

**CALVARY CHAPEL BIBLE  
COLLEGE**  
(AN INTEGRATED AUXILIARY OF  
CALVARY CHAPEL COSTA MESA)

Financial Statements  
With Independent Auditors' Report

June 30, 2022 and 2021

**CALVARY CHAPEL BIBLE COLLEGE**  
**An Integrated Auxiliary of Calvary Chapel Costa Mesa**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Calvary Chapel Bible College  
An Integrated Auxiliary of Calvary Chapel Costa Mesa  
Santa Ana, California

### ***Opinion***

We have audited the accompanying financial statements of Calvary Chapel Bible College, which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows 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 Calvary Chapel Bible College as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Calvary Chapel Bible College 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 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 Calvary Chapel Bible College's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Board of Directors  
Calvary Chapel Bible College  
An Integrated Auxiliary of Calvary Chapel Costa Mesa  
Santa Ana, California

***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 Calvary Chapel Bible College'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 Calvary Chapel Bible College'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 LLP*

Brea, California  
November 15, 2022

**CALVARY CHAPEL BIBLE COLLEGE**  
**An Integrated Auxiliary of Calvary Chapel Costa Mesa**

**Statements of Financial Position**

	June 30,	
	2022	2021
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 145,994	\$ 746,327
Accounts receivable, net	105,942	113,551
Due from Calvary Chapel Costa Mesa	175,777	-
Prepaid and other assets	3,542	9,340
Property and equipment - at cost, net	117,917	164,958
<b>Total Assets</b>	<b>\$ 549,172</b>	<b>\$ 1,034,176</b>
<b>LIABILITIES AND NET ASSETS:</b>		
Liabilities:		
Accounts payable	\$ 56,804	\$ 5,740
Accrued expenses	43,755	41,864
Deferred revenue	51,534	81,231
<b>Total liabilities</b>	<b>152,093</b>	<b>128,835</b>
Net assets:		
Without donor restrictions	397,079	889,157
With donor restrictions	-	16,184
<b>Total net assets</b>	<b>397,079</b>	<b>905,341</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 549,172</b>	<b>\$ 1,034,176</b>

See notes to financial statements

**CALVARY CHAPEL BIBLE COLLEGE**  
**An Integrated Auxiliary of Calvary Chapel Costa Mesa**

**Statements of Activities**

	Year Ended June 30,					
	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT, REVENUE, AND RECLASSIFICATIONS:</b>						
Tuition and fees						
- net of scholarships of						
\$231,005 and \$102,624, respectively	\$ 1,606,390	\$ -	\$ 1,606,390	\$ 1,883,507	\$ -	\$ 1,883,507
Contributions	109,872	7,732	117,604	58,741	13,500	72,241
Contributions from Calvary Chapel						
Costa Mesa	241,284	-	241,284	-	-	-
Other income	11,554	-	11,554	84,997	-	84,997
	<u>1,969,100</u>	<u>7,732</u>	<u>1,976,832</u>	<u>2,027,245</u>	<u>13,500</u>	<u>2,040,745</u>
Net assets released from:						
Purpose restrictions	23,916	(23,916)	-	102,624	(102,624)	-
Total Support, and Revenue	<u>1,993,016</u>	<u>(16,184)</u>	<u>1,976,832</u>	<u>2,129,869</u>	<u>(89,124)</u>	<u>2,040,745</u>
<b>EXPENSES:</b>						
Program activities	1,964,613	-	1,964,613	1,595,275	-	1,595,275
Supporting activities:						
General and administrative	494,754	-	494,754	248,317	-	248,317
Fundraising	25,727	-	25,727	15,578	-	15,578
Total Expenses	<u>2,485,094</u>	<u>-</u>	<u>2,485,094</u>	<u>1,859,170</u>	<u>-</u>	<u>1,859,170</u>
Change in Net Assets	(492,078)	(16,184)	(508,262)	270,699	(89,124)	181,575
Net Assets, Beginning of Year	<u>889,157</u>	<u>16,184</u>	<u>905,341</u>	<u>618,458</u>	<u>105,308</u>	<u>723,766</u>
Net Assets, End of Year	<u>\$ 397,079</u>	<u>\$ -</u>	<u>\$ 397,079</u>	<u>\$ 889,157</u>	<u>\$ 16,184</u>	<u>\$ 905,341</u>

