



CALVARY CHAPEL CHURCH, INC. d/b/a
CALVARY CHAPEL FORT LAUDERDALE
AND AFFILIATES

Consolidated Financial Statements
With Independent Auditors' Report

June 30, 2020 and 2019

**CALVARY CHAPEL CHURCH, INC. d/b/a
CALVARY CHAPEL FORT LAUDERDALE AND AFFILIATES**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Calvary Chapel Church, Inc. d/b/a Calvary Chapel Fort Lauderdale and Affiliates
Fort Lauderdale, Florida

We have audited the accompanying consolidated financial statements of Calvary Chapel Church, Inc. d/b/a Calvary Chapel Fort Lauderdale and Affiliates, which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
Calvary Chapel Church, Inc. d/b/a Calvary Chapel Fort Lauderdale and Affiliates
Fort Lauderdale, Florida

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Calvary Chapel Church, Inc. d/b/a Calvary Chapel Fort Lauderdale and Affiliates as of June 30, 2020 and 2019, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

Lawrenceville, Georgia
October 15, 2020

**CALVARY CHAPEL CHURCH, INC. d/b/a
CALVARY CHAPEL FORT LAUDERDALE AND AFFILIATES**

Consolidated Statements of Financial Position

	June 30,	
	2020	2019
ASSETS:		
Cash and cash equivalents	\$ 16,801,401	\$ 19,484,181
Accounts, notes, and other receivables–net	2,734,871	3,128,399
Prepaid expenses and other assets	602,256	790,931
Property and equipment–net	100,635,997	100,516,989
Total Assets	\$ 120,774,525	\$ 123,920,500
LIABILITIES AND NET ASSETS:		
Accounts payable and accrued expenses	\$ 1,068,717	\$ 1,428,374
Accrued payroll and benefits payable	3,432,740	3,602,071
Deferred revenue	3,047,138	3,061,019
Note payable–net	10,619,919	12,007,460
	18,168,514	20,098,924
Net assets:		
Without donor restrictions	100,198,793	103,316,259
With donor restrictions	2,407,218	505,317
	102,606,011	103,821,576
Total Liabilities and Net Assets	\$ 120,774,525	\$ 123,920,500

See notes to consolidated financial statements

**CALVARY CHAPEL CHURCH, INC. d/b/a
CALVARY CHAPEL FORT LAUDERDALE AND AFFILIATES**

Consolidated Statements of Activities

	Year Ended June 30,					
	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Support:						
Tithes and offerings	\$ 29,159,072	\$ 3,022,614	\$ 32,181,686	\$ 27,953,755	\$ 1,946,675	\$ 29,900,430
Noncash donations	46,608	-	46,608	43,773	-	43,773
	<u>29,205,680</u>	<u>3,022,614</u>	<u>32,228,294</u>	<u>27,997,528</u>	<u>1,946,675</u>	<u>29,944,203</u>
Revenue:						
Ministry activities income	1,777,342	-	1,777,342	2,550,732	-	2,550,732
Sales—bookstore, food services, and skate park	3,161,144	-	3,161,144	4,231,387	-	4,231,387
Calvary Christian Academy tuition and fees—net	30,102,124	-	30,102,124	25,881,206	-	25,881,206
Rental income	201,683	-	201,683	243,273	-	243,273
Gain on sale of fixed assets	5,990	-	5,990	441,239	-	441,239
Interest and other income	380,900	-	380,900	519,499	-	519,499
	<u>35,629,183</u>	<u>-</u>	<u>35,629,183</u>	<u>33,867,336</u>	<u>-</u>	<u>33,867,336</u>
Total Support and Revenue	<u>64,834,863</u>	<u>3,022,614</u>	<u>67,857,477</u>	<u>61,864,864</u>	<u>1,946,675</u>	<u>63,811,539</u>
RECLASSIFICATIONS:						
Satisfaction of purpose and time restrictions	1,120,713	(1,120,713)	-	1,897,849	(1,897,849)	-
	<u>1,120,713</u>	<u>(1,120,713)</u>	<u>-</u>	<u>1,897,849</u>	<u>(1,897,849)</u>	<u>-</u>

(continued)

