CALVIN THEOLOGICAL SEMINARY

CALVIN THEOLOGICAL SEMINARY

Financial Statements
With Independent Auditors' Report

June 30, 2023 and 2022

CAPINCROUSE LLP

CALVIN THEOLOGICAL SEMINARY

Table of Contents

	Page
Independent Auditors’ Report	1
Financial Statements	
Statements of Financial Position	3
Statement of Activities-2023	4
Statement of Activities-2022	5
Statements of Cash Flows	6
Notes to Financial Statements	7
Supplementary Information	
Independent Auditors' Report on Supplementary Information	33
Financial Responsibility Supplemental Schedule	34
Notes to Financial Responsibility Supplemental Schedule	36

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Calvin Theological Seminary
Grand Rapids, Michigan

Opinion

We have audited the accompanying financial statements of Calvin Theological Seminary, which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities 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 Calvin Theological Seminary as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Calvin Theological Seminary 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 Calvin Theological Seminary's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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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 Calvin Theological Seminary'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 Calvin Theological Seminary'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

Grand Rapids, Michigan
February 7, 2024

CALVIN THEOLOGICAL SEMINARY

Statements of Financial Position

	June 30, 2023	June 30, 2022
ASSETS:		
Cash and cash equivalents	$ 507,226	$ 2,349,283
Receivables:		
Student accounts– net, and other	182,226	235,209
Student loans–net of allowance	951,886	1,088,710
Prepaid expenses and other assets	173,587	400,849
Investments	69,517,146	58,490,653
Operating lease right-of-use assets	1,115,722	-
Plant assets–net	15,564,678	16,342,769
Total Assets	$ 88,012,471	$ 78,907,473
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and other liabilities	$ 471,057	$ 690,273
Accrued retiree medical benefits	945,850	1,043,286
Operating lease liabilities	1,039,924	-
Student funds received in advance	111,712	125,855
Federal Perkins Loan advances	108,464	109,813
Total liabilities	2,677,007	1,969,227
Net assets:		
Net assets without donor restrictions	28,520,445	19,407,743
Net assets with donor restrictions:		
Restricted by purpose or time	26,643,187	28,012,723
Restricted in perpetuity	30,171,832	29,517,780
	56,815,019	57,530,503
Total net assets	85,335,464	76,938,246
Total Liabilities and Net Assets	$ 88,012,471	$ 78,907,473

See notes to financial statements

CALVIN THEOLOGICAL SEMINARY

Statement of Activities

Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES:			
Tuition and fees–net (Note 2)	$ 644,292	$ -	$ 644,292
Auxiliary revenues–net (Note 2)	621,663	-	621,663
Denominational ministry shares	1,675,251	-	1,675,251
Private gifts and grants	1,996,229	4,162,299	6,158,528
Investment income used in operations	433,817	1,604,900	2,038,717
Changes in the value of split-interest agreements	(25,996)	-	(25,996)
Other revenues	45,543	-	45,543
Gain on sale of plant assets	3,620,690	-	3,620,690
Total operating revenues	9,011,489	5,767,199	14,778,688
Net Assets Released from Restrictions:			
Satisfaction of purpose and time restrictions	9,435,965	(9,435,965)	-
	18,447,454	(3,668,766)	14,778,688
EXPENSES:			
Instructional	3,574,430	-	3,574,430
Institutional support	2,560,227	-	2,560,227
Academic support	1,447,553	-	1,447,553
Student services	1,026,719	-	1,026,719
Auxiliary enterprises	567,745	-	567,745
Public service	578,792	-	578,792
Other financial aid	133,953	-	133,953
Total operating expenses	9,889,419	-	9,889,419
Change in Net Assets from Operating Activities	8,558,035	(3,668,766)	4,889,269
Non-Operating Activities:			
Investment income, net of amounts used in operations	489,801	2,953,282	3,443,083
Actuarial change in post retirement benefit obligation other than net periodic costs	64,866	-	64,866
Change in Non-Operating Activities	554,667	2,953,282	3,507,949
Total Change in Net Assets	9,112,702	(715,484)	8,397,218
Net Assets, Beginning of Year	19,407,743	57,530,503	76,938,246
Net Assets, End of Year	$ 28,520,445	$ 56,815,019	$ 85,335,464

See notes to financial statements

CALVIN THEOLOGICAL SEMINARY

Statement of Activities

Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES:			
Tuition and fees–net (Note 2)	$ 733,378	$ -	$ 733,378
Auxiliary revenues–net (Note 2)	630,215	-	630,215
Denominational ministry shares	1,920,528	-	1,920,528
Private gifts and grants	1,841,851	4,645,972	6,487,823
Investment income (loss) used in operations	(85,958)	1,677,084	1,591,126
Changes in the value of split-interest agreements	10,708	-	10,708
Other revenues	153,756	-	153,756
Total operating revenues	5,204,478	6,323,056	11,527,534
Net Assets Released from Restrictions:			
Satisfaction of purpose and time restrictions	3,755,350	(3,755,350)	-
	8,959,828	2,567,706	11,527,534
EXPENSES:			
Instructional	3,870,494	-	3,870,494
Institutional support	2,296,106	-	2,296,106
Academic support	1,364,965	-	1,364,965
Student services	747,441	-	747,441
Auxiliary enterprises	724,601	-	724,601
Public service	239,918	-	239,918
Other financial aid	83,216	-	83,216
Total operating expenses	9,326,741	-	9,326,741
Change in Net Assets from Operating Activities	(366,913)	2,567,706	2,200,793
Non-Operating Activities:			
Investment loss, net of amounts used in operations	(761,779)	(4,852,713)	(5,614,492)
Actuarial change in post retirement benefit obligation other than net periodic costs	178,103	-	178,103
Change in Non-Operating Activities	(583,676)	(4,852,713)	(5,436,389)
Total Change in Net Assets	(950,589)	(2,285,007)	(3,235,596)
Net Assets, Beginning of Year	20,358,332	59,815,510	80,173,842
Net Assets, End of Year	$ 19,407,743	$ 57,530,503	$ 76,938,246

