	—	30,168
Total expenses	<u>\$ 14,005,163</u>	<u>\$ 2,467,447</u>	<u>\$ 16,472,610</u>

For The Year Ended March 31, 2023

	Program Activities	Supporting Activities	Total Expenses
Personnel costs	\$ 6,432,672	\$ 197,416	\$ 6,630,088
Depreciation	2,070,373	204,762	2,275,135
Professional services and fees	836,407	742,220	1,578,627
Facilities management and non-capitalized project expenditures	828,877	457,285	1,286,162
Missions and outreach	871,706	—	871,706
Travel, meals, and refreshments	482,255	—	482,255
Office expense and supplies	448,105	—	448,105
Rent and lease expense	65,815	291,231	357,046
Interest	302,260	29,894	332,154
Other	254,228	36,989	291,217
Information technology and software	12,879	—	12,879
Total expenses	<u>\$ 12,605,577</u>	<u>\$ 1,959,797</u>	<u>\$ 14,565,374</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 – 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 designated for long-term purposes

Cash designated for long-term purposes consists of amounts designated by the Advisory Team for capital projects and debt retirement.

Assets restricted for long-term purposes

Assets restricted for long-term purposes consist of cash, a certificate of deposit, and investments restricted by donors for capital 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 purposes further described in Note J. Net assets with donor restrictions consist of amounts with uses limited by donor-imposed time and/or purpose restrictions.

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 estimated fair value of investments and the interest rate swap contract, and the useful lives of property and equipment. Actual results could differ from the estimates.

Reclassifications

Certain amounts included in the financial statements as of and for the year ended March 31, 2023 have been reclassified to conform to classifications adopted during the year ended March 31, 2024. The reclassifications had no material effect on the accompanying financial statements.

Subsequent events

The Church has evaluated for possible financial reporting and disclosure subsequent events through the date of the report of independent auditor, 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:

	<u>March 31,</u>	
	<u>2024</u>	<u>2023</u>
Financial assets available:		
Cash and cash equivalents	\$ 6,718,237	\$ 5,237,430
Cash designated for long-term purposes	715,988	367,444
Assets restricted for long-term purposes	<u>5,758,360</u>	<u>6,162,101</u>
 Total financial assets available within one year	 13,192,585	 11,766,975
 Less:		
Amounts held subject to Advisory Team designations	(2,548,966)	(1,455,091)
Amounts restricted for long-term purposes	<u>(5,758,360)</u>	<u>(6,162,101)</u>
 Net financial assets available within one year	 <u>\$ 4,885,259</u>	 <u>\$ 4,149,783</u>

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 purposes further described in Note J. 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.

RIVER POINTE COMMUNITY CHURCH
NOTES TO FINANCIAL STATEMENTS

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.

As of March 31, 2024, the Church had approximately \$3,201,000 in bank deposit accounts, not reflective of outstanding deposits or disbursements. Bank deposit accounts are federally insured up to \$250,000 per financial institution.

Additionally, as of March 31, 2024, cash and cash equivalents (including cash restricted for long-term purposes) of approximately \$9,989,000 were held in certain money market investment accounts at two separate financial institutions. Such amounts are not covered by federal depository or other insurance, and accordingly, are subject to the risk of loss.

The Church's note payable as of March 31, 2024 is owed to one bank. Substantially all of the Church's notes payable were owed to a separate bank as of March 31, 2023.

NOTE E – ASSETS RESTRICTED FOR LONG-TERM PURPOSES

Assets restricted for long-term purposes consisted of the following:

	<u>March 31.</u>	
	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 5,758,360	\$ 3,682,027
Investments	—	1,480,074
Certificate of deposit	—	<u>1,000,000</u>
Total assets restricted for long-term purposes	<u>\$ 5,758,360</u>	<u>\$ 6,162,101</u>

The Church's certificate of deposit matured in July 2023 and bore interest at a rate of 2.40% per annum.

