



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

Consolidated Financial Statements
With Independent Auditors' Report

June 30, 2023 and 2022

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

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Consolidated Financial Statements	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4
Consolidated Statement of Functional Expenses–2023	6
Consolidated Statement of Functional Expenses–2022	7
Consolidated Statements of Cash Flows	8
Notes to Consolidated Financial Statements	9

INDEPENDENT AUDITORS' REPORT

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

Opinion

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, 2023 and 2022, 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.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Calvary Chapel Church, Inc. d/b/a Calvary Chapel Fort Lauderdale and Affiliates 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 Consolidated Financial Statements* section of our report. We are required to be independent of Calvary Chapel Church, Inc. d/b/a Calvary Chapel Fort Lauderdale and Affiliates and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Calvary Chapel Church, Inc. d/b/a Calvary Chapel Fort Lauderdale and Affiliates' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

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

Auditors' Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 Church, Inc. d/b/a Calvary Chapel Fort Lauderdale and Affiliates' 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Calvary Chapel Church, Inc. d/b/a Calvary Chapel Fort Lauderdale and Affiliates' 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

Lawrenceville, Georgia
October 4, 2023

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

Consolidated Statements of Financial Position

	June 30,	
	2023	2022
ASSETS:		
Cash and cash equivalents	\$ 17,077,318	\$ 24,613,073
Investments	4,823,321	-
Accounts receivable–net, prepaid expenses and other assets	2,817,533	1,196,741
Operating lease right-of-use asset	4,045,174	-
Property and equipment–net	99,003,671	98,315,603
Total Assets	\$ 127,767,017	\$ 124,125,417
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	\$ 1,459,929	\$ 1,872,802
Accrued payroll and benefits payable	3,830,065	3,645,325
Deferred revenue	2,068,334	2,884,440
Operating lease right-of-use liability	4,276,608	-
Note payable–net	8,354,398	9,173,329
Total liabilities	19,989,334	17,575,896
Net assets:		
Without donor restrictions	103,765,088	103,497,671
With donor restrictions	4,012,595	3,051,850
Total net assets	107,777,683	106,549,521
Total Liabilities and Net Assets	\$ 127,767,017	\$ 124,125,417

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,					
	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Support:						
Tithes and offerings	\$ 28,270,145	\$ 2,534,638	\$ 30,804,783	\$ 29,415,417	\$ 3,111,050	\$ 32,526,467
Revenue:						
Ministry activities income	3,078,892	-	3,078,892	3,092,128	-	3,092,128
Sales—bookstore, food services, and skate park	3,913,786	-	3,913,786	3,211,510	-	3,211,510
Calvary Christian Academy tuition and fees—net	39,905,449	-	39,905,449	36,565,816	-	36,565,816
Rental income	270,379	-	270,379	183,627	-	183,627
Interest and other income	1,110,947	-	1,110,947	285,014	-	285,014
	48,279,453	-	48,279,453	43,338,095	-	43,338,095
Total Support and Revenue	76,549,598	2,534,638	79,084,236	72,753,512	3,111,050	75,864,562
RECLASSIFICATIONS:						
Satisfaction of purpose and time restrictions	1,573,893	(1,573,893)	-	2,768,362	(2,768,362)	-
	1,573,893	(1,573,893)	-	2,768,362	(2,768,362)	-

