



CALVIN THEOLOGICAL SEMINARY

CALVIN THEOLOGICAL SEMINARY

Financial Statements
With Independent Auditors' Report

June 30, 2022 and 2021

CALVIN THEOLOGICAL SEMINARY

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Calvin Theological Seminary
Grand Rapids, Michigan

Opinion

We have audited the accompanying financial statements of Calvin Theological Seminary, which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Calvin Theological Seminary as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Calvin Theological Seminary and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As described in Note 15 to the financial statements, Calvin Theological Seminary, identified an adjustment pertaining to beginning net asset classifications as of July 1, 2020, and changes in net assets with and without donor restrictions as of June 30, 2021. Accordingly, these amounts for the year ended June 30, 2021, have been restated to reflect this change. Our opinion has not been modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Calvin Theological Seminary's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Board of Trustees
Calvin Theological Seminary
Grand Rapids, Michigan

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Calvin Theological Seminary's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Calvin Theological Seminary's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Capin Crouse LLP

Grand Rapids, Michigan
January 17, 2023

CALVIN THEOLOGICAL SEMINARY

Statements of Financial Position

	June 30,	
	2022	2021 (Restated)
ASSETS:		
Cash and cash equivalents	\$ 2,349,283	\$ 6,643,006
Receivables:		
Student accounts– net, and other	235,209	172,965
Student loans–net of allowance	1,088,710	1,175,552
Prepaid expenses and other assets	400,849	333,832
Investments	58,490,653	63,546,242
Plant assets–net	16,342,769	10,574,140
Total Assets	\$ 78,907,473	\$ 82,445,737
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and other liabilities	\$ 690,273	\$ 747,245
Accrued retiree medical benefits	1,043,286	1,253,447
Student funds received in advance	125,855	161,107
Federal Perkins Loan advances	109,813	110,096
Total liabilities	1,969,227	2,271,895
Net assets:		
Net assets without donor restrictions	19,407,743	20,358,332
Net assets with donor restrictions:		
Restricted by purpose or time	28,012,723	31,091,320
Restricted in perpetuity	29,517,780	28,724,190
	57,530,503	59,815,510
Total net assets	76,938,246	80,173,842
Total Liabilities and Net Assets	\$ 78,907,473	\$ 82,445,737

See notes to financial statements

CALVIN THEOLOGICAL SEMINARY

Statement of Activities

Year Ended June 30, 2022

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

See notes to financial statements

CALVIN THEOLOGICAL SEMINARY

Statement of Activities

Year Ended June 30, 2021, as Restated

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES:			
Tuition and fees—net (Note 2)	\$ 1,004,528	\$ -	\$ 1,004,528
Auxiliary revenues—net (Note 2)	609,253	-	609,253
Denominational ministry shares	2,208,367	-	2,208,367
Private gifts and grants	1,686,522	6,613,120	8,299,642
Investment income used in operations	488,335	1,461,300	1,949,635
Changes in the value of split-interest agreements	4,100	-	4,100
Other revenues	110,830	-	110,830
Total operating revenues	<u>6,111,935</u>	<u>8,074,420</u>	<u>14,186,355</u>
Net Assets Released from Restrictions:			
Satisfaction of purpose and time restrictions	3,639,392	(3,639,392)	-
	<u>9,751,327</u>	<u>4,435,028</u>	<u>14,186,355</u>
EXPENSES:			
Instructional	4,392,863	-	4,392,863
Institutional support	1,677,984	-	1,677,984
Academic support	1,376,736	-	1,376,736
Student services	761,759	-	761,759
Auxiliary enterprises	761,702	-	761,702
Public service	157,272	-	157,272
Other financial aid	154,800	-	154,800
Total operating expenses	<u>9,283,116</u>	<u>-</u>	<u>9,283,116</u>
Change in Net Assets from Operating Activities	<u>1,390,707</u>	<u>3,512,532</u>	<u>4,903,239</u>
Non-Operating Activities:			
Investment income, net of amounts used in operations	1,354,334	6,965,838	8,320,172
Actuarial change in post retirement benefit obligation other than net periodic costs	31,993	-	31,993
Change in Non-Operating Activities	<u>1,386,327</u>	<u>6,965,838</u>	<u>8,352,165</u>
Total Change in Net Assets	1,854,538	11,400,866	13,255,404
NET ASSETS:			
Beginning of Year As Previously Stated	<u>20,807,402</u>	<u>46,111,036</u>	<u>66,918,438</u>
Prior Period Adjustment (Note 15)	(2,303,608)	2,303,608	-
Beginning of Year As Restated	<u>18,503,794</u>	<u>48,414,644</u>	<u>66,918,438</u>
Net Assets, End of Year	<u>\$ 20,358,332</u>	<u>\$ 59,815,510</u>	<u>\$ 80,173,842</u>

