CALVIN THEOLOGICAL SEMINARY

CALVIN THEOLOGICAL SEMINARY

Financial Statements
With Independent Auditors' Report

June 30, 2018 and 2017

CAPINCROUSE LLP

CALVIN THEOLOGICAL SEMINARY

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Calvin Theological Seminary
Grand Rapids, Michigan

Report on Financial Statements
We have audited the accompanying financial statements of Calvin Theological Seminary (Seminary), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility 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; this includes 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.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Board of Trustees
Calvin Theological Seminary
Grand Rapids, Michigan

Opinion

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, 2018 and 2017, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Financial Information

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information as of June 30, 2018 and 2017, on pages 33-40 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounts and other records used to prepare the basic financial statements. This information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements as a whole.

Emphasis of Matter

As described in Note 5 to the financial statements, a misstatement resulting in a misclassification of previously reported investments as of June 30, 2017, was identified during the current year. Accordingly, a restatement to Note 5 has been made to properly classify investments within the fair value hierarchy for the year ended June 30, 2017. Our opinion is not modified as a result of this matter.

Capin Crouse LLP

Grand Rapids, Michigan
November 28, 2018

CALVIN THEOLOGICAL SEMINARY

Statements of Financial Position

	June 30, 2018	June 30, 2017
ASSETS:		
Cash and cash equivalents	**$ 700,010**	$ 2,098,862
Receivables:		
Student accounts–net of allowance (Note 2)	**30,112**	20,124
Student loans–net of allowance (Note 4)	**1,586,626**	1,767,292
Contributions (Note 3)	**850,000**	201,375
Other	**85,054**	28,049
Prepaid expenses	**274,030**	227,991
Investments (Note 5)	**48,935,891**	45,954,341
Cash value of life insurance	**117,770**	113,349
Plant assets–net (Note 6)	**10,259,317**	10,435,804
Total Assets	**$ 62,838,810**	$ 60,847,187
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	**$ 326,560**	$ 197,842
Refundable advances	**221,988**	169,310
Accrued expenses and other liabilities	**146,056**	36,072
Accrued retiree medical benefits	**1,174,534**	1,258,916
Student funds received in advance	**125,493**	140,488
Annuity contracts	**146,610**	159,865
Federal Perkins Loan advances	**108,325**	163,848
Capital lease obligation (Note 7)	**69,561**	92,054
Total liabilities	**2,319,127**	2,218,395
Net assets (Note 11):		
Unrestricted:		
Undesignated	**5,068,920**	4,092,414
Net investment in property and equipment	**10,189,756**	10,343,750
Total unrestricted	**15,258,676**	14,436,164
Temporarily restricted	**23,500,760**	23,278,068
Permanently restricted	**21,760,247**	20,914,560
Total net assets	**60,519,683**	58,628,792
Total Liabilities and Net Assets	**$ 62,838,810**	$ 60,847,187

See notes to financial statements

CALVIN THEOLOGICAL SEMINARY

Statement of Activities

Year Ended June 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES:				
Tuition and fees	$ 2,428,019	$ -	$ -	$ 2,428,019
Less tuition financial aid	(1,379,888)	-	-	(1,379,888)
Net tuition and fees	1,048,131	-	-	1,048,131
Auxiliary revenues	805,045	-	-	805,045
Less housing financial aid	(22,350)	-	-	(22,350)
Net auxiliary revenues	782,695	-	-	782,695
Denominational ministry shares	2,405,000	-	-	2,405,000
Private gifts and grants	2,104,109	1,676,518	841,290	4,621,917
Investment income appropriated for expenditure	379,894	1,270,816	-	1,650,710
Changes in the value of split-interest agreements	(4,931)	-	-	(4,931)
Other revenues	125,421	-	-	125,421
Total gift, investment, and other revenues	5,009,493	2,947,334	841,290	8,798,117
Total Revenues before Release from Restrictions	6,840,319	2,947,334	841,290	10,628,943
Net Assets Released from Restrictions:				
Satisfaction of purpose restrictions	3,314,942	(3,319,339)	4,397	-
	10,155,261	(372,005)	845,687	10,628,943
EXPENSES:				
Instructional	4,406,799	-	-	4,406,799
Research	92,882	-	-	92,882
Public service	69,367	-	-	69,367
Academic support	1,416,963	-	-	1,416,963
Student services	832,742	-	-	832,742
Institutional support	1,890,665	-	-	1,890,665
Other financial aid	161,369	-	-	161,369
Auxiliary enterprises	630,147	-	-	630,147
	9,500,934	-	-	9,500,934
Change in Net Assets from Operating Activities	654,327	(372,005)	845,687	1,128,009
Non-Operating Activities				
Investment income	147,355	594,697	-	742,052
Actuarial change in post retirement benefit obligation other than net periodic costs	20,830	-	-	20,830
Change in Non-Operating Activities	168,185	594,697	-	762,882
Total Change in Net Assets	822,512	222,692	845,687	1,890,891
NET ASSETS:				
Beginning of Year	14,436,164	23,278,068	20,914,560	58,628,792
End of Year	$ 15,258,676	$ 23,500,760	$ 21,760,247	$ 60,519,683

See notes to financial statements

CALVIN THEOLOGICAL SEMINARY

Statement of Activities

Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES:				
Tuition and fees	$ 2,299,228	$ -	$ -	$ 2,299,228
Less tuition financial aid	(1,231,272)	-	-	(1,231,272)
Net tuition and fees	1,067,956	-	-	1,067,956
Auxiliary revenues	785,946	-	-	785,946
Less housing financial aid	(34,696)	-	-	(34,696)
Net auxiliary revenues	751,250	-	-	751,250
Denominational ministry shares	2,378,539	-	-	2,378,539
Private gifts and grants	1,792,499	1,681,058	1,089,108	4,562,665
Investment income appropriated for expenditure	310,879	1,073,750	-	1,384,629
Changes in the value of split-interest agreements	(20,290)	-	-	(20,290)
Other revenues	87,053	-	-	87,053
Total gift, investment, and other revenues	4,548,680	2,754,808	1,089,108	8,392,596
Total Revenues before Release from Restrictions	6,367,886	2,754,808	1,089,108	10,211,802
Net Assets Released from Restrictions:				
Satisfaction of purpose restrictions	2,966,067	(2,937,402)	(28,665)	-
	9,333,953	(182,594)	1,060,443	10,211,802
EXPENSES:				
Instructional	4,454,092	-	-	4,454,092
Research	65,424	-	-	65,424
Public service	121,558	-	-	121,558
Academic support	1,310,598	-	-	1,310,598
Student services	775,444	-	-	775,444
Institutional support	1,782,447	-	-	1,782,447
Other financial aid	104,747	-	-	104,747
Auxiliary enterprises	606,609	-	-	606,609
	9,220,919	-	-	9,220,919
Change in Net Assets from Operating Activities	113,034	(182,594)	1,060,443	990,883
Non-Operating Activities				
Investment income	615,744	2,338,861	-	2,954,605
Actuarial change in post retirement benefit obligation other than net periodic costs	40,132	-	-	40,132
Change in Non-Operating Activities	655,876	2,338,861	-	2,994,737
Total Change in Net Assets	768,910	2,156,267	1,060,443	3,985,620
NET ASSETS:				
Beginning of Year	13,667,254	21,121,801	19,854,117	54,643,172
End of Year	$ 14,436,164	$ 23,278,068	$ 20,914,560	$ 58,628,792

