



**CALVARY BIBLE EVANGELICAL
FREE CHURCH**

Financial Statements
With Independent Auditors' Report

March 31, 2022 and 2021

CALVARY BIBLE EVANGELICAL FREE CHURCH

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INDEPENDENT AUDITORS' REPORT

Board of Elders
Calvary Bible Evangelical Free Church
Boulder, Colorado

Opinion

We have audited the accompanying financial statements of Calvary Bible Evangelical Free Church, which comprise the statements of financial position as of March 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Calvary Bible Evangelical Free Church as of March 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Calvary Bible Evangelical Free Church and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Calvary Bible Evangelical Free Church's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Board of Elders
Calvary Bible Evangelical Free Church
Boulder, Colorado

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Calvary Bible Evangelical Free Church's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Calvary Bible Evangelical Free Church's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Capin Crouse LLP

Centennial, Colorado
September 22, 2022

CALVARY BIBLE EVANGELICAL FREE CHURCH

Statements of Financial Position

	March 31,	
	2022	2021
ASSETS:		
Cash and cash equivalents	\$ 2,397,422	\$ 2,089,105
Prepaid expenses and other assets	73,925	99,150
Property and equipment—net	8,300,486	8,202,784
Total Assets	\$ 10,771,833	\$ 10,391,039
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	\$ 37,683	\$ 38,584
Accrued expenses and other liabilities	113,537	106,497
Note payable	860,614	908,526
Total liabilities	1,011,834	1,053,607
Net assets:		
Without donor restrictions:		
Operating	9,252,497	8,694,268
Management designated	216,822	40,552
	9,469,319	8,734,820
With donor restrictions	290,680	602,612
Total net assets	9,759,999	9,337,432
Total Liabilities and Net Assets	\$ 10,771,833	\$ 10,391,039

See notes to financial statements

CALVARY BIBLE EVANGELICAL FREE CHURCH

Statements of Activities

	Year Ended March 31,					
	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions	\$ 4,972,071	\$ 610,267	\$ 5,582,338	\$ 4,300,869	\$ 706,334	\$ 5,007,203
Donated property	-	-	-	760,426	-	760,426
Government grant	-	-	-	-	375,900	375,900
Program and other income	342,589	-	342,589	3,237	-	3,237
Total Support and Revenue	5,314,660	610,267	5,924,927	5,064,532	1,082,234	6,146,766
NET ASSETS RELEASED:						
Purpose restrictions	922,199	(922,199)	-	1,129,709	(1,129,709)	-
EXPENSES:						
Salaries and benefits	2,921,273	-	2,921,273	2,746,877	-	2,746,877
Ministry events and supplies	664,442	-	664,442	166,787	-	166,787
Funds to others	630,497	-	630,497	439,602	-	439,602
Facilities and maintenance	570,526	-	570,526	322,889	-	322,889
Office and professional	269,528	-	269,528	245,795	-	245,795
Information technology	90,719	-	90,719	82,670	-	82,670
Interest	26,222	-	26,222	43,229	-	43,229
Total Expenses Before Depreciation	5,173,207	-	5,173,207	4,047,849	-	4,047,849
Change in Net Assets Before Depreciation	1,063,652	(311,932)	751,720	2,146,392	(47,475)	2,098,917
Depreciation	(329,153)	-	(329,153)	(311,431)	-	(311,431)
Change in Net Assets	734,499	(311,932)	422,567	1,834,961	(47,475)	1,787,486
Net Assets, Beginning of Year	8,734,820	602,612	9,337,432	6,899,859	650,087	7,549,946
Net Assets, End of Year	\$ 9,469,319	\$ 290,680	\$ 9,759,999	\$ 8,734,820	\$ 602,612	\$ 9,337,432

See notes to financial statements

CALVARY BIBLE EVANGELICAL FREE CHURCH

Statements of Functional Expenses

	Year Ended March 31, 2022		
	Program Services	Support Activity: General and	Total
		Administrative	
Salaries and benefits	\$ 2,708,035	\$ 213,238	\$ 2,921,273
Ministry events and supplies	659,658	4,784	664,442
Funds to others	630,497	-	630,497
Facilities and maintenance	537,621	32,905	570,526
Depreciation	309,404	19,749	329,153
Office and professional	76,204	193,324	269,528
Information technology	74,648	16,071	90,719
Interest	24,649	1,573	26,222
	<u>\$ 5,020,716</u>	<u>\$ 481,644</u>	<u>\$ 5,502,360</u>