See notes to financial statements

CALVIN THEOLOGICAL SEMINARY

Statements of Cash Flows

	Year Ended June 30, 2023	Year Ended June 30, 2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from students for tuition, fees, and auxiliary revenues	$ 4,971,028	$ 1,419,853
Gifts and grants received for operations	6,658,227	6,742,750
Net interest and dividends received	1,118,622	851,525
Cash paid to suppliers and employees	(12,545,613)	(9,029,862)
Net Cash Provided (Used) By Operating Activities	202,264	(15,734)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Student loans advanced	(1,349)	(3,500)
Student loans collected	80,726	90,055
Proceeds from dispositions of investments	14,371,680	3,120,868
Acquisition of investments	(21,034,995)	(2,940,170)
Proceeds from sale of plant assets	5,200,000	-
Acquisition and construction of plant assets	(1,835,935)	(6,210,843)
Net Cash Used By Investing Activities	(3,219,873)	(5,943,590)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Gifts restricted in perpetuity	654,052	793,590
Gifts restricted for long-term purposes	521,500	872,011
Net Cash Provided By Financing Activities	1,175,552	1,665,601
Change in Cash and Cash Equivalents	(1,842,057)	(4,293,723)
Cash and Cash Equivalents, Beginning of Year	2,349,283	6,643,006
Cash and Cash Equivalents, End of Year	$ 507,226	$ 2,349,283

See notes to financial statements

1. NATURE OF ORGANIZATION:

In 1876, Calvin Theological Seminary (Seminary) was founded as the theological school of the Christian Reformed Church in North America (CRCNA). The Seminary's primary purpose is the preparation of ordained ministers of the Word for the CRCNA and the world, and instruction for the preparation of professors of Reformed theology. The Seminary is supported primarily by denominational ministry shares, charitable contributions, tuition and fees from students, and investment income. The Seminary has been accredited by the Association of Theological Schools in the United States and Canada. The Seminary is exempt from federal income tax under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). The Seminary qualifies for charitable contribution deductions under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

The Seminary also has a supporting organization, CPI Foundation, whose purposes are to expand the Seminary's ongoing support for the Calvin Prison Initiative. There is no financial activity within this organization. Therefore, this organization will not be consolidated within these financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES:

BASIS OF PRESENTATION

The financial statements of the Seminary have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities 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.

OPERATING AND NON-OPERATING ACTIVITIES

The statements of activities presents the changes in net assets of the Seminary from operating activities and from non-operating activities. Operating activities include all revenue and expenses related to carrying out the Seminary's mission. The portion of investment income appropriated for operations on investments held for endowments and similar purposes under the Seminary's total return spending policy is considered operating revenue.

Non-operating activities consist primarily of (a) investment income, net of appropriations for operations, (b) and actuarial change in post retirement benefit obligation other than net periodic costs.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents represent cash on hand, cash in checking and savings accounts, and all highly liquid investments purchased with original maturities of three months or less. At June 30, 2023 and 2022, the Seminary's cash balances exceeded federally insured limits by $347,453 and $2,225,938, respectively.

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

STUDENT ACCOUNTS AND OTHER RECEIVABLES

Students are billed for tuition by semester and rent by month. Student accounts receivable are reported net of any anticipated losses due to uncollectible accounts. Uncollectible accounts are recognized as additions to the allowance for bad debts in the period it is determined the amounts could become uncollectible. The allowance for doubtful accounts is based on management's evaluation of the collectability of the receivable portfolio, including the nature of the portfolio, trends in historical loss experience, payment patterns from the students, and general economic conditions. At June 30, 2023 and 2022, the allowance for doubtful accounts was $20,000.

INVESTMENTS

Investments are carried at fair value (including net asset value) and cost. Donated investments are reported at fair market value at the date of donation and therefore carried in accordance with the above policy. Investments held for long-term purposes relate to the endowment, annuities, or trusts. Realized and unrealized gains and losses, dividends and interest, are included in investment income used in operations without donor restrictions in the statements of activities unless a donor or state law restricts their use.

SEMINARY MINISTRY INCENTIVE PROGRAM LOANS AND PERKINS LOANS

Student loans consist primarily of loans extended from the Seminary Ministry Incentive Program, a revolving loan fund and Perkins loans. The ministry incentive program was established in 1985, whereby the Seminary offers a loan forgiveness program for these loans to its ordained graduates who become employed in the ministry of the CRCNA or certain related organizations. Under this program, upon ordination, 5% of the original loan balance is forgiven each year during the first ten years following graduation with a Master of Divinity degree. However, loan forgiveness discontinues when an individual is no longer performing service in a qualified ministry. Amounts forgiven for the years ended June 30, 2023 and 2022, totaled $56,099 and $-0-, respectively.

Advances from the federal government under the Perkins Loan Program are refundable to the United States government upon liquidation of the program and thus are reflected as a liability in the accompanying statements of financial position.

The Seminary considers student loans past due when they have not been received within thirty days of the payment due date. Loans for which payments are past due beyond twelve months are considered to be in default. Past due accounts are subject to internal collection efforts for a period of twelve months.

Student loan receivables are reported net of any anticipated losses due to uncollectible accounts. The allowance for loan losses is based on management's evaluation of the collectability of the overall loan portfolio, including trends in historical loss experience, payment patterns from the borrowers, and general economic conditions and are further disclosed in Note 4.

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

PLANT ASSETS

Plant assets costing at least $1,000 are reported at cost when purchased or at the fair market value as of the date of a gift. Depreciation is computed by the straight-line method based on the estimated useful lives of the related assets, ranging from three to eighty years. Expenditures for maintenance and repairs are charged to expense. Planned major maintenance projects are not started until funding is secured or the cost is budgeted.

STUDENT FUNDS RECEIVED IN ADVANCE

Student funds received in advance results primarily from deposits received for fall enrollment and grant revenue received from grants to be used in future years.

CLASSES OF NET ASSETS

The financial statements report amounts separately by class of net assets.

Net assets without donor restrictions are those currently available at the direction of management and the board of trustees for use in the Seminary's operations.

Net assets with donor restrictions- restricted by purpose or time result from contributions whose use is limited by donor-imposed stipulations that either expire by passage of time or can be removed by actions of the Seminary pursuant to those stipulations.

Net assets with donor restrictions- held in perpetuity result from contributions whose use is limited by donor-imposed stipulations or by state law that neither expire by passage of time nor can be removed by actions of the Seminary.

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

TUITION AND FEES–NET

Tuition and fees are recorded as revenue without donor restrictions. Tuition and fees received in advance of the following academic year are recorded as student funds received in advance on the statements of financial position and recognized as revenue in the year in which it is earned.

The Seminary recognizes revenue from student tuition and fees within the fiscal year in which educational services are provided. Academic programs are delivered in the Fall and Spring academic terms, as well as one Summer term. The Summer term begins in June and ends in August. Payments of tuition and fees are recognized as performance obligations are met. Revenue is recognized ratably over the summer terms. Need-based institutional aid, in the form of scholarships and grants, includes amounts funded by the endowment and other gifts, and reduces the published price of tuition for students receiving such aid. As such, institutional aid is referred to as financial aid and represents the difference between the stated charge for tuition and fees and the amount that is billed to the student and/or third parties making payments on behalf of the student.

