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

Financial Statements
With Independent Auditors' Report

June 30, 2023 and 2022

CAPINCROUSE LLP

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

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CAPINCROUSE LLP

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, 2023 and 2022, 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, 2023 and 2022, 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

Ontario, California
November 14, 2023

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

Statements of Financial Position

	June 30, 2023		June 30, 2022	
ASSETS:				
Cash and cash equivalents	$	154,857	$	145,994
Accounts receivable, net		115,161		105,942
Due from Calvary Chapel Costa Mesa		172,426		175,777
Prepaid and other assets		8,375		3,542
Property and equipment - at cost, net		108,525		117,917
Total Assets	$	559,344	$	549,172
LIABILITIES AND NET ASSETS:				
Liabilities:				
Accounts payable	$	5,305	$	56,804
Accrued expenses		37,844		43,755
Deferred revenue		119,116		51,534
Total liabilities		162,265		152,093
Net assets:				
Without donor restrictions		397,079		397,079
With donor restrictions		-		-
Total net assets		397,079		397,079
Total Liabilities and Net Assets	$	559,344	$	549,172

See notes to financial statements

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

Statements of Activities

	Year Ended June 30,					
	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT, REVENUE, AND RECLASSIFICATIONS:						
Tuition and fees - net of scholarships of $112,874 and $231,005, respectively	$ 1,151,472	$ -	$ 1,151,472	$ 1,606,390	$ -	$ 1,606,390
Contributions from Calvary Chapel Costa Mesa	1,771,949	-	1,771,949	241,284	-	241,284
Contributed facilities from Calvary Chapel Costa Mesa	1,350,710	-	1,350,710	-	-	-
Contributions	65,030	10,500	75,530	109,872	7,732	117,604
Loss on disposal of assets	(24,448)	-	(24,448)	-	-	-
Other income	61,531	-	61,531	11,554	-	11,554
	4,376,244	10,500	4,386,744	1,969,100	7,732	1,976,832
Net assets released from:						
Purpose restrictions	10,500	(10,500)	-	23,916	(23,916)	-
Total Support, and Revenue	4,386,744	-	4,386,744	1,993,016	(16,184)	1,976,832
EXPENSES:						
Program activities	3,697,413	-	3,697,413	1,964,613	-	1,964,613
Supporting activities:						
General and administrative	660,653	-	660,653	494,754	-	494,754
Fundraising	28,678	-	28,678	25,727	-	25,727
Total Expenses	4,386,744	-	4,386,744	2,485,094	-	2,485,094
Change in Net Assets	-	-	-	(492,078)	(16,184)	(508,262)
Net Assets, Beginning of Year	397,079	-	397,079	889,157	16,184	905,341
Net Assets, End of Year	$ 397,079	$ -	$ 397,079	$ 397,079	$ -	$ 397,079

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, 2023

	Program Activities	Management and Administrative	Fundraising	Total
Salaries and wages	$ 1,274,158	$ 113,258	$ 28,315	$ 1,415,731
Contributed facilities from Calvary Chapel Costa Mesa	1,215,639	135,071	-	1,350,710
Supplies	385,781	43,287	-	429,068
Administrative, office, and other	30,537	347,951	363	378,851
Student meals	238,556	-	-	238,556
Student room & board	234,787	-	-	234,787
Employee benefits	212,606	11,190	-	223,796
Occupancy, utilities, and maintenance	74,413	8,268	-	82,681
Depreciation	30,936	1,628	-	32,564
Total Expenses	$ 3,697,413	$ 660,653	$ 28,678	$ 4,386,744

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
Supplies	89,331	19,097	13,201	121,629
Administrative, office, and other	42,334	300,943	373	343,650
Student meals	304,694	-	-	304,694
Student room & board	307,830	-	-	307,830
Employee benefits	177,695	9,352	-	187,047
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	$ 1,964,613	$ 494,754	$ 25,727	$ 2,485,094