NOTE F – FAIR VALUE MEASUREMENTS

Accounting principles generally accepted in the United States of America ("U.S. GAAP") define fair value for an investment generally as the price an organization would receive upon selling the investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. The information available to measure fair value varies depending on the nature of each investment and its market or markets. Accordingly, U.S. GAAP recognizes a hierarchy of "inputs" an organization may use in determining or estimating fair value. The inputs are categorized into "levels" that relate to the extent to which an input is objectively observable and the extent to which markets exist for identical or comparable investments. In determining or estimating fair value, an organization is required to maximize the use of observable market data (to the extent available) and minimize the use of unobservable inputs. The hierarchy assigns the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs). A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Following is a description of each of the three levels of input within the fair value hierarchy:

Level 1 – unadjusted quoted market prices in active markets for identical assets

Level 2 – other significant observable inputs (such as quoted prices for similar assets)

Level 3 – significant unobservable inputs

RIVER POINTE COMMUNITY CHURCH
NOTES TO FINANCIAL STATEMENTS

NOTE F – FAIR VALUE MEASUREMENTS (Continued)

The estimated fair value of certain assets measured on a recurring basis at March 31, 2024 are as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Interest rate swap contract	\$ 60,895	\$ —	\$ 60,895	\$ —
Total	<u>\$ 60,895</u>	<u>\$ —</u>	<u>\$ 60,895</u>	<u>\$ —</u>

The estimated fair value of certain assets measured on a recurring basis at March 31, 2023 are as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Obligations of the U.S. Government and its agencies:				
Asset-backed securities	\$ 980,820	\$ 980,820	\$ —	\$ —
Treasury securities	<u>499,254</u>	<u>499,254</u>	<u>—</u>	<u>—</u>
Total	<u>\$ 1,480,074</u>	<u>\$ 1,480,074</u>	<u>\$ —</u>	<u>\$ —</u>

Financial assets with estimated values determined using Level 2 inputs are based on amounts provided by a certain financial institution.

NOTE G – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

<u>Category</u>	<u>March 31,</u>	
	<u>2024</u>	<u>2023</u>
Land and land improvements	\$ 16,576,590	\$ 16,576,590
Buildings and improvements	45,880,823	45,567,144
Furniture and equipment	8,330,307	8,022,963
Construction in progress	<u>1,185,138</u>	<u>426,975</u>
Total property and equipment	71,972,858	70,593,672
Less: Accumulated depreciation	<u>(20,575,442)</u>	<u>(18,375,045)</u>
Net property and equipment	<u>\$ 51,397,416</u>	<u>\$ 52,218,627</u>

Depreciation expense amounted to \$2,200,397 and \$2,275,135 during the years ended March 31, 2024 and 2023, respectively.

RIVER POINTE COMMUNITY CHURCH
NOTES TO FINANCIAL STATEMENTS

NOTE H – NOTES PAYABLE

Notes payable consisted of the following:

	<u>March 31,</u>	
	<u>2024</u>	<u>2023</u>
Note payable to a bank pursuant to a promissory note payable agreement entered into during the year ended March 31, 2024 to refinance the Church's previous non-revolving line of credit and note payable owed to a separate bank; requires varying monthly installments of principal as described in the loan documents and interest at the applicable SOFR plus a margin of 1.60% (approximately 6.89% as of March 31, 2024); secured by a mortgage on certain real property; subject to certain restrictive covenants as described in the loan documents; matures in April 2028	\$ 6,714,000	\$ —
Non-revolving line of credit with a bank in an amount up to \$8,910,000; no amounts were available to be drawn during the years ended March 31, 2024 or 2023; required varying monthly installments of principal and interest at a rate based on a certain index as described in the loan documents (approximately 6.89% and 2.50% as of March 31, 2023); secured by certain real property; subject to certain restrictive covenants as described in the loan documents; scheduled to expire in May 2023, at which time all outstanding principal and interest were due; refinanced during the year ended March 31, 2024	—	3,503,500
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 was scheduled to mature December 2024; refinanced during the year ended March 31, 2024	—	3,372,014
Other notes payable	<u>—</u>	<u>43,741</u>
Total notes payable	<u>\$ 6,714,000</u>	<u>\$ 6,919,255</u>

Interest expense amounted to \$359,115 and \$332,154 during the years ended March 31, 2024 and 2023, respectively.