See notes to consolidated financial statements

**CALVARY CHAPEL CHURCH, INC. d/b/a
CALVARY CHAPEL FORT LAUDERDALE AND AFFILIATES**

Consolidated Statements of Activities
(continued)

	Year Ended June 30,					
	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
EXPENSES:						
Program expenses:						
Church ministry and general outreach	28,436,998	-	28,436,998	25,310,189	-	25,310,189
Calvary Christian Academy	28,091,900	-	28,091,900	24,632,579	-	24,632,579
Other ministries	4,744,484	-	4,744,484	5,135,560	-	5,135,560
	<u>61,273,382</u>	<u>-</u>	<u>61,273,382</u>	<u>55,078,328</u>	<u>-</u>	<u>55,078,328</u>
Administrative expenses:						
Church ministry and general outreach	4,122,884	-	4,122,884	4,293,408	-	4,293,408
Calvary Christian Academy	3,070,137	-	3,070,137	2,407,694	-	2,407,694
Other ministries	606,639	-	606,639	650,444	-	650,444
	<u>7,799,660</u>	<u>-</u>	<u>7,799,660</u>	<u>7,351,546</u>	<u>-</u>	<u>7,351,546</u>
Total Expenses	<u>69,073,042</u>	<u>-</u>	<u>69,073,042</u>	<u>62,429,874</u>	<u>-</u>	<u>62,429,874</u>
Change in Net Assets	(3,117,466)	1,901,901	(1,215,565)	1,332,839	48,826	1,381,665
Net Assets, Beginning of Year	<u>103,316,259</u>	<u>505,317</u>	<u>103,821,576</u>	<u>101,983,420</u>	<u>456,491</u>	<u>102,439,911</u>
Net Assets, End of Year	<u>\$ 100,198,793</u>	<u>\$ 2,407,218</u>	<u>\$ 102,606,011</u>	<u>\$ 103,316,259</u>	<u>\$ 505,317</u>	<u>\$ 103,821,576</u>

See notes to consolidated financial statements

**CALVARY CHAPEL CHURCH, INC. d/b/a
CALVARY CHAPEL FORT LAUDERDALE AND AFFILIATES**

Consolidated Statement of Functional Expenses

Year Ended June 30, 2020

	Program Services				Administrative Expenses				Total
	Church Ministry and General Outreach	Calvary Christian Academy	Other Ministries	Total Program Services	Church Ministry and General Outreach	Calvary Christian Academy	Other Ministries	Total Supporting Activities	
EXPENSES:									
Salaries and benefits	\$ 12,113,917	\$ 18,298,466	\$ 2,057,416	\$ 32,469,799	\$ 2,257,725	\$ 2,458,395	\$ 557,447	\$ 5,273,567	\$ 37,743,366
Tuition discounts provided to staff	-	3,098,265	-	3,098,265	-	-	-	-	3,098,265
Occupancy and maintenance	3,575,341	1,757,722	691,877	6,024,940	521,865	140,052	-	661,917	6,686,857
Depreciation	2,253,416	1,429,765	337,569	4,020,750	123,177	25,949	7,717	156,843	4,177,593
Professional fees	497,471	97,367	141,380	736,218	891,077	297,077	15,449	1,203,603	1,939,821
Printing and supplies	481,292	735,420	206,358	1,423,070	196,072	91,491	22,929	310,492	1,733,562
Missionary support	866,479	1,650	-	868,129	-	-	-	-	868,129
Cost of goods sold	29,184	144,485	1,251,111	1,424,780	-	-	-	-	1,424,780
Benevolence and outreach	2,613,637	7,733	21,162	2,642,532	132,301	15,480	-	147,781	2,790,313
Conferences and camps	553,892	2,047,524	37,611	2,639,027	-	39,302	-	39,302	2,678,329
Grants	5,018,513	-	-	5,018,513	-	-	-	-	5,018,513
Travel	93,436	334,903	-	428,339	667	2,391	3,097	6,155	434,494
Interest	340,420	138,600	-	479,020	-	-	-	-	479,020
Total Expenses	\$ 28,436,998	\$ 28,091,900	\$ 4,744,484	\$ 61,273,382	\$ 4,122,884	\$ 3,070,137	\$ 606,639	\$ 7,799,660	\$ 69,073,042

