



WEST HOUSTON CHRISTIAN CHURCH

Financial Statements
With Independent Accountants' Review
Report

December 31, 2024 and 2023

WEST HOUSTON CHRISTIAN CHURCH

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INDEPENDENT AUDITORS' REPORT

Church Council
West Houston Christian Church
Houston, Texas

Opinion

We have audited the accompanying financial statements of West Houston Christian Church, which comprise the statements of financial position as of December 31, 2024, and the related statements of activities and cash flows for the year 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 West Houston Christian Church as of December 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The December 31, 2023, financial statements were reviewed by us, and our report thereon, dated March 28, 2024, stated we were not aware of any material modifications that should be made to those statements for them to be in conformity with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of West Houston Christian Church and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 these 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 West Houston Christian Church's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Church Council
West Houston Christian Church
Houston, Texas

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 risks 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.
- 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 West Houston Christian 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 West Houston Christian 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.

Capin Crouse LLC

Irving, Texas
June 26, 2025

WEST HOUSTON CHRISTIAN CHURCH

Statements of Financial Position

	December 31,	
	2024 (Audited)	2023 (Reviewed)
ASSETS:		
Cash and cash equivalents	\$ 1,079,073	\$ 1,164,647
Investments	603,977	90,990
Investments held for Church Council-designated reserves	922,018	1,000,000
Prepaid expenses and other assets	36,298	19,663
Finance lease right-of-use asset	46,536	65,151
Property, plant, and equipment—net	2,428,394	2,479,074
Total Assets	<u>\$ 5,116,296</u>	<u>\$ 4,819,525</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and other liabilities	\$ 120,042	\$ 108,240
Finance lease liability	48,167	66,591
Total liabilities	<u>168,209</u>	<u>174,831</u>
Net assets:		
Net assets without donor restrictions	4,566,750	4,614,266
Net assets with donor restrictions	381,337	30,428
Total net assets	<u>4,948,087</u>	<u>4,644,694</u>
Total Liabilities and Net Assets	<u>\$ 5,116,296</u>	<u>\$ 4,819,525</u>

See notes to financial statements

WEST HOUSTON CHRISTIAN CHURCH

Statements of Activities

	Years Ended December 31,					
	2024 (Audited)			2023 (Reviewed)		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT, REVENUE, AND RECLASSIFICATIONS:						
Contributions	\$ 2,645,165	\$ 514,144	\$ 3,159,309	\$ 2,556,440	\$ 155,165	\$ 2,711,605
Program revenue	109,440	-	109,440	122,465	-	122,465
Investment income, net	105,983	-	105,983	63,362	-	63,362
Other income	11,226	-	11,226	28,686	-	28,686
Net assets released from restrictions	163,235	(163,235)	-	169,595	(169,595)	-
Total Support, Revenue, and Reclassifications	<u>3,035,049</u>	<u>350,909</u>	<u>3,385,958</u>	<u>2,940,548</u>	<u>(14,430)</u>	<u>2,926,118</u>
EXPENSES:						
Program services	2,566,975	-	2,566,975	2,505,930	-	2,505,930
Supporting activities:						
General and administrative	515,590	-	515,590	429,162	-	429,162
Total Expenses	<u>3,082,565</u>	<u>-</u>	<u>3,082,565</u>	<u>2,935,092</u>	<u>-</u>	<u>2,935,092</u>
Change in Net Assets	(47,516)	350,909	303,393	5,456	(14,430)	(8,974)
Net Assets, Beginning of Year	<u>4,614,266</u>	<u>30,428</u>	<u>4,644,694</u>	<u>4,608,810</u>	<u>44,858</u>	<u>4,653,668</u>
Net Assets, End of Year	<u>\$ 4,566,750</u>	<u>\$ 381,337</u>	<u>\$ 4,948,087</u>	<u>\$ 4,614,266</u>	<u>\$ 30,428</u>	<u>\$ 4,644,694</u>

See notes to financial statements

WEST HOUSTON CHRISTIAN CHURCH

Statements of Cash Flows

	Year Ended December 31,	
	<u>2024 (Audited)</u>	<u>2023 (Reviewed)</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 303,393	\$ (8,974)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	304,089	282,370
Unrealized gain on investments	(12,072)	(20,403)
Loss on sale of property, plant, and equipment	24,574	3,198
Amortization of finance lease right-of-use asset	13,365	18,614
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	(16,635)	(15,758)
Accounts payable and other liabilities	11,802	(26,663)
Net Cash Provided by Operating Activities	<u>628,516</u>	<u>232,384</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant, and equipment	(277,983)	(169,510)
Purchases of investments	(1,490,744)	(1,027,535)
Proceeds from sale and redemptions of investments	1,067,811	-
Net Cash Used by Investing Activities	<u>(700,916)</u>	<u>(1,197,045)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal paid on finance lease	(13,174)	(17,961)
Collections from note receivable	-	241,667
Net Cash Provided (Used) by Financing Activities	<u>(13,174)</u>	<u>223,706</u>
Change in Cash and Cash Equivalents	(85,574)	(740,955)
Cash and Cash Equivalents, Beginning of Year	<u>1,164,647</u>	<u>1,905,602</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,079,073</u>	<u>\$ 1,164,647</u>
SUPPLEMENTAL DISCLOSURES:		
Cash paid for interest	<u>\$ 1,757</u>	<u>\$ 1,947</u>

See notes to financial statements

WEST HOUSTON CHRISTIAN CHURCH

Notes to Financial Statements

December 31, 2024 (Audited) and 2023 (Reviewed)

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, 2024 and 2023, the cash accounts maintained exceeded federally insured limits by approximately \$336,000 and \$517,000, respectively.

