

Exempt Organization Business Income Tax Return
(and proxy tax under section 6033(e))

2009

Open to Public Inspection for 501(c)(3) Organizations Only

Department of the Treasury
Internal Revenue Service (77)

For calendar year 2009 or other tax year beginning _____, and ending _____

A Check box if address changed

Name of organization (Check box if name changed and see instructions.)

D Employer identification number (Employees' trust, see instructions for Block D on page 9)

B Exempt under section
 501(c)(3) 408(e) 220(e)
 408A 530(a)
 529(a)

Print or Type

CALVARY FELLOWSHIP OF SEATTLE, INC.

91-0999605

Number, street, and room or suite no. If a P.O. box, see page 8 of instructions.

P.O. BOX 128

E Unrelated business activity codes (See instructions for Block E on page 9)

City or town, state, and ZIP code

MOUNTLAKE TERRACE, WA 98043

531120

C Book value of all assets at end of year

3,232,769.

F Group exemption number (See instructions for Block F.)

G Check organization type 501(c) corporation 501(c) trust 401(a) trust Other trust

H Describe the organization's primary unrelated business activity. **STRIP MALL RENTAL INCOME**

I During the tax year, was the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? Yes No

If "Yes," enter the name and identifying number of the parent corporation.

J The books are in care of **JORDAN TAYLOR**

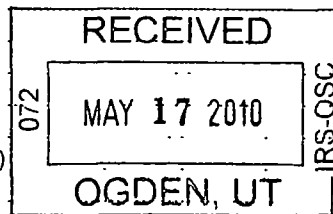
Telephone number

Part I Unrelated Trade or Business Income		(A) Income	(B) Expenses	(C) Net
1a	Gross receipts or sales			
b	Less returns and allowances			
	c Balance			
2	Cost of goods sold (Schedule A, line 7)			
3	Gross profit. Subtract line 2 from line 1c			
4a	Capital gain net income (attach Schedule D)			
b	Net gain (loss) (Form 4797, Part II, line 17) (attach Form 4797)			
c	Capital loss deduction for trusts			
5	Income (loss) from partnerships and S corporations (attach statement)			
6	Rent income (Schedule C)			
7	Unrelated debt-financed income (Schedule E)	26,521.	22,655.	3,866.
8	Interest, annuities, royalties, and rents from controlled organizations (Sch. F)			
9	Investment income of a section 501(c)(7), (9), or (17) organization (Schedule G)			
10	Exploited exempt activity income (Schedule I)			
11	Advertising income (Schedule J)			
12	Other income (See instructions; attach schedule.)			
13	Total. Combine lines 3 through 12	26,521.	22,655.	3,866.

Part II Deductions Not Taken Elsewhere (See instructions for limitations on deductions.)

(Except for contributions, deductions must be directly connected with the unrelated business income.)

14	Compensation of officers, directors, and trustees (Schedule K)	14	
15	Salaries and wages	15	
16	Repairs and maintenance	16	
17	Bad debts	17	
18	Interest (attach schedule)	18	
19	Taxes and licenses	19	
20	Charitable contributions (See instructions for limitation rules.)	20	
21	Depreciation (attach Form 4562)	21	
22	Less depreciation claimed on Schedule A and elsewhere on return	22a	
23	Depletion	23	
24	Contributions to deferred compensation plans	24	
25	Employee benefit programs	25	
26	Excess exempt expenses (Schedule I)	26	
27	Excess readership costs (Schedule J)	27	
28	Other deductions (attach schedule)	28	
29	Total deductions. Add lines 14 through 28	29	0.
30	Unrelated business taxable income before net operating loss deduction. Subtract line 29 from line 13	30	3,866.
31	Net operating loss deduction (limited to the amount on line 30)	31	3,866.
32	Unrelated business taxable income before specific deduction. Subtract line 31 from line 30	32	0.
33	Specific deduction (Generally \$1,000, but see instructions for exceptions.)	33	1,000.
34	Unrelated business taxable income. Subtract line 33 from line 32. If line 33 is greater than line 32, enter the smaller of zero or line 32	34	0.



