



VALLEY CHRISTIAN SCHOOL  
SYSTEM AND CALIFORNIA  
CHRISTIAN EDUCATION  
ENDOWMENT FOUNDATION, INC.

Consolidated Financial Statements  
With Independent Auditors' Report

June 30, 2020 and 2019

**VALLEY CHRISTIAN SCHOOL SYSTEM AND  
CALIFORNIA CHRISTIAN EDUCATION ENDOWMENT FOUNDATION, INC.**

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## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Valley Christian School System  
and California Christian Education Endowment Foundation, Inc.  
Cerritos, California

We have audited the accompanying consolidated financial statements of Valley Christian School System and California Christian Education Endowment Foundation, Inc., which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities 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 audit. We conducted our audit 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 auditor's 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  
Valley Christian School System  
and California Christian Education Endowment Foundation, Inc.  
Cerritos, California

***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Valley Christian School System and California Christian Education Endowment Foundation, Inc. as of June 30, 2020 and 2019, and the consolidated 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.

*Capin Crouse LLP*

Brea, California  
October 22, 2020

**VALLEY CHRISTIAN SCHOOL SYSTEM AND  
CALIFORNIA CHRISTIAN EDUCATION ENDOWMENT FOUNDATION, INC.**

**Consolidated Statements of Financial Position**

	June 30,	
	2020	2019
<b>ASSETS:</b>		
Current assets:		
Cash and cash equivalents	\$ 2,925,031	\$ 1,116,568
Tuition receivable–net	118,333	129,346
Other receivables	7,834	53,631
Prepaid and other assets	116,018	75,372
Inventory	86,844	75,171
Notes receivable–current portion	2,724,921	2,820,586
	5,978,981	4,270,674
Investments	595,031	612,119
Notes receivable–net of current portion	1,422,398	1,584,546
Land, buildings, and equipment–net	11,751,092	12,422,948
Total Assets	\$ 19,747,502	\$ 18,890,287
<b>LIABILITIES AND NET ASSETS:</b>		
Current liabilities:		
Accounts payable	\$ 155,971	\$ 94,573
Accrued expenses	476,490	566,277
Deferred tuition and fee revenue	2,727,773	3,245,923
Notes payable–current portion	277,106	97,371
	3,637,340	4,004,144
Notes payable–net of current portion	566,937	764,042
	4,204,277	4,768,186
Net assets:		
Without donor restrictions	14,869,548	13,265,159
With donor restrictions	673,677	856,942
	15,543,225	14,122,101
Total Liabilities and Net Assets	\$ 19,747,502	\$ 18,890,287

See notes to consolidated financial statements

**VALLEY CHRISTIAN SCHOOL SYSTEM AND  
CALIFORNIA CHRISTIAN EDUCATION ENDOWMENT FOUNDATION, INC.**

**Consolidated Statements of Activities**

	Year Ended June 30,					
	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without donor Restrictions	With donor Restrictions	Total
<b>SUPPORT, REVENUE, AND RECLASSIFICATIONS:</b>						
Tuition and fees—net of discounts and scholarships	\$ 13,018,720	\$ -	\$ 13,018,720	\$ 13,167,596	\$ -	\$ 13,167,596
Contributions	923,966	148,229	1,072,195	801,115	-	801,115
Fundraisers and booster clubs	476,728	-	476,728	372,385	-	372,385
Investment income	233,554	-	233,554	276,930	-	276,930
Rental income	148,646	-	148,646	157,750	-	157,750
Miscellaneous income	313,768	-	313,768	698,232	-	698,232
Government grant	1,509,745	-	1,509,745	-	-	-
Loss on disposal of assets	(846,892)	-	(846,892)	-	-	-
Net assets released from restrictions	331,494	(331,494)	-	947,810	(947,810)	-
<b>Total Support, Revenue, and Reclassifications</b>	<b>16,109,729</b>	<b>(183,265)</b>	<b>15,926,464</b>	<b>16,421,818</b>	<b>(947,810)</b>	<b>15,474,008</b>
<b>EXPENSES:</b>						
Salaries and benefits	9,774,759	-	9,774,759	10,167,249	-	10,167,249
Supplies	1,648,050	-	1,648,050	2,231,323	-	2,231,323
Facilities and transportation	1,129,913	-	1,129,913	1,146,817	-	1,146,817
Depreciation and amortization	735,554	-	735,554	668,690	-	668,690
Information technology	138,023	-	138,023	167,502	-	167,502
Professional fees	98,317	-	98,317	91,760	-	91,760
Advertising and promotion	49,946	-	49,946	137,836	-	137,836
Miscellaneous	930,778	-	930,778	915,621	-	915,621
<b>Total Expenses</b>	<b>14,505,340</b>	<b>-</b>	<b>14,505,340</b>	<b>15,526,798</b>	<b>-</b>	<b>15,526,798</b>
Change in Net Assets	1,604,389	(183,265)	1,421,124	895,020	(947,810)	(52,790)
Net Assets, Beginning of Year:	13,265,159	856,942	14,122,101	12,370,139	1,804,752	14,174,891
Net Assets, End of Year	\$ 14,869,548	\$ 673,677	\$ 15,543,225	\$ 13,265,159	\$ 856,942	\$ 14,122,101