See notes to consolidated financial statements

**CALVARY CHAPEL CHURCH, INC. d/b/a
CALVARY CHAPEL FORT LAUDERDALE AND AFFILIATES**

Consolidated Statement of Functional Expenses

Year Ended June 30, 2019

	Program Services				Administrative Expenses				
	Church Ministry and General Outreach	Calvary Christian Academy	Other Ministries	Total Program Services	Church Ministry and General Outreach	Calvary Christian Academy	Other Ministries	Total Supporting Activities	Total
EXPENSES:									
Salaries and benefits	\$ 12,607,370	\$ 15,657,252	\$ 2,129,104	\$ 30,393,726	\$ 2,512,761	\$ 1,709,697	\$ 597,419	\$ 4,819,877	\$ 35,213,603
Tuition discounts provided to staff	-	2,798,462	-	2,798,462	-	-	-	-	2,798,462
Occupancy and maintenance	3,682,995	1,433,130	540,445	5,656,570	467,378	134,875	-	602,253	6,258,823
Depreciation	2,157,473	1,399,199	289,620	3,846,292	124,967	33,239	3,188	161,394	4,007,686
Professional fees	403,990	107,757	227,059	738,806	859,392	268,608	25,229	1,153,229	1,892,035
Printing and supplies	576,726	406,718	214,903	1,198,347	208,048	224,612	23,878	456,538	1,654,885
Missionary support	792,158	-	-	792,158	-	-	-	-	792,158
Cost of goods sold	56,348	26,619	1,633,888	1,716,855	-	-	-	-	1,716,855
Benevolence and outreach	3,049,048	13,581	46,257	3,108,886	120,023	29,972	-	149,995	3,258,881
Conferences and camps	1,192,387	2,377,875	54,284	3,624,546	-	6,471	-	6,471	3,631,017
Travel	386,019	276,536	-	662,555	839	220	730	1,789	664,344
Interest	405,675	135,450	-	541,125	-	-	-	-	541,125
Total Expenses	\$ 25,310,189	\$ 24,632,579	\$ 5,135,560	\$ 55,078,328	\$ 4,293,408	\$ 2,407,694	\$ 650,444	\$ 7,351,546	\$ 62,429,874

See notes to consolidated financial statements

**CALVARY CHAPEL CHURCH, INC. d/b/a
CALVARY CHAPEL FORT LAUDERDALE AND AFFILIATES**

Consolidated Statements of Cash Flows

	Year Ended June 30,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (1,215,565)	\$ 1,381,665
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	4,177,593	4,007,686
Amortization of debt issuance costs	25,792	23,643
Gain on sales of property and equipment	(5,990)	(441,239)
Contributions restricted for long-term investment	(884,892)	(75,879)
Changes in operating assets and liabilities:		
Accounts, notes, and other receivables	393,528	(42,203)
Prepaid expenses and other assets	188,675	1,432,911
Accounts payable and accrued expenses	(359,657)	112,239
Accrued payroll and benefits payable	(169,331)	965,133
Deferred revenue	(13,881)	147,811
Net Cash Provided by Operating Activities	2,136,272	7,511,767
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures for property and equipment	(4,290,611)	(3,091,294)
Proceeds from sales of property and equipment	-	1,616,000
Net Cash Used by Investing Activities	(4,290,611)	(1,475,294)

(continued)

See notes to consolidated financial statements

**CALVARY CHAPEL CHURCH, INC. d/b/a
CALVARY CHAPEL FORT LAUDERDALE AND AFFILIATES**

Consolidated Statements of Cash Flows
(continued)

	Year Ended June 30,	
	2020	2019
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments on note payable	(1,413,333)	(1,587,223)
Contributions restricted for long-term investment	884,892	75,879
Net Cash Used by Financing Activities	(528,441)	(1,511,344)
Net Change in Cash and Cash Equivalents	(2,682,780)	4,525,129
Cash and Cash Equivalents, Beginning of Year	19,484,181	14,959,052
Cash and Cash Equivalents, End of Year	\$ 16,801,401	\$ 19,484,181
SUPPLEMENTAL DISCLOSURES:		
Cash paid for interest—none capitalized	\$ 403,152	\$ 500,833
NONCASH INVESTING ACTIVITIES:		
Issuance of note receivable in sale of property and equipment	\$ -	\$ 500,000