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P 3

Part III Tax Computation

35 Organizations Taxable as Corporations. See instructions for tax computation. Controlled group members (sections 1561 and 1563) check here... 36 Trusts Taxable at Trust Rates. See instructions for tax computation. Income tax on the amount on line 34 from: 37 Proxy tax. See instructions 38 Alternative minimum tax 39 Total. Add lines 37 and 38 to line 35c or 36, whichever applies

Part IV Tax and Payments

40a Foreign tax credit (corporations attach Form 1118; trusts attach Form 1116) 40b Other credits (see instructions) 40c General business credit. Attach Form 3800 40d Credit for prior year minimum tax (attach Form 8801 or 8827) 40e Total credits. Add lines 40a through 40d 41 Subtract line 40e from line 39 42 Other taxes. Check if from: Form 4255 Form 8611 Form 8697 Form 8866 Other (attach schedule) 43 Total tax. Add lines 41 and 42 44a Payments: A 2008 overpayment credited to 2009 44b 2009 estimated tax payments 44c Tax deposited with Form 8868 44d Foreign organizations: Tax paid or withheld at source (see instructions) 44e Backup withholding (see instructions) 44f Other credits and payments: Form 2439 Form 4136 Other Total 45 Total payments. Add lines 44a through 44f 46 Estimated tax penalty (see instructions). Check if Form 2220 is attached 47 Tax due. If line 45 is less than the total of lines 43 and 46, enter amount owed 48 Overpayment. If line 45 is larger than the total of lines 43 and 46, enter amount overpaid 49 Enter the amount of line 48 you want Credited to 2010 estimated tax Refunded

Part V Statements Regarding Certain Activities and Other Information (See instructions on page 17)

1 At any time during the 2009 calendar year, did the organization have an interest in or a signature or other authority over a financial account (bank, securities, or other) in a foreign country? If YES, the organization may have to file Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts. If YES, enter the name of the foreign country here 2 During the tax year, did the organization receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If YES, see page 5 of the instructions for other forms the organization may have to file 3 Enter the amount of tax-exempt interest received or accrued during the tax year

Schedule A - Cost of Goods Sold. Enter method of inventory valuation

N/A

1 Inventory at beginning of year 2 Purchases 3 Cost of labor 4a Additional section 263A costs b Other costs (attach schedule) 5 Total. Add lines 1 through 4b 6 Inventory at end of year 7 Cost of goods sold. Subtract line 6 from line 5. Enter here and in Part I, line 2 8 Do the rules of section 263A (with respect to property produced or acquired for resale) apply to the organization?

Sign Here Under penalties of perjury I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge. Signature of officer Date Title

Paid Preparer's Use Only Preparer's signature Date Preparer's SSN or PTIN Firm's name (or yours if self-employed), address, and ZIP code Check if self-employed EIN Phone no.

Schedule C - Rent Income (From Real Property and Personal Property Leased With Real Property) (see instr. on pg 18)

1. Description of property

(1)			
(2)			
(3)			
(4)			
2. Rent received or accrued		3(a) Deductions directly connected with the income in columns 2(a) and 2(b) (attach schedule)	
(a) From personal property (if the percentage of rent for personal property is more than 10% but not more than 50%)	(b) From real and personal property (if the percentage of rent for personal property exceeds 50% or if the rent is based on profit or income)		
(1)			
(2)			
(3)			
(4)			
Total	0.	Total	0.
(c) Total income. Add totals of columns 2(a) and 2(b). Enter here and on page 1, Part I, line 6, column (A)		(b) Total deductions. Enter here and on page 1, Part I, line 6, column (B)	
0.		0.	

Schedule E - Unrelated Debt-Financed Income (See instructions on page 19)

1. Description of debt-financed property	2. Gross income from or allocable to debt-financed property	3. Deductions directly connected with or allocable to debt-financed property		
		(a) Straight line depreciation (attach schedule) STATEMENT 1	(b) Other deductions (attach schedule) STATEMENT 2	
(1) STRIP MALL RENTAL INCOME: WEST				
(2) PLAZA SHOPPING CENTER	28,870.	4,832.	18,535.	
(3) NOTE RECEIVABLE	4,811.		5,083.	
(4)				
4. Amount of average acquisition debt on or allocable to debt-financed property (attach schedule) STATEMENT 3	5. Average adjusted basis of or allocable to debt-financed property (attach schedule) STATEMENT 4	6. Column 4 divided by column 5	7. Gross income reportable (column 2 x column 6)	8. Allocable deductions (column 6 x total of columns 3(a) and 3(b))
(1)		%		
(2) 179,207.	238,292.	75.20%	21,710.	17,572.
(3) 221,910.	221,910.	100.00%	4,811.	5,083.
(4)		%		
Totals			26,521.	22,655.
Total dividends-received deductions included in column 8				0.