See notes to consolidated financial statements

**VALLEY CHRISTIAN SCHOOL SYSTEM AND  
CALIFORNIA CHRISTIAN EDUCATION ENDOWMENT FOUNDATION, INC.**

**Consolidated Statements of Cash Flows**

	Year Ended June 30,	
	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 1,421,124	\$ (52,790)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	735,554	668,690
Write-off of construction in progress	852,542	44,200
Net realized and unrealized (gain) loss on investments	(2,180)	-
Promises-to-give written off	-	(3,442)
Gain on forgiveness of Paycheck Protection Program loan	(1,509,745)	-
Net change in:		
Tuition receivable	11,013	18,939
Other receivables	45,797	(39,627)
Prepays and other assets	(40,646)	13,954
Inventory	(11,673)	48,456
Accounts payable	61,398	(240,478)
Accrued expenses	(89,787)	51,769
Deferred tuition and fee revenue	(518,150)	(197,343)
Net Cash Provided by Operating Activities	955,247	312,328
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of buildings and equipment	(912,475)	(1,185,691)
Advances on notes receivable	(1,588,277)	(683,944)
Collections on notes receivable	1,846,090	1,319,335
Proceeds from investments	117,157	586,055
Purchases of investments	(97,889)	(507,739)
Net Cash Used in Investing Activities	(635,394)	(471,984)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Collections on promises-to-give	-	6,883
Proceeds from Paycheck Protection Program loan	1,509,745	-
Payments on notes payable	(776,135)	(1,545,208)
Notes payable additions	755,000	1,525,000
Net Cash Provided by (Used in) Financing Activities	1,488,610	(13,325)

(continued)

See notes to consolidated financial statements

**VALLEY CHRISTIAN SCHOOL SYSTEM AND  
CALIFORNIA CHRISTIAN EDUCATION ENDOWMENT FOUNDATION, INC.**

**Consolidated Statements of Cash Flows**  
(continued)

	Year Ended June 30,	
	2020	2019
Change in Cash and Cash Equivalents	1,808,463	(172,981)
Cash and Cash Equivalents, Beginning of Year	1,116,568	1,289,549
Cash and Cash Equivalents, End of Year	\$ 2,925,031	\$ 1,116,568
 SUPPLEMENTAL DISCLOSURES:		
Cash paid for interest	\$ 60,910	\$ 103,884
Non-cash transaction to recognize loan forgiveness	\$ 1,509,745	\$ -

See notes to consolidated financial statements



# VALLEY CHRISTIAN SCHOOL SYSTEM AND CALIFORNIA CHRISTIAN EDUCATION ENDOWMENT FOUNDATION, INC.

## Notes to Consolidated Financial Statements

June 30, 2020 and 2019

### 1. NATURE OF ORGANIZATION:

Valley Christian School System (the School) was incorporated in 1935 in California as a not-for-profit corporation. The School is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code), and is also exempt from state income taxes. Contributions by the public are deductible for income tax purposes. The School has been classified as a publicly supported organization, which is not a private foundation under Section 509(a) of the Code.

The School operates a preschool, elementary school, middle school, and a high school. The School's primary source of revenue is tuition and fees. By philosophy, purpose, and design, the School is dedicated to providing a high quality, Christ-centered, educational program consistent with Biblical truth.

The California Christian Education Endowment Foundation, Inc. (the Foundation) is a not-for-profit corporation incorporated in 1966 under the laws of the State of California in order to provide support for the School through the receipt of donations of real estate, securities, and other assets. The Foundation has been classified as a publicly supported organization, which is not a private foundation under Section 509(a) of the Code.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

#### BASIS OF ACCOUNTING

The consolidated financial statements of the School and the Foundation (the Organization) have been prepared on the accrual basis of accounting. A summary of significant accounting policies followed is described below to enhance the usefulness of the consolidated financial statements to the reader.

#### PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the School and the Foundation. The Foundation is included in these consolidated financial statements because it meets the control and economic interest criteria as required by U.S. generally accepted accounting principles (GAAP). All material transactions between consolidated entities have been eliminated in the accompanying consolidated financial statements.

#### CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, cash on deposit, and money market accounts. At June 30, 2020 and 2019, the Organization's cash balances exceeded federally insured limits by approximately \$2,594,000 and \$735,000, respectively. The Organization does not believe these funds to be at substantial risk of loss due to the lack of federal insurance coverage.

**VALLEY CHRISTIAN SCHOOL SYSTEM AND  
CALIFORNIA CHRISTIAN EDUCATION ENDOWMENT FOUNDATION, INC.**

**Notes to Consolidated Financial Statements**

June 30, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

**TUITION RECEIVABLE**

Tuition receivable represents amounts due for tuition and fees and is stated net of estimated losses due to uncollectible accounts. Beginning in August of each year, tuition is due on the fifteenth and becomes past due on the first of the following month. Past due receivables accrue finance charges.

The allowance for doubtful accounts is maintained at a level which, in management's judgment, is adequate to absorb potential losses. Uncollectible accounts are reported as a reduction to tuition receivable and a reduction to the allowance for doubtful accounts when it is determined the amounts are uncollectible. The allowance for doubtful accounts at June 30, 2020 and 2019, was approximately \$23,000 and \$21,000, respectively.

**INVENTORY**

Inventory is stated at the lower of cost or net realizable value, using the first-in, first-out valuation method. Inventory consists of scrip gift cards in the amount of approximately \$66,000 and \$58,000 at June 30, 2020 and 2019, respectively. Inventory also consists of t-shirts that are used for fundraising purposes in the amount of approximately \$21,000 and \$17,000, at June 30, 2020 and 2019, respectively.

**INVESTMENTS**

Investments are recorded as follows:

- Certificates of deposit are carried at the cost plus accrued interest
- Investments in marketable fixed income and equity securities are carried at fair market value

Certain items meet the definition of cash and cash equivalents but are included in investments because they are part of an investment portfolio.

