

# WEST HOUSTON CHRISTIAN CHURCH

Financial Statements  
With Independent Accountants' Review Report

December 31, 2023 and 2022

# WEST HOUSTON CHRISTIAN CHURCH

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## INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Church Council  
West Houston Christian Church  
Houston, Texas

We have reviewed the accompanying financial statements of West Houston Christian Church, which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of West Houston Christian Church's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

### *Management's Responsibility 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

### *Accountants' Responsibility*

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### *Accountants' Conclusion*

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

*Capin Crouse LLP*

Irving, Texas  
March 28, 2024

# WEST HOUSTON CHRISTIAN CHURCH

## Statements of Financial Position

	December 31,	
	<u>2023</u>	<u>2022</u>
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 2,192,181	\$ 1,905,602
Investments	63,456	43,053
Note receivable	-	241,667
Prepaid expenses and other assets	19,663	3,905
Property, plant, and equipment—net	2,479,074	2,595,131
Finance lease right-of-use asset	65,151	83,765
	<u>                    </u>	<u>                    </u>
Total Assets	<u>\$ 4,819,525</u>	<u>\$ 4,873,123</u>
<b>LIABILITIES AND NET ASSETS:</b>		
Liabilities:		
Accounts payable and other liabilities	\$ 108,240	\$ 134,903
Finance lease right-of-use liability	66,591	84,552
Total liabilities	<u>174,831</u>	<u>219,455</u>
Net assets:		
Net assets without donor restrictions	4,614,266	4,608,810
Net assets with donor restrictions	30,428	44,858
Total net assets	<u>4,644,694</u>	<u>4,653,668</u>
Total Liabilities and Net Assets	<u>\$ 4,819,525</u>	<u>\$ 4,873,123</u>

See accompanying notes and independent accountants' review report

# WEST HOUSTON CHRISTIAN CHURCH

## Statements of Activities

	Years Ended December 31,					
	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT, REVENUE, AND RECLASSIFICATIONS:						
Contributions	\$ 2,556,440	\$ 155,165	\$ 2,711,605	\$ 2,385,937	\$ 161,491	\$ 2,547,428
Registration Income	122,465	-	122,465	66,205	-	66,205
Rental income	-	-	-	16,667	-	16,667
Investment income (loss)	20,111	-	20,111	(29,372)	-	(29,372)
Other income	71,937	-	71,937	41,357	-	41,357
Net assets released from restrictions	169,595	(169,595)	-	179,671	(179,671)	-
Total Support, Revenue, and Reclassifications	2,940,548	(14,430)	2,926,118	2,660,465	(18,180)	2,642,285
EXPENSES:						
Program services:						
Church activities	2,505,930	-	2,505,930	4,297,172	-	4,297,172
Supporting activities:						
General and administrative	429,162	-	429,162	407,846	-	407,846
Total Expenses	2,935,092	-	2,935,092	4,705,018	-	4,705,018
Change in Net Assets	5,456	(14,430)	(8,974)	(2,044,553)	(18,180)	(2,062,733)
Net Assets, Beginning of Year	4,608,810	44,858	4,653,668	6,653,363	63,038	6,716,401
Net Assets, End of Year	\$ 4,614,266	\$ 30,428	\$ 4,644,694	\$ 4,608,810	\$ 44,858	\$ 4,653,668

See accompanying notes and independent accountants' review report

# WEST HOUSTON CHRISTIAN CHURCH

## Statements of Cash Flows

	Year Ended December 31,	
	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (8,974)	\$ (2,062,733)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	282,370	311,816
Unrealized (gain) loss on investments	(20,403)	27,019
Loss on sale of property, plant, and equipment	3,198	187
Amortization of finance lease right-of-use asset	18,614	13,961
In-kind grant expense of property, plant, and equipment	-	1,881,150
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	(15,758)	3,502
Accounts payable and other liabilities	(26,663)	(42,423)
Net Cash Provided by Operating Activities	232,384	132,479
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property, plant, and equipment	(169,510)	(173,283)
Net Cash Used by Investing Activities	(169,510)	(173,283)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Principal paid on finance lease	(17,961)	(13,174)
Collections from note receivable	241,667	283,335
Net Cash Provided by Financing Activities	223,706	270,161
Change in Cash and Cash Equivalents	286,580	229,357
Cash and Cash Equivalents, Beginning of Year	1,905,602	1,676,245
Cash and Cash Equivalents, End of Year	\$ 2,192,182	\$ 1,905,602
<b>SUPPLEMENTAL DISCLOSURES:</b>		
Cash paid for interest	\$ 1,947	\$ 1,757
Addition right-of-use asset from financing lease	\$ -	\$ 97,726
Non-cash issuance of note receivable for sale of building (Note 4)	\$ -	\$ 525,002

See accompanying notes and independent accountants' review report

# WEST HOUSTON CHRISTIAN CHURCH

## Notes to Financial Statements

December 31, 2023 and 2022

1. NATURE OF ORGANIZATION:

West Houston Christian Church (the Church) is a church that exists to glorify God and make disciples by welcoming sojourners home to the joy of following Jesus together.