	Year Ended March 31, 2021		
	Program Services	Support Activity: General and	Total
		Administrative	
Salaries and benefits	\$ 2,384,210	\$ 362,667	\$ 2,746,877
Ministry events and supplies	166,787	-	166,787
Funds to others	439,602	-	439,602
Facilities and maintenance	299,274	23,615	322,889
Depreciation	292,745	18,686	311,431
Office and professional	82,925	162,870	245,795
Information technology	62,611	20,059	82,670
Interest	40,635	2,594	43,229
	<u>\$ 3,768,789</u>	<u>\$ 590,491</u>	<u>\$ 4,359,280</u>

See notes to financial statements

CALVARY BIBLE EVANGELICAL FREE CHURCH

Statements of Cash Flows

	Yaer Ended March 31,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 422,567	\$ 1,787,486
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	329,153	311,431
Contributions restricted for long-term purposes	(155,320)	(175,137)
Gain on insurance proceeds	(141,726)	-
Loss on write-off of property and equipment	-	37,181
Forgiveness of Payroll Protection Program loan	-	(375,900)
Donated property	-	(760,426)
Change in operating assets and liabilities:		
Prepaid expense and other assets	25,225	4,616
Accounts payable	(901)	(29,410)
Accrued expenses and other liabilities	7,040	32,744
Net Cash Provided by Operating Activities	486,038	832,585
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(426,855)	(589,021)
Insurance proceeds for property and equipment	141,726	-
Net Cash Used by Investing Activities	(285,129)	(589,021)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on note payable	(47,912)	(559,587)
Principal payments on assumed mortgage	-	(336,000)
Contributions restricted for long-term purposes	155,320	175,137
Payroll Protection Program loan proceeds	-	375,900
Net Cash Provided (Used) by Financing Activities	107,408	(344,550)
Change in Cash and Cash Equivalents	308,317	(100,986)
Cash and Cash Equivalents, Beginning of Year	2,089,105	2,190,091
Cash and Cash Equivalents, End of Year	\$ 2,397,422	\$ 2,089,105
SUPPLEMENTAL DISCLOSURES:		
Cash paid for interest	\$ 26,222	\$ 43,229
Recognition of Payroll Protection Program loan forgiveness	\$ -	\$ 375,900

See notes to financial statements

CALVARY BIBLE EVANGELICAL FREE CHURCH

Notes to Financial Statements

March 31, 2022 and 2021

1. NATURE OF ORGANIZATION:

Calvary Bible Evangelical Free Church (the Church), which was founded in 1889 and became a multi-campus church in 2006, is committed to building a Christ-centered community of people, fully devoted to loving God and loving others in Boulder, Erie, and Thornton, Colorado. The Church is part of the Evangelical Free Church of America, and aims to Make Disciples, Empower Leaders, and Multiply Churches.

The Church is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and comparable state law. However, the Church is subject to federal income tax on any unrelated business taxable income. In addition, the Church is not classified as a private foundation within the meaning of Section 509(a) of the IRC. The main source of support and revenue is contributions.

2. SIGNIFICANT ACCOUNTING POLICIES:

The Church maintains its accounts and prepares its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include checking and money market accounts which may, at times, exceed federally insured limits. As of March 31, 2022 and 2021, cash exceeded federally insured limits by approximately \$8,000 and \$9,000, respectively. The Church has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

PROPERTY AND EQUIPMENT

Property and equipment is stated at cost or, if donated, at the fair market value on the date of the gift. The Church capitalizes all fixed assets greater than \$5,000 with useful lives of three years or more. Depreciation is computed on the straight-line basis over estimated useful lives ranging from three to thirty years.

CALVARY BIBLE EVANGELICAL FREE CHURCH

Notes to Financial Statements

March 31, 2022 and 2021

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

NET ASSETS

The financial statements report amounts separately by class of net assets as follows:

Net assets without donor restrictions are those resources currently available at the discretion of the congregation for use in the Church's operations and those set aside by management for future construction projects.