**VALLEY CHRISTIAN SCHOOL SYSTEM AND  
CALIFORNIA CHRISTIAN EDUCATION ENDOWMENT FOUNDATION, INC.**

**Notes to Consolidated Financial Statements**

June 30, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

**NOTES RECEIVABLE**

Notes receivable consist of interest-bearing notes to churches, organizations, and to individuals as directed by the Organization. The notes are unsecured with terms that are due on request up to fifteen years and extended to generate interest income that can be used to fund programs and operations of the School.

The note is considered impaired when, based upon current information and events, it is probable that the Organization will be unable to collect all amounts due according to the contractual terms of the note agreement. Notes are classified as delinquent when payments are 90 days overdue. Delinquent and impaired notes continue to accrue interest unless management has placed them on non-accrual status. Payments on delinquent and impaired notes are recorded first as interest income and then as a reduction in principal. There were no notes that were impaired or refinanced through a troubled debt restructure.

Notes receivable are reported at net realizable value, which is the principal outstanding less an allowance for loan loss. The allowance for loan losses is maintained at a level that, in management's judgment, is adequate to absorb estimated loan losses. Actual losses may vary from estimates. As changes in estimated loan losses occur, the provision to adjust the allowance for loan losses is recorded in bad debt expense. For the years ended June 30, 2020 and 2019, management believed the notes were fully collectible, therefore the allowance for loan losses was zero.

**LAND, BUILDINGS, AND EQUIPMENT**

Expenditures for land, buildings, and equipment over \$2,500 are capitalized at cost. Donated items are reported at the fair market value on the date of the gift. Depreciation is computed on the straight-line method over the estimated useful lives of the assets. The range of useful lives is from 3 to 40 years. Gifts of land, buildings, and equipment are reported as without donor restricted support unless explicit donor stipulations specify how the donated assets must be used.

**ACCRUED EXPENSES**

Accrued expenses result primarily from accrued wages and benefit liabilities.

**DEFERRED TUITION AND FEE REVENUE**

Deferred tuition and fee revenue are deposits received in advance for the following school year. Revenue from these deposits is recognized in the year when earned.

**VALLEY CHRISTIAN SCHOOL SYSTEM AND  
CALIFORNIA CHRISTIAN EDUCATION ENDOWMENT FOUNDATION, INC.**

**Notes to Consolidated Financial Statements**

June 30, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

**PAYCHECK PROTECTION PROGRAM LOAN**

The organization was approved for a Paycheck Protection Program loan of approximately \$1,510,000 through the Coronavirus Aid, Relief, and Economic Security Act. The loan accrues interest at 1.00% per annum and matures two years from the date it was funded. This loan may be forgiven up to the full amount if requirements set by the Small Business Administration are met. During the year ended June 30, 2020, management believes the full loan amount has met the requirements for forgiveness.

**NET ASSETS**

The consolidated financial statements report amounts by class of net assets:

Net assets without donor restrictions are those currently available at the discretion of the board or management for use in the Organization's operations.

*Net assets with donor restrictions* are those which are stipulated by donors that may or will be satisfied either by actions of the Organization and/or the passage of time. This balance also includes principal stipulated by donors to be invested in perpetuity. The income on the funds is used as specified by the donor and is recorded as net assets with donor restrictions until appropriated for expenditure. Due to the immaterial amount of the endowments, an expanded endowment note disclosure is not presented.

All contributions are considered without donor restriction and are available for general purposes unless specifically restricted by the donor or subject to legal restrictions.

Contributions are recorded as with donor restriction if they are received with donor stipulations that limit their use through purpose and/or time restrictions. When donor restrictions expire, that is when the purpose restriction is fulfilled or the time restriction expires, the net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. The Organization's policy is to record net assets with donor restrictions that are received and expended in the same accounting period as without donor restrictions.

For contributions restricted by donors for the acquisition of property or other long-lived assets, the restriction is considered to be met when the capital expenditures are placed in service.

**VALLEY CHRISTIAN SCHOOL SYSTEM AND  
CALIFORNIA CHRISTIAN EDUCATION ENDOWMENT FOUNDATION, INC.**

**Notes to Consolidated Financial Statements**

June 30, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

**PUBLIC SUPPORT, REVENUE, AND EXPENSES**

Contributions are recorded when cash or unconditional promise-to-give receivable have been received, or ownership of donated assets is transferred to the Organization. The Organization receives non-cash gifts that are recorded as support at the estimated fair market value on the date of the gift. Goods given to the Organization that do not have an objective basis for valuation are not recorded.

Revenue is recorded when earned. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

**ADVERTISING**

The Organization advertises to promote their programs and encourage enrollment. For the years ended June 30, 2020 and 2019, advertising expense was approximately \$50,000 and \$138,000, respectively. Advertising costs are expensed as incurred.

**USE OF ESTIMATES**

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**RISKS AND UNCERTAINTIES**

The Organization's operations may be affected by the recent and ongoing outbreak of the coronavirus disease 2019 (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption which may be caused by the outbreak is uncertain; however, it may result in a material adverse impact on the Organization's financial position, operations and cash flows. Possible effects may include, but are not limited to, disruption to the Organization's donor population and revenue, absenteeism in the Organization's workforce, and a decline in value of assets held by the Organization, including inventories, property and equipment, and marketable securities. The financial impact cannot be estimated at this time.

**RECENTLY ADOPTED ACCOUNTING STANDARDS**

In 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 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. This new standard provides guidance on determining whether a transaction should be accounted for as an exchange transaction or a contribution and whether a contribution should be recorded as conditional or unconditional. This standard did not have a material impact on the presentation of the June 30, 2020 financial statements.