See notes to financial statements

CALVIN THEOLOGICAL SEMINARY

Statements of Cash Flows

	Year Ended June 30,	
	2022	2021 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from students for tuition, fees, and auxiliary revenues	\$ 1,419,853	\$ 1,789,522
Gifts and grants received for operations	6,742,750	7,998,655
Net interest and dividends received	851,525	480,841
Cash paid to suppliers and employees	<u>(9,029,862)</u>	<u>(8,899,802)</u>
Net Cash Provided (Used) By Operating Activities	<u>(15,734)</u>	<u>1,369,216</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Student loans advanced	(3,500)	(677)
Student loans collected	90,055	92,288
Proceeds from dispositions of investments	3,120,868	134,668,133
Acquisition of investments	(2,940,170)	(133,996,239)
Acquisition and construction of plant assets	<u>(6,210,843)</u>	<u>(851,307)</u>
Net Cash Used By Investing Activities	<u>(5,943,590)</u>	<u>(87,802)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Gifts restricted in perpetuity	793,590	1,011,462
Gifts restricted for long-term purposes	<u>872,011</u>	<u>1,112,923</u>
Net Cash Provided By Financing Activities	<u>1,665,601</u>	<u>2,124,385</u>
Change in Cash and Cash Equivalents	(4,293,723)	3,405,799
Cash and Cash Equivalents, Beginning of Year	<u>6,643,006</u>	<u>3,237,207</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,349,283</u>	<u>\$ 6,643,006</u>

See notes to financial statements

CALVIN THEOLOGICAL SEMINARY

Notes to Financial Statements

June 30, 2022 and 2021, restated

1. NATURE OF ORGANIZATION:

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

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

2. SIGNIFICANT ACCOUNTING POLICIES:

BASIS OF PRESENTATION

The financial statements of the Seminary have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

OPERATING AND NON-OPERATING ACTIVITIES

The statements of activities presents the changes in net assets of the Seminary from operating activities and from non-operating activities. Operating 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, 2022 and 2021, the Seminary's cash balances exceeded federally insured limits by \$2,225,938 and \$5,837,491, respectively. The Seminary has not experienced any loss on these accounts and does not believe that it is exposed to any significant risk.

CALVIN THEOLOGICAL SEMINARY

Notes to Financial Statements

June 30, 2022 and 2021, restated

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

STUDENT ACCOUNTS AND OTHER RECEIVABLES

Students are billed for tuition by semester and rent by month. Student accounts receivable are reported net of any anticipated losses due to uncollectible accounts. Uncollectible accounts are recognized as additions to the allowance for bad debts in the period it is determined the amounts could become uncollectible. The allowance for doubtful accounts is based on management's evaluation of the collectability of the receivable portfolio, including the nature of the portfolio, trends in historical loss experience, payment patterns from the students, and general economic conditions. At June 30, 2022 and 2021, the allowance for doubtful accounts was both \$20,000, respectively.

INVESTMENTS

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

SEMINARY MINISTRY INCENTIVE PROGRAM LOANS AND PERKINS LOANS

Student loans consist primarily of loans extended from the Seminary Ministry Incentive Program, a revolving loan fund and Perkins loans. The ministry incentive program was established in 1985, whereby the Seminary offers a loan forgiveness program for these loans to its ordained graduates who become employed in the ministry of the CRCNA or certain related organizations. Under this program, upon ordination, 5% of the original loan balance is forgiven each year during the first ten years following graduation with a Master of Divinity degree. However, loan forgiveness discontinues when an individual is no longer performing service in a qualified ministry. Amounts forgiven for the years ended June 30, 2022 and 2021, totaled \$0- and \$61,872, respectively.

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

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

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

CALVIN THEOLOGICAL SEMINARY

Notes to Financial Statements

June 30, 2022 and 2021, restated

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

PLANT ASSETS

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

STUDENT FUNDS RECEIVED IN ADVANCE

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

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. The Seminary qualified for a second PPP loan in February 2021 in the amount of \$912,400. As of June 30, 2021, the Seminary incurred eligible costs in the amount of \$912,400, and recognized the anticipated loan forgiveness as a contribution, which is recorded as private gifts and grants in the statements of activities. As of June 30, 2022, the Seminary was notified by the SBA of full loan forgiveness.

CLASSES OF NET ASSETS

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

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

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

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

CALVIN THEOLOGICAL SEMINARY

Notes to Financial Statements

June 30, 2022 and 2021, restated

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,	
	2022	2021
Gross tuition	\$ 1,897,389	\$ 2,229,694
Gross fees	15,849	17,142
Less: financial aid	(1,179,860)	(1,242,308)
Net tuition and fees	<u>\$ 733,378</u>	<u>\$ 1,004,528</u>

AUXILIARY REVENUES—NET

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

Auxiliary services revenue are as follows:

	Year Ended June 30,	
	2022	2021
Housing revenue	\$ 646,335	\$ 629,003
Less: scholarships and discounts	(16,120)	(19,750)
Auxiliary revenues—net	<u>\$ 630,215</u>	<u>\$ 609,253</u>

CALVIN THEOLOGICAL SEMINARY

Notes to Financial Statements

June 30, 2022 and 2021, restated

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

DENOMINATIONAL MINISTRY SHARES

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

PRIVATE GIFTS AND GRANTS

The Seminary reports gifts of cash and other assets as restricted revenue if they are received with donor stipulations that limit the use of the donated assets. When a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

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

The Seminary received Coronavirus Aid, Relief, and Economic Security (CARES) Act funding and American Rescue Plan (ARP) funding for the year ended June 30, 2021. The Seminary received Higher Education Emergency Relief Funds (HEERF) under the CARES Acts in form of HEERF I and ARP funds in the form of HEERF III funding. The Seminary distributed \$35,651 directly to eligible students and \$463,651 was used to help the Seminary offset the financial impact from the COVID-19 pandemic during the year ended June 30, 2021. These funds are recorded in the private gifts and grants line items on the statements of activities. There was no HEERF funding received during the year ended June 30, 2022.

