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River Pointe Community Church

Financial Statements

For The Years Ended March 31, 2025 and 2024



Batts Morrison
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REPORT OF INDEPENDENT AUDITOR

The Board of Directors
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, 2025 and 2024, 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, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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.

Batts Morrison Wales & Lee, P.A.

BATTS MORRISON WALES & LEE, P.A.

Plano, Texas
August 13, 2025

RIVER POINTE COMMUNITY CHURCH
STATEMENTS OF FINANCIAL POSITION

ASSETS

	March 31,	
	2025	2024
ASSETS		
Cash and cash equivalents	\$ 6,039,460	\$ 6,718,237
Cash designated for long-term purposes	1,017,620	715,988
Cash restricted for long-term purposes	2,280,393	5,758,360
Other assets	923,370	1,322,471
Property and equipment, net	52,908,326	51,397,416
Interest rate swap contract, at estimated fair value	—	60,895
Total assets	\$ 63,169,169	\$ 65,973,367

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable and accrued expenses	\$ 660,508	\$ 1,232,380
Note payable	6,387,999	6,714,000
Interest rate swap contract, at estimated fair value	26,914	—
Total liabilities	7,075,421	7,946,380
NET ASSETS		
Without donor restrictions		
Undesignated	3,305,759	3,723,644
Designated	2,797,136	2,548,966
Net investment in property and equipment	46,520,327	44,683,416
Total without donor restrictions	52,623,222	50,956,026
With donor restrictions	3,470,526	7,070,961
Total net assets	56,093,748	58,026,987
Total liabilities and net assets	\$ 63,169,169	\$ 65,973,367

The Accompanying Notes are an Integral
Part of These Financial Statements

RIVER POINTE COMMUNITY CHURCH
STATEMENTS OF ACTIVITIES

	For The Years Ended March 31,					
	2025			2024		
	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	\$ 9,487,469	\$ 1,665,931	\$ 11,153,400	\$ 11,865,990	\$ 1,899,225	\$ 13,765,215
Other revenue	2,539,011	—	2,539,011	3,514,857	—	3,514,857
Net assets released from restrictions	<u>5,266,366</u>	<u>(5,266,366)</u>	<u>—</u>	<u>2,374,637</u>	<u>(2,374,637)</u>	<u>—</u>
Total public support and revenue and net assets released from restrictions	<u>17,292,846</u>	<u>(3,600,435)</u>	<u>13,692,411</u>	<u>17,755,484</u>	<u>(475,412)</u>	<u>17,280,072</u>
EXPENSES						
Program activities	13,297,862	—	13,297,862	14,005,163	—	14,005,163
Supporting activities	<u>2,239,979</u>	<u>—</u>	<u>2,239,979</u>	<u>2,467,447</u>	<u>—</u>	<u>2,467,447</u>
Total expenses	<u>15,537,841</u>	<u>—</u>	<u>15,537,841</u>	<u>16,472,610</u>	<u>—</u>	<u>16,472,610</u>
CHANGE IN NET ASSETS BEFORE OTHER CHANGE	1,755,005	(3,600,435)	(1,845,430)	1,282,874	(475,412)	807,462
Change in estimated fair value of interest rate swap contract	<u>(87,809)</u>	<u>—</u>	<u>(87,809)</u>	<u>60,895</u>	<u>—</u>	<u>60,895</u>
CHANGE IN NET ASSETS	1,667,196	(3,600,435)	(1,933,239)	1,343,769	(475,412)	868,357
NET ASSETS - Beginning 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>
NET ASSETS - End of year	<u>\$ 52,623,222</u>	<u>\$ 3,470,526</u>	<u>\$ 56,093,748</u>	<u>\$ 50,956,026</u>	<u>\$ 7,070,961</u>	<u>\$ 58,026,987</u>