See notes to financial statements

CALVIN THEOLOGICAL SEMINARY

Statements of Cash Flows

	Year Ended June 30,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from students for tuition, fees, and auxiliary enterprises	**$ 1,936,195**	$ 1,844,198
Gifts and grants received for operations	**5,479,997**	5,679,501
Interest and dividends received	**43,000**	52,233
Cash paid to suppliers and employees	**(8,777,463)**	(9,083,934)
Net Cash Used By Operating Activities	**(1,318,271)**	(1,508,002)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Student loans advanced	**(177,023)**	(184,698)
Student loans collected	**181,111**	181,710
Proceeds from dispositions of investments	**17,951,400**	6,303,589
Acquisition of investments	**(18,605,794)**	(6,532,376)
Proceeds from sale of investments for annuity payments	**18,185**	19,127
Acquisition and construction of plant assets	**(249,071)**	(141,422)
Net Cash Used By Investing Activities	**(881,192)**	(354,070)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Permanently restricted gifts	**841,290**	1,089,108
Payments on capital lease obligation or debt	**(22,494)**	(18,857)
Annuity payments	**(18,185)**	(19,127)
Net Cash Provided By Financing Activities	**800,611**	1,051,124
Change in Cash and Cash Equivalents	**(1,398,852)**	(810,948)
Cash and Cash Equivalents, Beginning of Year	**2,098,862**	2,909,810
Cash and Cash Equivalents, End of Year	**$ 700,010**	$ 2,098,862
NONCASH ACTIVITY		
Fixed assets in accounts payable	**$ 32,708**	$ -
Plant assets acquired through capital lease	**$ -**	$ 87,483

(continued)

See notes to financial statements

CALVIN THEOLOGICAL SEMINARY

Statements of Cash Flows

(continued)

	Year Ended June 30,	
	2018	2017
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Change in net assets	**$ 1,890,891**	$ 3,985,620
Adjustments to reconcile change in net assets to:		
Permanently restricted private gifts and grants	**(841,290)**	(1,089,108)
Student loans forgiven	**101,055**	84,746
Net realized and unrealized gains	**(2,345,341)**	(4,285,592)
Depreciation and amortization	**458,266**	417,244
Change in value of split-interest agreements, net	**4,931**	20,290
Decrease in cash value of life insurance policies	**(4,421)**	(1,409)
Changes in:		
Student accounts, contributions, and other receivables	**(695,618)**	(182,676)
Prepaid expenses	**(46,039)**	(199,551)
Accounts payable	**96,010**	10,108
Refundable advances	**52,678**	(117,680)
Accumulated post-retirement benefit obligation	**(84,382)**	(98,096)
Accrued expenses and other liabilities	**94,989**	(51,898)
Net Cash Used By Operating Activities	**$ (1,318,271)**	$ (1,508,002)

See notes to financial statements

CALVIN THEOLOGICAL SEMINARY

Notes to Financial Statements

June 30, 2018 and 2017

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 earnings from endowments. 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).

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. The significant accounting policies followed are described below.

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, 2018 and 2017, the Seminary's cash balances exceeded federally insured limits by $198,974 and $1,597,748, respectively. The Seminary has not experienced any loss on these accounts and does not believe that it is exposed to any significant risk.

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. The Seminary considers an account to be past due when items billed on the account have not been paid by the due date. Past due accounts are subject to internal collection efforts but remain classified as active student accounts until graduation or enrollment for a new term. The Seminary charges $50 per month on past due receivables of active student accounts, unless the student has an approved financial plan that is kept current. 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.

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

STUDENT ACCOUNTS AND OTHER RECEIVABLES, continued
The allowance is maintained at a level that, in management's judgment, is adequate to absorb potential losses inherent in the receivable portfolio. At June 30, 2018 and 2017, student accounts receivable past due 90 days or more totaled $25,595 and $25,591, respectively.

CONTRIBUTIONS RECEIVABLE (see also Note 3)
Unconditional promises to give are recognized as income when made and reported at fair value based upon estimated future cash flows. Conditional promises to give are recognized as income to the Seminary when the conditions are met. Uncollectible pledges are reported as an allowance for bad debts when it is determined the amounts could become uncollectible. The allowance for uncollectible accounts was $-0- at June 30, 2018 and 2017.

Unconditional promises to give that are expected to be collected within one year are reported at net realizable value. Unconditional promises to give that are expected to be collected in future years are reported at the present value of their estimated future cash flows. When applicable, the discounts on those amounts are computed using risk adjusted interest rates applicable to the years in which the promises are expected to be received. At June 30, 2018 and 2017, the amounts due in greater than one year are not significant. Therefore, a discount was not recorded. Additionally, all balances are deemed fully collectable, therefore no allowance for doubtful accounts was recognized.

INVESTMENTS (see also Note 5)
Investments are carried at fair value (including net asset value) and cost. Donated investments are reported at 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. Unrealized gains and losses are included in unrestricted investment income in the statements of activities unless a donor or state law temporarily or permanently restricts their use. Subsequent gains or losses resulting from disposition of real estate are recorded as investment gains or losses in the period realized.

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. This 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. The potentially forgivable portion of these loans is included in the student loan receivable total that is reported on the statements of financial position. Each year this balance is reduced to reflect the amount that becomes eligible for forgiveness. Amounts forgiven for the years ended June 30, 2018 and 2017, totaled $101,055 and $84,746, respectively.

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

SEMINARY MINISTRY INCENTIVE PROGRAM LOANS AND PERKINS LOANS, continued:
The Seminary considers a Ministry Incentive Program loan payment to be past due when it has 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. Thereafter, the loan may be deferred or written-off, depending on the facts and circumstances surrounding the default. At June 30, 2018 and 2017, Ministry Incentive Program loans receivable considered past due but not in default totaled $75,780 and $61,618, respectively. At June 30, 2018 and 2017, Ministry Incentive Program loans receivable considered to be technically in default totaled $180,382 and $161,219, respectively. Student loans also consist of loans extended under the Federal Perkins Loan Program. The United States government provides advances to the Seminary to cover a portion of the amount loaned to students. 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 a Perkins Loan receivable to be past due when a payment has not been received within thirty days of the payment due date. Loans for which payments are past due beyond nine months are considered to be in default. Past due accounts are subject to internal collection efforts for a period of twelve months and are subsequently placed with third party collection agencies for two years. If an account is still delinquent after the two-year collection period, the note is assigned to the Department of Education.

The Perkins Loan Program has provisions for the deferment, forbearance, and cancellation of individual loans. Interest continues to accrue while the loan is placed with a collection agency. Interest and fee income on loan receivables is recognized when it is assessed to receivable accounts.

Ministry Incentive Program loan and Perkins 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. The allowance is maintained at a level that, in management's judgment, is adequate to absorb potential losses inherent in the loan portfolios.

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 begun until funding is secured or the cost is budgeted.

STUDENT FUNDS RECEIVED IN ADVANCE AND DEFERRED REVENUE
Deferred revenue results primarily from deposits received for fall enrollment and grant revenue received from grants to be used in future years.

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

REFUNDABLE ADVANCES

Grant revenue is recognized as earned as the eligible expenses are incurred. Grant money received in excess of that earned is recorded as refundable advances on the statements of financial position. The deferred grant revenue, totaling $221,988 and $169,310 at June 30 2018 and 2017, respectively, is restricted on behalf of the Lilly Financial Formation grant and the Lilly Improved Preaching grant. Any portion of the grants unexpended at the end of the grant period (December 31, 2018) may be repaid to the grantor. Total grant related expenses incurred and recognized as revenue were $197,321 and $242,680, at June 30, 2018 and 2017, respectively.