FUNCTIONAL CLASSES OF EXPENSES

Program services include expenses directly related to the instruction and support of the educational experience, campus operations, student development, auxiliary and other expenses. Supporting activities include management and general expenses that are required to maintain an adequate working environment, provide proper executive and administrative support, as well as manage the financial and human resources of the Seminary and the structure necessary to encourage and secure support from external sources. Fund-raising costs consist of salaries, fringe benefits, brochures, and other costs incurred by the Seminary. Expenses related to the operation and maintenance of the physical plant, including depreciation of plant assets, are reported in either the program services or supporting activities category in Note 13, based on the square footage of facilities. The Seminary incurred no joint costs for the years ended June 30, 2022 and 2021.

CALVIN THEOLOGICAL SEMINARY

Notes to Financial Statements

June 30, 2022 and 2021, restated

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

ADVERTISING

The Seminary expenses advertising costs as incurred. Total advertising costs were \$341,573 and \$189,698, during the years ended June 30, 2022 and 2021, respectively.

RECENTLY ADOPTED ACCOUNTING STANDARDS

In 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Updated (ASU) No. 2018-14, *Compensation- Retirement Benefits- Defined Benefit Plans- General*. The Seminary adopted this new standard during the year ended June 30, 2022. Adoption of this standard had no effect on change in net assets or net assets in total for the years ended June 30, 2022 and 2021.

In 2020, FASB issued ASU No. 2020-07, *Presentation Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The Seminary adopted this new standard during the year ended June 30, 2022. Adoption of this standard had no effect on change in net assets or net assets in total and the Seminary did not have contributed nonfinancial assets for the years ended June 30, 2022 and 2021.

3. LIQUIDITY AND AVAILABILITY OF RESOURCES:

The following table reflects the Seminary's financial assets as of June 30, 2022 and 2021, 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,	
	2022	2021
Financial assets:		
Cash and cash equivalents	\$ 2,349,283	\$ 6,643,006
Receivables, net	1,323,919	1,348,517
Investments	58,490,653	63,546,242
Financial assets, at year end	<u>62,163,855</u>	<u>71,537,765</u>
Less those unavailable for general expenditures within one year, due to:		
Net assets restricted in perpetuity	(29,517,780)	(28,724,190)
Net assets restricted by purpose, net of amounts to be appropriated or released through normal operations within the year	(22,203,044)	(29,346,520)
Board designated funds	<u>(7,627,220)</u>	<u>(8,386,230)</u>
	<u>(59,348,044)</u>	<u>(66,456,940)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,815,811</u>	<u>\$ 5,080,825</u>

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.

CALVIN THEOLOGICAL SEMINARY

Notes to Financial Statements

June 30, 2022 and 2021

4. STUDENT LOANS RECEIVABLE:

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

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

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

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

The following presents the recorded investment by credit quality indicator:

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

CALVIN THEOLOGICAL SEMINARY

Notes to Financial Statements

June 30, 2022 and 2021

4. STUDENT LOANS RECEIVABLE, continued:

The aging of the student loan portfolio by classes of loans as of June 30, 2021, is presented as follows:

	Federal Agency Receivables	Institutional Loans	Total
Not in repayment	\$ 4,200	\$ 571,632	\$ 575,832
Current	26,455	396,561	423,016
Greater than 30 days but less than 240 days past due	-	20,549	20,549
Greater than 240 days but less than 2 years past due	-	109,627	109,627
Greater than 2 years but less than 5 years past due	11,337	140,072	151,409
Greater than 5 years past due	100	36,019	36,119
	42,092	1,274,460	1,316,552
Less allowance for uncollectability	(15,000)	(126,000)	(141,000)
	\$ 27,092	\$ 1,148,460	\$ 1,175,552

The following presents the recorded investment by credit quality indicator:

	Federal Agency Receivables	Institutional Loans	Total
Performing	\$ 42,092	\$ 1,274,460	\$ 1,316,552
Nonperforming	-	-	-
	\$ 42,092	\$ 1,274,460	\$ 1,316,552

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

CALVIN THEOLOGICAL SEMINARY

Notes to Financial Statements

June 30, 2022 and 2021, restated

5. INVESTMENTS:

The Seminary uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. Following is a description of the valuation methodologies used for instruments measured at cost, fair value, and net asset value (NAV) on a recurring basis. There were no Level 3 investments as of June 30, 2022 and 2021.

