CALVIN THEOLOGICAL SEMINARY

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Financial Statements
With Independent Auditors' Report

June 30, 2020 and 2019

CAPINCROUSE LLP

CALVIN THEOLOGICAL SEMINARY

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CAPINCROUSE LLP

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, which comprise the statements of financial position as of June 30, 2020 and 2019, 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, 2020 and 2019, 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.

Capin Crouse LLP

Grand Rapids, Michigan
December 17, 2020

CALVIN THEOLOGICAL SEMINARY

Statements of Financial Position

	June 30, 2020	June 30, 2019
ASSETS:		
Cash and cash equivalents	$ 3,237,207	$ 1,576,199
Receivables:		
Student accounts– net, and other	293,163	278,851
Student loans–net of allowance	1,328,314	1,468,755
Prepaid expenses and other assets	326,916	346,538
Investments	54,429,170	52,813,706
Plant assets–net	9,851,749	9,892,428
Total Assets	$ 69,466,519	$ 66,376,477
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and other liabilities	$ 493,380	$ 543,889
Accrued retiree medical benefits	1,343,919	1,268,661
Student funds received in advance	216,394	124,802
Refundable advance	384,969	-
Federal Perkins Loan advances	109,419	109,419
Total liabilities	2,548,081	2,046,771
Net assets:		
Net assets without donor restrictions	20,807,402	20,953,023
Net assets with donor restrictions:		
Restricted by purpose or time	18,398,308	18,184,255
Restricted in perpetuity	27,712,728	25,192,428
	46,111,036	43,376,683
Total net assets	66,918,438	64,329,706
Total Liabilities and Net Assets	$ 69,466,519	$ 66,376,477

See notes to financial statements

CALVIN THEOLOGICAL SEMINARY

Statement of Activities

Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES:			
Tuition and fees–net	$ 1,208,395	$ -	$ 1,208,395
Auxiliary revenues–net	807,966	-	807,966
Denominational ministry shares	2,143,152	-	2,143,152
Private gifts and grants	1,723,907	6,789,667	8,513,574
Investment income appropriated for operations	444,788	1,290,400	1,735,188
Changes in the value of split-interest agreements	(10,939)	-	(10,939)
Other revenues	159,316	-	159,316
Total operating revenues	6,476,585	8,080,067	14,556,652
Net Assets Released from Restrictions:			
Satisfaction of purpose and time restrictions	3,759,041	(3,759,041)	-
	10,235,626	4,321,026	14,556,652
EXPENSES:			
Instructional	4,695,762	-	4,695,762
Public service	202,072	-	202,072
Academic support	1,370,446	-	1,370,446
Student services	801,532	-	801,532
Institutional support	1,825,882	-	1,825,882
Other financial aid	294,201	-	294,201
Auxiliary enterprises	662,634	-	662,634
Total operating expenses	9,852,529	-	9,852,529
Change in Net Assets from Operating Activities	383,097	4,321,026	4,704,123
Non-Operating Activities			
Investment income, net of appropriations for operations	(373,584)	(1,586,673)	(1,960,257)
Actuarial change in post retirement benefit obligation other than net periodic costs	(155,134)	-	(155,134)
Change in Non-Operating Activities	(528,718)	(1,586,673)	(2,115,391)
Total Change in Net Assets	(145,621)	2,734,353	2,588,732
Net Assets, Beginning of Year	20,953,023	43,376,683	64,329,706
Net Assets, End of Year	$ 20,807,402	$ 46,111,036	$ 66,918,438