CLASSES OF NET ASSETS

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

Unrestricted net assets result from all other activities not classified as either permanently restricted or temporarily restricted. Unrestricted net assets are comprised generally of the educational and residence hall operations of the Seminary. Also included are the unrestricted contributions, research grants, quasi endowments, and investment earnings (including certain endowment earnings in excess of amounts designated or gifted).

Temporarily restricted net assets 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. Temporarily restricted net assets are comprised generally of gifts made for specific purposes identified by the donor, such as acquisitions or construction of plant assets, currently funded scholarships, and specific institutional activities. Also included are gifts made to the institutional loan fund, Ministry Incentive Program, which contains a loan forgiveness provision and investment earnings (including endowment earnings in excess of amounts spent, designated or gifted).

Permanently restricted net assets 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. Permanently restricted net assets are comprised generally of gifts made to the endowment fund of the Seminary.

RELEASE OF RESTRICTIONS

Release of restrictions generally represents contributed monies that have been spent in the manner specified by the donor and therefore the donor imposed restrictions have been satisfied. Release of restrictions, however, can also represent other circumstances. For example, a multiple year fund-raising campaign with multiple campaign goals can result in contributions in one year being redesignated by the donor in a subsequent year. It is also common for donors to contribute to a multiple goal campaign without specifically identifying to which aspect of the campaign it should be applied. In these situations the Seminary classifies the contributions as temporarily restricted until such a time as the ultimate disposition is determined.

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

REVENUE AND EXPENSES

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.

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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restriction.

Gifts of plant assets are reported as unrestricted support 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 temporarily restricted net assets to unrestricted net assets at that time.

Expenses are reported when incurred in accordance with the accrual basis of accounting. The cost of providing program services, supporting activities and fund-raising of the Seminary have been summarized on a functional basis in Note 16.

ADVERTISING COSTS

The Seminary expenses advertising costs as they are incurred. Advertising costs totaled $79,224 and $74,707 for the years ended June 30, 2018 and 2017, respectively.

3. CONTRIBUTIONS RECEIVABLE:

See Note 2 for a description of the accounting policy for contributions receivable. These unconditional promises to give are reported as contributions receivable in the accompanying statements of financial position, and recognized as temporarily restricted contributions in the accompanying statements of activities.

Contributions receivable are expected to mature as follows:

	June 30,	
	2018	2017
Amounts due in:		
Less than one year	**$ 750,000**	$ 51,375
One year to five years	**100,000**	150,000
Estimated future cash flows of contributions receivable	**850,000**	201,375

At June 30, 2018, 82% of the contributions receivable was due from one donor. There was no concentration of contributions receivable at June 30, 3017.

4. STUDENT LOANS RECEIVABLE:

The Seminary adopted the provisions of the *Receivables* topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). These provisions require disclosures about the credit quality of financing receivables and the allowance for credit losses. 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 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. Funds advanced by the federal government of $108,325 and $163,848 at June 30, 2018 and 2017, respectively, are ultimately refundable to the government and are classified as liabilities in the statements of financial position. 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, 2018, is presented as follows:

Classes of loans	Not in repayment	Current	Less than 240 days past due	Greater than 240 days but less than 2 years past due	Greater than 2 years less than 5 years past due	Greater than 5 years past due	Total
Federal Perkins Loans	**$ 8,200**	**$ 30,441**	**$ 12,898**	**$ 5,977**	**$ 13,108**	**$ 7,571**	**$ 78,195**
Institutional Loans	**560,688**	**816,266**	**75,780**	**28,651**	**68,936**	**99,110**	**1,649,431**
	568,888	**846,707**	**88,678**	**34,628**	**82,044**	**106,681**	**1,727,626**
Allowance for doubtful accounts	**-**	**-**	**-**	**-**	**-**	**-**	**(141,000)**
	$ 568,888	**$ 846,707**	**$ 88,678**	**$ 34,628**	**$ 82,044**	**$ 106,681**	**$ 1,586,626**
Percentage of total loan portfolio	**32.93%**	**49.01%**	**5.14%**	**2.00%**	**4.75%**	**6.17%**	**100.00%**

Changes in allowance for estimated losses on student loans in the aggregate for the year ended June 30, 2018, is presented as follows:

Balance, beginning	**$ 121,000**
Provisions charged to expense	**20,000**
Loans charged off	**-**
Recoveries on loans previously charged off	**-**
	$ 141,000

4. STUDENT LOANS RECEIVABLE, continued:

The allowance for estimated losses on loans by portfolio segment as of June 30, 2018, is presented as follows:

	Federal Perkins Loans	Institutional Loans	Total
Allowance for loans individually evaluated for impairment	$ -	$ -	$ -
Allowance for loans collectively evaluated for impairment	15,000	126,000	141,000
	$ 15,000	$ 126,000	$ 141,000
Loans individually evaluated for impairment	$ -	$ -	$ -
Loans collectively evaluated for impairment	78,195	1,649,431	1,727,626
	$ 78,195	$ 1,649,431	$ 1,727,626
Allowance as a percentage of loans individually evaluated for impairment	N/A	N/A	N/A
Allowance as a percentage of loans collectively evaluated for impairment	19.18%	7.64%	8.16%
	19.18%	7.64%	8.16%

For each class of financing receivable, the following presents the recorded investment by credit quality indicator as of June 30, 2018:

	Federal Perkins Loans	Institutional Loans	Total
Performing	$ 78,195	$ 1,649,431	$ 1,727,626
Nonperforming	-	-	-
	$ 78,195	$ 1,649,431	$ 1,727,626

For 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.

4. STUDENT LOANS RECEIVABLE, continued:

The aging of the student loan portfolio by classes of loans as of June 30, 2017, is presented as follows:

Classes of loans	Not in repayment	Current	Less than 240 days past due	Greater than 240 days but less than 2 years past due	Greater than 2 years less than 5 years past due	Greater than 5 years past due	Total
Federal Perkins Loans	$ 27,299	$ 46,508	$ 10,224	$ 4,935	$ 15,608	$ 5,070	$ 109,644
Institutional Loans	667,910	871,585	61,618	37,435	46,798	93,302	1,778,648
	695,209	918,093	71,842	42,370	62,406	98,372	1,888,292
Allowance for doubtful accounts	-	-	-	-	-	-	(121,000)
	$ 695,209	$ 918,093	$ 71,842	$ 42,370	$ 62,406	$ 98,372	$ 1,767,292
Percentage of total loan portfolio	36.82%	48.62%	3.80%	2.24%	3.30%	5.21%	100.00%

Changes in allowance for estimated losses on student loans in the aggregate for the year ended June 30, 2017, is presented as follows:

Balance, beginning	$ 121,000
Provisions charged to expense	-
Loans charged off	-
Recoveries on loans previously charged off	-
	$ 121,000

4. STUDENT LOANS RECEIVABLE, continued:

The allowance for estimated losses on loans by portfolio segment as of June 30, 2017, is presented as follows:

	Federal Perkins Loans	Institutional Loans	Total
Allowance for loans individually evaluated for impairment	$ -	$ -	$ -
Allowance for loans collectively evaluated for impairment	15,000	106,000	121,000
	$ 15,000	$ 106,000	$ 121,000
Loans individually evaluated for impairment	$ -	$ -	$ -
Loans collectively evaluated for impairment	109,644	1,778,648	1,888,292
	$ 109,644	$ 1,778,648	$ 1,888,292
Allowance as a percentage of loans individually evaluated for impairment	N/A	N/A	N/A
Allowance as a percentage of loans collectively evaluated for impairment	13.68%	5.96%	6.41%
	13.68%	5.96%	6.41%

For each class of financing receivable, the following presents the recorded investment by credit quality indicator as of June 30, 2017:

	Federal Perkins Loans	Institutional Loans	Total
Performing	$ 109,644	$ 1,778,648	$ 1,888,292
Nonperforming	-	-	-
	$ 109,644	$ 1,778,648	$ 1,888,292

For 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.

