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

Consolidated Financial Statements
With Independent Auditors' Report

June 30, 2019 and 2018

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, 2019 and 2018, 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.

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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, 2019 and 2018, 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.

Emphasis of Matter

As discussed in Note 2, Calvary Chapel Church, Inc. d/b/a Calvary Chapel Fort Lauderdale and Affiliates has adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. This has had a material effect on the presentation of the June 30, 2019 and 2018 consolidated financial statements. Our opinion is not modified with respect to this matter.

Capin Crouse LLP

Lawrenceville, Georgia
October 24, 2019

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

Consolidated Statements of Financial Position

	June 30, 2019	June 30, 2018
ASSETS:		
Cash and cash equivalents	$ 19,484,181	$ 14,959,052
Accounts, notes, and other receivables–net	3,128,399	2,586,196
Prepaid expenses and other assets	790,931	2,223,842
Property and equipment–net	100,516,989	103,108,142
Total Assets	$ 123,920,500	$ 122,877,232
LIABILITIES AND NET ASSETS:		
Accounts payable and accrued expenses	$ 1,428,374	$ 1,316,135
Accrued payroll and benefits payable	3,602,071	2,636,938
Deferred revenue	3,061,019	2,913,208
Note payable–net	12,007,460	13,571,040
	20,098,924	20,437,321
Net assets:		
Without donor restrictions	103,316,259	101,983,420
With donor restrictions	505,317	456,491
	103,821,576	102,439,911
Total Liabilities and Net Assets	$ 123,920,500	$ 122,877,232

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,					
	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Support:						
Tithes and offerings	$ 27,953,755	$ 1,946,675	$ 29,900,430	$ 27,586,243	$ 2,877,729	$ 30,463,972
Noncash donations	43,773	-	43,773	118,758	-	118,758
	27,997,528	1,946,675	29,944,203	27,705,001	2,877,729	30,582,730
Revenue:						
Ministry activities income	2,550,732	-	2,550,732	1,526,782	-	1,526,782
Sales–bookstore, food services, and skate park	4,231,387	-	4,231,387	4,070,602	-	4,070,602
Calvary Christian Academy tuition and fees–net	25,881,206	-	25,881,206	22,233,211	-	22,233,211
Rental income	243,273	-	243,273	219,035	-	219,035
Gain (loss) on sale of fixed assets	441,239	-	441,239	(1,315,711)	-	(1,315,711)
Interest and other income	519,499	-	519,499	586,701	-	586,701
	33,867,336	-	33,867,336	27,320,620	-	27,320,620
Total Support and Revenue	61,864,864	1,946,675	63,811,539	55,025,621	2,877,729	57,903,350
RECLASSIFICATIONS:						
Satisfaction of purpose and time restrictions	1,897,849	(1,897,849)	-	2,770,155	(2,770,155)	-

(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,					
	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
EXPENSES:						
Program expenses:						
Church ministry and general outreach	25,350,126	-	25,350,126	23,207,638	-	23,207,638
Calvary Christian Academy	24,318,910	-	24,318,910	21,749,736	-	21,749,736
Other ministries	5,137,439	-	5,137,439	5,048,147	-	5,048,147
	54,806,475	-	54,806,475	50,005,521	-	50,005,521
Administrative expenses:						
Church ministry and general outreach	3,964,590	-	3,964,590	4,000,686	-	4,000,686
Calvary Christian Academy	2,753,636	-	2,753,636	2,219,200	-	2,219,200
Other ministries	905,173	-	905,173	820,567	-	820,567
	7,623,399	-	7,623,399	7,040,453	-	7,040,453
Total Operating Expenses	62,429,874	-	62,429,874	57,045,974	-	57,045,974
Change in Net Assets Before Grant to 4KIDS	1,332,839	48,826	1,381,665	749,802	107,574	857,376
Grant to 4KIDS (Note 10)	-	-	-	6,397,528	-	6,397,528
Change in Net Assets	1,332,839	48,826	1,381,665	(5,647,726)	107,574	(5,540,152)
Net Assets, Beginning of Year	101,983,420	456,491	102,439,911	107,631,146	348,917	107,980,063
Net Assets, End of Year	$ 103,316,259	$ 505,317	$ 103,821,576	$ 101,983,420	$ 456,491	$ 102,439,911