See notes to consolidated financial statements

**CALVARY CHAPEL CHURCH, INC. d/b/a
CALVARY CHAPEL FORT LAUDERDALE AND AFFILIATES**

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

1. NATURE OF ORGANIZATION:

Calvary Chapel Fort Lauderdale and Affiliates (Organization) is the consolidated financial reporting entity for Calvary Chapel Church, Inc. (CCCI) and its supporting organizations: Calvary Chapel of Fort Lauderdale, Inc. (CCFL), and HELPS Ministries of Broward, Inc. (HELPS). The Organization's primary sources of revenue are contributions from donors and tuition and fees from Calvary Christian Academy (CCA).

CCCI was incorporated in December 1997 as a Florida not-for-profit corporation and is exempt from federal income tax on related activities under Section 501(c)(3) of the Internal Revenue Code (Code). CCCI is classified as a publicly supported organization, which is not a private foundation under Section 509(a)(1) of the Code, and contributions to it are tax deductible within the limitations prescribed by the Code.

CCCI operates as a church and exists to proclaim the good news of salvation by faith in the Lord Jesus Christ by any suitable method or media, which includes, but is not limited to, establishing and operating a local ministry for the worship of Jesus Christ using personal evangelism, preaching, teaching, missions, and discipleship. CCCI accomplishes its objectives through the following activities:

Church ministry, which consists of weekly services, including worship and Bible study, small groups, discipleship, prayer, biblical counseling, and other church activities. The church conducts outreach and missions activities designed to reach out not only to the local community but to the world as well.

CCCI also operates a bookstore, which sells Christian books, literature, videos, CDs, DVDs, and other Christian products to disciple the believer and educate the nonbeliever. The Grill is a restaurant on the church premises offering food and beverages in support of church ministry activities and serves as a place for fellowship for church attendees.

CCA, a Christian school operated by CCCI, is located on the church's premises and exists to provide a biblically-based education for children attending pre-kindergarten through twelfth grade.

CCFL was incorporated as a tax-exempt organization under section 501(c)(3) in December 1988 and is an integrated auxiliary of CCCI within the meaning of Section 509(a)(3) of the Code. CCFL has also been classified as an entity that is not a private foundation within the meaning of the Section 509(a) and qualifies for tax-deductible contributions as provided in Section 170(b)(1)(A)(vi). CCFL holds and operates real property on behalf of CCCI.

HELPS was incorporated as a tax-exempt organization under section 501(c)(3) in December 1991 and is an integrated auxiliary of CCCI within the meaning of Section 509(a)(3) of the Code. HELPS has also been classified as an entity that is not a private foundation within the meaning of the Section 509(a) and qualifies for tax-deductible contributions as provided in Section 170(b)(1)(A)(vi). HELPS provides vehicle fleet services to the Organization and holds and operates real property on behalf of CCCI.

**CALVARY CHAPEL CHURCH, INC. d/b/a
CALVARY CHAPEL FORT LAUDERDALE AND AFFILIATES**

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Organization maintains its accounts and prepares its consolidated financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States. The significant accounting policies followed are described below to enhance the usefulness of the consolidated financial statements to the reader.

USE OF ESTIMATES

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the operations of CCCI, CCFL, and HELPS. All significant inter-company balances and transactions have been eliminated.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash held in checking, savings, and money market accounts. These accounts may, at times, exceed federally insured limits. The Organization has not experienced any losses in such accounts, and management believes it is not exposed to any significant credit risk on cash and cash equivalents. At June 30, 2020 and 2019, cash balances exceeded federally insured limits by \$14,865,788 and \$16,861,504, respectively. Amounts held for long-term purposes are included in cash and cash equivalents.

ACCOUNTS, NOTES, AND OTHER RECEIVABLES—NET

Accounts and notes receivable are reported net of any anticipated losses due to uncollectible accounts. Receivables due to CCA are considered delinquent when they are past due 10 days and are charged a \$25 late fee at that time. The Organization recognizes an allowance for losses on accounts receivable in an amount equal to the estimated probable losses net of estimated recoveries. Generally accounts are considered uncollectible when a student with an outstanding balance graduates from school, withdraws from school, or does not return for the following year or when the account becomes 90 days or more past due.