5. INVESTMENTS:

A table describing the Seminary's investments utilizing the valuation techniques based on inputs to measure the fair value of the Seminary's investment instruments is presented in this section.

Fees paid to the Seminary's external advisors related to the management and custody of the Seminary's investments totaled approximately $274,000 and $277,000 in 2018 and 2017, respectively, and have been netted against interest and dividends in the accompanying statements of activities. These fees are in addition to the mutual fund expenses that are included in the pricing of the respective funds.

Legal, tax, and regulatory changes could occur during the term of the Seminary's fund investments. The regulatory environment for private equity and hedge funds is evolving, and changes in the regulation of these funds may adversely affect the value of investments held by the Seminary. The Seminary believes that the effect of any future regulatory change on the Seminary's assets would likely not be substantial.

Investments held under annuity agreements had carrying values of $226,008 and $229,090, as of June 30, 2018 and 2017, respectively.

Fair Value of Financial Instruments Disclosure:
The *Fair Value Measurements and Disclosure* topic of the FASB ASC establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of two broad levels:

Level 1- Inputs consist of quoted prices (unadjusted) in active markets for identical assets and have the highest priority.
Level 2- Inputs consist of observable inputs other than quoted prices for identical assets.

The Seminary uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Seminary measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

Alternative investment valuations may not be readily available and have been valued in accordance with the valuation policy described below. Additionally, certain alternative investments may be valued by a single market maker. Those estimated values may differ significantly from the values that would have been used had a ready market for the investments existed, and the differences could be material. The alternative investments in partnerships are subject to various risk factors arising from the investment activities of the underlying vehicles including market, credit, and currency risk.

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

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

5. INVESTMENTS, continued:

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

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

Investment portfolio by valuation hierarchy:

	Fair Value Disclosure		
	Total	**Level 1**	**Level 2**
June 30, 2018:			
Equity securities (Wells Fargo):			
Global equities funds	**$ 4,754,135**	**$ 4,754,135**	**$ -**
Emerging markets equities	**1,926,580**	**1,926,580**	**-**
	6,680,715	**6,680,715**	**-**
Fixed income securities	**1,893,749**	**-**	**1,893,749**
Land and real estate	**1,050,000**	**-**	**1,050,000**
Other investments	**12,673**	**-**	**12,673**
	2,956,422	**-**	**2,956,422**
	$ 9,637,137	**$ 6,680,715**	**$ 2,956,422**
Investments held at fair value using NAV:			
Investments held at Commonfund	**$ 45,948**		
Investments held at Barnabas Foundation	**213,335**		
Investments held at Wells Fargo:			
Pooled Investments	**33,391,323**		
Other	**5,553,446**		
	39,204,052		
Investments held at cost:			
Cash held at First National Bank	**5,880**		
Cash and cash equivalents held at Wells Fargo	**88,822**		
	94,702		
	$ 48,935,891		

5. INVESTMENTS, continued:

Investment portfolio by valuation hierarchy, continued:

	Fair Value Disclosure As restated*		
	Total	Level 1	Level 2
June 30, 2017:			
Equity securities (Wells Fargo):			
Global equities funds	$ 4,751,730	$ 4,751,730	$ -
Emerging markets equities	1,509,805	1,509,805	-
	6,261,535	6,261,535	-
Land and real estate	1,050,000	-	1,050,000
Other investments	12,242	-	12,242
	1,062,242	-	1,062,242
	$ 7,323,777	$ 6,261,535	$ 1,062,242
Investments held at fair value using NAV:			
Investments held at Commonfund	$ 50,311		
Investments held at Barnabas Foundation	217,078		
Investments held at Wells Fargo:			
Pooled Investments	33,158,982		
Other	5,105,905		
	38,532,276		
Investments held at cost:			
Cash held at First National Bank	28,857		
Cash and cash equivalents held at Wells Fargo	69,431		
	98,288		
	$ 45,954,341		

* Restatement:

Certain investments recorded at Level 1 or Level 2 in the fair value hierarchy as of June 30, 2017 should have been recorded at net asset value (NAV). Investments in the amount of $16,000,281 were moved from Level 1 to NAV. Investments in the amount of $229,320 were moved from Level 2 to NAV. Both of these corrections are reflected in the table above. These restatements had no impact on the statement of financial position, statement of activities, statement of cash flows, total net assets or change in net assets.

Gains and losses (realized and unrealized) related to investments included in the change in net assets are reported in investment income within the statements of activities.

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Notes to Financial Statements

June 30, 2018 and 2017

5. INVESTMENTS, continued:

The Seminary follows the Net Asset Value (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, 2018	Investments Held at Commonfund	Investments Held at Wells Fargo		Investments Held at Barnabas
Strategy		Distressed debt	Hedge funds of funds, private equity, direct lending, distressed real estate	Commingled funds, global equity, emerging markets equity, fixed income, multi-asset class and real assets	Commingled funds, global equity, emerging markets equity, fixed income, multi-asset class and real assets
Fair Value Determined Using NAV	**$ 39,204,052**	**$ 45,948**	**$ 5,553,446**	**$ 33,391,323**	**$ 213,335**
Remaining Life		1 to 12 years	1 to 9 years	NA	NA
Unfunded Commitments	**$ 879,547**	**$ 81,599**	**$ 797,948**	**$ -**	**$ -**
Timing to Draw Down		1 to 12 years	1 to 3 years	NA	NA
Redemption Terms		Private equity - cannot be readily liquidated	Private equity - cannot be readily liquidated	Daily, weekly or monthly	Daily, weekly or monthly
Redemption Restrictions		None	None	None	None
Redemption Restrictions at Year End		None	None	None	None

5. INVESTMENTS, continued:

Investments by major category (continued):

Investment Category	Total June 30, 2017	Investments Held at Commonfund	Investments Held at Wells Fargo		Investments Held at Barnabas
Strategy		Distressed debt	Hedge funds of funds, private equity, direct lending, distressed real estate	Commingled funds, global equity, emerging markets equity, fixed income, multi-asset class and real assets	Commingled funds, global equity, emerging markets equity, fixed income, multi-asset class and real assets
Fair Value Determined Using NAV	$ 38,532,276	$ 50,311	$ 5,105,905	$ 33,158,982	$ 217,078
Remaining Life		1 to 12 years	1 to 9 years	NA	NA
Unfunded Commitments	$ 1,318,377	$ 81,599	$ 1,236,778	$ -	$ -
Timing to Draw Down		1 to 12 years	1 to 3 years	NA	NA
Redemption Terms		Private equity - cannot be readily liquidated	Private equity - cannot be readily liquidated	Daily, weekly or monthly	Daily, weekly or monthly
Redemption Restrictions		None	None	None	None
Redemption Restrictions at Year End		None	None	None	None