INVESTMENTS AND INVESTMENTS HELD FOR CHURCH COUNCIL-DESIGNATED RESERVES

The Church's investment portfolio consists of mutual funds, which are carried at fair value, and certificates of deposits, which are carried at cost plus accrued interest. 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.

Investments held by the Church that have been designated by the Church Council for operating reserves have been segregated from investments and shown in a separate category on the statements of financial position.

RIGHT-OF-USE ASSETS AND LIABILITIES-FINANCING LEASE

Right-of-use assets represent 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. Short-term leases with a term of 12 or fewer months are not reflected on the statements of financial position, and costs are expensed as incurred. The additional lease disclosures can be found in Note 6.

WEST HOUSTON CHRISTIAN CHURCH

Notes to Financial Statements

December 31, 2024 (Audited) and 2023 (Reviewed)

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

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 and those resources invested in property, plant and equipment.

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

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.

Program revenue consists primarily of event revenue for the Church, which is recorded when the performance obligation has been met at a point in time. Payments for these events are due before the event occurs and are recorded initially as deferred revenue.

WEST HOUSTON CHRISTIAN CHURCH

Notes to Financial Statements

December 31, 2024 (Audited) and 2023 (Reviewed)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

FUNCTIONAL ALLOCATION OF EXPENSES

Expenses are recorded when incurred in accordance with the accrual method of accounting. The costs of providing the various program services and supporting activities have been summarized in the statements of activities. Accordingly, certain costs have been allocated among program services and supporting activities. These expenses require allocation on a reasonable basis that is consistently applied. Allocated expenses include salaries and benefits, depreciation and other expenses. Salaries and benefits are allocated based on average estimates of time and effort by employees. Depreciation and other expenses are allocated based on estimates of usage of space.

RECLASSIFICATION

Certain prior year balances have been reclassified to conform with the current year presentation. These reclassifications had no effect on total assets, liabilities, net assets, change in net assets, or total revenue and expenses for the year ended December 31, 2023.

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,	
	2024	2023
Financial assets:		
Cash and cash equivalents	\$ 1,079,073	\$ 1,164,647
Investments	603,977	90,990
Investments held for Church Council-designated reserves	922,018	1,000,000
	<u>2,605,068</u>	<u>2,255,637</u>
Less those not available for general expenditures within one year:		
Net assets restricted for time or purpose	(381,337)	(30,428)
Church council-designated reserves	<u>(922,018)</u>	<u>(1,000,000)</u>
	<u>(381,337)</u>	<u>(30,428)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 697,736</u>	<u>\$ 1,134,219</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. As of December 31, 2024 and 2023, the Church has \$922,018 and \$1,000,000, respectively, designated by the Church Council for reserves. These board designations could be released by the Church Council if considered necessary.

WEST HOUSTON CHRISTIAN CHURCH

Notes to Financial Statements

December 31, 2024 (Audited) and 2023 (Reviewed)

4. INVESTMENTS:

Investments consist of the following:

	December 31,	
	2024	2023
At fair value:		
Equity mutual funds	\$ 87,378	\$ 63,456
At cost plus accrued interest:		
Certificates of deposit	1,438,617	1,027,534
	<u>\$ 1,525,995</u>	<u>\$ 1,090,990</u>

Investments are reported on the statements of financial position as follows:

	December 31,	
	2024	2023
Investments	\$ 603,977	\$ 90,990
Investments held for Church Council-designated reserves	922,018	1,000,000
	<u>\$ 1,525,995</u>	<u>\$ 1,090,990</u>

5. PROPERTY, PLANT, AND EQUIPMENT—NET:

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

	December 31,	
	2024	2023
Land	\$ 281,568	\$ 281,568
Buildings and building improvements	6,484,211	6,545,679
Furniture and fixtures	209,689	213,646
Equipment	939,448	797,813
Vehicle	153,958	166,168
	<u>8,068,874</u>	<u>8,004,874</u>
Less accumulated depreciation	<u>(5,640,480)</u>	<u>(5,525,800)</u>
	<u>\$ 2,428,394</u>	<u>\$ 2,479,074</u>

WEST HOUSTON CHRISTIAN CHURCH

Notes to Financial Statements

December 31, 2024 (Audited) and 2023 (Reviewed)