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RIVER POINTE COMMUNITY CHURCH
STATEMENTS OF CASH FLOWS

	For The Years Ended March 31,	
	2025	2024
OPERATING CASH FLOWS		
Cash received from contributors	\$ 10,118,996	\$ 12,522,858
Other revenue received	2,567,120	2,384,707
Cash paid for operating activities and costs	(12,919,476)	(13,154,227)
Interest paid	(360,689)	(359,115)
Net operating cash flows	(594,049)	1,394,223
INVESTING CASH FLOWS		
Proceeds from redemptions of certificates of deposit	—	1,000,000
Net proceeds from sales of investments	—	1,551,399
Purchases of and improvements to property and equipment	(3,969,466)	(1,077,040)
Net investing cash flows	(3,969,466)	1,474,359
FINANCING CASH FLOWS		
Proceeds from contributions restricted for investment in property and equipment and debt retirement	1,034,404	1,242,357
Proceeds from borrowings	—	7,000,000
Principal repayments	(326,001)	(7,205,255)
Net financing cash flows	708,403	1,037,102
NET CHANGE IN CASH, CASH EQUIVALENTS, DESIGNATED, AND RESTRICTED CASH	(3,855,112)	3,905,684
CASH, CASH EQUIVALENTS, DESIGNATED, AND RESTRICTED CASH - Beginning of year	13,192,585	9,286,901
CASH, CASH EQUIVALENTS, DESIGNATED, AND RESTRICTED CASH - End of year	\$ 9,337,473	\$ 13,192,585
REPORTED IN THE STATEMENTS OF FINANCIAL POSITION AS FOLLOWS		
Cash and cash equivalents	\$ 6,039,460	\$ 6,718,237
Cash designated for long-term purposes	1,017,620	715,988
Cash restricted for long-term purposes	2,280,393	5,758,360
Total cash, cash equivalents, designated, and restricted cash	\$ 9,337,473	\$ 13,192,585
RECONCILIATION OF CHANGE IN NET ASSETS TO NET OPERATING CASH FLOWS		
Change in net assets	\$ (1,933,239)	\$ 868,357
Adjustments to reconcile change in net assets to net operating cash flows		
Contributions restricted for investment in property and equipment and debt retirement	(1,034,404)	(1,242,357)
Depreciation	2,156,410	2,200,397
Net gain on investments	—	(71,325)
Change in other assets	399,101	(705,322)
Change in estimated fair value of interest rate swap contract	87,809	(60,895)
Change in accounts payable and accrued expenses	(269,726)	405,368
Net operating cash flows	\$ (594,049)	\$ 1,394,223

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, 2025

	Program Activities	Supporting Activities	Total Expenses
Personnel costs	\$ 6,561,279	\$ 272,119	\$ 6,833,398
Depreciation	1,962,333	194,077	2,156,410
Professional services and fees	989,875	996,423	1,986,298
Missions and outreach	1,195,239	—	1,195,239
Facilities management and non-capitalized project expenditures	827,523	335,551	1,163,074
Office expense and supplies	565,872	—	565,872
Travel, meals, and refreshments	429,653	—	429,653
Rent and lease expense	38,703	327,418	366,121
Interest	328,227	32,462	360,689
Other	228,940	81,929	310,869
Information technology and software	170,218	—	170,218
Total expenses	\$ 13,297,862	\$ 2,239,979	\$ 15,537,841

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	\$ 14,005,163	\$ 2,467,447	\$ 16,472,610

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 Board of Directors for capital projects and debt retirement.

Cash restricted for long-term purposes

Cash restricted for long-term purposes consist of amounts 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 Board of Directors (or the Advisory Team until April 2025) and/or management for general operating purposes. From time to time, the Board of Directors or 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 Board of Directors or Advisory Team for purposes further described in Note H. 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 is generally exempt from applicable state income taxes. 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 fair values of investments and the interest rate swap contract, and the useful lives of property and equipment. Actual results could differ from the estimates.

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>2025</u>	<u>2024</u>
Financial assets available:		
Cash and cash equivalents	\$ 6,039,460	\$ 6,718,237
Cash designated for long-term purposes	1,017,620	715,988
Cash restricted for long-term purposes	<u>2,280,393</u>	<u>5,758,360</u>
Total financial assets available within one year	9,337,473	13,192,585
Less:		
Amounts held subject to Board of Directors or		
Advisory Team designations	(2,797,136)	(2,548,966)
Amounts restricted for long-term purposes	<u>(2,280,393)</u>	<u>(5,758,360)</u>
Net financial assets available within one year	<u>\$ 4,259,944</u>	<u>\$ 4,885,259</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 Board of Directors or Advisory Team (until April 2025) has designated certain amounts for purposes further described in Note H. Because of the nature of the designations, these amounts are not available for general expenditure within one year; however, the Board of Directors or 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 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, 2025 and 2024, the Church had approximately \$2,081,000 and \$3,201,000, respectively, 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, 2025 and 2024, cash and cash equivalents (including cash designated and restricted for long-term purposes) of approximately \$7,300,000 and \$9,989,000, respectively, 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.