5. INVESTMENTS, continued:

The carrying value of investments consisted of the following:

	June 30, 2018			
	Current and Plant Funds	**Endowment Fund**	**Annuity Funds**	**Total**
Cash and cash equivalents	**$ -**	**$ 94,702**	**$ -**	**$ 94,702**
Marketable fixed income securities	**1,893,749**	**-**	**-**	**1,893,749**
Equity securities	**-**	**6,680,715**	**-**	**6,680,715**
Proprietary funds	**-**	**-**	**226,008**	**226,008**
Pooled funds	**-**	**33,391,323**	**-**	**33,391,323**
Private capital holdings	**-**	**5,599,394**	**-**	**5,599,394**
Land and real estate		**1,050,000**		**1,050,000**
	$ 1,893,749	**$ 46,816,134**	**$ 226,008**	**$ 48,935,891**

	June 30, 2017			
	Current and Plant Funds	Endowment Fund	Annuity Funds	Total
Cash and cash equivalents	$ -	$ 98,288	$ -	$ 98,288
Equity securities	-	6,261,535		6,261,535
Proprietary funds	-	-	229,320	229,320
Pooled funds	-	33,158,982	-	33,158,982
Private capital holdings	-	5,156,216	-	5,156,216
Land and real estate	-	1,050,000	-	1,050,000
	$ -	$ 45,725,021	$ 229,320	$ 45,954,341

5. INVESTMENTS, continued:

Investment income consisted of the following:

	Year Ended June 30, 2018			
	Current, Loan and Plant Funds	**Endowment Fund**	**Annuity Funds**	**Total**
Interest and dividends–net of fees	**$ 57,569**	**$ (14,569)**	**$ -**	**$ 43,000**
Change in cash value of life insurance policies	**-**	**4,421**	**-**	**4,421**
Realized gains	**-**	**1,247,547**	**-**	**1,247,547**
Unrealized gains	**-**	**1,082,920**	**14,874**	**1,097,794**
	$ 57,569	**$ 2,320,319**	**$ 14,874**	**$ 2,392,762**

Reconciliation to the Statement of Activities:

Investment income appropriated for expenditure	$ 1,650,710
Investment income	742,052
	$ 2,392,762

Investment income consisted of the following:

	Year Ended June 30, 2017			
	Current, Loan and Plant Funds	Endowment Fund	Annuity Funds	Total
Interest and dividends–net of fees	$ 41,129	$ 11,104	$ -	$ 52,233
Change in cash value of life insurance policies	-	1,409	-	1,409
Realized losses	-	99,018	-	99,018
Unrealized losses	-	4,159,784	26,790	4,186,574
	$ 41,129	$ 4,271,315	$ 26,790	$ 4,339,234

Reconciliation to the Statement of Activities:

Investment income appropriated for expenditure	$ 1,384,629
Investment income	2,954,605
	$ 4,339,234

6. PLANT ASSETS:

Plant assets are summarized by major classification as follows:

	June 30, 2018	June 30, 2017
Land	**$ 245,000**	$ 245,000
Buildings	**14,045,022**	13,789,502
Furniture and equipment	**3,835,860**	3,809,601
	18,125,882	17,844,103
Accumulated depreciation and amortization at the beginning of the year	**(7,408,299)**	(7,058,205)
Current year depreciation and amortization	**(458,266)**	(417,244)
Write off of fully depreciated equipment	**-**	67,150
Accumulated depreciation and amortization at the end of the year	**(7,866,565)**	(7,408,299)
Net plant assets	**$ 10,259,317**	$ 10,435,804

7. CAPITAL LEASE OBLIGATION:

The Seminary has a capital lease agreement for certain office equipment. The capitalized lease obligation net of accumulated amortization as of June 30, 2018 and 2017, was $69,561 and $92,054, respectively.

Minimum payments under capital lease as of June 30:

2019	$ 22,629
2020	22,629
2021	22,628
2022	3,772
Total future minimum lease payments	71,658
Less amount representing interest	(2,097)
Present value of net minimum capital lease payments	**$ 69,561**

8. EMPLOYEE BENEFIT PLANS:

The Seminary participated in a defined contribution retirement plan, which covers substantially all full-time employees. Usually, the Seminary contributes 10% of participants' salaries on a monthly basis to the Teachers Insurance and Annuity Association (TIAA). Total contributions to this plan for the years ended June 30, 2018 and 2017, were $301,247 and $323,749, 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.

At June 30, 2018 and 2017, 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 $86,000 and $81,000 in 2018 and 2017, 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,	
	2018	2017
Accumulated postretirement benefit obligation (APBO):		
Retired participants	**$ (927,923)**	$ (938,744)
Active employees fully eligible to retire	**(168,175)**	(212,438)
Active employees not yet eligible to retire	**(78,436)**	(107,734)
	(1,174,534)	(1,258,916)
Plan assets	**-**	-
Unfunded obligation	**(1,174,534)**	(1,258,916)
Unrecognized prior service cost	**(1,089,171)**	(1,237,033)
Unrecognized net loss from past experience different from that assumed and from changes in assumptions	**368,876**	438,650
Accrued postretirement benefit cost	**$ (1,894,829)**	$ (2,057,299)

9. POSTRETIREMENT BENEFITS OTHER THAN PENSIONS, continued:
Change in net assets:

Intangible assets and accumulated comprehensive income (loss):

	June 30, 2018	June 30, 2017
Beginning of year	**$ 798,383**	$ 838,543
Reclassified during the year:		
Prior service cost	**(147,862)**	(147,862)
Gain	**23,143**	32,565
Total	**(124,719)**	(115,297)
Arising during the year:		
Gain	**46,631**	75,137
Total	**46,631**	75,137
End of year accumulated comprehensive gain	**$ 720,295**	$ 798,383

Postretirement health care expense consisted of the following components:

	June 30, 2018	June 30, 2017
Service cost-benefits earned during the period	**$ 5,044**	$ 13,376
Interest cost on accumulated postretirement benefit obligation	**43,024**	43,957
Prior service cost	**(147,862)**	(147,862)
Amortization of unrecognized net gain	**23,143**	32,565
Net periodic postretirement benefit cost	**$ (76,651)**	$ (57,964)

Components of postretirement health care expense anticipated for the year ending June 30, 2019, are as follows:

Service cost-benefits earned during the period	$ 3,515
Interest cost on accumulated postretirement benefit obligation	42,613
Prior service cost	(147,862)
Amortization of unrecognized net loss	19,678
Net periodic postretirement benefit cost	$ (82,056)

9. POSTRETIREMENT BENEFITS OTHER THAN PENSIONS, continued:

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

Year		
2019	$	109,200
2020		106,351
2021		105,818
2022		99,899
2023		96,195
2024-2028		423,350
	$	940,813

Weighted-average assumptions and method disclosures as of June 30, 2018 and 2017, include:

	June 30,	
	2018	2017
Discount rate:		
Liability	**4.00%**	3.75%
Net periodic benefit cost	**3.75%**	3.50%

10. ANNUITY CONTRACTS:

Annuity agreements provide for a fixed annual payment for the life of the donor or designated beneficiary. Under the annuity agreements, a donor makes a payment to the Seminary and is entitled to annual payments from the Seminary until death. The excess of the amount paid by the donor over the present value of estimated annual payments is recorded as contribution revenue and the present value of the estimated payments is recorded as a liability at the inception of the agreement. Annuity net assets are classified as unrestricted.