See notes to financial statements

CALVIN THEOLOGICAL SEMINARY

Statement of Activities

Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES:			
Tuition and fees–net	$ 1,171,134	$ -	$ 1,171,134
Auxiliary revenues–net	776,126	-	776,126
Denominational ministry shares	2,276,738	-	2,276,738
Private gifts and grants	1,770,857	5,498,162	7,269,019
Investment income appropriated for operations	429,911	1,083,353	1,513,264
Changes in the value of split-interest agreements	(2,902)	-	(2,902)
Other revenues	153,943	-	153,943
Total operating revenues	6,575,807	6,581,515	13,157,322
Net Assets Released from Restrictions:			
Satisfaction of purpose and time restrictions	3,239,207	(3,239,207)	-
	9,815,014	3,342,308	13,157,322
EXPENSES:			
Instructional	4,502,622	-	4,502,622
Public service	127,035	-	127,035
Academic support	1,396,272	-	1,396,272
Student services	881,250	-	881,250
Institutional support	1,919,218	-	1,919,218
Other financial aid	147,665	-	147,665
Auxiliary enterprises	703,009	-	703,009
Total operating expenses	9,677,071	-	9,677,071
Change in Net Assets from Operating Activities	137,943	3,342,308	3,480,251
Non-Operating Activities			
Investment income, net of appropriations for operations	82,847	423,107	505,954
Actuarial change in post retirement benefit obligation other than net periodic costs	(176,182)	-	(176,182)
Change in Non-Operating Activities	(93,335)	423,107	329,772
Total Change in Net Assets	44,608	3,765,415	3,810,023
Net Assets, Beginning of Year	20,908,415	39,611,268	60,519,683
Net Assets, End of Year	$ 20,953,023	$ 43,376,683	$ 64,329,706

See notes to financial statements

CALVIN THEOLOGICAL SEMINARY

Statements of Cash Flows

	Year Ended June 30, 2020	Year Ended June 30, 2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from students for tuition, fees, and auxiliary enterprises	$ 2,252,957	$ 2,088,315
Gifts and grants received for operations	3,001,095	3,379,806
Gifts received for long-term purposes	4,020,300	3,432,231
Net interest and dividends received	168	236,039
Cash paid to suppliers and employees	(9,457,489)	(9,729,391)
Net Cash Used By Operating Activities	(182,969)	(593,000)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Student loans advanced	(76,750)	(84,705)
Student loans collected	157,726	104,138
Proceeds from dispositions of investments	39,441,187	45,194,733
Acquisition of investments	(41,281,888)	(47,057,831)
Acquisition and construction of plant assets	(416,598)	(119,377)
Net Cash Used By Investing Activities	(2,176,323)	(1,963,042)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Gifts restricted in perpetuity	2,520,300	3,432,231
Gifts restricted for long-term purposes	1,500,000	-
Net Cash Provided By Financing Activities	4,020,300	3,432,231
Change in Cash and Cash Equivalents	1,661,008	876,189
Cash and Cash Equivalents, Beginning of Year	1,576,199	700,010
Cash and Cash Equivalents, End of Year	$ 3,237,207	$ 1,576,199

See notes to financial statements

CALVIN THEOLOGICAL SEMINARY

Notes to Financial Statements

June 30, 2020 and 2019

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).

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. The significant accounting policies followed are described below.

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 revenues and expenses relate primarily to educational programs. 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, 2020 and 2019, the Seminary's cash balances exceeded federally insured limits by $2,735,201 and $1,044,467, respectively. The Seminary has not experienced any loss on these accounts and does not believe that it is exposed to any significant risk.

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. 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.

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, 2020 and 2019, 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 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. 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, 2020 and 2019, totaled $59,465 and $100,387, respectively.

3. 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, 2020 and 2019, Ministry Incentive Program loans receivable considered past due but not in default totaled $3,395 and $103,303, respectively. At June 30, 2020 and 2019, Ministry Incentive Program loans receivable considered to be technically in default totaled $-0- and $325,540, 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
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.

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

REFUNDABLE ADVANCE

The Paycheck Protection Program (PPP) loan is administered by the Small Business Administration (SBA) under the U.S. Coronavirus Aid Relief, and Economic Security (CARES) Act. This unsecured note, dated May 6, 2020, is in the amount of $912,400 with a fixed interest rate of 1%. The maturity date is May 6, 2022. Management intends to apply for loan forgiveness based upon the qualification outlined by the SBA in the respective loan agreement. Should the Seminary not qualify for full loan forgiveness, payments on any unforgiven portion of the loan will commence on December 6, 2020. As of June 30, 2020, the Seminary has incurred eligible costs in the amount of $528,805, and has recognized the anticipated loan forgiveness as a contribution in accordance with Accounting Standards Update (ASU) 2018-08, which is recorded as private gifts and grants in the statements of activities. The outstanding balance of $384,969, as of June 30, 2020, is recorded as a refundable advance on the statements of financial position. Should the Seminary not qualify for full forgiveness, the Seminary will begin monthly payments of $21,000 commencing December 2020 and maturing in May 2022 (based on the current loan value).