See notes to financial statements

**CALVARY CHAPEL BIBLE COLLEGE**  
**An Integrated Auxiliary of Calvary Chapel Costa Mesa**

**Statement of Functional Expenses**

Year Ended June 30, 2022

	Program Activities	Management and Administrative	Fundraising	Total
Salaries and wages	\$ 968,411	\$ 53,042	\$ 12,153	\$ 1,033,606
Student room & board	307,830	-	-	307,830
Administrative, office, and other	42,334	300,943	373	343,650
Student meals	304,694	-	-	304,694
Employee benefits	177,695	9,352	-	187,047
Supplies	89,331	19,097	13,201	121,629
Relocation expense	-	106,676	-	106,676
Occupancy, utilities, and maintenance	29,629	3,292	-	32,921
Depreciation	44,689	2,352	-	47,041
Total Expenses	<u>\$ 1,964,613</u>	<u>\$ 494,754</u>	<u>\$ 25,727</u>	<u>\$ 2,485,094</u>

See notes to financial statements

**CALVARY CHAPEL BIBLE COLLEGE**  
**An Integrated Auxiliary of Calvary Chapel Costa Mesa**

**Statement of Functional Expenses**

Year Ended June 30, 2021

	Program Activities	Management and Administrative	Fundraising	Total
Salaries and wages	\$ 686,221	\$ 34,035	\$ 8,744	\$ 729,000
Student room & board	327,780	-	-	327,780
Administrative, office, and other	68,539	169,683	254	238,476
Student meals	236,159	-	-	236,159
Employee benefits	133,158	7,008	-	140,166
Supplies	60,765	31,597	6,580	98,942
Occupancy, utilities, and maintenance	28,118	3,124	-	31,242
Depreciation	54,535	2,870	-	57,405
Total Expenses	<u>\$ 1,595,275</u>	<u>\$ 248,317</u>	<u>\$ 15,578</u>	<u>\$ 1,859,170</u>

See notes to financial statements



**CALVARY CHAPEL BIBLE COLLEGE**  
**An Integrated Auxiliary of Calvary Chapel Costa Mesa**

**Statements of Cash Flows**

	Year Ended June 30,	
	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (508,262)	\$ 181,575
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	47,041	57,405
Loss on disposal of equipment	-	3,355
Proceeds from sale of equipment	-	2,500
Net change in:		
Accounts receivable	7,609	(96,716)
Due from Calvary Chapel Costa Mesa	(175,777)	-
Prepaid and other assets	5,798	(9,340)
Accounts payable	51,064	(317)
Accrued expenses	1,891	17,501
Deferred revenue	(29,697)	(22,152)
Net Cash Provided (Used) by Operating Activities	(600,333)	133,811
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Equipment purchases	-	(8,095)
Net Cash Used in Investing Activities	-	(8,095)
Change in Cash and Cash Equivalents	(600,333)	125,716
Cash and Cash Equivalents, Beginning of Year	746,327	620,611
Cash and Cash Equivalents, End of Year	\$ 145,994	\$ 746,327
<b>SUPPLEMENTAL INFORMATION:</b>		
Write off of fully depreciated fixed assets	\$ -	\$ 97,572

See notes to financial statements

**CALVARY CHAPEL BIBLE COLLEGE**  
**An Integrated Auxiliary of Calvary Chapel Costa Mesa**

**Notes to Financial Statements**

June 30, 2022 and 2021

1. NATURE OF ORGANIZATION:

Calvary Chapel Bible College (the College), was established as a ministry of Calvary Chapel of Costa Mesa (the Church) and founded in 1975 by Chuck Smith. On October 27, 2021, the College became separately incorporated as an integrated auxiliary of the Church. The College was started with the vision of equipping the Saints to do the work of the Kingdom. The College offers undergraduate degrees in biblical studies and related topics.