**VALLEY CHRISTIAN SCHOOL SYSTEM AND  
CALIFORNIA CHRISTIAN EDUCATION ENDOWMENT FOUNDATION, INC.**

**Notes to Consolidated Financial Statements**

June 30, 2020 and 2019

3. LIQUIDITY:

The following table reflects the Organization's financial assets as of June 30, 2020, 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 has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In the event of an unanticipated liquidity need, the Organization also has a line of credit in the amount of \$1,750,000 which it could draw upon. Additionally, the Organization has board designated net assets without donor restrictions that, while the Organization does not intend to spend these for purposes other than those identified, could be made available for current operations, if necessary.

	June 30,	
	2020	2019
Financial assets:		
Cash and cash equivalents	\$ 2,925,031	\$ 1,116,568
Accounts and other receivables	126,167	182,977
Investments	595,031	612,119
Notes receivable	4,147,319	4,405,132
Financial assets, at year-end	7,793,548	6,316,796
Less those unavailable for general expenditure within one year, due to:		
Notes receivables collectible beyond one year	(1,422,398)	(1,584,546)
Board designated net assets		
Renewal and replacement fund	(311,707)	(396,026)
Clubs and organizations	(587,891)	(550,266)
Net assets with donor restrictions:		
Scholarships	(250,165)	(176,246)
Capital projects	(385,206)	(598,437)
Restricted in perpetuity	(38,306)	(38,306)
Financial assets available to meet cash needs for general expenditures within one year	\$ 4,797,875	\$ 2,972,969

**VALLEY CHRISTIAN SCHOOL SYSTEM AND  
CALIFORNIA CHRISTIAN EDUCATION ENDOWMENT FOUNDATION, INC.**

**Notes to Consolidated Financial Statements**

June 30, 2020 and 2019

4. INVESTMENTS:

Investments consist of the following:

	June 30,	
	2020	2019
Investments at fair value:		
Fixed income funds	\$ 284,812	\$ 271,285
Equities and equity funds	193,852	189,246
Other	48,340	46,994
	527,004	507,525
Investments at cost:		
Cash equivalents	62,802	99,372
Certificates of deposit	5,225	5,222
	68,027	104,594
	\$ 595,031	\$ 612,119

The fair value of investments are based on the framework established in the *Fair Value Measurements and Disclosure* Topic of the FASB Accounting Standards Codification which establishes a three-level hierarchy for determining the fair value. The valuations for each of these levels are determined as follows:

Level 1: Quoted prices for identical instruments traded in active markets.

Level 2: Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in inactive markets or model-based valuations where significant assumptions are observable.

Level 3: Model-based techniques using significant assumptions that are not observable. These unobservable assumptions reflect estimates of assumptions that market participants would use.

**VALLEY CHRISTIAN SCHOOL SYSTEM AND  
CALIFORNIA CHRISTIAN EDUCATION ENDOWMENT FOUNDATION, INC.**

**Notes to Consolidated Financial Statements**

June 30, 2020 and 2019

4. INVESTMENTS, continued:

The following table presents the fair value measurements of the investments recognized in the accompanying consolidated statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2020:

	Total	Level 1	Level 2
Fixed income funds	\$ 284,812	\$ 284,812	\$ -
Equities and equity funds	193,852	192,852	1,000
Other	48,340	48,340	-
	\$ 527,004	\$ 526,004	\$ 1,000

The following table presents the fair value measurements of the investments recognized in the accompanying consolidated statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2019:

	Total	Level 1	Level 2
Fixed income funds	\$ 271,285	\$ 271,285	\$ -
Equities and equity funds	189,246	188,246	1,000
Other	46,994	46,994	-
	\$ 507,525	\$ 506,525	\$ 1,000

5. NOTES RECEIVABLE:

Notes receivable classified by interest rates is follows:

	June 30,	
	2020	2019
4.00 - 4.99%	\$ 3,754,711	\$ 2,442,325
5.00 - 6.99%	369,176	-
7.00 - 7.99%	-	1,652,145
8.00 - 8.50%	23,432	310,662
	\$ 4,147,319	\$ 4,405,132



**VALLEY CHRISTIAN SCHOOL SYSTEM AND  
CALIFORNIA CHRISTIAN EDUCATION ENDOWMENT FOUNDATION, INC.**

**Notes to Consolidated Financial Statements**

June 30, 2020 and 2019

5. NOTES RECEIVABLE, continued:

Notes receivable at June 30, 2020 will mature as follows:

<u>Year Ending June 30,</u>	
2021	\$ 2,724,921
2022	187,141
2023	119,093
2024	528,287
2025	59,870
Thereafter	<u>528,007</u>
	<u><u>\$ 4,147,319</u></u>

6. LAND, BUILDINGS, AND EQUIPMENT:

Land, buildings, and equipment consist:

	<u>June 30,</u>	
	<u>2020</u>	<u>2019</u>
Land	\$ 243,433	\$ 243,433
Buildings and building improvements	21,011,562	20,146,721
Furniture and equipment	1,158,440	1,760,187
Vehicles	1,358,799	1,601,069
	<u>23,772,234</u>	<u>23,751,410</u>
Less accumulated depreciation	<u>(12,021,142)</u>	<u>(12,181,004)</u>
	11,751,092	11,570,406
Construction in process	<u>-</u>	<u>852,542</u>
Total land, buildings, and equipment	<u><u>\$ 11,751,092</u></u>	<u><u>\$ 12,422,948</u></u>

**VALLEY CHRISTIAN SCHOOL SYSTEM AND  
CALIFORNIA CHRISTIAN EDUCATION ENDOWMENT FOUNDATION, INC.**

**Notes to Consolidated Financial Statements**

June 30, 2020 and 2019

7. NOTES PAYABLE:

Notes payable consist of:

	June 30,	
	2020	2019
Unsecured notes payable to individuals with proceeds used to fund the building project. Balances range from \$25,000 to \$100,000, and interest rates of 2.5% to 5.5%. Interest only payments are due quarterly until maturity and maturity dates range from March 2021 to March 2022.	\$ 335,000	\$ 335,000
A \$600,000 unsecured promissory note with a foundation with an interest rate of 4.5%. Principal and interest payments are due in monthly installments of \$3,800. The note is due upon demand, or if no demand is made the note matures January 2037.	<u>532,258</u>	<u>553,393</u>
Less debt issuance costs	<u>(23,215)</u>	<u>(26,980)</u>
	<u>\$ 844,043</u>	<u>\$ 861,413</u>

In July 2016, the School entered into a \$15,000,000 master loan agreement with a bank secured by real property. The master loan agreement matures July 2026. The bank agreed to make new loan advances to the School, provided the aggregate amount of loan advances shall not exceed \$15,000,000. Within the \$15,000,000 master loan agreement, there is an available \$1,750,000 line of credit. The line of credit has an interest rate of 1% over the US prime rate and matures February 2021. During fiscal years ended June 30, 2020 and 2019, the School had drawn and repaid \$755,000 and \$1,475,000, respectively against the line of credit. As of June 30, 2020 and 2019, the balance due to the bank was \$0. The Organization is in compliance with all of the covenants as of June 30, 2020 and 2019.

Annual minimum maturities are as follows:

Year Ending June 30,	
2021	\$ 277,106
2022	103,121
2023	24,183
2024	25,294
2025	26,456
Thereafter	<u>411,098</u>
	<u>\$ 867,258</u>

**VALLEY CHRISTIAN SCHOOL SYSTEM AND  
CALIFORNIA CHRISTIAN EDUCATION ENDOWMENT FOUNDATION, INC.**

**Notes to Consolidated Financial Statements**

June 30, 2020 and 2019

8. NET ASSETS:

Net assets consist of the following:

	June 30,	
	2020	2019
Without donor restrictions:		
Undesignated	\$ 13,969,950	\$ 12,318,867
Designated renewal and replacement fund	311,707	396,026
Designated clubs and organizations	587,891	550,266
	\$ 14,869,548	\$ 13,265,159

Net assets with restrictions were released from restrictions because the purpose restrictions were accomplished as follows:

	Net Assets June 30, 2019	Restricted Contributions	Amounts Released	Net Assets June 30, 2020
Scholarships	\$ 184,246	\$ 67,520	\$ (1,601)	\$ 250,165
Capital projects	634,390	80,709	(329,893)	385,206
Restricted in perpetuity	38,306	-	-	38,306
	\$ 856,942	\$ 148,229	\$ (331,494)	\$ 673,677

9. COMMITMENTS:

The School leases office equipment with total monthly payments maturing on various dates through January 2024. Lease expense for the years ended June 30, 2020 and 2019, was approximately \$60,000 and \$63,000, respectively.

Future minimum payments are:

<u>Year Ending June 30,</u>	
2021	\$ 33,642
2022	33,642
2023	21,853
2024	3,489
2025	544
	\$ 93,170

**VALLEY CHRISTIAN SCHOOL SYSTEM AND  
CALIFORNIA CHRISTIAN EDUCATION ENDOWMENT FOUNDATION, INC.**

**Notes to Consolidated Financial Statements**

June 30, 2020 and 2019

10. EMPLOYEE BENEFIT PLANS:

The School participates in a multi-employer defined benefit pension plan (the Plan). The Plan is an ERISA Plan and is required to file Form 5500. The EIN of the multi-employer is 38-1565440. The Plan's fiscal year is from September 1 to August 31. This multi-employer plan, administered by Christian Schools International (CSI), covers substantially all employees working more than 1,000 hours per year. The risks of participating in this multi-employer plan differs from single-employer plans in the following aspects:

- a) Assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers.
- b) If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- c) If one employer chooses to stop participating in the multi-employer plan, it may be required to pay to the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The School was notified by CSI of the Plan's underfunding. As of the year ended June 30, 2018, it was determined that the Plan will be "frozen", due to the underfunding. Therefore, as of August 2018, no new employees were eligible to become a participant in the Plan. Furthermore, the Plan will retain the current participant's benefits earned as of August 2019, but no additional benefits may be contributed after this point.

Retirement benefits are paid to pensioners or beneficiaries in various forms of joint and survivor annuities. Pension expense, representing the School's required contributions to the Plan was approximately \$381,000 and \$526,000, in 2020 and 2019, respectively.

**VALLEY CHRISTIAN SCHOOL SYSTEM AND  
CALIFORNIA CHRISTIAN EDUCATION ENDOWMENT FOUNDATION, INC.**

**Notes to Consolidated Financial Statements**

June 30, 2020 and 2019

10. EMPLOYEE BENEFIT PLANS, continued:

The School has joined with a consortium of other participating schools and has agreed to contribute additional funds to the Plan through 2022 to minimize the unfunded status of the Plan. Additionally, the CSI Pension board continues to investigate different investment options to increase the Plan returns as well as ways to decrease the Plan expenses to lower the unfunded liability. For informational purposes, the actuarial present values of accumulated plan benefits and plan assets (assuming a 7.5% rate of return) for this plan as of August 31, 2018 were:

Total plan assets	<u>\$ 741,368,022</u>
Total plan liabilities	<u>\$1,321,276,562</u>

The estimated unfunded liability is approximately \$580 million. The Organization's responsibility is 3.83% of this liability. CSI has notified member schools of a withdrawal liability based on the individual percentage of the Plan contributions. The liability is only applicable if a member school formally withdraws from the Plan. As of June 30, 2020 the Organization has no plans to withdraw from the Plan. The amount of underfunding described above is an estimate and could change based on changes in the Plan documents, return on assets, and benefit payments.