NOTE E – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

<u>Category</u>	<u>March 31,</u>	
	<u>2025</u>	<u>2024</u>
Land and land improvements	\$ 18,582,214	\$ 16,576,590
Buildings and improvements	48,026,620	45,880,823
Furniture, equipment, and vehicles	8,535,568	8,330,307
Construction in progress	<u>495,776</u>	<u>1,185,138</u>
Total property and equipment	75,640,178	71,972,858
Less: Accumulated depreciation	<u>(22,731,852)</u>	<u>(20,575,442)</u>
Net property and equipment	<u>\$ 52,908,326</u>	<u>\$ 51,397,416</u>

Depreciation expense amounted to \$2,156,410 and \$2,200,397 during the years ended March 31, 2025 and 2024, respectively.

NOTE F – NOTE PAYABLE

During the year ended March 31, 2024, the Church entered into a promissory note payable agreement to refinance its debt. The promissory note 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 6.01% and 6.89% as of March 31, 2025 and 2024, respectively) through the promissory note's maturity date in April 2028. The promissory note is secured by a mortgage on certain real property and is subject to certain restrictive covenants as described in the loan documents.

Interest expense amounted to \$360,689 and \$359,115 during the years ended March 31, 2025 and 2024, respectively.

RIVER POINTE COMMUNITY CHURCH
NOTES TO FINANCIAL STATEMENTS

NOTE F – NOTE PAYABLE (Continued)

Approximate future maturities of the Church's note payable are as follows:

Year Ending <u>March 31.</u>	
2026	\$ 345,000
2027	364,000
2028	385,000
2029	<u>5,294,000</u>
Total	<u>\$ 6,388,000</u>

NOTE G – INTEREST RATE SWAP CONTRACT

As of March 31, 2025 and 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 amounts totaling approximately \$6,388,000 and \$6,714,000 as of March 31, 2025 and 2024, respectively, to 3.79% per annum, plus certain annual fees and costs. The estimated fair value of the interest rate swap contract was a liability of \$26,914 and an asset of \$60,895 as of March 31, 2025 and 2024, respectively.

The liability and asset as of March 31, 2025 and 2024, respectively, are reported as "interest rate swap contract, at estimated fair value" in the accompanying statements of financial position and are calculated based on the settlement payment the Church would make to or received from the bank to terminate the interest rate swap contract. Such calculations were based on market conditions, including prevailing interest rates, and take into consideration expectations regarding interest rate movements, the remaining terms of the agreements, and other factors. The change in the estimated fair value of the interest rate swap contract is reported in the accompanying statements of activities, 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.

For fair value measurement purposes, the interest rate swap contract is considered a "Level 2" liability and asset as of March 31, 2025 and 2024, respectively. "Level 2" liabilities and assets use significant observable inputs (such as quoted prices for similar items) to measure fair value. The value of the interest rate swap liability and asset as of March 31, 2025 and 2024 respectively, is based on amounts provided by a certain financial institution.

The carrying value of cash, cash equivalents, and note payable do not differ materially from reasonable estimates of fair value, as the terms of such instruments do not vary significantly from the assumptions that would be made in estimating fair value.

NOTE H – DESIGNATED AND DONOR-RESTRICTED NET ASSETS

Net assets were designated by the Board of Directors or Advisory Team (until April 2025) for the following purposes:

	<u>March 31.</u>	
	<u>2025</u>	<u>2024</u>
Operating reserves	\$ 1,779,516	\$ 1,832,978
Capital projects and debt retirement	<u>1,017,620</u>	<u>715,988</u>
Total designated net assets	<u>\$ 2,797,136</u>	<u>\$ 2,548,966</u>

RIVER POINTE COMMUNITY CHURCH
NOTES TO FINANCIAL STATEMENTS

NOTE H – DESIGNATED AND DONOR-RESTRICTED NET ASSETS (Continued)

Activity for net assets with donor restrictions was as follows during the year ended March 31, 2025:

	<u>Balance April 1</u>	<u>Contributions</u>	<u>Releases</u>	<u>Balance March 31</u>
Capital projects and debt retirement	\$ 5,758,360	\$ 1,034,404	\$ (4,512,371)	\$ 2,280,393
Missions	1,251,979	432,543	(588,918)	1,095,604
Other Church ministries	<u>60,622</u>	<u>198,984</u>	<u>(165,077)</u>	<u>94,529</u>
Total	<u>\$ 7,070,961</u>	<u>\$ 1,665,931</u>	<u>\$ (5,266,366)</u>	<u>\$ 3,470,526</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>

NOTE I – 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 \$177,000 and \$166,000 to the Plan during the years ended March 31, 2025 and 2024, respectively.

NOTE J – COMMITMENTS

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.