CLASSES OF NET ASSETS

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

Net assets without donor restrictions result from all other activities not classified as net assets with donor restrictions. Net assets without donor restrictions are comprised generally of the educational and residence hall operations of the Seminary. Also included are general contributions, research grants, quasi endowments, and investment income (including quasi-endowment earnings in excess of amounts designated or gifted).

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 satisfaction of the stipulations. Net assets with donor restrictions- restricted by purpose or time are comprised generally of gifts made for the 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 income (including endowment earnings in excess of amounts spent, donor restricted by purpose or time, or gifted).

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. These net assets are comprised generally of gifts made to the endowment fund 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,	
	2020	2019
Gross tuition	$ 2,411,561	$ 2,524,791
Gross fees	17,068	41,146
Less: financial aid	(1,220,234)	(1,394,803)
Net tuition and fees	$ 1,208,395	$ 1,171,134

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.

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

AUXILIARY REVENUES–NET, continued
Auxiliary services revenue are as follows:

	Year Ended June 30, 2020	Year Ended June 30, 2019
Housing revenue	$ 838,966	$ 798,926
Less: scholarships and discounts	(31,000)	(22,800)
Auxiliary revenues–net	$ 807,966	$ 776,126

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 restriction.

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.

2. <u>SIGNIFICANT ACCOUNTING POLICIES, continued:</u>

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 or supporting activities category in the accompanying statements of activities, based on the square footage of facilities. The Seminary incurred no joint costs for the years ended June 30, 2020 and 2019.

ADVERTISING

The Seminary expenses advertising costs as incurred. Total advertising costs were $200,445 and $256,130, during the years ended June 30, 2020 and 2019, respectively.

RECENTLY ADOPTED ACCOUNTING STANDARDS

In 2014, the Financial Accounting Standards Board (FASB) issued ASU No. 2014-09, *Revenue from Contracts with Customers* (topic 606 of the FASB Accounting Standards Codification). The Seminary adopted the provisions of this new standard during the year ended June 30, 2020. The new standard applies to exchange transactions with customers (students) that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. As a result of adopting this standard, new disclosures were added regarding tuition and fees revenue, auxiliary revenues, and revenue recognition. Adoption of this standard had no effect on change in net assets or net assets in total at June 30, 2020 and 2019.

In 2018, FASB also issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received*. The Seminary adopted the provisions of this new standard during the year ended June 30, 2020. The new standard clarifies and improves current guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction. Adoption of this standard had no effect on change in net assets or net assets in total at June 30, 2020 and 2019.

3. LIQUIDITY AND AVAILABILITY OF RESOURCES:

The following table reflects the Seminary's financial assets as of June 30, 2020 and 2019, 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, 2020	June 30, 2019
Financial assets:		
Cash and cash equivalents	$ 3,237,207	$ 1,576,199
Receivables	1,621,477	1,747,606
Investments	54,429,170	52,813,706
Financial assets, at year end	59,287,854	56,137,511
Less those unavailable for general expenditures within one year, due to:		
Net assets restricted in perpetuity	(27,712,728)	(25,192,428)
Net assets restricted by purpose, net of amounts to be appropriated within the year	(16,606,754)	(16,439,455)
Contributions receivable to be collected beyond one year	-	(50,000)
Board designated funds	(9,113,837)	(9,296,396)
	(53,433,319)	(50,978,279)
Financial assets available to meet cash needs for general expenditures within one year	$ 5,854,535	$ 5,159,232

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 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 $109,419 at June 30, 2020 and 2019, 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, 2020, is presented as follows:

	Federal Agency Receivables	Institutional Loans	Total
Not in repayment	$ 39,742	$ 1,262,919	$ 1,302,661
Current	7,816	108,427	116,243
Greater than 30 days but less than 240 days past due	-	3,394	3,394
Greater than 240 days but less than 2 years past due	-	-	-
Greater than 2 years but less than 5 years past due	712	22,407	23,119
Greater than 5 years past due	1,305	22,592	23,897
	49,575	1,419,739	1,469,314
Less allowance for uncollectability	(15,000)	(126,000)	(141,000)
	$ 34,575	$ 1,293,739	$ 1,328,314

The following presents the recorded investment by credit quality indicator:

	Federal Agency Receivables	Institutional Loans	Total
Performing	$ 49,575	$ 1,419,739	$ 1,469,314
Nonperforming	-	-	-
	$ 49,575	$ 1,419,739	$ 1,469,314

4. STUDENT LOANS RECEIVABLE, continued:

The aging of the student loan portfolio by classes of loans as of June 30, 2019, is presented as follows:

	Federal Agency Receivables	Institutional Loans	Total
Not in repayment	$ 11,650	$ 734,623	$ 746,273
Current	31,898	486,999	518,897
Greater than 30 days but less than 240 days past due	3,685	103,303	106,988
Greater than 240 days but less than 2 years past due	9,368	149,276	158,644
Greater than 2 years but less than 5 years past due	4,728	43,780	48,508
Greater than 5 years past due	1,868	28,577	30,445
	63,197	1,546,558	1,609,755
Less allowance for uncollectability	(15,000)	(126,000)	(141,000)
	$ 48,197	$ 1,420,558	$ 1,468,755

The following presents the recorded investment by credit quality indicator:

	Federal Agency Receivables	Institutional Loans	Total
Performing	$ 63,197	$ 1,221,018	$ 1,284,215
Nonperforming	-	325,540	325,540
	$ 63,197	$ 1,546,558	$ 1,609,755

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. <u>INVESTMENTS:</u>

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 $257,000 and $272,000 in 2020 and 2019, respectively, and have been netted against investment income 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 $195,906 and $207,458, as of June 30, 2020 and 2019, respectively.

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.

5. <u>INVESTMENTS, continued:</u>

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.

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, 2020:			
Equity securities	$ 13,716,082	$ 13,716,082	$ -
Fixed income and other investments	4,089,916	-	4,089,916
Land and real estate	1,050,000	-	1,050,000
	$ 18,855,998	$ 13,716,082	$ 5,139,916
Investments held at fair value using NAV:			
Investments held at Commonfund	10,750		
Investments held at Barnabas Foundation	195,906		
Investments held at Wells Fargo	28,656,505		
	28,863,161		
Investments held at cost:			
Cash held at First National Bank	2,196		
Cash and cash equivalents held at Macatawa	409,106		
Cash and cash equivalents held at Chemical Bank	761,023		
Cash and cash equivalents held at D.A. Davidson	2,539,424		
Cash and cash equivalents held at Wells Fargo	2,998,262		
	6,710,011		
	$ 54,429,170		

CALVIN THEOLOGICAL SEMINARY

Notes to Financial Statements

June 30, 2020 and 2019

5. INVESTMENTS, continued:

Investment portfolio by valuation hierarchy, continued:

	Fair Value Disclosure		
	Total	Level 1	Level 2
June 30, 2019:			
Equity securities	$ 9,124,368	$ 9,124,368	$ -
Fixed income and other investments	4,054,535	-	4,054,535
Land and real estate	1,050,000	-	1,050,000
	$ 14,228,903	$ 9,124,368	$ 5,104,535
Investments held at fair value using NAV:			
Investments held at Commonfund	47,155		
Investments held at Barnabas Foundation	207,458		
Investments held at Wells Fargo	36,932,448		
	37,187,061		
Investments held at cost:			
Cash held at First National Bank	12,799		
Cash and cash equivalents held at Chemical Bank	1,158,533		
Cash and cash equivalents held at D.A. Davidson	2,548		
Cash and cash equivalents held at Wells Fargo	223,862		
	1,397,742		
	$ 52,813,706		

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, 2020	Investments Held at Commonfund	Investments Held at Wells Fargo		Investments Held at Barnabas Foundation
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	$ 28,863,161	$ 10,750	$ 6,200,267	$ 22,456,238	$ 195,906
Remaining Life		1 to 12 years	1 to 9 years	NA	NA
Unfunded Commitments	$ 549,621	$ -	$ 549,621	$ -	$ -
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		Investments are illiquid	Investments are illiquid	None	None
Redemption Restrictions at Year End		Investments are illiquid	Investments are illiquid	None	None

5. <u>INVESTMENTS, continued:</u>
Investments by major category (continued):