The School was informed in December 2019, that the United States Congress approved and the President signed a year-end spending bill that includes the Setting Every Community up for Retirement Enhancement Act of 2019, or SECURE Act. The SECURE Act reduces the pension insurance premiums for Cooperation and Small Employer Charity plans such as the CSI Pension Plan. The total value of the savings cannot be accurately calculated at this time.

In June 2019, the School established a 403(b) plan. The School allows for all full-time staff and faculty members to contribute on a pre-tax or after tax option to a 403(b) plan. The School began matching up to 1% of employee contributions as of September 2019. During the years ended June 30, 2020 and 2019, the School contributed approximately \$61,000 and \$0, respectively, to the 403(b) plan.

**VALLEY CHRISTIAN SCHOOL SYSTEM AND  
CALIFORNIA CHRISTIAN EDUCATION ENDOWMENT FOUNDATION, INC.**

**Notes to Consolidated Financial Statements**

June 30, 2020 and 2019

**11. FUNCTIONAL EXPENSE ALLOCATION:**

The costs of providing the various program services and supporting activities have been summarized on a functional basis by natural classification. Accordingly, certain costs, including payroll and related benefits, interest, utilities, and depreciation, have been allocated among the program services and supporting activities. For the years ended June 30, 2020 and 2019, expenses were allocated among the functional categories on the basis of specific identification and estimates of time spent, square footage, and benefits derived as deemed appropriate.

The following table presents expenses by both their nature and function for the year ended June 30, 2020:

	<u>Program</u>	<u>General and Administration</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 8,072,638	\$ 1,683,542	\$ 18,579	\$ 9,774,759
Supplies	1,648,050	-	-	1,648,050
Facilities and transportation	1,121,012	8,901	-	1,129,913
Depreciation and amortization	735,554	-	-	735,554
Information technology	137,443	580	-	138,023
Professional fees	-	98,317	-	98,317
Advertising and promotion	-	49,946	-	49,946
Miscellaneous	95,654	549,333	285,791	930,778
Total expenses	<u>\$ 11,810,351</u>	<u>\$ 2,390,619</u>	<u>\$ 304,370</u>	<u>\$ 14,505,340</u>

The following table presents expenses by both their nature and function for the year ended June 30, 2019:

	<u>Program</u>	<u>General and Administration</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 8,235,588	\$ 1,899,365	\$ 32,296	\$ 10,167,249
Supplies	2,231,323	-	-	2,231,323
Facilities and transportation	1,131,412	15,405	-	1,146,817
Depreciation and amortization	668,690	-	-	668,690
Information technology	166,567	935	-	167,502
Professional fees	-	91,760	-	91,760
Advertising and promotion	-	137,836	-	137,836
Miscellaneous	128,545	584,929	202,147	915,621
Total expenses	<u>\$ 12,562,125</u>	<u>\$ 2,730,230</u>	<u>\$ 234,443</u>	<u>\$ 15,526,798</u>

**VALLEY CHRISTIAN SCHOOL SYSTEM AND  
CALIFORNIA CHRISTIAN EDUCATION ENDOWMENT FOUNDATION, INC.**

**Notes to Consolidated Financial Statements**

June 30, 2020 and 2019

12. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through October 22, 2020, which represents the date the consolidated financial statements were available to be issued.

## **SUPPLEMENTAL INFORMATION**



## INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION

Board of Directors  
Valley Christian School System  
and California Christian Education Endowment Foundation, Inc.  
Cerritos, California

We have audited the consolidated financial statements of Valley Christian School System and California Christian Education Endowment Foundation, Inc. as of and for the years ended June 30, 2020 and 2019, and our report thereon dated October 22, 2020, which expressed an unmodified opinion on those consolidated financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position, activities, and cash flows are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual organizations, and they are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Capin Crouse LLP*

Brea, California  
October 22, 2020

**VALLEY CHRISTIAN SCHOOL SYSTEM AND  
CALIFORNIA CHRISTIAN EDUCATION ENDOWMENT FOUNDATION, INC.**

**Supplemental Consolidating Statements of Financial Position**

	Year Ended June 30, 2020		
	School	Foundation	Total
<b>ASSETS:</b>			
Current assets:			
Cash and cash equivalents	\$ 2,821,075	\$ 103,956	\$ 2,925,031
Tuition receivable–net	118,333	-	118,333
Other receivables	7,834	-	7,834
Prepays and other assets	116,018	-	116,018
Inventory	86,844	-	86,844
Notes receivable–current portion	-	2,724,921	2,724,921
	3,150,104	2,828,877	5,978,981
Investments	595,031	-	595,031
Notes receivable–net of current portion	-	1,422,398	1,422,398
Land, buildings, and equipment–net	11,751,092	-	11,751,092
	11,751,092	-	11,751,092
<b>Total Assets</b>	<b>\$ 15,496,227</b>	<b>\$ 4,251,275</b>	<b>\$ 19,747,502</b>
<b>LIABILITIES AND NET ASSETS:</b>			
Current liabilities:			
Accounts payable	\$ 155,971	\$ -	\$ 155,971
Accrued expenses	476,490	-	476,490
Deferred tuition and fee revenue	2,727,773	-	2,727,773
Notes payable - current portion	277,106	-	277,106
	3,637,340	-	3,637,340
Notes payable - net of current portion	566,937	-	566,937
	4,204,277	-	4,204,277
Net assets:			
Without donor restrictions	10,947,395	3,922,153	14,869,548
With donor restrictions	344,555	329,122	673,677
	11,291,950	4,251,275	15,543,225
<b>Total Liabilities and Net Assets</b>	<b>\$ 15,496,227</b>	<b>\$ 4,251,275</b>	<b>\$ 19,747,502</b>

