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

Financial Statements
With Independent Auditors' Report

June 30, 2024 and 2023

CAPINCROUSE LLP

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, 2024 and 2023, 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, 2024 and 2023, 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.

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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 15, 2024

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

Statements of Financial Position

	June 30,	
	2024	2023
ASSETS:		
Cash and cash equivalents	$ 146,323	$ 154,857
Accounts receivable, net	103,693	115,161
Due from Calvary Chapel Costa Mesa	253,632	172,426
Prepaid and other assets	-	8,375
Property and equipment - at cost, net	109,598	108,525
Total Assets	$ 613,246	$ 559,344
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	$ 11,742	$ 5,305
Accrued expenses	46,091	37,844
Deferred revenue	158,334	119,116
Total liabilities	216,167	162,265
Net assets:		
Without donor restrictions	397,079	397,079
With donor restrictions	-	-
Total net assets	397,079	397,079
Total Liabilities and Net Assets	$ 613,246	$ 559,344

See notes to financial statements

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

Statements of Activities

	Year Ended June 30,					
	2024			2023		
	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 $119,253 and $112,874, respectively	$ 962,719	$ -	$ 962,719	$ 1,151,472	$ -	$ 1,151,472
Contributions from Calvary Chapel Costa Mesa	1,903,382	-	1,903,382	1,771,949	-	1,771,949
Contributed facilities from Calvary Chapel Costa Mesa	1,350,710	-	1,350,710	1,350,710	-	1,350,710
Contributions	69,092	-	69,092	75,530	-	75,530
Loss on disposal of assets	(2,157)	-	(2,157)	(24,448)	-	(24,448)
Other income	85,240	-	85,240	61,531	-	61,531
	4,368,986	-	4,368,986	4,386,744	-	4,386,744
Net assets released from:						
Purpose restrictions	-	-	-	-	-	-
Total Support, and Revenue	4,368,986	-	4,368,986	4,386,744	-	4,386,744
EXPENSES:						
Program activities	3,691,924	-	3,691,924	3,697,413	-	3,697,413
Supporting activities:						
General and administrative	649,512	-	649,512	660,653	-	660,653
Fundraising	27,550	-	27,550	28,678	-	28,678
Total Expenses	4,368,986	-	4,368,986	4,386,744	-	4,386,744
Change in Net Assets	-	-	-	-	-	-
Net Assets, Beginning of Year	397,079	-	397,079	397,079	-	397,079
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, 2024

	Program Activities	Management and Administrative	Fundraising	Total
Contributed facilities from Calvary Chapel Costa Mesa	$ 1,215,639	$ 135,071	$ -	$ 1,350,710
Salaries and wages	1,210,089	107,563	26,891	1,344,543
Supplies	506,713	48,413	-	555,126
Administrative, office, and other	36,629	336,398	659	373,686
Employee benefits	272,747	14,355	-	287,102
Student room & board	212,298	-	-	212,298
Student meals	155,904	-	-	155,904
Occupancy, utilities, and maintenance	57,834	6,445	-	64,279
Depreciation	24,071	1,267	-	25,338
Total Expenses	$ 3,691,924	$ 649,512	$ 27,550	$ 4,368,986

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
Contributed facilities from Calvary Chapel Costa Mesa	$ 1,215,639	$ 135,071	$ -	$ 1,350,710
Salaries and wages	1,274,158	113,258	28,315	1,415,731
Supplies	385,781	43,287	-	429,068
Administrative, office, and other	30,537	347,951	363	378,851
Employee benefits	212,606	11,190	-	223,796
Student room & board	234,787	-	-	234,787
Student meals	238,556	-	-	238,556
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