Investment Category	Total June 30, 2019	Investments Held at Commonfund	Investments Held at Wells Fargo		Investments Held at Barnabas Foundation
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	$ 37,187,061	$ 47,155	$ 5,693,017	$ 31,239,431	$ 207,458
Remaining Life		1 to 12 years	1 to 9 years	NA	NA
Unfunded Commitments	$ 701,991	$ 81,599	$ 620,392	$ -	$ -
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		Investments are illiquid	Investments are illiquid	None	None
Redemption Restrictions at Year End		Investments are illiquid	Investments are illiquid	None	None

6. PLANT ASSETS:

Plant assets are summarized by major classification as follows:

	June 30, 2020	June 30, 2019
Land	$ 245,000	$ 245,000
Buildings	14,124,506	14,091,370
Furniture and equipment	3,977,399	3,886,608
Construction in progress	292,671	-
	18,639,576	18,222,978
Less accumulated depreciation and amortization	(8,787,827)	(8,330,550)
Net plant assets	$ 9,851,749	$ 9,892,428

During the year ended June 30, 2020, the Seminary entered into an agreement with an architectural firm to design an addition on the main seminary building. The project is expected to be completed in fiscal year 2022, and estimated to cost $8,000,000. As of June 30, 2020, no long-term commitments have been signed related to this contract, and all costs with long term benefits are recorded as construction in progress. Total depreciation expense is $435,255 and $441,705 as of June 30, 2020 and 2019, respectively.

7. EMPLOYEE BENEFIT PLANS:

The Seminary participated in a defined contribution retirement plan, which covers substantially all full-time employees. The Seminary has the option to contribute 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, 2020 and 2019, were $302,238 and $297,734, respectively. All contributions are vested immediately. Employees may also make voluntary contributions to this plan up to certain limits allowed by law.

8. 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.

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Notes to Financial Statements

June 30, 2020 and 2019

8. POSTRETIREMENT BENEFITS OTHER THAN PENSIONS, continued:

At June 30, 2020 and 2019, 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 $85,000 and $89,000 in 2020 and 2019, 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, 2020	June 30, 2019
Accumulated postretirement benefit obligation (APBO):		
Retired participants	$ (1,012,892)	$ (978,021)
Active employees fully eligible to retire	(130,031)	(186,513)
Active employees not yet eligible to retire	(200,996)	(104,127)
	(1,343,919)	(1,268,661)
Plan assets	-	-
Unfunded obligation	(1,343,919)	(1,268,661)
Unrecognized prior service cost	(793,447)	(941,309)
Unrecognized net gain from past experience different from that assumed and from changes in assumptions	578,013	486,466
Accrued postretirement benefit cost	$ (1,559,353)	$ (1,723,504)

Intangible assets and accumulated comprehensive income:

	June 30, 2020	June 30, 2019
Beginning of year	$ 454,843	$ 720,295
Reclassified during the year:		
Prior service cost	(147,862)	(147,862)
Gain	25,798	19,678
Total	(122,064)	(128,184)
Arising during the year:		
Loss	(117,345)	(137,268)
Total	(117,345)	(137,268)
End of year accumulated comprehensive gain	$ 215,434	$ 454,843

8. POSTRETIREMENT BENEFITS OTHER THAN PENSIONS, continued:

Postretirement health care expense consisted of the following components:

	Year Ended June 30, 2020	Year Ended June 30, 2019
Service cost-benefits earned during the period	$ 4,441	$ 3,515
Interest cost on accumulated postretirement benefit obligation	37,747	42,613
Prior service cost	(147,862)	(147,862)
Amortization of unrecognized net gain	25,798	19,678
Net periodic postretirement benefit cost	$ (79,876)	$ (82,056)

Components of postretirement health care expense anticipated for the year ending June 30, 2021, are as follows:

Service cost-benefits earned during the period	$ 8,795
Interest cost on accumulated postretirement benefit obligation	24,766
Prior service cost	(125,769)
Amortization of unrecognized net loss	33,729
Net periodic postretirement benefit cost	$ (58,479)

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

Year Ended June 30,	
2021	$ 105,600
2022	103,204
2023	99,866
2024	100,807
2025	92,702
2026-2030	402,034
	$ 904,213

8. POSTRETIREMENT BENEFITS OTHER THAN PENSIONS, continued:

Weighted-average assumptions and method disclosures include:

	June 30, 2020	June 30, 2019
Discount rate:		
Liability	4.25%	4.25%
Net periodic benefit cost	3.25%	4.00%

9. NET ASSETS:

Net assets consist of:

	June 30, 2020	June 30, 2019
Net assets without donor restrictions:		
Available for operations	$ 11,484,662	$ 11,441,353
Board designated for student loan funds	563,761	563,761
Quasi-endowment funds and accumulated earnings in excess of amounts appropriated	8,550,076	8,732,635
Gift portion of annuities held in the annuity fund	208,903	215,274
	20,807,402	20,953,023
Net assets with donor restrictions:		
Restricted by purpose and time:		
Accumulated endowment earnings	9,870,030	11,474,860
Scholarships	5,904,561	4,088,448
Student loan funds	2,576,963	2,620,947
	18,351,554	18,184,255
Restricted in perpetuity:		
Endowment funds	27,712,728	25,192,428
	$ 66,871,684	$ 64,329,706

10. 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 $894,000 and $771,000 for the fiscal years 2020 and 2019, 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, 2020 and 2019, the Seminary owed the College approximately $20,000 and $125,000, respectively. These amounts are included in accounts payable and other liabilities on the statements of financial position.

The Seminary received approximately $2,143,000 and $2,277,000 in denominational ministry shares from the CRCNA during fiscal years 2020 and 2019, respectively. During fiscal years 2020 and 2019, the Seminary paid approximately $46,000 and $44,000, respectively, to the CRCNA for various services.

11. CONCENTRATIONS:

One funding source provided approximately 13% of total revenue for the year ended June 30, 2019. No such concentration existed for the year ended June 30, 2020.

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, 2021. At June 30, 2020 and 2019, the letter was in the amount of $155,530 and $165,651, respectively, with no balance outstanding.

13. COMMITMENTS:

As of June 30, 2020, 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, approximately $550,000 could be invested in one or more installments and on dates specified by the fund manager.

14. RISKS AND UNCERTAINTIES:

In March of 2020, the World Health Organization declared the outbreak of the coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. COVID-19 has caused a severe negative impact on the world economy and has contributed to significant declines and volatility in financial markets. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Seminary for future periods. Management is carefully monitoring the situation and evaluating its options as circumstances evolve.

CALVIN THEOLOGICAL SEMINARY

Notes to Financial Statements

June 30, 2020 and 2019

15. FUNCTIONAL ALLOCATION OF EXPENSES:

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

	Program Services	Supporting Activities: Management and General	Supporting Activities: Fundraising	Total
Salaries and benefits	$ 3,464,225	$ 1,325,772	$ 336,951	$ 5,126,948
Occupancy	806,293	287,629	5,000	1,098,922
Other	1,000,509	93,856	814	1,095,179
Grants and awards	640,562	-	-	640,562
Depreciation and amortization	326,441	87,051	21,763	435,255
Travel	173,121	75,473	50,323	298,917
Professional fees	196,528	85,618	12,141	294,287
Conferences and conventions	203,679	18,138	2,131	223,948
Advertising and promotion	88,812	6,475	105,158	200,445
Equipment and maintenance	131,272	29,190	10,802	171,264
Printing and duplicating	71,281	15,364	39,073	125,718
Office supplies	46,856	31,123	5,367	83,346
Subscriptions and memberships	9,632	13,092	35,014	57,738
Total Expenses	$ 7,159,211	$ 2,068,781	$ 624,537	$ 9,852,529

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

	Program Services	Supporting Activities: Management and General	Supporting Activities: Fundraising	Total
Salaries and benefits	$ 3,580,406	$ 1,144,082	$ 317,916	$ 5,042,404
Occupancy	1,009,304	287,094	5,000	1,301,398
Other	613,397	77,812	13,123	704,332
Grants and awards	538,932	-	-	538,932
Depreciation and amortization	331,279	88,341	22,085	441,705
Professional fees	307,331	73,196	11,144	391,671
Travel	126,389	107,636	52,238	286,263
Advertising and promotion	114,023	18,170	123,937	256,130
Conferences and conventions	205,818	4,869	1,961	212,648
Equipment and maintenance	153,492	46,618	6,522	206,632
Printing and duplicating	92,549	16,967	21,791	131,307
Office supplies	73,196	26,375	11,493	111,064
Subscriptions and memberships	6,278	12,932	33,375	52,585
Total Expenses	$ 7,152,394	$ 1,904,092	$ 620,585	$ 9,677,071

16. 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.