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, 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ -	$ (508,262)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	32,564	47,041
Loss on disposal of equipment	24,448	-
Net change in:		
Accounts receivable	(9,219)	7,609
Due from Calvary Chapel Costa Mesa	3,351	(175,777)
Prepaid and other assets	(4,833)	5,798
Accounts payable	(51,499)	51,064
Accrued expenses	(5,911)	1,891
Deferred revenue	67,582	(29,697)
Net Cash Provided (Used) by Operating Activities	56,483	(600,333)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Equipment purchases	(47,620)	-
Net Cash Used in Investing Activities	(47,620)	-
Change in Cash and Cash Equivalents	8,863	(600,333)
Cash and Cash Equivalents, Beginning of Year	145,994	746,327
Cash and Cash Equivalents, End of Year	$ 154,857	$ 145,994
SUPPLEMENTAL INFORMATION:		
Write off of fully depreciated fixed assets	$ 146,781	$ -

See notes to financial statements

1. NATURE OF ORGANIZATION:

Calvary Chapel Bible College (the College), was established as a ministry of Calvary Chapel 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, which is the ultimate reporting entity. 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 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 cash on hand. These accounts may, at times, exceed federally insured limits. As of June 30, 2023 and 2022, the College's cash balances did not exceed federally insured limits. 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 was 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. The College received the PPP loan funds from the Church during the year ended June 30, 2023. Due from Calvary Chapel Costa Mesa as of June 30, 2023 consists of contributions yet to be received from the Church.

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 without donor restriction 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.

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 and payroll based on time and effort. 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 Christian Conference Center (Twin Peaks), upon the sale of the MHS property. These moving expenses are included in relocation expense on the statement of functional expenses. Effective July 1, 2022, the move was completed and the College began operating out of Twin Peaks.

ADVERTISING
Advertising is used to promote the College. Advertising expense was $1,101 and $22, for the years ended June 30, 2023 and 2022, 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.

RECENTLY ADOPTED ACCOUNTING STANDARD
In September 2020, the FASB issued Accounting Standard Update No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets.* The standard requires nonprofits to expand their financial statement presentation and disclosure of contributed nonfinancial assets, including in-kind contributions. The standard includes disclosure of information on an entity’s policies on contributed nonfinancial assets about monetization and utilization during the reporting period, information on donor-imposed restrictions, and valuation techniques. Adoption of this standard had no impact on net assets as of June 30, 2023 and 2022.

3. LIQUIDITY AND FUNDS AVAILABLE:
The College had approximately $442,000 and $428,000, 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, 2023 and 2022, respectively. The College has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

4. PROPERTY AND EQUIPMENT:

Property and equipment consists of:

	June 30, 2023	June 30, 2022
Furniture and equipment	$ 486,476	$ 646,987
Library books	47,754	47,754
	534,230	694,741
Less accumulated depreciation	425,705	576,824
	$ 108,525	$ 117,917

5. CONTRIBUTED FACILITIES:

The College occupies facilities owned by Calvary Chapel Costa Mesa, and contributed facilities revenue and occupancy expense of approximately $1,351,000 and $0 was recorded for the years ended June 30, 2023 and 2022, respectively. The College records contributed facilities at fair value of similar properties. The College assesses fair value based on public records for similar space and land in the principal market the transaction occurred. Contributed facilities are recorded as program and supporting service expense, allocated according to square footage used by purpose.

6. RETIREMENT 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. 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, 2023 and 2022, the College paid MHS for student services approximately $0 and $308,000, respectively.

In March 2021, the Church entered into escrow to sell the MHS campus. Accordingly, effective July 1, 2022, the College began operating out of the Twin Peaks Christian Conference Center (Twin Peaks), which is also owned and operated by the Church. A formal rental agreement was entered into as of August 1, 2022. The College pays an annual amount of $10 for rent, and they are also responsible for operating expenses which are shared with Lake Arrowhead Christian School, which is also located on the property. For the year ended June 30, 2023, the College paid the Church approximately $235,000 for operating expenses and recognized approximately $1,351,000 of contributed facilities revenue and expense.

During the years ended June 30, 2023 and 2022, the Church contributed $1,771,949 and $241,284, 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. Contributions and contributed facilities from the Church consist of 71% and 12% of total revenue for the years ended June 30, 2023 and 2022, respectively.

The College would be unable to remain operational if not for the support from the Church. The Church has committed to continuing to support the College through at least June 30, 2026. The College has developed and is executing a strategic plan to become self-sustaining by June 30, 2026. Management believes the College will be self-sustaining by that date.

8. SUBSEQUENT EVENTS:

Subsequent events were evaluated through November 14, 2023, which is the date the financial statements were available to be issued.