Net tuition and fees are as follows:

	Year Ended June 30,	
	2023	2022
Gross tuition	$ 1,839,070	$ 1,897,389
Gross fees	15,775	15,849
Less: financial aid	(1,210,553)	(1,179,860)
Net tuition and fees	$ 644,292	$ 733,378

AUXILIARY REVENUES–NET

Auxiliary revenue includes activities for student housing. Performance obligations for housing services are delivered over the academic terms. Consequently, associated revenues are earned and recognized over the course of each term as the services are delivered.

Auxiliary services revenue are as follows:

	Year Ended June 30,	
	2023	2022
Housing revenue	$ 644,653	$ 646,335
Less: scholarships and discounts	(22,990)	(16,120)
Auxiliary revenues–net	$ 621,663	$ 630,215

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

DENOMINATIONAL MINISTRY SHARES

Revenues from CRCNA (described as denominational ministry shares in the accompanying statements of activities) and other outside donors are recognized when earned and when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of other assets is transferred to the Seminary.

PRIVATE GIFTS AND GRANTS

The Seminary reports gifts of cash and other assets as restricted revenue if they are received with donor stipulations that limit the use of the donated assets. When a stipulated time restriction ends or purpose restriction is accomplished, 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.

Gifts of plant assets are reported as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of plant assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire plant assets are reported as restricted support. Absent any donor stipulations, these restrictions expire when the asset is acquired or placed in service, and a reclassification is made from net assets with donor restrictions to net assets without donor restrictions at that time.

FUNCTIONAL CLASSES OF EXPENSES

Program services include expenses directly related to the instruction and support of the educational experience, campus operations, student development, auxiliary and other expenses. Supporting activities include management and general expenses that are required to maintain an adequate working environment, provide proper executive and administrative support, as well as manage the financial and human resources of the Seminary and the structure necessary to encourage and secure support from external sources. Fund-raising costs consist of salaries, fringe benefits, brochures, and other costs incurred by the Seminary. Expenses related to the operation and maintenance of the physical plant, including depreciation of plant assets, are reported in either the program services or supporting activities category in Note 14, based on the square footage of facilities. The Seminary incurred no joint costs for the years ended June 30, 2023 and 2022.

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

ADVERTISING

The Seminary expenses advertising costs as incurred. Total advertising costs were $299,963 and $341,573, during the years ended June 30, 2023 and 2022, respectively.

RECENTLY ADOPTED ACCOUNTING STANDARDS

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842 of the FASB Accounting Standards Codification). The amendments in this update require organizations that lease assets to recognize on the statements of financial position the assets and liabilities for the rights and obligations created by the leases. The amendments are effective for fiscal years beginning after December 15, 2021. The Seminary adopted this ASU for the year ended June 30, 2023. The Seminary elected to adopt the transition relief provisions from ASU 2018-11, *Leases* (Topic 842). The Seminary also elected the practical expedient to not separate lease and non-lease components and the accounting policy election to exclude short-term leases with lease terms of 12 months or less. The additional lease disclosures can be found in Note 6. There were no leases as of the adoption date, therefore, the effect of change in accounting principles to beginning net assets was -$0-.

3. LIQUIDITY AND AVAILABILITY OF RESOURCES:

The following table reflects the Seminary's financial assets as of June 30, 2023 and 2022, 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.

	June 30,	
	2023	2022
Financial assets:		
Cash and cash equivalents	$ 507,226	$ 2,349,283
Receivables, net	1,134,112	1,323,919
Investments	69,517,146	58,490,653
Financial assets, at year end	71,158,484	62,163,855
Less those unavailable for general expenditures within one year, due to:		
Net assets restricted in perpetuity	(30,171,832)	(29,517,780)
Net assets restricted by purpose, net of amounts to be appropriated or released through normal operations within the year	(24,802,687)	(22,203,044)
Board designated funds	(13,590,258)	(7,627,220)
	(68,564,777)	(59,348,044)
Financial assets available to meet cash needs for general expenditures within one year	$ 2,593,707	$ 2,815,811

As part of the Seminary’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. With board approval, the board designated funds could be made available for general expenditures within the next 12 months, if needed.

4. STUDENT LOANS RECEIVABLE:

The Seminary's student loan receivables consist of a revolving loan fund for Federal Perkins Loans for which the Seminary acts as an agent for the federal government in administering the loan program and an institutional loan fund created by the Seminary to assist students in funding their education. As an agent for the federal government, the Perkins loan portfolio is guaranteed by the United States Department of Education. There are, therefore, no impaired loans, no nonperforming loans and no modifications to loan terms executed by the Seminary because amounts that become old or past due are in due course turned back over to the Department of Education. Allowances for estimated loan losses relate to the institutional portion of the loan fund contributed by the Seminary.

The Seminary determined their allowance for estimated losses on these student loans by looking at historical default rates and analyzing the aging of the past due loans.

The aging of the student loan portfolio by classes of loans as of June 30, 2023, is presented as follows:

	Federal Agency Receivables	MIP Institutional Loans	Total
Not in repayment	$ 4,200	$ 558,288	$ 562,488
Current	27,914	117,410	145,324
Greater than 30 days but less than 240 days past due	5,501	20,912	26,413
Greater than 240 days but less than 2 years past due	-	95,280	95,280
Greater than 2 years but less than 5 years past due	-	112,103	112,103
Greater than 5 years past due	-	151,278	151,278
	37,615	1,055,271	1,092,886
Less allowance for uncollectability	(15,000)	(126,000)	(141,000)
	$ 22,615	$ 929,271	$ 951,886

The following presents the recorded investment by credit quality indicator:

	Federal Agency Receivables	Institutional Loans	Total
Performing	$ 37,615	$ 1,055,271	$ 1,092,886
Nonperforming	-	-	-
	$ 37,615	$ 1,055,271	$ 1,092,886

4. STUDENT LOANS RECEIVABLE, continued:

The aging of the student loan portfolio by classes of loans as of June 30, 2022, is presented as follows:

	Federal Agency Receivables	MIP Institutional Loans	Total
Not in repayment	$ 4,200	$ 515,503	$ 519,703
Current	27,914	344,076	371,990
Greater than 30 days but less than 240 days past due	2,408	45,085	47,493
Greater than 240 days but less than 2 years past due	-	73,224	73,224
Greater than 2 years but less than 5 years past due	6,590	155,526	162,116
Greater than 5 years past due	3,388	51,796	55,184
	44,500	1,185,210	1,229,710
Less allowance for uncollectability	(15,000)	(126,000)	(141,000)
	$ 29,500	$ 1,059,210	$ 1,088,710