(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,					
	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
EXPENSES:						
Program expenses:						
Church ministry and general outreach	24,599,071	-	24,599,071	24,320,850	-	24,320,850
Calvary Christian Academy	34,686,761	-	34,686,761	31,877,088	-	31,877,088
Other ministries	5,825,473	-	5,825,473	4,845,993	-	4,845,993
	<u>65,111,305</u>	<u>-</u>	<u>65,111,305</u>	<u>61,043,931</u>	<u>-</u>	<u>61,043,931</u>
Administrative expenses:						
Church ministry and general outreach	4,201,316	-	4,201,316	3,767,441	-	3,767,441
Calvary Christian Academy	8,003,028	-	8,003,028	7,137,816	-	7,137,816
Other ministries	540,425	-	540,425	505,609	-	505,609
	<u>12,744,769</u>	<u>-</u>	<u>12,744,769</u>	<u>11,410,866</u>	<u>-</u>	<u>11,410,866</u>
Total Expenses	<u>77,856,074</u>	<u>-</u>	<u>77,856,074</u>	<u>72,454,797</u>	<u>-</u>	<u>72,454,797</u>
Change in Net Assets	267,417	960,745	1,228,162	3,067,077	342,688	3,409,765
Net Assets, Beginning of Year	<u>103,497,671</u>	<u>3,051,850</u>	<u>106,549,521</u>	<u>100,430,594</u>	<u>2,709,162</u>	<u>103,139,756</u>
Net Assets, End of Year	<u>\$ 103,765,088</u>	<u>\$ 4,012,595</u>	<u>\$ 107,777,683</u>	<u>\$ 103,497,671</u>	<u>\$ 3,051,850</u>	<u>\$ 106,549,521</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, 2023

	Program Expenses			Administrative Expenses					
	Church Ministry and General Outreach	Calvary Christian Academy	Other Ministries	Total Program Expenses	Church Ministry and General Outreach	Calvary Christian Academy	Other Ministries	Total Administrative Expenses	Total
EXPENSES:									
Salaries and benefits	\$ 13,068,755	\$ 20,605,355	\$ 2,628,795	\$ 36,302,905	\$ 2,612,403	\$ 6,214,017	\$ 330,413	\$ 9,156,833	\$ 45,459,738
Tuition discounts provided to staff	-	3,358,411	-	3,358,411	-	394,028	-	394,028	3,752,439
Occupancy and maintenance	3,661,706	3,489,933	575,644	7,727,283	417,454	457,248	169,878	1,044,580	8,771,863
Depreciation	2,442,297	1,907,502	428,565	4,778,364	35,425	100,839	-	136,264	4,914,628
Professional fees	727,725	313,929	208,392	1,250,046	830,896	440,624	40,134	1,311,654	2,561,700
Printing and supplies	411,794	910,862	216,092	1,538,748	304,612	102,059	-	406,671	1,945,419
Missionary support	1,312,085	10,000	-	1,322,085	-	12,544	-	12,544	1,334,629
Cost of goods sold	113,024	148,319	1,727,621	1,988,964	-	234,219	-	234,219	2,223,183
Benevolence and outreach	1,775,218	500	2,274	1,777,992	50	18,764	-	18,814	1,796,806
Conferences and camps	757,943	3,431,110	17,618	4,206,671	-	17,286	-	17,286	4,223,957
Travel	210,691	421,964	4,434	637,089	476	11,400	-	11,876	648,965
Interest	117,833	88,876	16,038	222,747	-	-	-	-	222,747
Total Expenses	\$ 24,599,071	\$ 34,686,761	\$ 5,825,473	\$ 65,111,305	\$ 4,201,316	\$ 8,003,028	\$ 540,425	\$ 12,744,769	\$ 77,856,074

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, 2022

	Program Expenses			Administrative Expenses					
	Church Ministry and General Outreach	Calvary Christian Academy	Other Ministries	Total Program Expenses	Church Ministry and General Outreach	Calvary Christian Academy	Other Ministries	Total Administrative Expenses	Total
EXPENSES:									
Salaries and benefits	\$ 11,478,222	\$ 19,221,568	\$ 1,999,653	\$ 32,699,443	\$ 2,222,597	\$ 5,420,456	\$ 315,595	\$ 7,958,648	\$ 40,658,091
Tuition discounts provided to staff	-	3,021,877	-	3,021,877	-	413,437	-	413,437	3,435,314
Occupancy and maintenance	3,177,052	2,994,742	479,342	6,651,136	355,645	244,125	146,396	746,166	7,397,302
Depreciation	2,405,980	1,821,791	383,675	4,611,446	54,599	90,777	-	145,376	4,756,822
Professional fees	725,873	234,352	317,429	1,277,654	834,600	456,680	43,618	1,334,898	2,612,552
Printing and supplies	475,546	1,140,402	209,648	1,825,596	298,705	137,290	-	435,995	2,261,591
Missionary support	906,021	-	-	906,021	-	-	-	-	906,021
Cost of goods sold	97,427	132,512	1,423,246	1,653,185	-	182,795	-	182,795	1,835,980
Benevolence and outreach	2,063,976	7,667	3,400	2,075,043	200	42,300	-	42,500	2,117,543
Conferences and camps	985,717	2,600,831	9,527	3,596,075	-	147,321	-	147,321	3,743,396
Travel	43,872	479,377	2,574	525,823	1,095	2,635	-	3,730	529,553
Interest	128,564	96,969	17,499	243,032	-	-	-	-	243,032
Grants	250,000	125,000	-	375,000	-	-	-	-	375,000
Contributions made	1,582,600	-	-	1,582,600	-	-	-	-	1,582,600
Total Expenses	\$ 24,320,850	\$ 31,877,088	\$ 4,845,993	\$ 61,043,931	\$ 3,767,441	\$ 7,137,816	\$ 505,609	\$ 11,410,866	\$ 72,454,797