Level 1

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

Level 2-

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

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

NAV

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

Fees paid to the Seminary's external advisors related to the management and custody of the Seminary's investments totaled approximately \$330,000 and \$200,000 in 2022 and 2021, respectively, and have been netted against investment income in the accompanying statements of activities. These fees are in addition to the fund expenses that are included in the pricing of the respective funds.

Investments held under annuity agreements had carrying values of \$205,807 and \$238,205, as of June 30, 2022 and 2021, respectively.

CALVIN THEOLOGICAL SEMINARY

Notes to Financial Statements

June 30, 2022 and 2021, restated

5. INVESTMENTS, continued:

Investment portfolio by valuation hierarchy:

	Fair Value Disclosure		
	Total	Level 1	Level 2
June 30, 2022:			
Equity securities	\$ 38,284,990	\$ 38,284,990	\$ -
Fixed income and other investments	1,050,000	-	1,050,000
Land and real estate	4,733,162	-	4,733,162
	44,068,152	\$ 38,284,990	\$ 5,783,162
Investments held at fair value using NAV:			
Investments held at Merrill Lynch	6,470,251		
Investments reported on by Merrill Lynch *	5,078,365		
Investments held at Barnabas Foundation	205,807		
	11,754,423		
Investments held at cost:			
Cash and cash equivalents held at Merrill Lynch	2,668,078		
	\$ 58,490,653		

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

CALVIN THEOLOGICAL SEMINARY

Notes to Financial Statements

June 30, 2022 and 2021, restated

5. INVESTMENTS, continued:

	Fair Value Disclosure		
	Total	Level 1	Level 2
June 30, 2021:			
Equity securities	\$ 44,161,864	\$ 44,161,864	\$ -
Fixed income and other investments	5,438,343	-	5,438,343
Land and real estate	1,050,000	-	1,050,000
	50,650,207	\$ 44,161,864	\$ 6,488,343
Investments held at fair value using NAV:			
Investments held at Merrill Lynch	5,458,437		
Investments reported on by Merrill Lynch*	5,461,041		
Investments held at Barnabas Foundation	238,205		
	11,157,683		
Investments held at cost:			
Cash held at First National Bank	19,036		
Cash and cash equivalents held at Merrill Lynch	1,719,316		
	1,738,352		
	\$ 63,546,242		

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

CALVIN THEOLOGICAL SEMINARY

Notes to Financial Statements

June 30, 2022 and 2021, restated

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, 2022	Investments held at Merrill Lynch	Investments reported on by Merrill Lynch	Investments Held at Barnabas Foundation
Strategy		Hedge funds of private equity and real estate	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
Fair Value Determined Using NAV	\$ 11,754,423	\$ 6,470,251	\$ 5,284,172	\$ 205,807
Remaining Life		NA	95 days-5 years	NA
Unfunded Commitments	\$ 419,341	\$ -	\$ 419,341	\$ -
Commitments		NA	95 days-5 years	NA
Redemption Terms		Daily, weekly or monthly	Private equity - cannot be readily liquidated	Daily, weekly or monthly
Redemption Restrictions		None	Investments are illiquid	None
Redemption Restrictions at Year End		None	Investments are illiquid	None

CALVIN THEOLOGICAL SEMINARY

Notes to Financial Statements

June 30, 2022 and 2021, restated.

5. INVESTMENTS, continued:

Investments by major category (continued):

Investment Category	Total June 30, 2021	Investments held at Merrill Lynch	Investments reported on by Merrill Lynch	Investments Held at Barnabas Foundation
Strategy		Hedge funds of private equity and real estate	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
Fair Value Determined Using NAV	\$ 11,157,683	\$ 5,458,437	\$ 5,461,041	\$ 238,205
Remaining Life		NA	95 days-5 years	NA
Unfunded Commitments	\$ 355,317	\$ -	\$ 355,317	\$ -
Commitments		NA	95 days-5 years	NA
Redemption Terms		Daily, weekly or monthly	Private equity - cannot be readily liquidated	Daily, weekly or monthly
Redemption Restrictions		None	Investments are illiquid	None
Redemption Restrictions at Year End		None	Investments are illiquid	None

CALVIN THEOLOGICAL SEMINARY

Notes to Financial Statements

June 30, 2022 and 2021, restated

6. PLANT ASSETS:

Plant assets are summarized by major classification as follows:

	June 30,	
	2022	2021
Land	\$ 245,000	\$ 245,000
Buildings	14,136,933	14,124,506
Furniture and equipment	4,197,003	4,154,268
Construction in progress	7,355,902	1,199,473
	<u>25,934,838</u>	<u>19,723,247</u>
Less accumulated depreciation and amortization	<u>(9,592,069)</u>	<u>(9,149,107)</u>
Net plant assets	<u>\$ 16,342,769</u>	<u>\$ 10,574,140</u>

During the year ended June 30, 2020, the Seminary began renovations on the main seminary building. The project is expected to be completed in fiscal year 2023. As of June 30, 2022, all costs with long term benefits are recorded as construction in progress. The Seminary has entered into an agreement with a construction contract with a remaining commitment of approximately \$615,000 as of June 30, 2022. Total depreciation expense is \$422,316 and \$428,043 as of June 30, 2022 and 2021, respectively.