The following presents the recorded investment by credit quality indicator:

	Federal Agency Receivables	Institutional Loans	Total
Performing	$ 44,500	$ 1,185,210	$ 1,229,710
Nonperforming	-	-	-
	$ 44,500	$ 1,185,210	$ 1,229,710

For institutional student loans, the credit quality indicator is performance determined by delinquency status and, for Federal Perkins Loans, origination and servicing of the loan. Delinquency status is updated monthly by the Seminary's loan servicer. Federal Perkins Loans that are originated and serviced properly under Department of Education regulations can be assigned to the Department of Education when deemed no longer collectible. The Seminary is not aware of any material amount of loans not properly originated or serviced under Department of Education regulations. Student loans not in repayment are related to loan balances for current students or a graduate with a deferred loan repayment plan for a qualified reason. Loans not in repayment are considered performing.

5. INVESTMENTS:

The Seminary uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. Following is a description of the valuation methodologies used for instruments measured at cost, fair value, and net asset value (NAV) on a recurring basis. There were no Level 3 investments as of June 30, 2023 and 2022.

Level 1

Equity securities —The fair value of these financial instruments is based on quoted market prices.

Level 2

Fixed income and other investments- The value is based on yields currently available on comparable securities of issuers with similar credit ratings.

Land and real estate- The value is based on an independent appraisal using comparable market exit prices.

NAV

Investments held at fair value using NAV- The value is based upon estimated fair value per the NAV as reported by fund managers, which represents the Seminary's proportionate interest in the capital of the invested funds.

Fees paid to the Seminary’s external advisors related to the management and custody of the Seminary’s investments totaled approximately $284,000 and $330,000 for the years ended June 30, 2023 and 2022, respectively, and have been netted against investment income in the accompanying statements of activities. These fees are in addition to the fund expenses that are included in the pricing of the respective funds.

Investments held under annuity agreements had carrying values of $207,184 and $205,807, as of June 30, 2023 and 2022, respectively.

CALVIN THEOLOGICAL SEMINARY

Notes to Financial Statements

June 30, 2023 and 2022

5. INVESTMENTS, continued:

Investment portfolio by valuation hierarchy:

	Fair Value Disclosure			
	Total	Level 1	Level 2	Level 3
June 30, 2023:				
Equity securities	$44,843,773	$ 44,843,773	$ -	$ -
Fixed income and other investments	13,293,344	-	13,293,344	-
Land and real estate	1,050,000	-	1,050,000	-
Beneficial interest in trust	207,184	-	-	207,184
	$59,394,301	$ 44,843,773	$14,343,344	$ 207,184
Investments held at fair value using NAV:				
Investments held at Merrill Lynch	6,629,445			
Investments reported on by Merrill Lynch *	1,162,337			
	7,791,782			
Investments held at cost:				
Cash and cash equivalents held at Merrill Lynch	2,331,063			
	$69,517,146			

* During the year ended June 30, 2021, the Seminary switched investment advisors to Merrill Lynch. Several investment funds were not able to be liquidated, and therefore, Merrill Lynch reports on those funds but the assets remain under the control of the various funds rather than Merrill Lynch. The investments reported on by Merrill Lynch are being liquidated as quickly as the funds allow, and the assets transferred under Merrill Lynch's control.

CALVIN THEOLOGICAL SEMINARY

Notes to Financial Statements

June 30, 2023 and 2022

5. INVESTMENTS, continued:

	Fair Value Disclosure			
	Total	Level 1	Level 2	Level 3
June 30, 2022:				
Equity securities	$38,284,990	$ 38,284,990	$ -	$ -
Fixed income and other investments	4,733,162	-	4,733,162	-
Land and real estate	1,050,000	-	1,050,000	-
Beneficial interest in trust	205,807	-	-	205,807
	$44,273,959	$ 38,284,990	$ 5,783,162	$ 205,807
Investments held at fair value using NAV:				
Investments held at Merrill Lynch	6,470,251			
Investments reported on by Merrill Lynch*	5,078,365			
	11,548,616			
Investments held at cost:				
Cash and cash equivalents held at Merrill Lynch	2,668,078			
	$58,490,653			

* During the year ended June 30, 2021, the Seminary switched investment advisors to Merrill Lynch. Several investment funds were not able to be liquidated, and therefore, Merrill Lynch reports on those funds but the assets remain under the control of the various funds rather than Merrill Lynch. The investments reported on by Merrill Lynch are being liquidated as quickly as the funds allow, and the assets transferred under Merrill Lynch's control.

5. INVESTMENTS, continued:

The Seminary follows the NAV provisions of the *Fair Value Measurements and Disclosures* topic of the FASB ASC. The Seminary uses the NAV to determine the fair value of all the underlying investments which do not have a readily determinable fair value. These statements are consistent with the measurement principles or attributes of an investment company. The following table lists investments by major category.

Investment Category	Total June 30, 2023	Investments held at Merrill Lynch	Investments reported on by Merrill Lynch
Strategy		Hedge funds of private equity and real estate	Hedge funds of funds, private equity, direct lending, distressed real estate
Fair Value Determined Using NAV	$ 7,791,782	$ 6,629,445	$ 1,162,337
Remaining Life		NA	95 days-5 years
Unfunded Commitments	$ 3,612,871	$ 3,000,000	$ 612,871
Commitments		NA	95 days-5 years
Redemption Terms		Daily, weekly or monthly	Private equity - cannot be readily liquidated
Redemption Restrictions		None	Investments are illiquid
Redemption Restrictions at Year End		None	Investments are illiquid

5. INVESTMENTS, continued:

Investments by major category (continued):

Investment Category	Total June 30, 2022	Investments held at Merrill Lynch	Investments reported on by Merrill Lynch
Strategy		Hedge funds of private equity and real estate	Hedge funds of funds, private equity, direct lending, distressed real estate
Fair Value Determined Using NAV	$ 11,548,616	$ 6,470,251	$ 5,078,365
Remaining Life		NA	95 days-5 years
Unfunded Commitments	$ 419,341	$ -	$ 419,341
Commitments		NA	95 days-5 years
Redemption Terms		Daily, weekly or monthly	Private equity - cannot be readily liquidated
Redemption Restrictions		None	Investments are illiquid
Redemption Restrictions at Year End		None	Investments are illiquid

6. OPERATING RIGHT-OF-USE ASSETS AND LEASE LIABILITIES:

The Seminary has two lease agreements for student housing, which mature July 31, 2024 and August 31, 2025. The discount rate represents the risk-free discount rate using a period comparable with that of the individual lease terms on the inception date of the leases. The leases require monthly payments ranging from $3,400 to $36,800.