(continued)

**VALLEY CHRISTIAN SCHOOL SYSTEM AND  
CALIFORNIA CHRISTIAN EDUCATION ENDOWMENT FOUNDATION, INC.**

**Supplemental Consolidating Statements of Financial Position  
(continued)**

	Year Ended June 30, 2019		
	School	Foundation	Total
<b>ASSETS:</b>			
Current assets:			
Cash and cash equivalents	\$ 1,030,921	\$ 85,647	\$ 1,116,568
Tuition receivable–net	129,346	-	129,346
Other receivables	53,631	-	53,631
Prepays and other assets	75,372	-	75,372
Inventory	75,171	-	75,171
Notes receivable–current portion	-	2,820,586	2,820,586
	<u>1,364,441</u>	<u>2,906,233</u>	<u>4,270,674</u>
Investments	612,119	-	612,119
Notes receivable–net of current portion	-	1,584,546	1,584,546
Land, buildings, and equipment–net	<u>12,422,948</u>	<u>-</u>	<u>12,422,948</u>
<b>Total Assets</b>	<u><u>\$ 14,399,508</u></u>	<u><u>\$ 4,490,779</u></u>	<u><u>\$ 18,890,287</u></u>
<b>LIABILITIES AND NET ASSETS:</b>			
Current liabilities:			
Accounts payable	\$ 94,573	\$ -	\$ 94,573
Accrued expenses	566,277	-	566,277
Deferred tuition and fee revenue	3,245,923	-	3,245,923
Notes payable - current portion	97,371	-	97,371
	<u>4,004,144</u>	<u>-</u>	<u>4,004,144</u>
Notes payable - net of current portion	764,042	-	764,042
	<u>4,768,186</u>	<u>-</u>	<u>4,768,186</u>
Net assets:			
Without donor restrictions	9,401,328	3,863,831	13,265,159
With donor restrictions	229,994	626,948	856,942
	<u>9,631,322</u>	<u>4,490,779</u>	<u>14,122,101</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 14,399,508</u></u>	<u><u>\$ 4,490,779</u></u>	<u><u>\$ 18,890,287</u></u>

**VALLEY CHRISTIAN SCHOOL SYSTEM AND  
CALIFORNIA CHRISTIAN EDUCATION ENDOWMENT FOUNDATION, INC.**

**Supplemental Consolidating Statements of Activities**

	Year Ended June 30, 2020			Total
	School	Foundation	Eliminations	
<b>SUPPORT, REVENUE, AND RECLASSIFICATIONS:</b>				
Tuition and fees	\$ 14,917,994	\$ -	\$ -	\$ 14,917,994
Less discounts and scholarships	(1,899,274)	-	-	(1,899,274)
	13,018,720	-	-	13,018,720
Contributions	1,516,322	6,200	(450,327)	1,072,195
Fundraisers and booster clubs	476,728	-	-	476,728
Investment income	22,194	211,360	-	233,554
Rental income	148,646	-	-	148,646
Miscellaneous income	313,490	278	-	313,768
Government grant	1,509,745	-	-	1,509,745
Loss on disposal of assets	(846,892)	-	-	(846,892)
<b>Total Support, Revenue, and Eliminations</b>	<b>16,158,953</b>	<b>217,838</b>	<b>(450,327)</b>	<b>15,926,464</b>
<b>EXPENSES:</b>				
Salaries and benefits	9,774,759	-	-	9,774,759
Supplies	1,648,050	-	-	1,648,050
Facilities and transportation	1,129,913	-	-	1,129,913
Depreciation and amortization	735,554	-	-	735,554
Information technology	138,023	-	-	138,023
Professional fees	98,317	-	-	98,317
Advertising and promotion	49,946	-	-	49,946
Miscellaneous	923,763	457,342	(450,327)	930,778
<b>Total Expenses</b>	<b>14,498,325</b>	<b>457,342</b>	<b>(450,327)</b>	<b>14,505,340</b>
Change in Net Assets	1,660,628	(239,504)	-	1,421,124
Net Assets, Beginning of Year	9,631,322	4,490,779	-	14,122,101
Net Assets, End of Year	<u>\$ 11,291,950</u>	<u>\$ 4,251,275</u>	<u>\$ -</u>	<u>\$ 15,543,225</u>

(continued)

**VALLEY CHRISTIAN SCHOOL SYSTEM AND  
CALIFORNIA CHRISTIAN EDUCATION ENDOWMENT FOUNDATION, INC.**

**Supplemental Consolidating Statements of Activities**  
(continued)

	Year Ended June 30, 2019			Total
	School	Foundation	Eliminations	
<b>SUPPORT, REVENUE, AND RECLASSIFICATIONS:</b>				
Tuition and fees	\$14,910,698	\$ -	\$ -	\$ 14,910,698
Less discounts and scholarships	(1,743,102)	-	-	(1,743,102)
	13,167,596	-	-	13,167,596
Contributions	1,867,272	32,110	(1,098,267)	801,115
Fundraisers and booster clubs	512,797	-	-	512,797
Investment income	28,630	248,300	-	276,930
Rental income	157,750	-	-	157,750
Miscellaneous income	557,611	209	-	557,820
<b>Total Support, Revenue, and Eliminations</b>	<b>16,291,656</b>	<b>280,619</b>	<b>(1,098,267)</b>	<b>15,474,008</b>
<b>EXPENSES:</b>				
Salaries and benefits	10,167,249	-	-	10,167,249
Supplies	2,231,323	-	-	2,231,323
Facilities and transportation	1,146,817	-	-	1,146,817
Depreciation and amortization	668,690	-	-	668,690
Information technology	167,502	-	-	167,502
Professional fees	137,836	-	-	137,836
Advertising and promotion	91,760	-	-	91,760
Miscellaneous	906,561	1,107,327	(1,098,267)	915,621
<b>Total Expenses</b>	<b>15,517,738</b>	<b>1,107,327</b>	<b>(1,098,267)</b>	<b>15,526,798</b>
Change in Net Assets	773,918	(826,708)	-	(52,790)
Net Assets, Beginning of Year	8,857,404	5,317,487	-	14,174,891
Net Assets, End of Year	<u>\$ 9,631,322</u>	<u>\$ 4,490,779</u>	<u>\$ -</u>	<u>\$ 14,122,101</u>