The allowance for doubtful accounts is maintained at a level which, in management's judgment, is adequate to absorb potential losses inherent in the receivable portfolio. The amount of the allowance is based on management's evaluation of the collectability of the receivable portfolio. Such evaluation considers the nature of the portfolio, trends in historical loss experience, specific impaired notes, and economic conditions.

**CALVARY CHAPEL CHURCH, INC. d/b/a
CALVARY CHAPEL FORT LAUDERDALE AND AFFILIATES**

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

ACCOUNTS, NOTES, AND OTHER RECEIVABLES–NET, continued

As of June 30, 2020 and 2019, an allowance for doubtful accounts has been provided for in the amounts of \$191,239 and \$40,810 respectively. Allowances for impaired notes is determined based on the present value of estimated future cash flows. At June 30, 2020 and 2019, the present value of estimated future cash flows underlying notes receivable is considered sufficient. Accordingly, no allowance for impaired notes has been provided in the accompanying consolidated financial statements. However, due to uncertainties associated with regional economic conditions and future cash flows on notes, management’s estimate of losses inherent in the accounts and notes receivable portfolios and the related allowances may change materially in the near term.

PROPERTY AND EQUIPMENT–NET

Items capitalized as property and equipment are stated at cost or, if donated, at market value on the date of donation. The Organization capitalizes all property and equipment expenditures greater than \$10,000. Expenditures for repairs and maintenance are charged to expense as incurred, and additions and improvements that significantly extend the lives of assets are capitalized at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 3 to 40 years.

DEBT ISSUANCE COSTS–NET

Debt issuance costs are amortized on a straight-line basis over the term of the note payable. Debt issuance costs–net are netted with the note payable in the accompanying consolidated statements of financial position.

CLASSES OF NET ASSETS

The consolidated financial statements report amounts separately by class of net assets.

Net assets without donor restrictions are currently available at the discretion of the board for use in operations. Equity in property and equipment represents amounts invested in property and equipment net of accumulated depreciation and related debt.

Net assets with donor restrictions are restricted by donors for a specific purposes or the expiration of a certain time period.

**CALVARY CHAPEL CHURCH, INC. d/b/a
CALVARY CHAPEL FORT LAUDERDALE AND AFFILIATES**

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT AND REVENUES, RECLASSIFICATIONS, AND EXPENSES

Revenue is recognized when earned and support when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of other assets is transferred to the Organization. CCA provides financial aid and tuition discounts to families who are not staff members of the Organization and records these discounts as reductions to tuition revenue. The amount of these discounts was \$1,300,684 and \$1,001,081 for the years ended June 30, 2020 and 2019, respectively. Financial aid and tuition discounts provided to staff members are recorded as tuition discounts provided to staff in the consolidated statements of functional expenses.

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give, that is those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated amounts. 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 consolidated statements of activities as satisfaction of purpose or time restrictions.

The Organization reports donations of property and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and 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 Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Donated goods and services (including securities, property, equipment, and retail space) are recorded at fair value at the date of the gift.

Expenses are recorded when incurred in accordance with the accrual basis of accounting. The costs of providing various program services and supporting activities of the Organization have been summarized on a functional basis in the consolidated statements of activities. Certain expenses, including salaries and benefits, depreciation, interest and facilities operations benefit multiple program services and support functions and have been allocated to one or more program service or support function in the consolidated statement of functional expenses. Salaries and benefits and other expenses have been allocated based upon the programmatic purpose of the expense incurred. Depreciation, interest and facilities operations have been allocated based upon an analysis of the square footage of the facilities.