7. EMPLOYEE BENEFIT PLANS:

The Seminary participated in a defined contribution 403(b) retirement plan, which covers all regular employees that are .75 FTE and above. The Seminary has the option to contribute the percentage annually approved by the CTS Board of Trustees of participants' salaries on a bi-weekly (non-exempt employees) or semi-monthly (exempt employees) basis to the Teachers Insurance and Annuity Association (TIAA). Total contributions to this plan for the years ended June 30, 2022 and 2021, were \$295,921 and \$136,870, 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. Since the stipend is a fixed amount, there is no assumed health care cost increase utilized in the actuarial assumptions.

CALVIN THEOLOGICAL SEMINARY

Notes to Financial Statements

June 30, 2022 and 2021, restated

8. POSTRETIREMENT BENEFITS OTHER THAN PENSIONS, continued:

At June 30, 2022 and 2021, 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 \$82,000 and \$90,000 in 2022 and 2021, 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,	
	2022	2021
Accumulated postretirement benefit obligation (APBO):		
Retired participants	\$ (767,577)	\$ (928,103)
Active employees fully eligible to retire	(248,622)	(95,028)
Active employees not yet eligible to retire	(27,087)	(230,316)
	(1,043,286)	(1,253,447)
Plan assets	-	-
Unfunded obligation	(1,043,286)	(1,253,447)
Unrecognized prior service cost	(569,025)	(667,678)
Unrecognized net gain from past experience different from that assumed and from changes in assumptions	315,596	510,436
	\$ (1,296,715)	\$ (1,410,689)

Intangible assets and accumulated comprehensive income:

	June 30,	
	2022	2021
Beginning of year	\$ 157,242	\$ 215,434
Reclassified during the year:		
Prior service cost	(98,653)	(125,769)
Gain	30,453	33,729
Total	(68,200)	(92,040)
Arising during the year:		
Gain	164,387	33,848
Total	164,387	33,848
End of year accumulated comprehensive gain	\$ 253,429	\$ 157,242

CALVIN THEOLOGICAL SEMINARY

Notes to Financial Statements

June 30, 2022 and 2021, restated

8. POSTRETIREMENT BENEFITS OTHER THAN PENSIONS, continued:
 Postretirement health care expense consisted of the following components:

	Year Ended June 30,	
	2022	2021
Service cost-benefits earned during the period	\$ 10,153	\$ 8,795
Interest cost on accumulated postretirement benefit obligation	25,989	24,766
Prior service cost	(98,653)	(125,769)
Amortization of unrecognized net gain	30,453	33,729
Net periodic postretirement benefit cost	\$ (32,058)	\$ (58,479)

Components of postretirement health care expense anticipated for the year ending June 30, 2023, are as follows:

Service cost-benefits earned during the period	\$ (1,244)
Interest cost on accumulated postretirement benefit obligation	(42,073)
Projected benefit payments	(98,653)
Recognition of net actuarial gain	22,766
Net periodic postretirement benefit cost	\$ (119,204)

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

Year Ended June 30,	
2023	\$ 108,320
2024	105,861
2025	97,250
2026	96,689
2027	92,694
2028-2031	400,489
	\$ 901,303

CALVIN THEOLOGICAL SEMINARY

Notes to Financial Statements

June 30, 2022 and 2021, restated

8. POSTRETIREMENT BENEFITS OTHER THAN PENSIONS, continued:

Weighted-average assumptions and method disclosures include:

	June 30,	
	2022	2021
Discount rate:		
Liability	4.50%	2.25%
Net periodic benefit cost	2.25%	2.00%

The June 30, 2022, liability discount rate increased 2.25% from the rate used as of June 30, 2021, based on June 2022 Financial Times Stock Exchange (FTSE) yield curve.

9. NET ASSETS:

Net assets consist of:

	June 30,	
	2022	2021
Net assets without donor restrictions:		
Available for operations	\$ 11,518,783	\$ 11,702,094
Board designated for student loan funds	563,761	563,761
Quasi-endowment funds	7,063,459	7,822,469
Gift portion of annuities held in the annuity fund	261,740	270,008
	19,407,743	20,358,332
Net assets with donor restrictions:		
Restricted by purpose and time:		
Accumulated endowment earnings	15,862,061	20,046,452
Renovations (building)	4,409,679	2,722,923
Instruction	1,266,127	1,407,766
Administration	555,075	1,090,730
Scholarships	1,830,879	2,602,378
Student loan funds	2,546,076	2,525,975
Other	1,542,826	695,096
	28,012,723	31,091,320
Restricted in perpetuity:		
Endowment funds	29,517,780	28,724,190
	\$ 76,938,246	\$ 80,173,842

CALVIN THEOLOGICAL SEMINARY

Notes to Financial Statements

June 30, 2022 and 2021, restated

10. RELATED PARTY TRANSACTIONS:

The Seminary receives services from Calvin University (University), with which it is affiliated through the CRCNA. The Seminary is located on the University campus. Of the expenses common to both institutions, the University allocated approximately \$794,000 and \$529,000 for the fiscal years 2022 and 2021, respectively, to the Seminary. The University processes various transactions for the benefit of the Seminary, which are reimbursed on a monthly basis. At June 30, 2022 and 2021, the Seminary owed the University approximately \$62,000 and \$46,000, respectively. These amounts are included in accounts payable and other liabilities on the statements of financial position.