Operating right-of-use assets and liabilities, as well as lease costs, consist of the following at June 30, 2023:

Operating lease right-of-use assets	$ 1,115,722
Operating lease liabilities	$ 1,039,924
Operating lease costs	$ 360,302
Sub-lease income	$ 284,217
Weighted average discount rate	4.00%
Weighted average remaining lease term (in years)	1.98 years

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

Year Ending June 30,	
2024	$ 539,823
2025	466,993
2026	78,082
Less imputed interest	(44,974)
Total	$ 1,039,924

7. PLANT ASSETS:

Plant assets are summarized by major classification as follows:

	June 30, 2023	June 30, 2022
Land	$ 45,000	$ 245,000
Buildings	19,314,199	14,136,933
Furniture and equipment	5,471,121	4,197,003
Construction in progress	-	7,355,902
	24,830,320	25,934,838
Less accumulated depreciation and amortization	(9,265,642)	(9,592,069)
Net plant assets	$15,564,678	$ 16,342,769

8. EMPLOYEE BENEFIT PLANS:

The Seminary participated in a defined contribution 403(b) retirement plan, which covers all regular employees that are .75 FTE and above. The Seminary has the option to contribute the percentage annually approved by the CTS Board of Trustees of participants' salaries on a bi-weekly (non-exempt employees) or semi-monthly (exempt employees) basis to the Teachers Insurance and Annuity Association (TIAA). Total contributions to this plan for the years ended June 30, 2023 and 2022, were $294,913 and $295,921, respectively. All contributions are vested immediately. Employees may also make voluntary contributions to this plan up to certain limits allowed by law.

9. POSTRETIREMENT BENEFITS OTHER THAN PENSIONS:

The Seminary currently provides prescription, dental, and health care benefits to qualified retired employees under a 50% employee 50% Seminary contributory plan. Eligible employees retiring prior to age 65 receive 100% hospital preferred benefits with co-pay provisions until age 65 and Medicare supplemental benefits thereafter. With 10 years of service, but fewer than 20, the retiree receives the insurance benefit for the number of years served.

On May 22, 2014, the Board of Trustees approved an amendment to the retiree health care plan. Under the amended plan, rather than paying 50% of an insurance premium, the Seminary will pay retirees a fixed annual stipend which the retiree can use to secure health insurance. The amount and duration of the annual stipend is dependent on the retiree's years of service. Since the stipend is a fixed amount, there is no assumed health care cost increase utilized in the actuarial assumptions.

9. POSTRETIREMENT BENEFITS OTHER THAN PENSIONS, continued:

At June 30, 2023 and 2022, there were no assets set aside to fund the benefit obligation; the Seminary funds the cost of these benefits as incurred. The employer contributions and benefits paid were approximately $87,000 and $82,000 in 2023 and 2022, respectively. No contributions other than those needed to pay current retiree benefits are expected. The Seminary accrues the estimated cost of such retiree benefits, in accordance with accounting principles generally accepted in the United States of America, during its employees' active service periods. The benefit obligation of the plan is calculated based on a measurement date of June 30th.

The following table sets forth the amounts reported in the statements of financial position:

	June 30, 2023	June 30, 2022
Accumulated postretirement benefit obligation (APBO):		
Retired participants	$ (789,309)	$ (767,577)
Active employees fully eligible to retire	(127,610)	(248,622)
Active employees not yet eligible to retire	(28,931)	(27,087)
	(945,850)	(1,043,286)
Plan assets	-	-
Unfunded obligation	(945,850)	(1,043,286)
Unrecognized prior service cost	(470,372)	(569,025)
Unrecognized net gain from past experience different from that assumed and from changes in assumptions	238,988	315,596
Accrued postretirement benefit cost	$ (1,177,234)	$ (1,296,715)

Intangible assets and accumulated comprehensive income:

	June 30, 2023	June 30, 2021
Beginning of year	$ 253,429	$ 157,242
Reclassified during the year:		
Prior service cost	(98,653)	(98,653)
Gain	22,766	30,453
Total	(75,887)	(68,200)
Arising during the year:		
Gain	53,842	164,387
Total	53,842	164,387
End of year accumulated comprehensive gain	$ 231,384	$ 253,429

9. POSTRETIREMENT BENEFITS OTHER THAN PENSIONS, continued:

Postretirement health care expense consisted of the following components:

	Year Ended June 30, 2023	Year Ended June 30, 2022
Service cost-benefits earned during the period	$ 1,244	$ 10,153
Interest cost on accumulated postretirement benefit obligation	42,073	25,989
Prior service cost	(98,653)	(98,653)
Amortization of unrecognized net gain	22,766	30,453
Net periodic postretirement benefit cost	$ (32,570)	$ (32,058)

Components of postretirement health care expense anticipated for the year ending June 30, 2024, are as follows:

Service cost-benefits earned during the period	$ 1,276
Interest cost on accumulated postretirement benefit obligation	(40,116)
Projected benefit payments	(98,653)
Recognition of net actuarial gain	17,368
Net periodic postretirement benefit cost	$ (120,125)

Estimated future benefit payments (based on lump sum value) are:

Year Ended June 30,	
2024	$ 101,300
2025	93,281
2026	93,582
2027	90,237
2028	86,828
2029-2031	373,994
	$ 839,222

9. POSTRETIREMENT BENEFITS OTHER THAN PENSIONS, continued:

Weighted-average assumptions and method disclosures include:

	June 30, 2023	June 30, 2022
Discount rate:		
Liability	4.75%	4.50%
Net periodic benefit cost	4.50%	2.25%

The June 30, 2023, liability discount rate increased 0.25% from the rate used as of June 30, 2022, based on June 2023 Financial Times Stock Exchange (FTSE) yield curve.