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,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,228,162	\$ 3,409,765
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	4,914,628	4,756,822
Amortization of debt issuance costs	9,530	9,530
Non-cash effect of change in accounting principle	231,434	-
Gain on sale of property and equipment	(2,000)	-
Contributions restricted for long-term investment	(745,519)	(959,063)
Reinvested interest and dividends	(112,321)	-
Changes in operating assets and liabilities:		
Accounts receivable–net, prepaid expenses and other assets	(1,620,792)	2,598,610
Accounts payable and accrued expenses	(412,873)	424,428
Accrued payroll and benefits payable	184,740	(405,441)
Deferred revenue	(816,106)	(530,543)
Net Cash Provided by Operating Activities	<u>2,858,883</u>	<u>9,304,108</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(4,711,000)	-
Capital expenditures for property and equipment	(5,600,696)	(4,284,461)
Net Cash Used by Investing Activities	<u>(10,311,696)</u>	<u>(4,284,461)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments on note payable	(828,461)	(828,463)
Contributions restricted for long-term investment	745,519	959,063
Net Cash Provided (Used) by Financing Activities	<u>(82,942)</u>	<u>130,600</u>
Net Change in Cash and Cash Equivalents	(7,535,755)	5,150,247
Cash and Cash Equivalents, Beginning of Year	24,613,073	19,462,826
Cash and Cash Equivalents, End of Year	<u>\$ 17,077,318</u>	<u>\$ 24,613,073</u>
SUPPLEMENTAL DISCLOSURES:		
Cash paid for interest–none capitalized	<u>\$ 222,747</u>	<u>\$ 242,644</u>
Right-of-use assets obtained in exchange for operating lease obligations	<u>\$ 4,045,174</u>	<u>\$ -</u>

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, 2023 and 2022

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, 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, 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, 2023 and 2022

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, and certificates of deposit with original maturities of three months or less. While at times deposits may exceed federally insured limits, the Organization has not experienced any losses on these accounts. At June 30, 2023 and 2022, cash balances exceeded federally insured limits by \$17,201,399 and \$24,073,378, respectively.

ACCOUNTS 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 10 days past due 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, 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, and economic conditions.

As of June 30, 2023 and 2022, an allowance for doubtful accounts has been provided for in the amounts of \$111,504 and \$61,900, respectively.

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

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

INVESTMENTS

The Organization's investments consist of certificates of deposit held at financial institutions and are reported at cost plus accrued interest. Donated investments are recorded at market value at the date of donation and thereafter carried in conformity with the stated policy.

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.

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

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 \$1,284,997 and \$1,165,316 for the years ended June 30, 2023 and 2022, respectively. Tuition discounts provided to staff members are recorded as Tuition discounts provided to staff in the consolidated statements of functional expenses.

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

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT AND REVENUES, RECLASSIFICATIONS, AND EXPENSES, continued

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 and time restrictions. Effective July 2023, all contributions to CCCI will be considered unrestricted.

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 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 statements 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.