**CALVARY CHAPEL CHURCH, INC. d/b/a
CALVARY CHAPEL FORT LAUDERDALE AND AFFILIATES**

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

RECENTLY ISSUED ACCOUNTING STANDARDS

In 2014, Financial Accounting Standards Board (FASB) issued ASU No. 2014-09, *Revenue from Contracts with Customers*. The Organization adopted the provisions of this new standard during the year ended June 30, 2020. The new standard applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. The Organization implemented ASU No. 2014-09 and its related amendments, and there was no adjustment to the presentation of tuition and fee revenue in the consolidated financial statements. Following the adoption of the ASU, the Organization continues to recognize revenue from customers as services are provided, which corresponds to the year in which the related services are provided. There was no material impact to the consolidated financial statements as a result of adoption. The ASU has been applied retrospectively to all periods presented, with no effect on net assets or previously issued consolidated financial statements.

In 2018, FASB also issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The Organization adopted the provisions of this new standard during the year ended June 30, 2020. The new standard clarifies and improves current guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction. Adoption of this standard had no effect on change in net assets or net assets in total.

**CALVARY CHAPEL CHURCH, INC. d/b/a
CALVARY CHAPEL FORT LAUDERDALE AND AFFILIATES**

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

3. LIQUIDITY AND FUNDS AVAILABLE:

The following reflects the Organization's financial assets as of June 30, 2020 and 2019, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. The Organization considers general expenditures to be all expenditures related to its ongoing activities to achieve its vision as well as the conduct of services undertaken to support those activities to be general expenditures.

	June 30,	
	2020	2019
Financial assets:		
Cash and cash equivalents	\$ 16,801,401	\$ 19,484,181
Accounts, notes, and other receivables-net	2,734,871	3,128,399
	19,536,272	22,612,580
Less those not available for general expenditures within one year:		
Net assets with donor restrictions for capital improvements	(1,437,369)	(152,477)
Notes receivable due in more than one year	(2,625,454)	(2,518,943)
Board designated net assets for various purposes	(5,411,699)	(2,844,836)
	(9,474,522)	(5,516,256)
Financial assets available to meet cash needs for general expenditures within one year	\$ 10,061,750	\$ 17,096,324

As part of the Organization'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. The Organization has \$969,849 in net assets with donor restrictions for various purposes including project support. These funds are considered available to meet needs for general expenditures within one year.

In addition, the Organization has available a \$2,000,000 revolving line of credit with its bank. Interest on the line of credit is payable monthly and the rate on the line of credit is One-Month LIBOR plus one percent. The line of credit is due in full on January 1, 2021. During the year ended June 30, 2020, there were no outstanding balances.

**CALVARY CHAPEL CHURCH, INC. d/b/a
CALVARY CHAPEL FORT LAUDERDALE AND AFFILIATES**

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

4. ACCOUNTS, NOTES, AND OTHER RECEIVABLES—NET:

Accounts, notes, and other receivables—net consist of:

	June 30,	
	2020	2019
CCA tuition receivable—net	\$ 109,417	\$ 109,456
Other receivable	400,000	754,011
Note receivable—related party (see Note 10)	2,225,454	2,264,932
	\$ 2,734,871	\$ 3,128,399

5. PREPAID EXPENSES AND OTHER ASSETS:

Prepaid expenses and other assets consist of:

	June 30,	
	2020	2019
Prepaid insurance	\$ 191,477	\$ 183,090
Prepaid CCA expenses	95,311	213,181
Other prepaid expenses	207,228	309,952
Inventory	71,399	50,343
Other assets	36,841	34,365
	\$ 602,256	\$ 790,931

**CALVARY CHAPEL CHURCH, INC. d/b/a
CALVARY CHAPEL FORT LAUDERDALE AND AFFILIATES**

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

6. PROPERTY AND EQUIPMENT–NET:

Property and equipment–net consists of:

	June 30,	
	2020	2019
Land and land improvements	\$ 34,361,203	\$ 34,361,203
Buildings and building improvements	107,526,284	105,189,461
Furniture and equipment	14,249,086	12,664,436
	156,136,573	152,215,100
Less accumulated depreciation	(56,118,455)	(51,965,388)
	100,018,118	100,249,712
Construction in progress	617,879	267,277
	\$ 100,635,997	\$ 100,516,989

7. NOTE PAYABLE–NET:

Note payable–net consists of:

	June 30,	
	2020	2019
\$13.7 million note payable made in June 2018; equal monthly payments of principal in the amount of \$76,111 plus interest, with a final payment of all unpaid principal and accrued interest due at maturity in August 2030; bears fixed interest of 3.99%; secured with real property in Fort Lauderdale, Florida.	\$ 10,699,444	\$ 12,112,777
Less debt issuance costs–net	(79,525)	(105,317)
	\$ 10,619,919	\$ 12,007,460

The Organization is required to meet certain reporting covenants for the note payable. As of June 30, 2020 and 2019, all reporting covenants have been met.