10. NET ASSETS:

Net assets consist of:

	June 30, 2023	June 30, 2022
Net assets without donor restrictions:		
Available for operations	$14,679,701	$ 11,518,783
Quasi-endowment funds	7,495,368	7,063,459
Board designated for student housing	5,166,811	-
Board designated for student loan funds	563,761	563,761
Board designated for student loan funds	364,318	-
Gift portion of annuities held in the annuity fund	250,486	261,740
	28,520,445	19,407,743
Net assets with donor restrictions:		
Restricted by purpose and time:		
Accumulated endowment earnings	18,815,343	15,862,061
Student loan funds	2,505,792	2,546,076
Scholarships	2,135,697	1,830,879
Other	1,628,455	1,542,826
Instruction	1,131,122	1,266,127
Administration	426,778	555,075
Renovations (building)	-	4,409,679
	26,643,187	28,012,723
Restricted in perpetuity:		
Endowment funds	30,171,832	29,517,780
	$85,335,464	$ 76,938,246

11. RELATED PARTY TRANSACTIONS:

The Seminary receives services from Calvin University (University), with which it is affiliated through the CRCNA. The Seminary is located on the University campus. Of the expenses common to both institutions, the University allocated approximately $705,000 and $794,000 for the fiscal years 2023 and 2022, respectively, to the Seminary. The University processes various transactions for the benefit of the Seminary, which are reimbursed on a monthly basis. At June 30, 2023 and 2022, the Seminary owed the University approximately $227,000 and $62,000, respectively. These amounts are included in accounts payable and other liabilities on the statements of financial position.

The Seminary received approximately $1,675,000 and $1,921,000 in denominational ministry shares from the CRCNA during fiscal years 2023 and 2022, respectively. During fiscal years 2023 and 2022, the Seminary paid approximately $13,000 and $35,000, respectively, to the CRCNA for various services.

The Seminary received approximately $36,000 and $117,000 in contributions from board members during the years ended June 30, 2023 and 2022, respectively.

12. LETTER OF CREDIT:

The Seminary issued a letter of credit to the state of Michigan for payment of unemployment benefits. The letter of credit expires on December 31, 2024. At June 30, 2023 and 2022, the letter was in the amount of $154,969 and $155,530, respectively.

13. COMMITMENTS:

As of June 30, 2023 and 2022, the Seminary has committed to invest in certain funds totaling $3,612,871 and $419,341, respectively, as disclosed in Note 5.

14. FUNCTIONAL ALLOCATION OF EXPENSES:

The following table presents expenses by both their natural and functional categories for the year ended June 30, 2023:

		Supporting Activities		
	Program Services	Management and General	Fundraising	Total
Salaries and benefits	$ 3,646,067	$ 1,082,142	$ 351,057	$ 5,079,266
Occupancy	818,009	525,140	5,000	1,348,149
Depreciation	550,886	146,903	36,726	734,515
Other	521,716	153,593	34,385	709,694
Professional fees	388,961	136,356	114,270	639,587
Travel	250,194	78,230	57,469	385,893
Advertising and promotion	150,360	13,539	136,064	299,963
Equipment and maintenance	226,784	42,396	12,633	281,813
Office supplies	84,961	40,186	22,027	147,174
Conferences and conventions	96,061	17,588	3,276	116,925
Printing and duplicating	53,674	776	32,686	87,136
Subscriptions and memberships	11,115	11,242	36,947	59,304
Total Expenses	$ 6,798,788	$ 2,248,091	$ 842,540	$ 9,889,419

14. FUNCTIONAL ALLOCATION OF EXPENSES, continued:

The following table presents expenses by both their natural and functional categories for the year ended June 30, 2022:

		Supporting Activities		
	Program Services	Management and General	Fundraising	Total
Salaries and benefits	$ 3,679,571	$ 1,161,723	$ 335,701	$ 5,176,995
Occupancy	889,343	529,463	5,000	1,423,806
Other	526,415	93,721	15,636	635,772
Depreciation	316,737	84,463	21,116	422,316
Professional fees	279,695	83,356	19,058	382,109
Advertising and promotion	172,583	24,694	144,297	341,574
Travel	202,223	70,128	39,449	311,800
Equipment and maintenance	174,787	43,478	11,201	229,466
Conferences and conventions	123,345	10,183	4,296	137,824
Printing and duplicating	60,346	20,464	26,458	107,268
Office supplies	43,639	45,023	8,898	97,560
Subscriptions and memberships	7,958	16,648	35,645	60,251
Total Expenses	$ 6,476,642	$ 2,183,344	$ 666,755	$ 9,326,741

15. ENDOWMENT FUNDS:

The state of Michigan enacted UPMIFA (the Uniform Prudent Management of Institutional Funds Act) effective September 15, 2009, for all nonprofit Michigan organizations. The intent of UPMIFA is to substantiate, by disclosure, that endowment investment policies and endowment spending policies will assure the preservation of the gift principal as the donor or state law stipulates.

The following are the required disclosures for net assets associated with endowment funds, including funds designated by the Board of Trustees of the Seminary to function as endowments, which are classified and reported based on the existence or absence of donor-imposed restrictions.

Absent explicit donor stipulations to the contrary, the Seminary interpreted the Michigan UPMIFA statute as requiring the preservation of the fair value of gifts as of the gift date. As a result of this interpretation, the Seminary classifies as net assets with donor restrictions- restricted in perpetuity (a) the original value of gifts donated to the endowment and (b) the original value of subsequent gifts to the endowment. Investment income, absent donor restriction, is classified as net assets with donor restrictions until appropriated for expenditure by the Seminary in a manner consistent with the standard of prudence described by Michigan UPMIFA.

The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions- restricted in perpetuity is classified as net assets with donor restrictions- restricted by purpose or time until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. Using this standard to determine how and when to appropriate or accumulate donor-restricted endowments, the Seminary considers the duration and preservation of the fund, the purpose for use, the general economic conditions, the effect of inflation and deflation, anticipated investment return, the investment policy of the Seminary and management's prudence.

The Reporting Endowment Funds topic of the FASB ASC further requires a discussion of the polices in place for funds with deficiencies, return objectives and parameters, strategies employed for achieving long-term objectives, and spending policies and how the investment objectives relate to spending policy as a part of the disclosure. Discussion of these policies is found subsequently in this Note 15.

15. ENDOWMENT FUNDS, continued:

The following are in compliance with the *Reporting Endowment Funds* topic:

Funds with deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or state law requires in a fund of perpetual duration. Reasons this may result are from unfavorable market fluctuations, especially for funds that have been invested for a short duration, or funds where the contribution was small. Another reason funds may result in a deficiency occurs when the Board of Trustees or the donor prudently directs continued appropriations for the critical restricted purpose (such as vital programs or scholarships). Deficiencies of this nature are reported in net assets with donor restrictions (the portion of the endowment that may be spent to achieve the restricted purpose). There were no funds with deficiencies as of June 30, 2023 and 2022.

Return objectives and risk parameters: The Board of Trustees has delegated to the Investment Committee, the responsibility for formulating and adopting an Investment Policy Statement. The goal of the policy is to provide a predictable stream of funding for programs supported by its endowment. The endowment assets are invested in a manner that is intended to produce an annualized rate of return equal to or greater than the rate of inflation plus any payout requirement of the Seminary's spending policy while assuming a prudent level of investment risk.