West Houston Christian Church is the assumed name for West Houston Chinese Church. The Church is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code), and is also exempt from state income taxes. Contributions by the public are deductible for income tax purposes. The Church has been classified as a publicly support organization, which is not a private foundation under Section 509(a) of the Code.

The Church's primary source of support is contributions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Church maintains its accounts and prepares its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of any contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

### CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash in banks and money market accounts. As of December 31, 2023 and 2022, the cash accounts maintained exceeded federally insured limits by approximately \$2,084,000 and \$1,504,000, respectively. The Church has not experienced any losses.

### INVESTMENTS AND FAIR VALUE

The Church's investment portfolio consists of mutual funds and certificates of deposits which are carried at fair value. Gains and losses on investments are recorded in the statements of activities as increases in net assets without donor restrictions, unless their use is restricted by donor stipulation. Donated investments are recorded at fair value at the date of donation.

The Church follows accounting standards which establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements), moderate priority to assets with other observable inputs (Level 2) and the lowest priority to unobservable inputs (Level 3 measurements). All investments of the Church as of December 31, 2023 and 2022, consists of mutual funds, whose value may be established by quoted market prices in an active market for identical assets and therefore classifies as Level 1. The Church did not have any Level 2 or Level 3 valued investments at December 31, 2023 and 2022.

# WEST HOUSTON CHRISTIAN CHURCH

## Notes to Financial Statements

December 31, 2023 and 2022

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### PROPERTY, PLANT, AND EQUIPMENT—NET

Property and equipment are recorded at cost, or if donated, at estimated fair market value on the date of the gift. Expenditures for property and equipment greater than \$500 are capitalized at cost. Donated items are recorded at fair market value on the date of the gift. Costs of maintenance and repairs are charged to expense as incurred. When depreciable assets are disposed of, the cost and related accumulated depreciation are removed from the accounts, and any gain or loss is included in other income for the period. Depreciation is computed on the straight line method over the estimated useful lives of the assets as follows:

Buildings and building improvements	10-30 years
Furniture, equipment, and vehicles	3-7 years

#### RIGHT-OF-USE ASSETS AND LIABILITIES-FINANCING LEASE

The Church has one financing lease for office equipment. The Church determines if an arrangement is a lease at inception.

Right-of-use represents the Church's right to use the underlying asset for the lease term. Right-of-use assets and related liabilities are recognized at commencement dated based on the net present value of lease payments over the lease term discounted using a risk-free rate. The value of an option to extend or terminate a lease is reflected to the extent it is reasonably certain management will exercise the option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

#### CLASSES OF NET ASSETS

The financial statements report amounts by class of net assets:

*Net assets without donor restrictions* are those currently available for use in ministries under the direction of the church council.

*Net assets with donor restrictions* are those stipulated by donors for specific operating purposes or those not currently available for use until commitments regarding their use have been fulfilled.



# WEST HOUSTON CHRISTIAN CHURCH

## Notes to Financial Statements

December 31, 2023 and 2022

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### SUPPORT AND REVENUE

Contributions are recorded when made, which may be when cash and other assets are received or unconditionally promised. Gifts of cash and other assets are reported as support with donor restrictions if they are received with donor stipulations that limit the use of the donated amounts. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is satisfied, 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. All contributions are considered available for general use unless specifically restricted by the donor. Noncash contributions are recorded at the estimated fair value on the date of donation.

Rental income consists of funds received from New Hope Christian Church Woodlands (NHCCW) for the use of their church facility. Rental income is recorded when the services are provided to NHCCW. See further information in Note 4.

Registration income consists primarily of event revenue for the Church which is earned when the event occurs. Other income consists of various ministry items earned as received.

#### FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs such as depreciation and salaries have been allocated among the program services and supporting activities benefited. Depreciation is allocated based on square footage. Costs of payroll, taxes, and employee benefits were allocated on estimates of time and effort.

# WEST HOUSTON CHRISTIAN CHURCH

## Notes to Financial Statements

December 31, 2023 and 2022

3. LIQUIDITY AND FUNDS AVAILABLE:

The following reflects the Church's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

	December 31,	
	2023	2022
Financial assets:		
Cash and cash equivalents	\$ 2,192,181	\$ 1,905,602
Less those not available for general expenditures within one year:		
Restricted for purpose	(30,428)	(44,858)
	<u>(30,428)</u>	<u>(44,858)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,161,753</u>	<u>\$ 1,860,744</u>

As part of the Church's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

4. NOTE RECEIVABLE:

In the year ended December 31, 2022, The Church issued a note receivable of \$525,002, for the sale of the building used by New Hope Christian Church Woodlands (NHCCW). The note was due in monthly installments of \$8,333 and had a maturity date of June 14, 2027. The note was interest free and imputed interest has been evaluated and determined to be immaterial for inclusion in the financial statements. NHCCW paid off the note in full in the year ended December 31, 2023.