**CALVARY CHAPEL CHURCH, INC. d/b/a
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Notes to Consolidated Financial Statements

June 30, 2020 and 2019

7. NOTES PAYABLE–NET, continued:

Note payable obligations mature as follows:

Years Ending June 30,	Amounts
2021	\$ 828,462
2022	828,462
2023	828,462
2024	828,462
2025	828,462
Thereafter	6,557,134
	\$ 10,699,444

8. NET ASSETS:

Net assets consist of:

	June 30,	
	2020	2019
Without donor restrictions:		
Undesignated	\$ 94,787,094	\$ 100,471,423
Board designated for:		
Capital improvements	2,887,783	1,957,136
CCA	1,892,788	-
Church planting	484,566	502,582
Technology initiatives	76,562	250,118
Other community initiatives	70,000	135,000
	100,198,793	103,316,259
With donor restrictions:		
Capital improvements	1,437,369	152,477
Outreach	546,657	11,692
Disaster relief	355,370	300,911
Strategic plan projects	67,822	40,237
	2,407,218	505,317
	\$ 102,606,011	\$ 103,821,576

**CALVARY CHAPEL CHURCH, INC. d/b/a
CALVARY CHAPEL FORT LAUDERDALE AND AFFILIATES**

Notes to Consolidated Financial Statements

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9. EMPLOYEE BENEFIT PLANS:

The Organization offers its employees the opportunity to participate in a Section 403(b) Tax Sheltered Retirement Plan (Retirement Plan). The Retirement Plan allows for employee and employer contributions, including both a matching portion as well as a discretionary portion, if approved by the Organization's board. Employer contributions consist of a 50% match of employee contributions up to a maximum limit of 3% of employee compensation for all employees except pastoral staff. The pastoral staff receives the 50% employer contribution subject to deferral limitations as prescribed by the Code.

Effective December 5, 2013, CCCI established the Calvary Chapel Church, Inc. 403(b) Plan-2 (the Plan). The Plan allows for employee and employer contributions, including both a matching portion as well as a discretionary portion, if approved by CCCI's board.

Employer contributions to the Retirement Plan and the Plan (collectively) were \$697,766 and \$619,525, for the years ended June 30, 2020 and 2019, respectively.

10. RELATED PARTY TRANSACTIONS:

4Kids of South Florida, Inc. (4KIDS) is an integrated auxiliary of the Organization. The Organization has mortgage loans receivable from 4Kids totaling \$1,955,771. The loans are secured by residential properties in Broward county, FL and each loan has an interest rate of 6.00%. All principal and interest is due on the maturity date of the loans, which are in 2024 and 2025. The following related party transactions occurred between the Organization and 4KIDS:

	Year Ended June 30,	
	2020	2019
4KIDS-related activity:		
Contributions to 4KIDS	\$ 120,000	\$ 247,414
Expenses paid to the Organization from 4KIDS:		
Interest expense	\$ 117,348	\$ 117,348
Management fees and ministry expense	29,195	172,546
	\$ 146,543	\$ 289,894
Accrued interest on mortgage notes payable to the Organization from 4KIDS	\$ 269,683	\$ 269,683
Amounts due to 4KIDS	\$ 50	\$ 1,306

**CALVARY CHAPEL CHURCH, INC. d/b/a
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Notes to Consolidated Financial Statements

June 30, 2020 and 2019

11. RISKS AND UNCERTAINTIES:

In March of 2020, the World Health Organization declared the outbreak of the coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. COVID-19 has caused a severe negative impact on the world economy and has contributed to significant declines and volatility in financial markets. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Organization for future periods. Management is carefully monitoring the situation and evaluating its options as circumstances evolve.

12. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through October 15, 2020, which represents the date the consolidated financial statements were available to be issued. Subsequent events after that date have not been evaluated.