OPERATING LEASE—RIGHT OF USE ASSETS AND OBLIGATIONS

The Organization adopted Accounting Standards Update (ASU) No. 2016-02 (see recently adopted accounting standard below) and its related amendments as of July 1, 2022, which resulted in the recognition of operating lease right-of-use assets totaling \$4,045,174 as of June 30, 2023, as well as operating lease obligations totaling \$4,276,608. The Organization elected to adopt the transition relief provisions from ASU 2018-11 and recorded the adoption as of July 1, 2022, without restating prior-year amounts. The additional lease disclosures can be found in Note 6.

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

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

RECENTLY ADOPTED ACCOUNTING STANDARD

In 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-02, *Leases* (Topic 842 of the FASB Accounting Standards Codification). The amendments in this update require organizations that lease assets to recognize on the statement of financial position the assets and liabilities for the rights and obligations created by the leases. The amendments are effective for fiscal years beginning after December 15, 2021. The Organization adopted this update for the year ended June 30, 2023. Some of the Organization's contracts contain the right to control the use of property or assets and are therefore considered leases. The Organization elected to adopt the transition relief provisions from ASU 2018-11, *Leases* (Topic 842): Targeted Improvements and recorded the impact of adoption as of July 1, 2022, without restating any prior-year amounts. The Organization also elected the practical expedient and accounting policy to exclude short-term leases with lease terms of 12 months or less. The additional lease disclosure can be found in Note 6. The effect of the adjustment to the opening balance of net assets totaled \$231,434. As it was deemed immaterial, the net asset difference was adjusted through occupancy and maintenance expenses on the consolidated statement of activities and functional expenses. This amount is reported as a non-cash effect of change in accounting principle on the consolidated statement of cash flows.

3. LIQUIDITY AND FUNDS AVAILABLE:

The following reflects the Organization's financial assets as of the consolidated statement of financial position date, reduced by amounts not available for general use because of contractual, donor-imposed restrictions, or board designations within one year of the consolidated statement of financial position date. The amounts designated by the board could be drawn upon if the governing board approves that action. The Church has a policy to structure its financial assets for availability for expenses and other obligations as due.

	June 30,	
	2023	2022
Financial assets:		
Cash and cash equivalents	\$ 17,077,318	\$ 24,613,073
Investments	4,823,321	-
Accounts receivable-net	20,365	35,403
	21,921,004	24,648,476
Less those not available for general expenditures within one year:		
Net assets with donor restrictions for capital improvements	(2,582,948)	(1,461,856)
Board designated net assets for various purposes, excluding CCA	(3,606,017)	(2,801,228)
	(6,188,965)	(4,263,084)
Financial assets available to meet cash needs for general expenditures within one year	\$ 15,732,039	\$ 20,385,392

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

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

4. INVESTMENTS:

Investments consist of:

	June 30,	
	2023	2022
Held at cost plus accrued interest:		
Certificates of deposit	\$ 4,823,321	\$ -

5. ACCOUNTS RECEIVABLE–NET, PREPAID EXPENSES, AND OTHER ASSETS

Accounts receivable–net, prepaid expenses, and other assets consist of:

	June 30,	
	2023	2022
CCA tuition receivable–net	\$ 20,365	\$ 33,737
Other receivables–net	564,179	1,666
Prepaid insurance	95,095	171,508
Prepaid CCA expenses	1,450,908	403,960
Other prepaid expenses	437,295	349,385
Inventory	113,857	86,611
Other assets	135,834	149,874
	\$ 2,817,533	\$ 1,196,741

6. OPERATING LEASES–RIGHT OF USE ASSETS AND OBLIGATIONS:

The Organization leases meeting space under three noncancelable operating leases, expiring at various dates through 2044. One of the operating leases has an original maturity of June 2024 and contains four five-year renewal periods (for a total of 20 years). As of June 30, 2023, these additional terms are included in the operating lease calculations as management expects to exercise the extensions. The leases require monthly payments of approximately \$40,000. The discount rate represents the Organization’s incremental borrowing rate. Total expenses incurred under these operating leases for the year ended June 30, 2023, was \$436,388.