The discount rate used to calculate the present value of the annuity contracts was 5.0%, with actuarial assumptions based on published life expectancy tables adopted by the Internal Revenue Service.

11. NET ASSETS:

Net assets consist of:

	June 30, 2018	June 30, 2017
Unrestricted:		
Available for operations	**$ 1,520,792**	$ 1,312,224
Board designated for student loan funds	**563,761**	563,446
Endowment investment earnings in excess of amounts spent and quasi endowments	**2,776,484**	2,018,804
Gift portion of annuities held in the annuity fund	**207,883**	197,940
Investment in funds designated for plant assets– net of related debt	**10,189,756**	10,343,750
	15,258,676	14,436,164
Temporarily restricted:		
Term endowments	**17,425,448**	16,863,055
Endowment earnings not yet appropriated	**3,383,775**	3,729,055
Student loan funds	**2,691,537**	2,685,958
	23,500,760	23,278,068
Permanently restricted:		
Investment in perpetuity, the income from which is expendable on donor specified activities	**21,760,247**	20,914,560
	$ 60,519,683	$ 58,628,792

12. RELATED PARTY TRANSACTIONS:

The Seminary receives services from Calvin College (College), with which it is affiliated through the CRCNA. The Seminary is located on the College campus. Of the expenses common to both institutions, the College allocated approximately $769,000 and $750,000 for the fiscal years 2018 and 2017, respectively, to the Seminary. The College processes various transactions for the benefit of the Seminary, which are reimbursed on a monthly basis. At June 30, 2018 and 2017, the Seminary owed the College approximately $216,900 and $39,000, respectively. These amounts are included in accounts payable on the statements of financial position.

The Seminary received $2,405,000 and $2,378,539 in denominational ministry shares from the CRCNA during fiscal years 2018 and 2017, respectively. During fiscal years 2018 and 2017, the Seminary paid $55,740 and $59,656, respectively, to the CRCNA for various services.

13. LINE AND 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, 2019. At June 30, 2018 and 2017, the letter was in the amount of $165,651 and $163,762, respectively, with no balance outstanding.

14. COMMITMENTS:

The Seminary participates in an endowment investment pool, in venture and private equity investment programs managed by Commonfund Asset Management Company, Inc., a wholly owned subsidiary of The Commonfund for Nonprofit Organizations. As of June 30, 2018, the Seminary has committed to invest $500,000 in this program, of which the remaining $81,599 could be invested in one or more installments and on dates specified by the private equity manager. As of June 30, 2018, the Seminary has also committed to invest a total of $4,100,000 in limited partnerships through PSC Credit Opportunities II, LP, Siguler Guff Distressed Real Estate Opportunities Fund II, LP, Clareant EDL II GP, and Landmark Equity Partners XV, LP. Of this amount, $797,948 could be invested in one or more installments and on dates specified by the fund manager.

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 permanently restricted net assets (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. Investment income, absent donor restriction, is classified as restricted net assets 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 permanently restricted net assets is classified as either temporarily restricted or unrestricted net assets 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.

15 ENDOWMENT FUNDS, continued:

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.

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 that are reported in unrestricted net assets (the portion of the endowment that may be spent to achieve the restricted purpose) were $0 and $5,402 as of June 30, 2018 and 2017, respectively.

Return objectives and risk parameters: The Board of Trustees has delegated to the Investment Committee, a sub-committee of the Development and Finance 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 while seeking to maintain the intergenerational equity of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the Board of Trustees, 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, NEPC, LLC, to manage endowment investments in accordance with the Seminary's Investment Policy Statement. NEPC has constructed a portfolio of investments which is expected to achieve the long-term return objectives within prudent risk constraints.

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June 30, 2018 and 2017

15. ENDOWMENT FUNDS, continued:

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 net asset value measured at June 30 for the calendar year end preceding the fiscal year in which the distribution is planned (4.5%). In establishing this policy, the Seminary considered the long-term expected return on its endowment. Accordingly, over the long term, the Seminary expects the current spending policy to allow its endowment to grow at an average of 2.0% annually. This is consistent with the dual objective to fulfill the mission of the Seminary and to maintain the intergenerational equity of the endowment assets held in perpetuity or for a donor specified term, through investment returns and new donations. In addition, effective fiscal year 2014, the Seminary began assessing an administrative fee of 17 basis points (0.17%) to offset the expense of managing the endowments and investments. For 2017 and 2018, the fee was 14 basis points (0.14%). Administrative fees totaling $51,872 and $49,347 were assessed as of June 30, 2018 and 2017, respectively.

In years that investment income is less than the endowment spending allocation, the shortfall is shown in the statements of activities as an unrestricted net assets reduction. This spending allocation is then released as a satisfaction of purpose restrictions in the same year.

Endowment composition and changes in endowment net assets for the years ending June 30, 2018 and 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Beginning balance June 30, 2016:				
Board-designated endowment	$ 1,162,526	$ -	$ -	$ 1,162,526
Donor-restricted endowment	(97,502)	14,566,860	19,854,117	34,323,475
Net Assets	$ 1,065,024	$ 14,566,860	$ 19,854,117	$ 35,486,001
Activity July 1, 2016–June 30, 2017:				
Gifts	$ 349,205	$ -	$ 1,089,108	$ 1,438,313
Appropriation for expenditure	(303,400)	(1,073,750)	-	(1,377,150)
Change in donor restrictions	10,219	(9,016)	(28,665)	(27,462)
Investment income	892,354	3,378,961	-	4,271,315
Change in Fund Balance	$ 948,378	$ 2,296,195	$ 1,060,443	$ 4,305,016
Ending balance at June 30, 2017:				
Board-designated endowment	$ 2,018,804	$ -	$ -	$ 2,018,804
Donor-restricted endowment	(5,402)	16,863,055	20,914,560	37,772,213
Net Assets	$ 2,013,402	$ 16,863,055	$ 20,914,560	$ 39,791,017

CALVIN THEOLOGICAL SEMINARY

Notes to Financial Statements

June 30, 2018 and 2017

15. ENDOWMENT FUNDS, continued:

Endowment composition and changes in endowment net assets for the years ending June 30, 2018 and 2017, continued:

Activity July 1, 2017–June 30, 2018:				
Gifts	**$ 599,082**	**$ 250**	**$ 841,290**	**$ 1,440,622**
Appropriation for expenditure	**(322,325)**	**(1,270,816)**	**-**	**(1,593,141)**
Change in donor restrictions	**-**	**(1,004)**	**4,397**	**3,393**
Investment income	**486,325**	**1,833,994**	**-**	**2,320,319**
Change in Fund Balance	**$ 763,082**	**$ 562,424**	**$ 845,687**	**$ 2,171,193**
Ending balance at June 30, 2018:				
Board-designated endowment	**$ 2,776,484**	**$ -**	**$ -**	**$ 2,776,484**
Donor-restricted endowment	**-**	**17,425,479**	**21,760,247**	**39,185,726**
Net Assets	**$ 2,776,484**	**$ 17,425,479**	**$ 21,760,247**	**$ 41,962,210**

16 FUNCTIONAL EXPENSES:

Expenses on the statements of activities are reported according to industry standards. Expenses based on their functional allocation are:

	Year Ended June 30,	
	2018	2017
Program	**$ 7,448,020**	$ 7,251,490
Management and general	**1,485,488**	1,360,398
Fundraising	**567,426**	609,031
	$ 9,500,934	$ 9,220,919