Approximate future maturities of notes payable are as follows:

<u>Year Ending</u> <u>March 31,</u>	
2025	\$ 327,000
2026	345,000
2027	364,000
2028	385,000
2029	<u>5,293,000</u>
Total	<u>\$ 6,714,000</u>

RIVER POINTE COMMUNITY CHURCH
NOTES TO FINANCIAL STATEMENTS

NOTE I – INTEREST RATE SWAP CONTRACT

As of March 31, 2024, the Church was party to an interest rate swap contract with a bank to reduce the impact of changes in the variable rate of a certain note payable. The interest rate swap contract matures in April 2028. The interest rate swap contract effectively fixes the Church's interest rate exposure on the declining notional amount totaling \$6,714,000 as of March 31, 2024 to 3.79% per annum, plus certain annual fees and costs.

The estimated fair value of the interest rate swap contract was an asset of \$60,895 as of March 31, 2024. Value has been estimated based on the amount needed to settle the agreement as calculated by the counterparty to the swap agreement. The calculation was based on market conditions, including prevailing interest rates, and takes into consideration expectations regarding interest rate movements, the remaining term of the agreement, and other factors.

The change in the estimated fair value of the interest rate swap contract is reported in the accompanying statement of activities for the year ending March 31, 2024 as "change in estimated fair value of interest rate swap contract." The Church is exposed to credit loss in the event of nonperformance by the other party to the interest rate swap contract. However, the Church does not anticipate nonperformance by the counterparty.

NOTE J – DESIGNATED AND DONOR-RESTRICTED NET ASSETS

Net assets were designated by the Advisory Team for the following purposes:

	<u>March 31,</u>	
	<u>2024</u>	<u>2023</u>
Operating reserves	\$ 1,832,978	\$ 1,087,647
Capital projects and debt retirement	<u>715,988</u>	<u>367,444</u>
Total designated net assets	<u>\$ 2,548,966</u>	<u>\$ 1,455,091</u>

Activity for net assets with donor restrictions was as follows during the year ended March 31, 2024:

	<u>Balance April 1</u>	<u>Contributions</u>	<u>Releases</u>	<u>Balance March 31</u>
Capital projects and debt retirement	\$ 6,162,101	\$ 1,242,357	\$ (1,646,098)	\$ 5,758,360
Missions	1,303,869	409,114	(461,004)	1,251,979
Other Church ministries	<u>80,403</u>	<u>247,754</u>	<u>(267,535)</u>	<u>60,622</u>
Total	<u>\$ 7,546,373</u>	<u>\$ 1,899,225</u>	<u>\$ (2,374,637)</u>	<u>\$ 7,070,961</u>

Activity for net assets with donor restrictions was as follows during the year ended March 31, 2023:

	<u>Balance April 1</u>	<u>Contributions</u>	<u>Releases</u>	<u>Balance March 31</u>
Capital projects and debt retirement	\$ 5,343,058	\$ 1,942,590	\$ (1,123,547)	\$ 6,162,101
Missions	1,442,100	337,685	(475,916)	1,303,869
Other Church ministries	<u>82,000</u>	<u>237,685</u>	<u>(239,282)</u>	<u>80,403</u>
Total	<u>\$ 6,867,158</u>	<u>\$ 2,517,960</u>	<u>\$ (1,838,745)</u>	<u>\$ 7,546,373</u>

RIVER POINTE COMMUNITY CHURCH
NOTES TO FINANCIAL STATEMENTS

NOTE K – 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 \$166,000 and \$188,000 to the Plan during the years ended March 31, 2024 and 2023, respectively.

NOTE L – COMMITMENTS

As of March 31, 2024, the Church was party to a contract totaling approximately \$1,493,000 for a certain construction project at the Church’s main campus. Approximately \$1,362,000 remained unpaid as of March 31, 2024 related to this contract, and will be paid as work on the project is completed.

The Church’s former senior pastor separated from employment during the year ended March 31, 2024. The Church and the former senior pastor agreed to legal settlement terms associated with his termination of employment.