Net assets with donor restrictions are those resources contributed with donor stipulations for specific projects and ministries that have not yet been spent.

SUPPORT, REVENUE, AND EXPENSES

Contributions are recorded when made, which may be when cash is received or unconditionally promised, or when ownership of donated assets is transferred to the Church. Contributions restricted by the donor for a specific purpose are recorded as support in the net assets with donor restrictions class of net assets until the purpose restriction is satisfied. Upon satisfaction of the restriction, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

During the year ended March 31, 2021, the Church received a donation of a Church campus in Thornton, Colorado. The Church received property with a fair market value of \$1,096,426 and also assumed a mortgage of \$336,000 associated with the property. This mortgage payable was paid in full during the year ended March 31, 2021. This donation resulted in recognition of support of \$760,426, reported as donated property in the statements of activities.

Program and other income consists of revenues related to the various ministries of the Church and is recognized when it is earned.

Expenses are recognized when an obligation is incurred.

FUNCTIONAL ALLOCATION OF EXPENSES

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Church. These expenses include depreciation, facilities, maintenance, and interest, which are allocated on a square-footage basis. Costs of other categories, such as salaries and benefits, were allocated based on estimates of time and effort.

CALVARY BIBLE EVANGELICAL FREE CHURCH

Notes to Financial Statements

March 31, 2022 and 2021

3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

As of March 31, 2022 and 2021, financial assets consist of cash totaling approximately \$2,397,000 and \$2,089,000, respectively. Management did not identify any items not available for general expenditure because of contractual or donor-imposed restrictions within one year of the financial statement date. Therefore, as of March 31, 2022 and 2021, all financial assets were available to meet cash needs for general expenditure within one year.

4. PROPERTY AND EQUIPMENT—NET:

Property and equipment—net consists of:

	March 31,	
	2022	2021
Land and land improvements	\$ 1,515,122	\$ 1,515,122
Building and building improvements	15,771,401	15,036,077
Furniture and equipment	705,820	662,881
	<u>17,992,343</u>	<u>17,214,080</u>
Less accumulated depreciation	<u>(9,691,857)</u>	<u>(9,362,704)</u>
	8,300,486	7,851,376
Construction in progress	-	351,408
	<u>\$ 8,300,486</u>	<u>\$ 8,202,784</u>

During the year ended March 31, 2022, the Church experienced heavy winds at the Boulder campus causing significant damage to the building. The Church made an insurance claim and received \$84,605. This gain on insurance proceeds has been included in program and other income in the statements of activities.

5. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consists of:

	March 31,	
	2022	2021
Benevolence	\$ 148,827	\$ 266,473
Other projects	141,853	23,693
Next Step building campaign	-	312,446
	<u>\$ 290,680</u>	<u>\$ 290,166</u>

CALVARY BIBLE EVANGELICAL FREE CHURCH

Notes to Financial Statements

March 31, 2022 and 2021

6. NOTE PAYABLE:

In October 2013, the Church borrowed \$3,000,000 from a financial institution, secured by a deed of trust. During the year ended March 31, 2022, the note was modified to bear interest at a fixed rate of 2.75%, to be adjusted every five years. Monthly principal and interest payments under the new agreement are \$5,369 and the loan matures November 2038. Future minimum payments are:

<u>For the Year Ending March 31,</u>	
2023	\$ 41,280
2024	42,430
2025	43,611
2026	44,826
2027	46,074
Thereafter	<u>642,393</u>
	<u>\$ 860,614</u>

The Church was in compliance with, or obtained waivers for, all debt covenants as of March 31, 2022.

7. RETIREMENT PLAN:

The Church sponsors a 403(b) plan in which all employees who work more than 20 hours a week are eligible to participate. The Church matches employee deferrals up to 5% each pay period for all eligible employees and offers an additional discretionary match for all pastors. For the years ended March 31, 2022 and 2021, total employer contributions to the plan were \$153,357 and \$132,400, respectively.

8. RELATED PARTY CONTRIBUTIONS:

During the years ended March 31, 2022 and 2021, the Church received contributions from members of the Board of Elders and other key management that totaled approximately \$230,000 and \$239,000, respectively.

9. SUBSEQUENT EVENTS:

Subsequent events were evaluated through September 22, 2022, which is the date the financial statements were available to be issued.