Strategies employed for achieving objectives: To satisfy its long-term rate-of-return objectives, the Investment Committee relies on the services of an investment consultant, Merrill Lynch, to manage endowment investments in accordance with the Seminary's Investment Policy Statement. Merrill Lynch has constructed a portfolio of investments which is expected to achieve the long-term return objectives within prudent risk constraints.

Spending policies and how the investment objectives relate to spending policy: The Seminary has a policy of appropriating a set percentage of its endowment fund’s rolling three-year average fair market value measured at June 30 for the calendar year end preceding the fiscal year in which the distribution is planned (4.25% as of June 30, 2023 and 2022). In establishing this policy, the Seminary considered the long-term expected return on its endowment. In addition, the Seminary assesses an administrative fee of 14 basis points (0.14%) to offset the expenses of managing the endowment investments as of June 30, 2023 and 2022.

15. ENDOWMENT FUNDS, continued:

Endowment net asset composition by type of fund as of June 30, 2023:

		With Donor Restrictions			
	Without Donor Restrictions	Original Gift Amount	Accumulated Gains (Losses) and Other	Total With Donor Restrictions	Total Funds
Donor-restricted funds	$ -	$ 30,171,832	$ 18,815,343	$ 48,987,175	$ 48,987,175
Board-designated funds	7,495,368	-	-	-	7,495,368
	$ 7,495,368	$ 30,171,832	$ 18,815,343	$ 48,987,175	$ 56,482,543

Changes in endowment net assets for the year ended June 30, 2023:

		With Donor Restrictions			
	Without Donor Restrictions	Original Gift Amount	Accumulated Gains (Losses) and Other*	Total With Donor Restrictions	Total Funds
Endowment net assets, beginning of year	$ 7,063,459	$ 29,517,780	$ 15,862,061	$ 45,379,841	$ 52,443,300
Investment return, net	685,409	-	4,558,182	4,558,182	5,243,591
Contributions	-	654,052	-	654,052	654,052
Amounts appropriated for expenditure	(253,500)	-	(1,604,900)	(1,604,900)	(1,858,400)
	431,909	654,052	2,953,282	3,607,334	4,039,243
Endowment net assets, end of year	$ 7,495,368	$ 30,171,832	$ 18,815,343	$ 48,987,175	$ 56,482,543

* Included in accumulated gains is term endowments of $6,285,848.

15. ENDOWMENT FUNDS, continued:

Endowment net asset composition by type of fund as of June 30, 2022:

	Without Donor Restrictions	With Donor Restrictions: Original Gift Amount	With Donor Restrictions: Accumulated Gains (Losses) and Other*	With Donor Restrictions: Total With Donor Restrictions	Total Funds
Donor-restricted funds	$ -	$ 29,517,780	$ 15,862,061	$ 45,379,841	$ 45,379,841
Board-designated funds	7,063,459	-	-	-	7,063,459
	$ 7,063,459	$ 29,517,780	$ 15,862,061	$ 45,379,841	$ 52,443,300

Changes in endowment net assets for the year ended June 30, 2022:

	Without Donor Restrictions	With Donor Restrictions: Original Gift Amount	With Donor Restrictions: Accumulated Gains (Losses) and Other	With Donor Restrictions: Total With Donor Restrictions	Total Funds
Endowment net assets, beginning of year	$ 7,822,469	$ 28,724,190	$ 20,046,452	$ 48,770,642	$ 56,593,111
Investment return, net	(481,247)	-	(3,175,629)	(3,175,629)	(3,656,876)
Contributions	17,737	793,590	668,322	1,461,912	1,479,649
Amounts appropriated for expenditure	(295,500)	-	(1,677,084)	(1,677,084)	(1,972,584)
	(759,010)	793,590	(4,184,391)	(3,390,801)	(4,149,811)
Endowment net assets, end of year	$ 7,063,459	$ 29,517,780	$ 15,862,061	$ 45,379,841	$ 52,443,300

* Included in accumulated gains is term endowments of $5,933,871.

16. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through February 7, 2024, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

SUPPLEMENTARY INFORMATION

CAPINCROUSE LLP

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

Board of Trustees
Calvin Theological Seminary
Grand Rapids, Michigan

We have audited the financial statements of Calvin Theological Seminary as of and for the years ended June 30, 2023 and 2022, and have issued our report thereon dated February 7, 2024, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The financial responsibility supplemental schedule and notes to financial responsibility supplemental schedule on pages 34-36 is also presented for the purpose of additional analysis as required by the U.S. Department of Education and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing the reconciling information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Capin Crouse LLP

Grand Rapids, Michigan
February 7, 2024

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Grand Rapids, MI 49503
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CALVIN THEOLOGICAL SEMINARY

Financial Responsibility Supplemental Schedule

June 30, 2023

	Primary Reserve Ratio:			
		Expendable Net Assets:		
1	Statement of Financial Position - Net assets without donor restrictions, page 3	**Net assets without donor restrictions**		$ 28,520,445
2	Statement of Financial Position - Net assets with donor restrictions, page 3	**Net assets with donor restrictions**		$ 56,815,019
3	None, Note 10, page 24	**Secured and Unsecured related party receivable**		$ -
4	None, Note 10, page 24	Unsecured related party receivable	$ -	
5	Notes to Financial Responsibility Supplemental Schedule, plant assets– net, Line 4 and Statement of Financial Position-plant assets– net, page 3	**Plant assets–net**		$ 15,564,678
6	Notes to Financial Responsibility Supplemental Schedule, plant assets– net, Line 1c	Plant assets– net, pre-implementation	$ 6,864,190	
7	None	Plant assets– net, post-implementation with outstanding debt for original purchase	$ -	
8	Notes to Financial Responsibility Supplemental Schedule, plant assets– net, Line 2d	Plant assets– net, post-implementation without outstanding debt for original purchase	$ 8,700,488	
9	Notes to Financial Responsibility Supplemental Schedule, plant assets– net, Line 3c	Post implementation Construction in progress, without debt	$ -	
10	Statement of Financial Position - Operating lease right-of-use assets, page 3	**Lease right-of-use assets, net**		$ 1,115,722
11	None	Lease right-of-use assets, pre-implementation	$ -	
12	Notes to Financial Responsibility Supplemental Schedule, ASU 2016-02, *Leases* – Line 6	Lease right-of-use assets, post-implementation	$ 1,115,722	
13	None	**Intangible assets**		$ -
14	Statement of Financial Position - Accrued retiree medical benefits, page 3	**Post-employment and pension liabilities**		$ 945,850
15	None	**Long-term debt - for long term purposes**		$ -
16	None	Long-term debt - for long term purposes pre-implementation	$ -	
17	None	Long-term debt - for long term purposes post-implementation	$ -	
18	None	Line of Credit for Construction in progress	$ -	
19	Statement of Financial Position - Operating lease liabilities, page 3	**Lease right-of-use liabilities**		$ 1,039,924
20	None	Pre-implementation right-of-use liabilities	$ -	
21	Notes to Financial Responsibility Supplemental Schedule, ASU 2016-02, *Leases* – Line 8	Post-implementation right-of-use liabilities	$ 1,039,924	
22	Note 15, page 30	**Annuities, term endowments and life income with donor restrictions**		$ 6,285,848
23	None	Annuities with donor restrictions	$ -	
24	Note 15, page 30	Term endowments with donor restrictions	$ 6,285,848	
25	None	Life income funds with donor restrictions	$ -	
26	Statement of Financial Position - Net assets with donor restrictions - restricted in perpetuity, page 3	**Net assets with donor restrictions: restricted in perpetuity**		$ 30,171,832