The Seminary received approximately \$1,918,000 and \$2,207,000 in denominational ministry shares from the CRCNA during fiscal years 2022 and 2021, respectively. During fiscal years 2022 and 2021, the Seminary paid approximately \$35,000 and \$31,000, respectively, to the CRCNA for various services.

The Seminary received approximately \$117,000 and \$36,000 in contributions from board members during the years ended June 30, 2022 and 2021, respectively.

11. 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, 2022. At June 30, 2022 and 2021, the letter was in the amount of \$155,530 and 159,692, respectively, with no balance outstanding.

12. COMMITMENTS:

As of June 30, 2022, the Seminary has also committed to invest a total of \$419,341 in limited partnerships through Siguler Guff Distressed Real Estate Opportunities Fund II, LP, Clareant EDL II GP, and Landmark Equity Partners XV, LP.

CALVIN THEOLOGICAL SEMINARY

Notes to Financial Statements

June 30, 2022 and 2021, restated

13. FUNCTIONAL ALLOCATION OF EXPENSES:

The following table presents expenses by both their nature and function for the year ended June 30, 2022:

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

CALVIN THEOLOGICAL SEMINARY

Notes to Financial Statements

June 30, 2022 and 2021, restated

13. FUNCTIONAL ALLOCATION OF EXPENSES, continued:

The following table presents expenses by both their nature and function for the year ended June 30, 2021:

	Program Services	Supporting Activities		Total
		Management and General	Fundraising	
Salaries and benefits	\$ 3,529,986	\$ 1,037,611	\$ 363,822	\$ 4,931,419
Occupancy	916,632	283,513	5,000	1,205,145
Other	663,008	74,265	731	738,004
Grants and awards	660,639	-	-	660,639
Depreciation	321,032	85,609	21,402	428,043
Professional fees	258,883	97,504	11,712	368,099
Travel	174,745	35,173	10,499	220,417
Advertising and promotion	132,068	40,797	22,289	195,154
Conferences and conventions	88,462	16,718	84,518	189,698
Equipment and maintenance	80,328	12,024	20,672	113,024
Printing and duplicating	68,171	14,215	3,270	85,656
Office supplies	45,661	31,917	7,093	84,671
Subscriptions and memberships	6,873	13,525	42,749	63,147
Total Expenses	\$ 6,946,488	\$ 1,742,871	\$ 593,757	\$ 9,283,116

CALVIN THEOLOGICAL SEMINARY

Notes to Financial Statements

June 30, 2022 and 2021, restated

14. 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 policies 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 14.

CALVIN THEOLOGICAL SEMINARY

Notes to Financial Statements

June 30, 2022 and 2021

14. 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, 2022 and 2021.

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

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

Spending policies and how the investment objectives relate to spending policy: The Seminary has a policy of appropriating a set percentage of its endowment fund's rolling three-year average fair market value measured at June 30 for the calendar year end preceding the fiscal year in which the distribution is planned (4.25% and 4.25% as of June 30, 2022 and 2021, respectively). In establishing this policy, the Seminary considered the long-term expected return on its endowment. In addition, the Seminary assesses an administrative fee of 14 basis points (0.14%) to offset the expenses of managing the endowment investments as of June 30, 2022 and 2021.

CALVIN THEOLOGICAL SEMINARY

Notes to Financial Statements

June 30, 2022 and 2021

14. ENDOWMENT FUNDS, continued:

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

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

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

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

* Included in accumulated gains is term endowments of \$5,901,441.

CALVIN THEOLOGICAL SEMINARY

Notes to Financial Statements

June 30, 2022 and 2021

14. ENDOWMENT FUNDS, continued:

Endowment net asset composition by type of fund as of June 30, 2021:

	Donor	With Donor Restrictions		Donor	Total Funds
		Amount	Gains (Losses)		
Donor-restricted funds	\$ -	\$ 28,724,190	\$ 20,046,452	\$ 48,770,642	\$ 48,770,642
Board-designated funds	7,822,469	-	-	-	7,822,469
	\$ 7,822,469	\$ 28,724,190	\$ 20,046,452	\$ 48,770,642	\$ 56,593,111

Changes in endowment net assets for the year ended June 30, 2021:

	Donor	With Donor Restrictions		Donor	Total Funds
		Amount	Gains (Losses)		
Endowment net assets, beginning of year as previously stated	\$ 8,550,076	\$ 27,712,728	\$ 9,870,030	\$ 37,582,758	\$ 46,132,834
Prior Period Adjustment	(1,888,755)	-	2,303,608	2,303,608	414,853
Endowment net assets, beginning of year as restated	6,661,321	27,712,728	12,173,638	39,886,366	46,547,687
Investment return, net	1,763,134	-	8,411,618	8,411,618	10,174,752
Contributions	54	1,011,462	-	1,011,462	1,011,516
Amounts appropriated for expenditure	(408,800)	-	(1,461,300)	(1,461,300)	(1,870,100)
Prior period adjustment	(193,240)	-	922,496	922,496	729,256
	1,161,148	1,011,462	7,872,814	8,884,276	10,045,424
Endowment net assets, end of year	\$ 7,822,469	\$ 28,724,190	\$ 20,046,452	\$ 48,770,642	\$ 56,593,111