Schedule F - Interest, Annuities, Royalties, and Rents From Controlled Organizations (See instructions on page 20)

1. Name of controlled organization	2. Employer identification number	Exempt Controlled Organizations			
		3. Net unrelated income (loss) (see instructions)	4. Total of specified payments made	5. Part of column 4 that is included in the controlling organization's gross income	6. Deductions directly connected with income in column 5
(1)					
(2)					
(3)					
(4)					

Nonexempt Controlled Organizations

7. Taxable income	8. Net unrelated income (loss) (see instructions)	9. Total of specified payments made	10. Part of column 9 that is included in the controlling organization's gross income	11. Deductions directly connected with income in column 10
(1)				
(2)				
(3)				
(4)				
Totals			Add columns 5 and 10 Enter here and on page 1, Part I, line 8, column (A).	Add columns 6 and 11 Enter here and on page 1, Part I, line 8, column (B).
			0.	0.

Schedule G - Investment Income of a Section 501(c)(7), (9), or (17) Organization
(see instructions on page 20)

1. Description of income	2. Amount of income	3. Deductions directly connected (attach schedule)	4. Set-asides (attach schedule)	5. Total deductions and set-asides (col 3 plus col 4)
(1)				
(2)				
(3)				
(4)				
Enter here and on page 1, Part I, line 9, column (A)				Enter here and on page 1, Part I, line 9, column (B)
Totals	0.			0.

Schedule I - Exploited Exempt Activity Income, Other Than Advertising Income
(see instructions on page 21)

1. Description of exploited activity	2. Gross unrelated business income from trade or business	3. Expenses directly connected with production of unrelated business income	4. Net income (loss) from unrelated trade or business (column 2 minus column 3). If a gain, compute cols 5 through 7	5. Gross income from activity that is not unrelated business income	6. Expenses attributable to column 5	7. Excess exempt expenses (column 6 minus column 5, but not more than column 4).
(1)						
(2)						
(3)						
(4)						
Enter here and on page 1, Part I, line 10, col (A)		Enter here and on page 1, Part I, line 10, col (B)				Enter here and on page 1, Part II, line 28
Totals	0.	0.				0.

Schedule J - Advertising Income (see instructions on page 21)

Part I Income From Periodicals Reported on a Consolidated Basis

1. Name of periodical	2. Gross advertising income	3. Direct advertising costs	4. Advertising gain or (loss) (col 2 minus col 3). If a gain, compute cols 5 through 7	5. Circulation income	6. Readership costs	7. Excess readership costs (column 6 minus column 5, but not more than column 4)
(1)						
(2)						
(3)						
(4)						
Totals (carry to Part II, line (5))	0.	0.				0.

Part II Income From Periodicals Reported on a Separate Basis (For each periodical listed in Part II, fill in columns 2 through 7 on a line-by-line basis.)

1. Name of periodical	2. Gross advertising income	3. Direct advertising costs	4. Advertising gain or (loss) (col 2 minus col 3). If a gain, compute cols 5 through 7	5. Circulation income	6. Readership costs	7. Excess readership costs (column 6 minus column 5, but not more than column 4).
(1)						
(2)						
(3)						
(4)						
(5) Totals from Part I	0.	0.				0.
Enter here and on page 1, Part I, line 11, col (A)		Enter here and on page 1, Part I, line 11, col (B)				Enter here and on page 1, Part II, line 27
Totals, Part II (lines 1-5)	0.	0.				0.

Schedule K - Compensation of Officers, Directors, and Trustees (see instructions on page 21)

1. Name	2. Title	3. Percent of time devoted to business	4. Compensation attributable to unrelated business
		%	
		%	
		%	
		%	
Total. Enter here and on page 1, Part II, line 14			0.

FORM 990-T SCHEDULE E - DEPRECIATION DEDUCTION STATEMENT 1

DESCRIPTION	ACTIVITY NUMBER	AMOUNT	TOTAL
BUILDING - SEE STATEMENT 5		4,243.	
IMPROVEMENTS - SEE STATEMENT 5		589.	
- SUBTOTAL -	1		4,832.
SEE STATEMENT 9		0.	
TOTAL OF FORM 990-T, SCHEDULE E, COLUMN 3(A)			4,832.

FORM 990-T SCHEDULE E - OTHER DEDUCTIONS STATEMENT 2

DESCRIPTION	ACTIVITY NUMBER	AMOUNT	TOTAL
SEE STATEMENT 6		18,535.	
- SUBTOTAL -	1		18,535.
SEE STATEMENT 9		5,083.	
- SUBTOTAL -	2		5,083.
TOTAL OF FORM 990-T, SCHEDULE E, COLUMN 3(B)			23,618.

FORM 990-T AVERAGE ACQUISITION DEBT ON OR ALLOCABLE TO DEBT-FINANCED PROPERTY STATEMENT 3

DESCRIPTION	ACTIVITY NUMBER	AMOUNT	TOTAL
SEE STATEMENT 7		179,207.	
- SUBTOTAL -	1		179,207.
SEE STATEMENT 9		221,910.	
- SUBTOTAL -	2		221,910.
TOTAL OF FORM 990-T, SCHEDULE E, COLUMN 4			401,117.