The Church is a California not-for-profit religious corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and comparable state law. However, the Church is subject to federal income tax on any unrelated business taxable income. In addition, the Church is not classified as a private foundation within the meaning of Section 509(a) of the IRC. As an integrated auxiliary of the Church, Calvary Chapel Bible College is also exempt from federal and state taxes.

**ACCREDITATION**

Calvary Chapel Bible College holds applicant status with the Association for Biblical Higher Education Commission on Accreditation (ABHE) as of June 2018. Applicant status is a pre-membership status granted to those institutions that meet the ABHE Conditions of Eligibility and that possess such qualities as may provide a basis for achieving candidate status within five years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the College have been prepared on the accrual basis in accordance with the accounting principles generally accepted in the United States of America. A summary of significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

**CASH AND CASH EQUIVALENTS**

For statement of financial position and cash flow purposes, cash and cash equivalents consist primarily of checking, savings, and money market accounts, certificates of deposit, and cash on hand. These accounts may, at times, exceed federally insured limits. As of June 30, 2022 and 2021, the College's cash balances exceeded federally insured limits by approximately \$0 and \$587,000, respectively. The College has not experienced any losses on these accounts.

**DUE FROM CALVARY CHAPEL COSTA MESA**

On March 18, 2021, the Church received a Coronavirus Aid, Relief, and Economic Security Act Paycheck Protection Loan (PPP Loan) of \$3,200,640, of which \$175,777 was allocated to the College. The PPP Loan is payable to a bank fully secured by the federal government with an interest rate of 1% maturing two years from the date it was funded. As of June 30, 2022, all principal and related interest of the PPP Loan was fully forgiven and is included on the statements of activities as a contribution from Calvary Chapel Costa Mesa.

**CALVARY CHAPEL BIBLE COLLEGE**  
**An Integrated Auxiliary of Calvary Chapel Costa Mesa**

**Notes to Financial Statements**

June 30, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

**PROPERTY AND EQUIPMENT**

Expenditures over \$5,000 for property and equipment are capitalized at cost. Donated items are recorded at fair value on the date of the gift. Depreciation is computed on the straight-line method over the estimated useful lives of the assets, ranging from 3 to 10 years. Gifts of land, buildings, and equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions must specify how the assets are to be used; gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the College reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

**NET ASSETS**

The financial statements report amounts by classification of net assets as follows:

*Net assets without donor restrictions* are those currently available at the discretion of the board for use in the College's operations, resources designated for student scholarships, and those resources invested in property and equipment.

*Net assets with donor restrictions* are those which are stipulated by donors for specific operating purposes or for specific projects.

All contributions are considered available for without donor restriction use unless specifically restricted by the donor.

**PUBLIC SUPPORT, REVENUE, AND EXPENSES**

Contributions are recorded when cash or unconditional promises-to-give have been received or when ownership of donated assets are transferred to the College. The College records contributions as net assets with donor restrictions if they are received with donor stipulations that limit their use either through purpose or time restrictions, or both. When donor restrictions expire, that is, when the purpose restriction is fulfilled or the time restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as a release of donor restrictions.

The College records tuition and other fees as they are earned.

**CALVARY CHAPEL BIBLE COLLEGE**  
**An Integrated Auxiliary of Calvary Chapel Costa Mesa**

**Notes to Financial Statements**

June 30, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

**FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing the various program services and supporting activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs, such as depreciation and payroll, have been allocated among the program services and supporting activities. Depreciation is allocated based on estimated use of square footage. Other expenses are allocated based on estimates of time and effort.