	December 31,	
	2023	2022
Note receivable from NHCCW	\$ -	\$ 241,667

# WEST HOUSTON CHRISTIAN CHURCH

## Notes to Financial Statements

December 31, 2023 and 2022

5. PROPERTY, PLANT, AND EQUIPMENT—NET:

Property, plant, and equipment—net consists of the following:

	December 31,	
	2023	2022
Land	\$ 281,568	\$ 281,568
Buildings and building improvements	6,545,678	6,522,829
Furniture and fixtures	213,646	244,678
Equipment	797,813	709,647
Vehicle	166,168	130,504
	<u>8,004,873</u>	<u>7,889,226</u>
Less accumulated depreciation	<u>(5,525,800)</u>	<u>(5,294,095)</u>
	<u>\$ 2,479,073</u>	<u>\$ 2,595,131</u>

# WEST HOUSTON CHRISTIAN CHURCH

## Notes to Financial Statements

December 31, 2023 and 2022

6. FINANCING LEASE RIGHT OF USE ASSETS AND LIABILITIES:

The Church leases multiple copiers under an noncancelable lease agreement expiring in 2027. The discount rate represents the risk-free discount rate using a period comparable with that of the individual lease term. The lease requires monthly payments totaling \$1,659 per month.

	December 31,	
	2023	2022
Assets:		
Financing lease right-of-use assets	\$ 65,151	\$ 83,765
Liabilities:		
Financing lease liabilities	\$ 66,591	\$ 84,552
Lease cost:		
Financing lease costs:		
Amortization of ROU assets	\$ 18,614	\$ 13,961
Interest on lease liabilities	1,947	1,757
	\$ 20,561	\$ 15,718
Weighted average remaining lease term	3.34 Years	4.25 Years
Weighted average discount rate	2.55%	2.55%

Maturities of operating lease liabilities are as follows:

Years ending December 31,	Amounts
2024	\$ 19,908
2025	19,908
2026	19,908
2027	9,954
	69,678
Imputed interest	(3,087)
Total	\$ 66,591

# WEST HOUSTON CHRISTIAN CHURCH

## Notes to Financial Statements

December 31, 2023 and 2022

7. FUNCTIONAL ALLOCATION OF EXPENSES:

The natural classification of expenses is recorded as follows as of the year ended December 31, 2023:

	Program Services	Supporting Activities		Total
	Church Activities	General and Administrative		
Salaries and benefits	\$ 1,280,676	\$ 157,683	\$	1,438,359
Missions grants	329,094	-		329,094
Depreciation	225,416	56,954		282,370
Ministry supplies	178,482	-		178,482
Printing, posting, and office supplies	100,027	55,264		155,291
Insurance	35,699	67,918		103,617
Professional fees	11,659	70,742		82,401
Utilities	71,496	6,473		77,969
Contract labor	59,344	4,167		63,511
Repairs and maintenance	57,192	3,071		60,263
Travel	51,845	-		51,845
Benevolence	47,103	-		47,103
Equipment	48,403	-		48,403
Rent	9,494	-		9,494
Other	-	6,890		6,890
	<u>\$ 2,505,930</u>	<u>\$ 429,162</u>	<u>\$</u>	<u>2,935,092</u>

# WEST HOUSTON CHRISTIAN CHURCH

## Notes to Financial Statements

December 31, 2023 and 2022

7. FUNCTIONAL ALLOCATION OF EXPENSES, continued:

The natural classification of expenses is recorded as follows as of the year ended December 31, 2022:

	Program Services	Supporting Activities		Total
	Church Activities	General and Administrative		
Salaries and benefits	\$ 1,277,616	\$ 157,618	\$	1,435,234
Depreciation	249,453	62,363		311,816
In-kind grants	1,881,150	-		1,881,150
Missions grants	308,753	-		308,753
Repairs and maintenance	30,858	1,572		32,430
Ministry supplies	195,254	-		195,254
Printing, posting, and office supplies	71,301	57,971		129,272
Contract labor	77,352	7,520		84,872
Benevolence	68,250	-		68,250
Utilities	66,417	6,140		72,557
Professional fees	1,764	57,289		59,053
Insurance	1,934	55,057		56,991
Equipment	14,308	-		14,308
Travel	39,142	-		39,142
Rent	12,654	-		12,654
Other	966	2,316		3,282
	\$ 4,297,172	\$ 407,846	\$	4,705,018

8. RETIREMENT PLAN:

The Church has a defined contribution retirement plan that qualifies under Internal Revenue Code Section 403(b). All employees may participate through voluntary salary reductions. The Church makes an annual contribution of 5% of annual salary with a minimum of \$2,000 per person per year for each full-time staff member. Employer contributions for the years ended December 31, 2023 and 2022, were \$39,276 and \$42,749, respectively.

# WEST HOUSTON CHRISTIAN CHURCH

## Notes to Financial Statements

December 31, 2023 and 2022

9. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of the following:

	December 31,	
	2023	2022
Benevolence	\$ 30,428	\$ 28,215
Church planting	-	1,410
Other	-	15,233
	<u>\$ 30,428</u>	<u>\$ 44,858</u>

10. RELATED PARTY TRANSACTIONS:

During the years ended December 31, 2023 and 2022, contributions by Church council members totaled approximately \$337,000 and \$342,000 respectively.

11. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through March 28, 2024, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.