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

CALVIN THEOLOGICAL SEMINARY

Notes to Financial Statements

June 30, 2022 and 2021, restated

15. PRIOR PERIOD ADJUSTMENT:

Management identified certain material misclassifications of previously reported net assets, as of June 30, 2021, during the current year. Endowment funds previously recorded as without donor restrictions were reclassified to term endowments (with donor restrictions), as of June 30, 2021. A retrospective adjustment has been made to increase net assets with donor restrictions and decrease net assets without donor restrictions to the earliest period presented (beginning net assets) and change in net assets for the year ended June 30, 2021. There was no net impact to total net assets as of June 30, 2022 or June 30, 2021.

The following summarizes the adjustments made as of July 1, 2020 and for the year ended June 30, 2021:

	As Reported July 1, 2020	Prior Period Adjustment	As Restated July 1, 2020
Statement of Financial Position:			
Net assets without donor restrictions			
Available for operations	\$ 12,846,203	\$ (414,853)	\$ 12,431,350
Quasi-endowment funds	\$ 9,904,464	\$ (1,888,755)	\$ 8,015,709
	\$ 22,750,667	\$ (2,303,608)	\$ 20,447,059
Net assets with donor restrictions			
Accumulated endowment earnings	\$ 16,820,348	\$ 2,303,608	\$ 19,123,956

The following summarizes the adjustments made as of June 30, 2021 and for the year ended June 30, 2021:

	As Restated July 1, 2020	Prior Period Adjustment	As Restated June 30, 2021
Statement of Financial Position:			
Net assets without donor restrictions			
Available for operations	\$ 12,431,350	\$ (729,256)	\$ 11,702,094
Quasi-endowment funds	\$ 8,015,709	\$ (193,240)	\$ 7,822,469
	\$ 20,447,059	\$ (922,496)	\$ 19,524,563
Net assets with donor restrictions			
Accumulated endowment earnings	\$ 19,123,956	\$ 922,496	\$ 20,046,452

	As Reported June 30, 2021	Prior Period Adjustment	As Restated June 30, 2021
Statement of Activities:			
Net Assets Released from Restrictions:			
Satisfaction of purpose and time restrictions	\$ (4,561,888)	\$ 922,496	\$ (3,639,392)
Change in net assets without donor restrictions for the year ended June 30, 2021	\$ 2,777,034	\$ (922,496)	\$ 1,854,538
Change in net assets with donor restrictions for the year ended June 30, 2021	\$ 10,478,370	\$ 922,496	\$ 11,400,866

CALVIN THEOLOGICAL SEMINARY

Notes to Financial Statements

June 30, 2022 and 2021, restated

16. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through January 17, 2023, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

In December 2022, the Seminary sold two buildings used for residential housing. The properties were listed for sale in October 2022, so were not classified as held for sale as of June 30, 2022. The properties sold for approximately \$5,200,000, and had a net book value of \$1,580,000, as of June 30, 2022. The Seminary entered into a lease agreement with the buyer to rent the residential buildings back, with one building lease term requiring monthly payments of approximately \$25,000, expiring in August 2023, and the other requiring payments of approximately \$38,000, expiring in August 2024.

SUPPLEMENTARY INFORMATION

**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION**

Board of Trustees
Calvin Theological Seminary
Grand Rapids, Michigan

We have audited the financial statements of Calvin Theological Seminary as of and for the years ended June 30, 2022 and 2021, and have issued our report thereon dated January 17, 2023, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The financial responsibility supplemental schedule and notes to the financial responsibility supplemental schedule on pages 34-35 is also presented for the purpose of additional analysis as required by the U.S. Department of Education and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing the reconciling information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Capin Crouse LLP