Statements of Cash Flows

	Year Ended June 30, 2024	Year Ended June 30, 2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ -	$ -
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	25,338	32,564
Loss on disposal of equipment	2,157	24,448
Bad debt expense	16,347	-
Net change in:		
Accounts receivable	(4,879)	(9,219)
Due from Calvary Chapel Costa Mesa	(81,206)	3,351
Prepaid and other assets	8,375	(4,833)
Accounts payable	6,437	(51,499)
Accrued expenses	8,247	(5,911)
Deferred revenue	39,218	67,582
Net Cash Provided by Operating Activities	20,034	56,483
CASH FLOWS FROM INVESTING ACTIVITIES:		
Equipment purchases	(28,568)	(47,620)
Net Cash Used in Investing Activities	(28,568)	(47,620)
Change in Cash and Cash Equivalents	(8,534)	8,863
Cash and Cash Equivalents, Beginning of Year	154,857	145,994
Cash and Cash Equivalents, End of Year	$ 146,323	$ 154,857
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 candidate status with the Association for Biblical Higher Education Commission on Accreditation (ABHE). Candidate status is a pre-accredited status granted to those institutions that show promise of achieving accreditation within a maximum of five years. Candidate institutions are required to submit annual progress reports demonstrating progress toward accreditation. During Year 3, self-study materials are submitted to the COA for review prior to an evaluation team visit to assess the institution’s readiness for initial accreditation.

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, 2024 and 2023, the College's cash balances did not exceed federally insured limits. The College has not experienced any losses on these accounts.

ACCOUNTS RECEIVABLE

Accounts receivable are presented net of an allowance for credit losses, which is an estimate of amounts that may not be collectible. The College separates accounts receivable into risk pools based on their aging. In determining the amount of the allowance as of the statements of financial position date, the College develops a loss rate for each risk pool. The loss rate is based on management’s historical collection experience, adjusted for management’s expectations about current and future economic conditions. Based on a review of the accounts receivable, management has determined an allowance of $71,488 and $55,141 is necessary as of June 30, 2024 and 2023, respectively. It is the College's policy to charge off uncollectible accounts receivable when management determines collection is unlikely. No accounts receivable were written off during the years ended June 30, 2024 or 2023. Past due amounts are generally considered those accounts greater than ninety days.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

DUE FROM CALVARY CHAPEL COSTA MESA
Due from Calvary Chapel Costa Mesa as of June 30, 2024 consists of contributions yet to be received from the Church.

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. Restricted gifts received and expended in the same fiscal year are recorded as net assets without donor restrictions. 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.

ADVERTISING

Advertising is used to promote the College. Advertising expense was $5,414 and $1,101, for the years ended June 30, 2024 and 2023, 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 2016, the Financial Accounting Standards Board (FASB) issued guidance, Current Expected Credit Losses (CECL), ASU 2016-13, which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the College that are subject to the guidance in FASB ASC 326 are accounts receivable.

The CECL methodology utilizes a lifetime "expected credit loss" measurement objective for the recognition of credit losses for loans and other receivables at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. The methodology replaces the multiple existing methods in current generally accepted accounting principles, which generally require that a loss be incurred before it is recognized.

The College adopted the standard effective July 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in enhanced disclosures only.

3. LIQUIDITY AND FUNDS AVAILABLE:

The College had approximately $504,000 and $442,000 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, 2024 and 2023, 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, 2024	June 30, 2023
Furniture and equipment	$ 509,652	$ 486,476
Library books	47,754	47,754
	557,406	534,230
Less accumulated depreciation	447,808	425,705
	$ 109,598	$ 108,525

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 was recorded for both the years ended June 30, 2024 and 2023. 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 participated in the retirement plan of the Church which was 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. During the year ended June 30, 2023, the Church ended the defined contribution retirement plan and adopted a 403(b)(9) plan where the College matches up to 5%. During the year ended June 30, 2024 and 2023, the College contributed $23,179 and $0, respectively.

7. RELATED PARTY TRANSACTIONS:

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 years ended June 30, 2024 and 2023, the College paid the Church approximately $212,000 and $235,000, respectively, for operating expenses, and recognized approximately $1,351,000 of contributed facilities revenue and expense for both the years ended June 30, 2024 and 2023.

During the years ended June 30, 2024 and 2023, the Church contributed $1,903,382 and $1,771,949, respectively, to the College. Contributions and contributed facilities from the Church consist of 74% and 71% of total revenue for the years ended June 30, 2024 and 2023, 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 15, 2024, which is the date the financial statements were available to be issued.