17 SUBSEQUENT EVENTS:

Subsequent events have been evaluated through November 28, 2018, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

SUPPLEMENTARY FINANCIAL INFORMATION
IN FUND ACCOUNTING FORMAT

CALVIN THEOLOGICAL SEMINARY

Supplementary Financial Information in Fund Accounting Format
Statement of Financial Position

June 30, 2018

	Current Unrestricted	Current Restricted	Student Loan	Endowment	Annuity	Plant	Eliminations	Total
ASSETS:								
Cash and cash equivalents	$ 698,974	$ -	$ 1,036	$ -	$ -	$ -	$ -	$ 700,010
Receivables:								
Student accounts–net of allowance	30,112	-	-	-	-	-	-	30,112
Student loans–net of allowance	-	-	1,586,626	-	-	-	-	1,586,626
Contributions	700,000	150,000	-	-	-	-	-	850,000
Other	71,061	-	13,993	-	-	-	-	85,054
Prepaid expenses	274,030	-	-	-	-	-	-	274,030
Investments	1,893,749	-	-	46,816,134	226,008	-	-	48,935,891
Cash value of life insurance	-	-	-	117,770	-	-	-	117,770
Due from other funds	-	3,453,133	1,761,968	-	128,485	362,952	(5,706,538)	-
Plant assets:								
Land	-	-	-	-	-	245,000	-	245,000
Buildings	-	-	-	-	-	14,045,022	-	14,045,022
Furniture and equipment	-	-	-	-	-	3,835,860	-	3,835,860
Accumulated depreciation and amortization	-	-	-	-	-	(7,866,565)	-	(7,866,565)
TOTAL ASSETS	$ 3,667,926	$ 3,603,133	$ 3,363,623	$ 46,933,904	$ 354,493	$ 10,622,269	$ (5,706,538)	$ 62,838,810

(continued)

CALVIN THEOLOGICAL SEMINARY

Supplementary Financial Information in Fund Accounting Format
Statement of Financial Position
(continued)

June 30, 2018

	Current		Student					
	Unrestricted	Restricted	Loan	Endowment	Annuity	Plant	Eliminations	Total
LIABILITIES:								
Accounts payable	$ 326,560	$ -	$ -	$ -	$ -	$ -	$ -	$ 326,560
Refundable advances	-	221,988	-	-	-	-	-	221,988
Accrued expenses and other liabilities	146,056	-	-	-	-	-	-	146,056
Accrued retiree medical benefits	1,174,534	-	-	-	-	-	-	1,174,534
Student funds received in advance	125,493	-	-	-	-	-	-	125,493
Annuity contracts	-	-	-	-	146,610	-	-	146,610
Federal Perkins Loans advances	-	-	108,325	-	-	-	-	108,325
Capital lease obligation	-	-	-	-	-	69,561	-	69,561
Due to other funds	734,843	-	-	4,971,695	-	-	(5,706,538)	-
Total liabilities	2,507,486	221,988	108,325	4,971,695	146,610	69,561	(5,706,538)	2,319,127
NET ASSETS:								
Unrestricted	1,160,440	-	563,761	2,776,484	207,883	10,550,108	-	15,258,676
Temporarily restricted	-	3,381,145	2,691,537	17,425,478	-	2,600	-	23,500,760
Permanently restricted	-	-	-	21,760,247	-	-	-	21,760,247
Total net assets	1,160,440	3,381,145	3,255,298	41,962,209	207,883	10,552,708	-	60,519,683
TOTAL LIABILITIES AND NET ASSETS	$ 3,667,926	$ 3,603,133	$ 3,363,623	$ 46,933,904	$ 354,493	$ 10,622,269	$ (5,706,538)	$ 62,838,810

CALVIN THEOLOGICAL SEMINARY

Supplementary Financial Information in Fund Accounting Format
Statement of Financial Position

June 30, 2017

	Current Unrestricted	Current Restricted	Student Loan	Endowment	Annuity	Plant	Eliminations	Total
ASSETS:								
Cash and cash equivalents	$ 2,097,748	$ -	$ 1,114	$ -	$ -	$ -	$ -	$ 2,098,862
Receivables:								
Student accounts–net of allowance	20,124	-	-	-	-	-	-	20,124
Student loans–net of allowance	-	-	1,767,292	-	-	-	-	1,767,292
Contributions	1,375	200,000	-	-	-	-	-	201,375
Other	36	-	28,013	-	-	-	-	28,049
Prepaid expenses	227,991	-	-	-	-	-	-	227,991
Investments	-	-	-	45,725,021	229,320	-	-	45,954,341
Cash value of life insurance	-	-	-	113,349	-	-	-	113,349
Due from other funds	243,318	3,695,766	1,616,833	-	128,485	362,952	(6,047,354)	-
Plant assets:								
Land	-	-	-	-	-	245,000	-	245,000
Buildings	-	-	-	-	-	13,789,502	-	13,789,502
Furniture and equipment	-	-	-	-	-	3,809,601	-	3,809,601
Accumulated depreciation and amortization	-	-	-	-	-	(7,408,299)	-	(7,408,299)
TOTAL ASSETS	$ 2,590,592	$ 3,895,766	$ 3,413,252	$45,838,370	$ 357,805	$10,798,756	$ (6,047,354)	$60,847,187

(continued)

CALVIN THEOLOGICAL SEMINARY

Supplementary Financial Information in Fund Accounting Format
Statement of Financial Position
(continued)

June 30, 2017

	Current		Student					
	Unrestricted	Restricted	Loan	Endowment	Annuity	Plant	Eliminations	Total
LIABILITIES:								
Accounts payable	$ 197,842	$ -	$ -	$ -	$ -	$ -	$ -	$ 197,842
Refundable advances	-	169,310	-	-	-	-	-	169,310
Accrued expenses and other liabilities	36,072	-	-	-	-	-	-	36,072
Accrued retiree medical benefits	1,258,916	-	-	-	-	-	-	1,258,916
Student funds received in advance	140,488	-	-	-	-	-	-	140,488
Annuity contracts	-	-	-	-	159,865	-	-	159,865
Federal Perkins Loans advances	-	-	163,848	-	-	-	-	163,848
Capital lease obligation	-	-	-	-	-	92,054	-	92,054
Due to other funds	-	-	-	6,047,354	-	-	(6,047,354)	-
Total liabilities	1,633,318	169,310	163,848	6,047,354	159,865	92,054	(6,047,354)	2,218,395
NET ASSETS:								
Unrestricted	957,274	-	563,446	2,013,402	197,940	10,704,102	-	14,436,164
Temporarily restricted	-	3,726,456	2,685,958	16,863,054	-	2,600	-	23,278,068
Permanently restricted	-	-	-	20,914,560	-	-	-	20,914,560
Total net assets	957,274	3,726,456	3,249,404	39,791,016	197,940	10,706,702	-	58,628,792
TOTAL LIABILITIES AND NET ASSETS	$ 2,590,592	$ 3,895,766	$ 3,413,252	$45,838,370	$ 357,805	$10,798,756	$ (6,047,354)	$60,847,187

CALVIN THEOLOGICAL SEMINARY

Supplementary Financial Information in Fund Accounting Format
Changes in Fund Balances