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	$ 12,460,989	$ 15,810,384	$ 2,129,104	$ 30,400,477	$ 2,327,143	$ 1,902,556	$ 854,027	$ 5,083,726	$ 35,484,203
Tuition discounts provided to staff	-	2,798,462	-	2,798,462	-	-	-	-	2,798,462
Occupancy and maintenance	3,865,636	1,158,255	540,445	5,564,336	584,298	157,190	-	741,488	6,305,824
Depreciation	2,157,473	1,399,199	290,262	3,846,934	124,966	33,239	2,547	160,752	4,007,686
Professional fees	425,530	107,757	228,296	761,583	613,682	175,179	23,992	812,853	1,574,436
Printing and supplies	576,726	182,522	214,903	974,151	133,971	448,809	23,878	606,658	1,580,809
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	3,063,455	13,581	46,257	3,123,293	156,049	29,972	-	186,021	3,309,314
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	729	1,788	664,343
Interest	373,405	167,720	-	541,125	23,642	-	-	23,642	564,767
Total Expenses	$ 25,350,126	$ 24,318,910	$ 5,137,439	$ 54,806,475	$ 3,964,590	$ 2,753,636	$ 905,173	$ 7,623,399	$ 62,429,874

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, 2018

	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	$ 11,095,994	$ 14,432,202	$ 2,006,778	$ 27,534,974	$ 2,645,169	$ 1,542,354	$ 770,227	$ 4,957,750	$ 32,492,724
Tuition discounts provided to staff	-	2,635,146	-	2,635,146	-	-	-	-	2,635,146
Occupancy and maintenance	4,069,948	505,312	584,613	5,159,873	321,399	130,334	-	451,733	5,611,606
Depreciation	2,551,615	1,332,043	288,847	4,172,505	129,054	28,089	5,093	162,236	4,334,741
Professional fees	547,100	188,773	227,155	963,028	554,019	120,156	21,940	696,115	1,659,143
Printing and supplies	511,641	215,026	202,077	928,744	178,847	370,580	22,453	571,880	1,500,624
Missionary support	851,908	12,000	-	863,908	-	-	-	-	863,908
Cost of goods sold	50,066	5,651	1,627,358	1,683,075	-	-	-	-	1,683,075
Benevolence and outreach	2,313,871	1,284	66,515	2,381,670	162,492	6,779	-	169,271	2,550,941
Conferences and camps	493,717	2,026,889	44,804	2,565,410	8,165	20,908	-	29,073	2,594,483
Travel	394,398	249,946	-	644,344	1,541	-	854	2,395	646,739
Interest	327,380	145,464	-	472,844	-	-	-	-	472,844
Total Expenses	$ 23,207,638	$ 21,749,736	$ 5,048,147	$ 50,005,521	$ 4,000,686	$ 2,219,200	$ 820,567	$ 7,040,453	$ 57,045,974

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, 2019	Year Ended June 30, 2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 1,381,665	$ (5,540,152)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	4,007,686	4,334,741
Amortization of debt issuance costs	23,643	-
Grant to 4KIDS of South Florida, Inc. (non-cash portion)	-	4,871,961
(Gain) loss on sales of property and equipment	(441,239)	12,335
Contributions restricted for long-term investment	(75,879)	(446,783)
Changes in operating assets and liabilities:		
Accounts, notes, and other receivables	(42,203)	(3,095)
Prepaid expenses and other assets	1,432,911	146,729
Accounts payable and accrued expenses	112,239	406,626
Accrued payroll and benefits payable	965,133	488,134
Deferred revenue	147,811	826,003
Net Cash Provided by Operating Activities	7,511,767	5,096,499
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures for property and equipment	(3,091,294)	(2,080,994)
Proceeds from sales of property and equipment	1,616,000	(3,621)
Impairment loss on assets held for sale	-	935,217
Net Cash Used by Investing Activities	(1,475,294)	(1,149,398)