16. 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, 2020 and 2019.

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, 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.

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. In addition, the Seminary began assessing an administrative fee of 14 basis points (0.14%) to offset the expense of managing the endowments and investments.

16. ENDOWMENT FUNDS, continued:

Endowment net asset composition by type of fund as of June 30, 2020:

		With Donor Restrictions			
	Without Donor Restrictions	Original Gift Amount	Accumulated Gains (Losses) and Other	Total With Donor Restrictions	Total Funds
Donor-restricted funds	$ -	$ 27,712,728	$ 9,870,030	$ 37,582,758	$ 37,582,758
Board-designated funds	8,550,076	-	-	-	8,550,076
	$ 8,550,076	$ 27,712,728	$ 9,870,030	$ 37,582,758	$ 46,132,834

Changes in endowment net assets for the year ended June 30, 2020:

		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	$ 8,732,635	$ 25,192,428	$ 11,474,860	$ 36,667,288	$ 45,399,923
Investment return, net	(50,120)	-	(314,430)	(314,430)	(364,550)
Contributions	195,761	2,520,300	-	2,520,300	2,716,061
Amounts appropriated for expenditure	(328,200)	-	(1,290,400)	(1,290,400)	(1,618,600)
	(182,559)	2,520,300	(1,604,830)	915,470	732,911
Endowment net assets, end of year	$ 8,550,076	$ 27,712,728	$ 9,870,030	$ 37,582,758	$ 46,132,834

16. ENDOWMENT FUNDS, continued:

Endowment net asset composition by type of fund as of June 30, 2019:

	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	$ -	$ 25,192,428	$ 11,474,860	$ 36,667,288	$ 36,667,288
Board-designated funds	8,732,635	-	-	-	8,732,635
	$ 8,732,635	$ 25,192,428	$ 11,474,860	$ 36,667,288	$ 45,399,923

Changes in endowment net assets for the year ended June 30, 2019:

	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 as previously stated	$ 8,426,223	$ 21,760,247	$ 11,166,533	$ 32,926,780	$ 41,353,003
Investment return, net	405,553	-	1,391,630	1,391,630	1,797,183
Contributions	233,859	3,432,181	50	3,432,231	3,666,090
Amounts appropriated for expenditure	(333,000)	-	(1,083,353)	(1,083,353)	(1,416,353)
	306,412	3,432,181	308,327	3,740,508	4,046,920
Endowment net assets, end of year	$ 8,732,635	$ 25,192,428	$ 11,474,860	$ 36,667,288	$ 45,399,923

17. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through December 17, 2020, 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 for the year ended June 30, 2020, and have issued our report thereon dated December 17, 2020, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole.

The financial responsibility supplemental schedule is presented for the purposes 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 and reconciling such 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
December 17, 2020

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CALVIN THEOLOGICAL SEMINARY

Financial Responsibility Supplemental Schedule

June 30, 2020

	Primary Reserve Ratio:				
			Expendable Net Assets:		
1	Statement of Financial Position - Net assets without donor restrictions, page 3		**Net assets without donor restrictions**		$ 20,807,402
2	Statement of Financial Position - Net assets with donor restrictions, page 3		**Net assets with donor restrictions**		$ 46,111,036
3	None		**Secured and Unsecured related party receivable**		$ -
4	None		Unsecured related party receivable	$ -	
5	Financial Responsibility Reconciliation, property, plant and equipment, net, Line 4.		**Property, plant and equipment, net**		$ 9,851,749
6	Financial Responsibility Reconciliation, property, plant and equipment, net, Line 1c		Property, plant and equipment pre-implementation	$ 9,435,151	
7	None		Property, plant and equipment post-implementation with outstanding debt for original purchase	$ -	
8	Financial Responsibility Reconciliation, property, plant and equipment, net, Line 3a		Property, plant and equipment post-implementation without outstanding debt for original purchase	$ 123,927	
9	Financial Responsibility Reconciliation, property, plant and equipment, net, Line 2		Construction in progress	$ 292,671	
10	None - ASU 2016-02 has not been implemented as of June 30, 2020		**Lease right-of-use asset, net**		$ -
11	None - ASU 2016-02 has not been implemented as of June 30, 2020		Lease right-of-use asset, pre-implementation	$ -	
12	None - ASU 2016-02 has not been implemented as of June 30, 2020		Lease right-of-use asset, post-implementation	$ -	
13	None		**Intangible assets**		$ -
14	Statement of Financial Position - Accrued retiree medical benefits, page 3		**Post-employment and pension liabilities**		$ 1,343,919
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	None - ASU 2016-02 has not been implemented as of June 30, 2020		**Lease right-of-use asset liability**		$ -
20	None - ASU 2016-02 has not been implemented as of June 30, 2020		Pre-implementation right-of-use asset liability	$ -	
21	None - ASU 2016-02 has not been implemented as of June 30, 2020		Post-implementation right-of-use asset liability	$ -	
22	None		**Annuities, term endowments and life income with donor restrictions**		$ -
23	None		Annuities with donor restrictions	$ -	
24	None		Term endowments with donor restrictions	$ -	
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**		$ 27,712,728