Year Ended June 30, 2018

	Current		Student				
	Unrestricted	Restricted	Loan	Endowment	Annuity	Plant	Total
REVENUES AND OTHER ADDITIONS:							
Operating revenues	$ 3,265,502	$ 92,983	$ -	$ -	$ -	$ -	$ 3,358,485
Denominational ministry shares	2,405,000	-	-	-	-	-	2,405,000
Private gifts and grants	1,505,027	1,661,325	14,943	1,440,622	-	-	4,621,917
Endowment–spending policy allocation	157,500	1,360,641	75,000	(1,593,141)	-	-	-
Investment income	25,735	-	31,834	2,320,319	14,874	-	2,392,762
Actuarial change in post retirement benefit obligation other than pensions	20,830	-	-	-	-	-	20,830
Changes in value of split interest agreements	-	-	-	-	(4,931)	-	(4,931)
Total Revenues and Other Additions	7,379,594	3,114,949	121,777	2,167,800	9,943	-	12,794,063
EXPENDITURES AND OTHER REDUCTIONS:							
Educational, general, and auxiliary enterprises expenditures	7,498,056	2,830,967	-	-	-	-	10,329,023
Depreciation and amortization	-	-	-	-	-	458,266	458,266
Other	-	-	115,883	-	-	-	115,883
Total Expenditures and Other Reductions	7,498,056	2,830,967	115,883	-	-	458,266	10,903,172
Excess of Revenues Over Expenditures Before Transfers	(118,462)	283,982	5,894	2,167,800	9,943	(458,266)	1,890,891
TRANSFERS TO OTHER FUNDS	321,628	(629,293)	-	3,393	-	304,272	-
NET INCREASE (DECREASE) IN FUND BALANCES	203,166	(345,311)	5,894	2,171,193	9,943	(153,994)	1,890,891
FUND BALANCES:							
Beginning of Year	957,274	3,726,456	3,249,404	39,791,016	197,940	10,706,702	58,628,792
End of Year	$ 1,160,440	$ 3,381,145	$ 3,255,298	$ 41,962,209	$ 207,883	$ 10,552,708	$ 60,519,683

CALVIN THEOLOGICAL SEMINARY

Supplementary Financial Information in Fund Accounting Format
Changes in Fund Balances

Year Ended June 30, 2017

	Current		Student				
	Unrestricted	Restricted	Loan	Endowment	Annuity	Plant	Total
REVENUES AND OTHER ADDITIONS:							
Operating revenues	$ 3,124,585	$ 47,642	$ -	$ -	$ -	$ -	$ 3,172,227
Denominational ministry shares	2,378,539	-	-	-	-	-	2,378,539
Private gifts and grants	1,443,294	1,665,501	15,556	1,438,314	-	-	4,562,665
Endowment–spending policy allocation	141,400	1,188,213	75,000	(1,404,613)	-	-	-
Investment income	7,136	-	33,992	4,271,314	26,792	-	4,339,234
Actuarial change in post retirement benefit obligation other than pensions	40,132	-	-	-	-	-	40,132
Changes in value of split interest agreements	-	-	-	-	(20,290)	-	(20,290)
Total Revenues and Other Additions	7,135,086	2,901,356	124,548	4,305,015	6,502	-	14,472,507
EXPENDITURES AND OTHER REDUCTIONS:							
Educational, general, and auxiliary enterprises expenditures	7,463,659	2,514,164	-	-	-	-	9,977,823
Depreciation and amortization	-	-	-	-	-	417,244	417,244
Other	-	-	91,820	-	-	-	91,820
Total Expenditures and Other Reductions	7,463,659	2,514,164	91,820	-	-	417,244	10,486,887
Excess of Revenues Over Expenditures Before Transfers	(328,573)	387,192	32,728	4,305,015	6,502	(417,244)	3,985,620
TRANSFERS TO OTHER FUNDS	399,225	(559,505)	-	-	-	160,280	-
NET INCREASE (DECREASE) IN FUND BALANCES	70,652	(172,313)	32,728	4,305,015	6,502	(256,964)	3,985,620
FUND BALANCES:							
Beginning of Year	886,622	3,898,769	3,216,676	35,486,001	191,438	10,963,666	54,643,172
End of Year	$ 957,274	$ 3,726,456	$ 3,249,404	$ 39,791,016	$ 197,940	$ 10,706,702	$ 58,628,792

CALVIN THEOLOGICAL SEMINARY

Supplementary Financial Information in Fund Accounting Format
Current Funds' Revenues, Expenditures, and Other Changes

Year Ended June 30, 2018

	Current		
	Unrestricted	Restricted	Total
REVENUES:			
Education and general:			
Tuition and fees	$ 2,335,036	$ -	$ 2,335,036
Denominational ministry shares	2,405,000	-	2,405,000
Private gifts and grants	1,505,027	1,661,325	3,166,352
Investment income appropriated for expenditure	183,235	1,360,641	1,543,876
Other revenues	125,421	92,983	218,404
Actuarial change in value	20,830	-	20,830
Auxiliary revenues	805,045	-	805,045
Total Revenues	7,379,594	3,114,949	10,494,543
EXPENDITURES:			
Education and general:			
Instructional	2,603,106	1,417,566	4,020,672
Research	-	79,688	79,688
Public service	54,605	27,684	82,289
Academic support	671,038	900	671,938
Library	520,536	-	520,536
Student services	402,392	313	402,705
Admissions	285,971	59,084	345,055
Fund-raising	558,480	8,946	567,426
Institutional support	1,060,658	69,635	1,130,293
Operation and maintenance of physical plant	494,857	-	494,857
Scholarships	280,574	1,167,151	1,447,725
Auxiliary expenses	565,839	-	565,839
Total Expenditures	7,498,056	2,830,967	10,329,023
Excess of Revenues over Expenditures Before Transfers	(118,462)	283,982	165,520
Transfers to Other Funds	321,628	(629,293)	(307,665)
Net Increase (Decrease) in Fund Balances	$ 203,166	$ (345,311)	$ (142,145)

CALVIN THEOLOGICAL SEMINARY

Supplementary Financial Information in Fund Accounting Format
Current Funds' Revenues, Expenditures, and Other Changes

Year Ended June 30, 2017

	Current Unrestricted	Current Restricted	Total
REVENUES:			
Education and general:			
Tuition and fees	$ 2,251,586	$ -	$ 2,251,586
Denominational ministry shares	2,378,539	-	2,378,539
Private gifts and grants	1,443,294	1,665,501	3,108,795
Investment income appropriated for expenditure	148,536	1,188,213	1,336,749
Other revenues	87,053	47,642	134,695
Actuarial change in value	40,132	-	40,132
Auxiliary revenues	785,946	-	785,946
Total Revenues	7,135,086	2,901,356	10,036,442
EXPENDITURES:			
Education and general:			
Instructional	2,643,172	1,401,678	4,044,850
Research	-	29,970	29,970
Public service	84,899	43,665	128,564
Academic support	628,053	-	628,053
Library	492,723	-	492,723
Student services	398,629	12,230	410,859
Admissions	264,836	20,824	285,660
Fund-raising	606,858	2,173	609,031
Institutional support	960,507	31,489	991,996
Operation and maintenance of physical plant	532,353	-	532,353
Scholarships	306,761	972,135	1,278,896
Auxiliary expenses	544,868	-	544,868
Total Expenditures	7,463,659	2,514,164	9,977,823
Excess of Revenues over Expenditures Before Transfers	(328,573)	387,192	58,619
Transfers to Other Funds	399,225	(559,505)	(160,280)
Net Decrease in Fund Balances	$ 70,652	$ (172,313)	$ (101,661)