(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,	
	2019	2018
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments on note payable	(1,587,223)	(2,138,384)
Payments on capital lease obligations	-	(198,147)
Contributions restricted for long-term investment	75,879	446,783
Net Cash Used by Financing Activities	(1,511,344)	(1,889,748)
Net Change in Cash and Cash Equivalents	4,525,129	2,057,353
Cash and Cash Equivalents, Beginning of Year	14,959,052	12,901,699
Cash and Cash Equivalents, End of Year	$ 19,484,181	$ 14,959,052
SUPPLEMENTAL DISCLOSURES:		
Cash paid for interest–none capitalized	$ 500,833	$ 472,844
NONCASH INVESTING ACTIVITIES:		
Issuance of note receivable in sale of property and equipment	$ 500,000	$ -

See notes to consolidated financial statements

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 various other church activities. The church conducts various 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.

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, 2019 and 2018, cash balances exceeded federally insured limits by $16,861,504 and $14,104,897, 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 a student with an outstanding balance graduates, withdraws from school or does not return to school for the following year. CCA assesses a $25 late fee when a student receivable is past due 15 days. The Organization recognizes an allowance for losses on accounts receivable in an amount equal to the estimated probable losses net of recoveries. Generally, accounts are considered uncollectible when they are 90 days past due or when the student has withdrawn from school.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

ACCOUNTS, NOTES, AND OTHER RECEIVABLES–NET, continued
As of June 30, 2019 and 2018, an allowance for doubtful accounts has been provided for in the amounts of $40,810 and $24,067 respectively. Allowances for impaired notes is determined based on the present value of estimated future cash flows. At June 30, 2019 and 2018, 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, it is at least reasonably possible that 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 ranging from 3 to 40 years.

DEBT ISSUANCE COSTS–NET
Effective in 2018, debt issuance costs are recorded at cost and amortized on a straight-line basis over the term of the note payable agreement. Debt issuance costs totaled $128,960 for both of the years ended June 30, 2019 and 2018, respectively, while accumulated amortization of debt issuance costs amounted to $23,643 and $0 for the years ended June 30, 2019 and 2018, respectively. 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 restriction 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 stipulated by donors for specific operating purposes, with time restrictions, or not currently available for use until commitments regarding their use have been fulfilled.

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 $1,001,081 and $923,479 for the years ended June 30, 2019 and 2018, 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 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. Accordingly, certain costs have been allocated among the program services and activities benefited. The consolidated financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. These expenses include salaries and benefits, depreciation, interest, facilities operations and other expenses. Salaries and benefits and other expenses have been allocated based on the programmatic purpose of the employee incurring the expense. Depreciation, interest, and facilities operations have been allocated based on an analysis of square footage.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

RECENTLY ISSUED ACCOUNTING STANDARD

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The Organization adopted the provisions of this new standard during the year ended June 30, 2019. In addition to changes in terminology used to describe categories of net assets throughout the consolidated financial statements, new disclosures were added regarding liquidity and the availability of resources (see Note 3), and disclosures related to functional allocation of expenses were expanded (see Note 2).

3. LIQUIDITY AND FUNDS AVAILABLE:

The following reflects the Organization's financial assets as of June 30, 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.

Financial assets:	
Cash and cash equivalents	$ 19,484,181
Accounts, notes, and other receivables–net	3,128,399
	22,612,580
Less those not available for general expenditures within one year:	
Net assets with donor restrictions for capital improvements	(152,477)
Notes receivable due in more than one year	(2,518,943)
Board designated net assets for various purposes	(2,844,836)
	(5,516,256)
Financial assets available to meet cash needs for general expenditures within one year	$ 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 $406,692 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, 2020. During the year ended June 30, 2019 there were no outstanding balances.