6. FINANCING LEASE RIGHT OF USE ASSETS AND LIABILITIES:

The Church leases multiple copiers under a 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,	
	2024	2023
Assets:		
Financing lease right-of-use asset	\$ 46,536	\$ 65,151
Liabilities:		
Financing lease liability	\$ 48,167	\$ 66,591
Lease costs:		
Financing lease costs:		
Amortization of ROU assets	\$ 13,365	\$ 18,614
Interest on lease liability	1,757	1,947
	\$ 15,122	\$ 20,561
Cash paid for amounts included in the measurement of lease liabilities	\$ 19,908	\$ 19,908
Weighted average discount rate	2.55%	2.55%
Weighted average remaining lease term (years)	2.34	3.34

Future minimum lease payments required under finance leases that have an initial or remaining non-cancelable lease term in excess of one year are as follows:

	Years ending December 31,
	2025
	2026
	2027
	49,770
Imputed interest	(1,603)
	\$ 48,167

WEST HOUSTON CHRISTIAN CHURCH

Notes to Financial Statements

December 31, 2024 (Audited) and 2023 (Reviewed)

7. FUNCTIONAL ALLOCATION OF EXPENSES:

The natural classification of expenses is recorded as follows as of the year ended December 31, 2024:

	Program Services	Supporting Activities General and Administrative	Total
Salaries and benefits	\$ 1,325,408	\$ 159,126	\$ 1,484,534
Missions grants	335,501	-	335,501
Depreciation	243,271	60,818	304,089
Ministry supplies	214,963	-	214,963
Printing, posting, and office supplies	119,337	64,739	184,076
Insurance	2,137	159,424	161,561
Professional fees	7,006	57,242	64,248
Utilities	68,730	6,276	75,006
Contract labor	53,593	5,077	58,670
Repairs and maintenance	35,266	2,262	37,528
Travel	80,394	-	80,394
Benevolence	48,659	-	48,659
Equipment	30,720	-	30,720
Rent	1,990	-	1,990
Other	-	626	626
	<u>\$ 2,566,975</u>	<u>\$ 515,590</u>	<u>\$ 3,082,565</u>

WEST HOUSTON CHRISTIAN CHURCH

Notes to Financial Statements

December 31, 2024 (Audited) and 2023 (Reviewed)

7. FUNCTIONAL ALLOCATION OF EXPENSES, continued:

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

	Program Services	Supporting Activities General and Administrative	Total
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>\$ 2,935,092</u>

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, 2024 and 2023, were \$49,261 and \$39,276, respectively.

WEST HOUSTON CHRISTIAN CHURCH

Notes to Financial Statements

December 31, 2024 (Audited) and 2023 (Reviewed)

9. NET ASSETS:

Net assets consist of the following:

	December 31,	
	2024	2023
Net assets without donor restrictions:		
Undesignated	\$ 3,644,732	\$ 3,614,266
Board-designated:		
Church planting reserves	754,953	754,953
Capital improvement reserves	167,065	245,047
	<u>922,018</u>	<u>1,000,000</u>
Total net assets without donor restrictions	<u>\$ 4,566,750</u>	<u>\$ 4,614,266</u>
Net assets with donor restrictions:		
Purpose:		
Benevolence	\$ 10,114	\$ 30,428
Other	19,983	-
	<u>30,097</u>	<u>30,428</u>
Time and purpose:		
Global ministry missions fund	<u>351,240</u>	<u>-</u>
Total net assets with donor restrictions	<u>381,337</u>	<u>30,428</u>
Total net assets	<u>\$ 4,948,087</u>	<u>\$ 4,644,694</u>

WEST HOUSTON CHRISTIAN CHURCH

Notes to Financial Statements

December 31, 2024 (Audited) and 2023 (Reviewed)

10. FAIR VALUE MEASUREMENTS:

The Church uses appropriate valuation techniques to determine fair value based on inputs available. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 1 inputs indicate there is a quoted market price available for identical assets. Level 2 inputs indicate there are market prices available for similar assets. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available and indicate there are not readily available market prices.

Fair values of assets measured on a recurring basis at December 31, 2024, are as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Equity mutual funds	<u>\$ 87,378</u>	<u>\$ 87,378</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciling items at cost plus accrued interest:				
Certificates of deposit	<u>1,438,617</u>			
Total	<u>\$ 1,525,995</u>			

Fair values of assets measured on a recurring basis at December 31, 2023, are as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Equity mutual funds	<u>\$ 63,456</u>	<u>\$ 63,456</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciling items at cost plus accrued interest:				
Certificates of deposit	<u>1,027,534</u>			
Total	<u>\$ 1,090,990</u>			

Valuation techniques: Fair value for mutual funds are determined by reference to quoted market prices and other relevant information generated by market transactions.

Changes in valuation techniques: None.

WEST HOUSTON CHRISTIAN CHURCH

Notes to Financial Statements

December 31, 2024 (Audited) and 2023 (Reviewed)

11. RELATED PARTY TRANSACTIONS:

During the years ended December 31, 2024 and 2023, contributions by Church Council members totaled approximately \$188,000 and \$337,000, respectively.

12. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through June 26, 2025, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.