SCHEDULE E - STRAIGHT-LINE DEPRECIATION

	<u>COST BASIS</u>	<u>LIFE</u>	<u>STRAIGHT LINE DEPRECIATION</u>	<u>PERCENTAGE OF STRIP MALL RENTED</u>	<u>DEPRECIATION DEDUCTION</u>
Strip mall building	645,730	39	16,557	25.63%	4,243
Strip mall improvements	102,607	39	2,300	25.63%	<u>589</u>
					<u>4,832</u>

SCHEDULE E - OTHER DEDUCTIONS

Real estate taxes			-
Interest expense	177,423		
Amortization of loan fees	<u>-</u>		
	177,423		
Allocable percentage based upon original cost of buildings, improvements and land	<u>30.56%</u>	54,227	
Other allocable expenses:			
Facility maintenance	20,196		
Liability insurance	29,592		
Facility supplies	<u>20,974</u>		
	70,762		
Allocable percentage based upon original cost of strip mall vs. church bldg.	<u>25.58%</u>	<u>18,101</u>	
Total other deductions		72,328	
Allocable percentage based upon percentage of strip mall rented		<u>25.63%</u>	<u>18,535</u>
Total			<u>18,535</u>

SCHEDULE E
 Computation of amount of average acquisition debt
 allocable to debt-financed property

Date	Principal Balance	Total	Divide by 12	Average
1/1/09	2,338,085			
2/1/09	2,329,413			
3/1/09	2,320,697			
4/1/09	2,310,696			
5/1/09	2,301,418			
6/1/09	2,292,595			
7/1/09	2,283,675			
8/1/09	2,274,300			
9/1/09	2,265,278			
10/1/09	2,256,206			
11/1/09	2,246,685			
12/1/09	2,237,516			
	27,456,564	27,456,564	12	2,288,047
				Multiplied by strip mall allocable portion 30.56%
				Multiplied by percentage leased 25.63%
				Average acquisition debt 179,207

SCHEDULE E
Computation of amount of average adjusted basis of or
allocable to debt-financed property

	<u>Beg. Of Year</u>	<u>End of Year</u>	<u>Average</u>
Building	645,730	645,730	645,730
Bldg-Depr	<u>(173,850)</u>	<u>(190,408)</u>	<u>(182,129)</u>
Net Bldg	<u>471,880</u>	<u>455,322</u>	<u>463,601</u>
Improvements	102,607	102,607	102,607
Impr-Depr	<u>(29,987)</u>	<u>(32,287)</u>	<u>(31,137)</u>
Net Improvements	<u>72,620</u>	<u>70,320</u>	<u>71,470</u>
Land	<u>394,800</u>	<u>394,800</u>	<u>394,800</u>
	<u>939,300</u>	<u>920,442</u>	<u>929,871</u>
		Multiplied by percentage leased	<u>25.63%</u>
			<u>238,292</u>

CALVARY FELLOWSHIP OF SEATTLE, INC.
SUPPORTING WORKPAPER FOR PREPARATION OF
FORM 990T, SCHEDULE E UNRELATED DEBT-FINANCED INCOME

EIN: 91-0999605

1) Computation of amount of average loan payable allocable to debt-financed property - Girls Dorm House

<u>Date</u>	<u>Balance</u>	<u>Divided by 5</u>	<u>Average</u>
8/10/09	223,917		
9/1/09	223,358		
10/1/09	222,753		
11/1/09	222,187		
12/1/09	<u>221,577</u>		
	1,113,792 /5 months		<u>222,758</u> A

2) Computation of amount of average note receivable allocable to debt-financed property - Girls Dorm House

<u>Date</u>	<u>Balance</u>	<u>Divided by 5</u>	<u>Average</u>
8/1/09	222,501		
9/1/09	222,207		
10/1/09	221,912		
11/1/09	221,615		
12/1/09	221,316		
	1,109,551 /5 months		<u>221,910.20</u> B

3) Percentage of note receivable that is debt-financed (max. 100%)

100.38% C

4) Interest income that is UBTI:

4811.26
100.00% (Max)
4811.26

5) Interest expense to deduct:

B/A 5102.46
99.62%
5083.03

CALVARY FELLOWSHIP OF SEATTLE, INC.

91-0999605

Form 990-T, Part II, Line 31
Net Operating Loss Deduction:

From:		
2002	\$	16,964
2001		105,576
2000		<u>134,473</u>
	\$	<u><u>257,013</u></u>