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

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

	June 30, 2019	June 30, 2018
CCA tuition receivable–net	$ 109,456	$ 68,517
Notes receivable	754,011	253,857
Note receivable–related party (see Note 10)	2,264,932	2,263,822
	$ 3,128,399	$ 2,586,196

5. PREPAID EXPENSES AND OTHER ASSETS:

Prepaid expenses and other assets consist of:

	June 30, 2019	June 30, 2018
Prepaid insurance	$ 183,090	$ 198,959
Prepaid CCA expenses	213,181	542,642
Other prepaid expenses	309,952	391,231
Inventory	50,343	77,020
Assets held for sale	-	999,337
Other assets	34,365	14,653
	$ 790,931	$ 2,223,842

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

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

6. PROPERTY AND EQUIPMENT–NET:

Property and equipment–net consists of:

	June 30, 2019	June 30, 2018
Land and land improvements	$ 34,361,203	$ 35,112,203
Buildings and building improvements	105,189,461	103,700,860
Furniture and equipment	12,664,436	12,998,104
	152,215,100	151,811,167
Less accumulated depreciation	(51,965,388)	(49,160,031)
	100,249,712	102,651,136
Construction in progress	267,277	457,006
	$ 100,516,989	$ 103,108,142

7. NOTE PAYABLE–NET:

Note payable–net consists of:

	June 30, 2019	June 30, 2018
$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 July 2023; bears fixed interest of 3.99%; secured with real property in Fort Lauderdale, Florida.	$ 12,112,777	$ 13,700,000
Less debt issuance costs–net	(105,317)	(128,960)
	$ 12,007,460	$ 13,571,040

7. NOTES PAYABLE–NET, continued:

Note payable obligations mature as follows:

Years Ending June 30,	Amounts
2020	$ 913,332
2021	913,332
2022	913,332
2023	913,332
2024	8,459,449
	$ 12,112,777

8. NET ASSETS:

Net assets consist of:

	June 30, 2019	June 30, 2018
Without donor restrictions:		
Undesignated	$ 100,471,423	$ 101,983,420
Board designated for:		
Capital improvements	1,957,136	-
Church planting	502,582	-
Technology initiatives	250,118	-
Other community initiatives	135,000	-
	103,316,259	101,983,420
With donor restrictions:		
Disaster relief	300,911	177,363
Capital improvements	152,477	23,946
Strategic plan projects	40,237	-
Outreach	11,692	255,182
	505,317	456,491
	$ 103,821,576	$ 102,439,911

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 $619,525 and $484,804, for the years ended June 30, 2019 and 2018, respectively.

10. RELATED PARTY TRANSACTIONS:

4KIDS of South Florida, Inc. (4KIDS) was incorporated during February 2002 as a tax-exempt organization under section 501(c)(3). 4KIDS has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for tax-deductible contributions as provided in Section 170(b)(1)(A)(vi). In December 2006, 4KIDS received acknowledgment by the Internal Revenue Service of its status as an integrated auxiliary of the Organization pursuant to the changes made in the provisions of its amended Articles of Incorporation and Bylaws filed in 2003. Effective July 1, 2017, the Organization no longer exercised control over 4KIDS and, accordingly, the Organization derecognized the related assets, liabilities, and net assets of 4KIDS.

The Organization has mortgage loans receivable from 4KIDS totaling $1,955,771. The loans are secured by residential properties in Broward County, FL, and the interest rate on each loan is 6%. All principal and interest is due at the maturity dates of the loans, which are in 2024 and 2025.

10. RELATED PARTY TRANSACTIONS, continued:

The following related party transactions occurred between the Organization and 4KIDS:

	Year Ended June 30, 2019	Year Ended June 30, 2018
4KIDS-related activity:		
Grant of assets, liabilities, and net assets to 4KIDS	$ -	$ 6,397,528
Contributions to 4KIDS	247,414	244,299
	$ 247,414	$ 6,641,827
Expenses paid to the Organization from 4KIDS:		
Interest expense	$ 117,348	$ 117,348
Management fees expense	172,546	198,601
Other expense	-	11,366
	$ 289,894	$ 327,315
Accrued interest on mortgage notes payable to the Organization from 4KIDS	$ 269,683	$ 269,683
Amounts due from 4KIDS	$ -	$ 38,368
Amounts due to 4KIDS	$ 1,306	$ -

11. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through October 24, 2019, which represents the date the consolidated financial statements were available to be issued. Subsequent events after that date have not been evaluated.