Operating lease right-of-use assets	\$ 4,045,174
Operating lease liabilities	\$ 4,276,608
Operating lease costs	\$ 436,388
Weighted-average discount rate	3.72%
Weighted-average remaining lease term	17.74

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

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

6. OPERATING LEASES-RIGHT OF USE ASSETS AND OBLIGATIONS, continued:

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

Years Ending June 30,	Amounts
2024	\$ 477,743
2025	485,031
2026	492,502
2027	357,258
2028	311,675
Thereafter	3,795,975
	5,920,184
Less imputed interest	(1,643,576)
	\$ 4,276,608

Prior to the adoption of ASUs 2016-02 and 2018-11 under Topic 842 as described in Note 2, the Organization was applying Topic 840 in relation to operating leases. During the year ended June 30, 2022, the Organization had operating lease expenses of \$738,315.

7. PROPERTY AND EQUIPMENT-NET:

Property and equipment-net consists of:

	June 30,	
	2023	2022
Land and land improvements	\$ 34,521,234	\$ 34,521,234
Buildings and building improvements	111,760,389	110,858,189
Furniture and equipment	17,872,039	16,449,601
	164,153,662	161,829,024
Less accumulated depreciation	(70,030,886)	(65,263,029)
	94,122,776	96,565,995
Construction in progress	4,880,895	1,749,608
	\$ 99,003,671	\$ 98,315,603

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

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

8. NOTE PAYABLE–NET:

Note payable–net consists of:

	June 30,	
	2023	2022
\$10.7 million term note dated July 3, 2020; payable in fixed monthly payments of principal in the amount of \$69,038 plus interest, with a final payment of all unpaid principal and accrued interest due on August 1, 2030; bears fixed interest at 2.37% through August 1, 2025, at which time there is a one-time rate adjustment to 2% plus the 5-year SWAP rate as published in the Federal Reserve Statistical Release H.15; secured with real property in Fort Lauderdale, Florida.	\$ 8,422,693	9,251,154
Less debt issuance costs–net	(68,295)	(77,825)
	\$ 8,354,398	\$ 9,173,329

The Organization is required to meet certain reporting covenants for the note payable. As of June 30, 2023 and 2022, all reporting covenants have been met.

Note payable obligations mature as follows:

Years Ending June 30,	Amounts
2024	\$ 828,462
2025	828,462
2026	828,462
2027	828,462
2028	828,462
Thereafter	4,280,383
	\$ 8,422,693

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

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

9. NET ASSETS:

Net assets consist of:

	June 30,	
	2023	2022
Without donor restrictions:		
Undesignated	\$ 91,083,855	\$ 96,151,263
Board designated for:		
Capital improvements	235,086	30,990
CCA	9,075,216	4,545,180
Church planting	70,658	142,571
Estate funds	519,914	563,348
Self insurance	2,716,040	2,000,000
Technology initiatives	64,319	64,319
	12,681,233	7,346,408
	103,765,088	103,497,671
With donor restrictions:		
Capital improvements	2,582,948	1,461,856
Outreach	567,732	687,312
Disaster relief	732,033	738,912
Strategic plan projects	129,882	163,770
	4,012,595	3,051,850
	\$ 107,777,683	\$ 106,549,521

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

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

10. 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 ministerial staff. The ministerial 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 \$940,503 and \$828,279, for the years ended June 30, 2023 and 2022, respectively.

11. RELATED PARTY TRANSACTIONS:

4Kids of South Florida, Inc. (4KIDS) is an integrated auxiliary of the Organization. During the year ended June 30, 2022, the Organization forgave the notes receivable from 4Kids totaling \$1,955,771. The notes were secured by residential properties in Broward county, Florida and each note had an interest rate of 6.00%. The following related party transactions occurred between the Organization and 4KIDS:

	Year Ended June 30,	
	2023	2022
4KIDS-related activity:		
Contributions to 4KIDS	\$ 25,828	\$ 23,537
Notes receivable forgiveness to 4KIDS	-	1,955,771
Interest forgiveness to 4KIDS	-	318,578
	\$ 25,828	\$ 2,297,886
Expenses paid to the Organization from 4KIDS:		
Management fees and ministry expense	\$ -	\$ 2,982
Amounts due to 4KIDS	\$ -	\$ 293
Amounts due from 4KIDS	\$ 1,666	\$ 1,666

12. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through October 4, 2023, which represents the date the consolidated financial statements were available to be issued. Subsequent events after that date have not been evaluated.