CALVIN THEOLOGICAL SEMINARY

Financial Responsibility Supplemental Schedule

June 30, 2020

			Total Expenses and Losses:		
27	Statement of Activities - Total Operating expenses, page 4		Total expenses without donor restrictions - taken directly from Statement of Activities	$ 9,852,529	
28	Statement of Activities - Changes in the value of split-interest agreements, page 4. Since a loss, properly excluded		Changes in value of split-interest agreements	$ -	
29	Statement of Activities - Non operating without donor restrictions actuarial change in post retirement benefit obligation other than net periodic costs, page 4		Pension -related changes other than net periodic costs	$ 155,134	
30	Statement of Activities -Total Operating expenses, Investment income appropriated for operations and non-operating Investment income, net of appropriations for operations, Actuarial change in post retirement benefit obligation other than net periodic costs, page 4		Total Expenses and Losses		$ 10,007,663
	Equity Ratio:				
			Modified Net Assets:		
31	Statement of Financial Position - Net Assets without Donor Restrictions, page 3		**Net assets without donor restrictions**		$ 20,807,402
32	Statement of Financial Position - Total Net Assets with Donor Restriction, page 3		**Net assets with donor restrictions**		$ 46,111,036
33	None		**Intangible assets**		$ -
34	None		**Intangible assets**		$ -
35	None		**Secured and Unsecured related party receivables**		$ -
36	None		Unsecured related party receivables	$ -	
			Modified Assets:		
37	Statement of Financial Position - Total assets, page 3		Total assets		$ 69,466,519
38	None - ASU 2016-02 has not been implemented as of June 30, 2020		Lease right-of-use asset pre-implementation		$ -
39	None - ASU 2016-02 has not been implemented as of June 30, 2020		Pre-implementation right-of-use asset liability		$ -
40	None		Intangible assets		$ -
41	None		Secured and Unsecured related party receivables		$ -
42	None		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**		$ (145,621)
44	Statement of Activities - Total Operating Support, Revenue, and Net Assets Released from Restrictions, page 4		Total operating revenues, support and reclassifications- without donor restrictions	$ 10,235,626	
45	Statement of Activities (without donor restrictions) - Investment income appropriated for operations, page 4. Properly excluded because investment income gain is reported net at 46 below.		Investment income, net of appropriations for operations	$ (444,788)	
46	Statement of Activities (without donor restrictions) - Investment income appropriated for operations and non-operating Investment income, net of appropriations for operations, page 4.		Net investment gains	$ 71,204	
47			**Total Revenues and Gains**		$ 9,862,042

CALVIN THEOLOGICAL SEMINARY

Financial Responsibility Reconciliation

Fiscal Year Ended June 30, 2020

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 reconciliation disclosures are not required by generally accepted accounting standards but are intended for use by the Department of Education and to ensure compliance with Federal Title IV regulations.

Property, Plant and Equipment, net

1	Pre-implementation property, plant and equipment, net (PP&E, net)		
	a. Ending balance of June 30, 2019	$	9,892,428
	b. Less subsequent depreciation and disposals		(457,277)
	c. Balance Pre-implementation property, plant and equipment, net		9,435,151
2	Construction in progress - acquired subsequent to June 30, 2019		292,671
3	Post-implementation property, plant and equipment, net, acquired without debt:		
	a. Long-lived assets acquired without use of debt subsequent to June 30, 2019		123,927
4	Total Property, Plant and Equipment, net - June 30, 2020	$	9,851,749