**VALLEY CHRISTIAN SCHOOL SYSTEM AND  
CALIFORNIA CHRISTIAN EDUCATION ENDOWMENT FOUNDATION, INC.**

**Supplemental Consolidating Statements of Cash Flows**

Year Ended June 30, 2020

	School	Foundation	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Change in net assets	\$ 1,660,628	\$ (239,504)	\$ 1,421,124
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:			
Depreciation and amortization	735,554	-	735,554
Write-off of construction in progress	852,542	-	852,542
Net realized and unrealized gain on investments	(2,180)	-	(2,180)
Gain on forgiveness of Paycheck Protection Program loan	(1,509,745)	-	(1,509,745)
Net change in:			
Tuition receivable	11,013	-	11,013
Other receivables	45,797	-	45,797
Prepaid and other assets	(40,646)	-	(40,646)
Inventory	(11,673)	-	(11,673)
Accounts payable	61,398	-	61,398
Accrued expenses	(89,787)	-	(89,787)
Deferred tuition and fee revenue	(518,150)	-	(518,150)
Net Cash Provided by Operating Activities	1,194,751	(239,504)	955,247
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchases of buildings and equipment	(912,475)	-	(912,475)
Advances on notes receivable	-	(1,588,277)	(1,588,277)
Collections on notes receivable	-	1,846,090	1,846,090
Proceeds from investments	117,157	-	117,157
Purchases of investments	(97,889)	-	(97,889)
Net Cash Used in Investing Activities	(893,207)	257,813	(635,394)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Proceeds from Paycheck Protection Program loan	1,509,745	-	1,509,745
Payments on notes payable	(776,135)	-	(776,135)
Notes payable additions	755,000	-	755,000
Net Cash Used in Financing Activities	1,488,610	-	1,488,610
Change in Cash and Cash Equivalents	1,790,154	18,309	1,808,463
Cash and Cash Equivalents, Beginning of Year	1,030,921	85,647	1,116,568
Cash and Cash Equivalents, End of Year	\$ 2,821,075	\$ 103,956	\$ 2,925,031

(continued)

**VALLEY CHRISTIAN SCHOOL SYSTEM AND  
CALIFORNIA CHRISTIAN EDUCATION ENDOWMENT FOUNDATION, INC.**

**Supplemental Consolidating Statements of Cash Flows**

Year Ended June 30, 2020  
(continued)

	<u>School</u>	<u>Foundation</u>	<u>Total</u>
SUPPLEMENTAL DISCLOSURES:			
Cash paid for interest	<u>\$ 60,910</u>	<u>\$ -</u>	<u>\$ 60,910</u>
Non-cash transaction to recognize loan forgiveness	<u>\$ 1,509,745</u>	<u>\$ -</u>	<u>\$ 1,509,745</u>

**VALLEY CHRISTIAN SCHOOL SYSTEM AND  
CALIFORNIA CHRISTIAN EDUCATION ENDOWMENT FOUNDATION, INC.**

**Supplemental Consolidating Statements of Cash Flows**

Year Ended June 30, 2019

	School	Foundation	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Change in net assets	\$ 773,918	\$ (826,708)	\$ (52,790)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:			
Depreciation and amortization	668,690	-	668,690
Write-off of construction in progress	44,200	-	44,200
Promises-to-give written off	(3,442)	-	(3,442)
Forgiveness of note receivable	(240,000)	240,000	-
Net change in:			
Tuition receivable	18,939	-	18,939
Other receivables	(39,627)	-	(39,627)
Prepaid and other assets	13,954	-	13,954
Inventory	48,456	-	48,456
Accounts payable	(240,478)	-	(240,478)
Accrued expenses	51,769	-	51,769
Deferred tuition and fee revenue	(197,343)	-	(197,343)
Net Cash Provided by Operating Activities	899,036	(586,708)	312,328
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchases of buildings and equipment	(1,186,380)	-	(1,185,691)
Advances on notes receivable	-	(683,944)	(683,944)
Collections on notes receivable	-	1,319,335	1,319,335
Proceeds from investments	585,578	-	586,055
Purchases of investments	(507,739)	-	(507,739)
Net Cash Used in Investing Activities	(1,108,541)	635,391	(471,984)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Collections on promises-to-give	6,883	-	6,883
Payments on notes payable	(1,545,208)	-	(1,545,208)
Notes payable additions	1,525,000	-	1,525,000
Net Cash Used in Financing Activities	(13,325)	-	(13,325)
Change in Cash and Cash Equivalents	(221,664)	48,683	(172,981)
Cash and Cash Equivalents, Beginning of Year	1,252,585	36,964	1,289,549
Cash and Cash Equivalents, End of Year	\$ 1,030,921	\$ 85,647	\$ 1,116,568
<b>SUPPLEMENTAL DISCLOSURES:</b>			
Cash paid for interest	\$ 103,884	\$ -	\$ 103,884