During the year ended June 30, 2022, the College began to move its assets from the Murrietta Hot Springs Conference Center (MHS) to the Twin Peaks campus, upon the sale of the MHS property. These moving expenses are included in relocation expense on the statement of functional expense.

**ADVERTISING**

Advertising is used to promote the College. Advertising expense was approximately \$22 and \$8,600, for the years ended June 30, 2022 and 2021, respectively. Advertising costs are expensed as incurred and included in administrative, office, and other expenses on the statements of functional expenses.

**USE OF ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires that management make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

3. LIQUIDITY AND FUNDS AVAILABLE:

The College had approximately \$428,000 and \$860,000, of financial assets, consisting of cash and cash equivalents, accounts receivable, and amounts due from Calvary Chapel Costa Mesa, available for operating expenditures within one year of the balance sheet date for the years ending June 30, 2022 and 2021, respectively. The College has donor-restricted net assets that are available for general expenditures within one year of June 30, 2022 and 2021, because the restrictions are expected to be met by conducting the normal activities of the College in the coming year. The College has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

**CALVARY CHAPEL BIBLE COLLEGE**  
**An Integrated Auxiliary of Calvary Chapel Costa Mesa**

**Notes to Financial Statements**

June 30, 2022 and 2021

4. PROPERTY AND EQUIPMENT:  
 Property and equipment consists of:

	June 30,	
	2022	2021
Furniture and equipment	\$ 646,987	\$ 646,987
Library books	47,754	47,754
	694,741	694,741
Less accumulated depreciation	576,824	529,783
	\$ 117,917	\$ 164,958

5. NET ASSETS:  
 Net assets with donor restrictions consist of funds restricted for student scholarships which as of June 30, 2022 and 2021, totaled approximately \$0 and \$16,000, respectively.

6. PENSION PLAN:  
 The College participates in the retirement plan of the Church which is a defined contribution plan covering all employees who have met certain service requirements. Employees may contribute pretax earnings up to the maximum amounts allowable by law under the plan. There are currently no employer contributions to the plan.

7. COMMITMENTS:  
 The College has operating lease commitments for office equipment. The lease agreements mature between February and July 2024. Total lease expense was approximately \$13,000 for each of the years ended June 30, 2022 and 2021. As of June 30, 2022, the remaining balances of future lease commitments are as follows:

<u>Year ending June 30:</u>	
2023	\$ 13,280
2024	12,647
2025	896
	\$ 26,823

**CALVARY CHAPEL BIBLE COLLEGE**  
**An Integrated Auxiliary of Calvary Chapel Costa Mesa**

**Notes to Financial Statements**

June 30, 2022 and 2021

8. RELATED PARTY TRANSACTIONS:

Until August 1, 2022, the College was located on the 47 acre campus of Murrietta Hot Springs Conference Center (MHS), which was owned and operated by the Church. Accordingly, the College and MHS shared costs and therefore had entered into a monthly agreement whereby MHS provided service to students and staff for a fee. For the years ended June 30, 2022 and 2021, the College paid MHS for student services approximately \$308,000 and \$328,000, respectively.

In March 2021, the Church entered into escrow for the MHS campus. Accordingly, effective July 1, 2022, the College began operating out of the Twin Peaks Christian Conference Center, which is also owned and operated by the Church. A formal rental agreement was entered into as of August 1, 2022. The College will pay an annual amount of \$10 for rent, and they will also be responsible for operating expenses which will be shared with Lake Arrowhead Christian School, who is also located on the property.

During the years ended June 30, 2022 and 2021, the Church contributed \$241,284 and \$0, respectively, to the College. During the year ended June 30, 2022, \$175,777 of the total amount contributed was a portion of the Church's PPP loan forgiveness allocated to the College.

9. SUBSEQUENT EVENTS:

Subsequent events were evaluated through November 15, 2022, which is the date the financial statements were available to be issued.