CALVIN THEOLOGICAL SEMINARY

Financial Responsibility Supplemental Schedule

June 30, 2023

		Total Expenses and Losses:		
27	Statement of Activities - Total Operating expenses, page 4	Total expenses without donor restrictions - taken directly from Statement of Activities	$ 9,889,419	
28	Statement of Activities - Changes in the value of split-interest agreements, page 3.	Changes in value of split-interest agreements	$ 25,996	
29	Statement of Activities - Investment income used in operations and investment income, net of amounts used in operations, page 3. Since a gain, properly included within line 45 below	Net investment (income) loss	$ -	
30	Statement of Activities -Statement of Activities – total Operating expenses and changes in the value of split interest agreements, without donor restrictions, page 4.	Total Expenses and Losses		$ 9,915,415
	Equity Ratio:			
		Modified Net Assets:		
31	Statement of Financial Position - Net assets without donor restrictions, page 3	**Net assets without donor restrictions**		$ 28,520,445
32	Statement of Financial Position - Total net assets with donor restriction, page 3	**Net assets with donor restrictions**		$ 56,815,019
33	None	**Intangible assets**		$ -
34	None	**Intangible assets**		$ -
35	None, Note 11, page 25	**Secured and Unsecured related party receivables**		$ -
36	None, Note 11, page 25	Unsecured related party receivables	$ -	
		Modified Assets:		
37	Statement of Financial Position - Total assets, page 3	Total assets		$ 88,012,471
38	None	Lease right-of-use asset pre-implementation		$ -
39	None	Pre-implementation right-of-use asset liability		$ -
40	None	Intangible assets		$ -
41	None, Note 11, page 25	Secured and Unsecured related party receivables		$ -
42	None, Note 11, page 25	Unsecured related party receivables	$ -	
	Net Income Ratio:			
43	Statement of Activities - Change in Net Assets Without Donor Restrictions, page 4	**Change in Net Assets Without Donor Restrictions**		$ 9,112,702
44	Statement of Activities - Total Operating Support, Revenue, and Net Assets Released from Restrictions($18,447,454), less investment income used in operations ($433,817) properly included, net in line 45 below, page 4	Total operating revenues, support and reclassifications- without donor restrictions	$ 18,013,637	
45	Statement of Activities (without donor restrictions) - Operating Investment income used in operations ($433,817), Non-operating Investment income, net of amounts used in operations ($489,801), page 4	Investment income, net	$ 923,618	
46	Statement of Activities (without donor restrictions) - non-operating actuarial change in post retirement benefit obligation other than net periodic costs, page 4.	Pension related changes other than net periodic costs	$ 64,866	
47	Statement of Activities - Changes in the value of split-interest agreements (properly added back and included in line 28 above since a loss), page 3.	Changes in value of split-interest agreements	$ 25,996	
48	Statement of Activities - Total Operating Support, Revenue, and Net Assets Released from Restrictions (without donor restrictions), including the add back of investment income used in operations (line 45 above) and Change in Non-Operating Activities (without donor restrictions), page 4	**Total Revenues and Gains**		$ 19,028,117

CALVIN THEOLOGICAL SEMINARY

Notes to Financial Responsibility Supplemental Schedule

Year Ended June 30, 2023

The Department of Education issued regulations, effective July 1, 2020, regarding additional disclosures deemed necessary to calculate certain ratios for determining sufficient financial responsibility under Title IV. These note disclosures are not required by accounting principles generally accepted in the United States of America but are intended for use by the Department of Education and to ensure compliance with Federal Title IV regulations.

Plant assets–net

1	Pre-implementation plant assets–net	
	a. Beginning pre-implementation plant assets– net as of June 30, 2022	$ 8,667,332
	b. Less subsequent (fiscal year end June 30, 2023) depreciation and disposals	(1,803,142)
	c. Ending pre-implementation plant assets–net, as of June 30, 2023	6,864,190
2	Post-implementation plant assets– net, acquired without debt	
	a. Beginning post-implementation plant assets– net, without outstanding debt as of June 30, 2022	319,197
	b. Long-lived assets acquired without use of debt during fiscal year end June 30, 2023	8,863,094
	c. Less subsequent (fiscal year end June 30, 2023) depreciation and disposals	(481,803)
	d. Ending post-implementation plant assets– net, without outstanding debt as of June 30, 2023	8,700,488
3	Post-implementation construction in progress, without debt	
	a. Beginning post-implementation construction in progress, without debt, as of June 30, 2022	7,355,902
	b. Construction in progress acquired during fiscal year end June 30, 2023	-
	c. Construction in progress placed into services during fiscal year end June 30, 2023	(7,355,902)
	d. Ending post implementation construction in progress, without debt, as of June 30, 2023	-
4	Total plant assets–net, June 30, 2023	$ 15,564,678

ASU 2016-02 (*Leases*)

FASB *ASU 2016-02 Leases* was implemented during the year ended June 30, 2023.

5	Lease right-of-use assets - pre-implementation, June 30, 2023	-
6	Lease right-of-use assets - post-implementation, June 30, 2023	1,115,722
7	Lease right-of-use liabilities - pre-implementation, June 30, 2023	-
8	Lease right-of-use liabilities - post-implementation, June 30, 2023	1,039,924

Application of the FASB *ASU 2016-02 Leases* standard to pre-existing leases will often result in right-of-use assets that do not equal right-of-use liabilities. An existing rent liability reclassification (created when straight line expense exceeds cash rent payments) will lower the related right-of-use asset.