Grand Rapids, Michigan
January 17, 2023

CALVIN THEOLOGICAL SEMINARY

Financial Responsibility Supplemental Schedule

June 30, 2022

Primary Reserve Ratio:				
Expendable Net Assets:				
1	Statement of Financial Position - Net assets without donor restrictions, page 3	Net assets without donor restrictions		\$ 19,407,743
2	Statement of Financial Position - Net assets with donor restrictions, page 3	Net assets with donor restrictions		\$ 57,530,503
3	None, Note 10, page 24	Secured and Unsecured related party receivable		\$ -
4	None, Note 10, page 24	Unsecured related party receivable	\$ -	
5	Notes to Financial Responsibility Supplemental Schedule, plant assets– net, Line 4 and Statement of Financial Position-plant assets– net, page 3	Plant assets–net		\$ 16,342,769
6	Notes to Financial Responsibility Supplemental Schedule, plant assets– net, Line 1c	Plant assets– net, pre-implementation	\$ 8,667,332	
7	None	Plant assets– net, post-implementation with outstanding debt for original purchase	\$ -	
8	Notes to Financial Responsibility Supplemental Schedule, plant assets– net, Line 2d	Plant assets– net, post-implementation without outstanding debt for original purchase	\$ 319,535	
9	Notes to Financial Responsibility Supplemental Schedule, plant assets– net, Line 3c	Post implementation Construction in progress, without debt	\$ 7,355,902	
10	None - ASU 2016-02 has not been implemented as of June 30, 2021	Lease right-of-use asset, net		\$ -
11	None - ASU 2016-02 has not been implemented as of June 30, 2021	Lease right-of-use asset, pre-implementation	\$ -	
12	None - ASU 2016-02 has not been implemented as of June 30, 2021	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		\$ 1,043,286
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, 2022	Lease right-of-use asset liability		\$ -
20	None - ASU 2016-02 has not been implemented as of June 30, 2022	Pre-implementation right-of-use asset liability	\$ -	
21	None - ASU 2016-02 has not been implemented as of June 30, 2022	Post-implementation right-of-use asset liability	\$ -	
22	Note 14, page 28	Annuities, term endowments and life income with donor restrictions		\$ 5,901,441
23	None	Annuities with donor restrictions	\$ -	
24	Note 14, page 28	Term endowments with donor restrictions	\$ 5,901,441	
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		\$ 29,517,780

CALVIN THEOLOGICAL SEMINARY

Financial Responsibility Supplemental Schedule

June 30, 2022

		Total Expenses and Losses:	
27	Statement of Activities - Total Operating expenses, page 4	Total expenses without donor restrictions - taken directly from Statement of Activities	\$ 9,326,741
28	Statement of Activities - Changes in the value of split-interest agreements, page 3. Since a gain, properly included within line 44 below	Changes in value of split-interest agreements	\$ -
29	Statement of Activities - Investment income used in operations and investment income, net of amounts used in operations, page 3.	Net investment (income) loss	\$ 847,737
30	Statement of Activities -Total Operating expenses, page 4 net investment loss activity that is included in #29.	Total Expenses and Losses	\$ 10,174,478
Equity Ratio:			
		Modified Net Assets:	
31	Statement of Financial Position - Net Assets without Donor Restrictions, page 3	Net assets without donor restrictions	\$ 19,407,743
32	Statement of Financial Position - Total Net Assets with Donor Restriction, page 3	Net assets with donor restrictions	\$ 57,530,503
33	None	Intangible assets	\$ -
34	None	Intangible assets	\$ -
35	None, Note 10, page 24	Secured and Unsecured related party receivables	\$ -
36	None, Note 10, page 24	Unsecured related party receivables	\$ -
		Modified Assets:	
37	Statement of Financial Position - Total assets, page 3	Total assets	\$ 78,907,473
38	None - ASU 2016-02 has not been implemented as of June 30, 2022	Lease right-of-use asset pre-implementation	\$ -
39	None - ASU 2016-02 has not been implemented as of June 30, 2022	Pre-implementation right-of-use asset liability	\$ -
40	None	Intangible assets	\$ -
41	None, Note 10, page 24	Secured and Unsecured related party receivables	\$ -
42	None, Note 10, page 24	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	\$ (950,589)
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	\$ 8,959,828
45	Statement of Activities (without donor restrictions) - Investment income used in operations, page 4. Properly excluded because investment income loss is reported net at 29 above.	Investment income used in operations	\$ 85,958
46	Statement of Activities (without donor restrictions) - non-operating actuarial change in post retirement benefit obligation other than net periodic costs, page 4.	Pension related changes other than net periodic costs	\$ 178,103
47	Statement of Activities - Total Operating Support, Revenue, and Net Assets Released from Restrictions (without donor restrictions), including the add back of investment income used in operations (line 45 above) and Change in Non-Operating Activities (without donor restrictions), page 4	Total Revenues and Gains	\$ 9,223,889

CALVIN THEOLOGICAL SEMINARY

Notes to Financial Responsibility Supplemental Schedule

Year Ended June 30, 2022

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

Plant assets—net

1	Pre-implementation plant assets—net	
	a. Beginning pre-implementation plant assets— net as of June 30, 2021	\$ 9,045,470
	b. Less subsequent (fiscal year end June 30, 2022) depreciation and disposals	<u>(378,138)</u>
	c. Ending pre-implementation plant assets—net, as of June 30, 2022	8,667,332
2	Post-implementation plant assets— net, acquired without debt	
	a. Beginning post-implementation plant assets— net, without outstanding debt as of June 30, 2021	329,197
	b. Long-lived assets acquired without use of debt during fiscal year end June 30, 2022	55,161
	c. Less subsequent (fiscal year end June 30, 2022) depreciation and disposals	<u>(64,823)</u>
	d. Ending post-implementation plant assets— net, without outstanding debt as of June 30, 2022	319,535
3	Post-implementation construction in progress, without debt	
	a. Beginning post-implementation construction in progress, without debt, as of June 30, 2021	1,199,473
	b. Construction in progress acquired during fiscal year end June 30, 2022	<u>6,156,429</u>
	c. Ending post implementation construction in progress, without debt, as of June 30, 2022	7,355,902
4	Total plant assets—net, June 30, 2022	<u>\$ 16,342,769</u>