Calvin University

Financial Report
with Supplemental Information
June 30, 2023

Contents

Plante & Moran, PLLC
Suite 400
634 Front Avenue N.W.
Grand Rapids, MI 49504
Tel: 616.774.8221
Fax: 616.774.0702
plantemoran.com

Independent Auditor's Report

To the Board of Trustees
Calvin University

Report on the Audits of the Financial Statements

Opinion

We have audited the financial statements of Calvin University (the "University"), which comprise the balance sheet as of June 30, 2023 and 2022 and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the University as of June 30, 2023 and 2022 and the respective 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Financial Statements* section of our report. We are required to be independent of the University and to meet our 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 4, the financial statements included investments of $91,810 and $95,647 (in thousands), or 19 and 21 percent of net assets, at June 30, 2023 and 2022, respectively, which have been estimated by management in the absence of readily determinable fair values. Management's estimates are based on the information provided by the fund managers or the general partners. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 the University's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

PRAXITY™ Empowering Business Globally

To the Board of Trustees
Calvin University

Auditor's Responsibilities for the Audits 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 auditor's 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 audits conducted in accordance with GAAS and *Government 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 audits in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 University'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 the University'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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2023 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 25, 2023

Balance Sheet

June 30, 2023 and 2022

(Dollars in Thousands)

	2023	2022
Assets		
Cash and cash equivalents	$ 38,892	$ 32,532
Investments	335,717	325,241
Accounts receivable - Net	4,223	3,168
Contributions receivable (Note 5)	11,633	12,856
Other assets	3,444	3,697
Loans and notes receivable - Net	489	816
Property and equipment - Net (Note 6)	207,187	204,592
Total assets	**$ 601,585**	**$ 582,902**
Liabilities and Net Assets		
Liabilities		
Accounts payable	$ 4,287	$ 2,967
Deferred revenue	5,623	11,345
Annuity and trust obligations (Note 3)	6,909	6,988
Deposits	513	382
Tuition gift certificates (Note 7)	3,635	3,890
Accrued liabilities and other:		
Accrued compensation	4,018	4,177
Other accrued liabilities	4,123	5,342
Refundable Federal Perkins Loan advances	766	1,255
Postretirement health benefits (Note 14)	9,322	9,952
Debt obligations (Note 9)	84,914	85,214
Total liabilities	124,110	131,512
Net Assets (Note 12)		
Without donor restrictions	173,080	176,642
With donor restrictions	304,395	274,748
Total net assets	477,475	451,390
Total liabilities and net assets	**$ 601,585**	**$ 582,902**

Statement of Activities and Changes in Net Assets

Years Ended June 30, 2023 and 2022
(Dollars in Thousands)

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Other Support						
Student tuition and fees:						
Student tuition and fees	$ 106,884	$ -	$ 106,884	$ 110,610	$ -	$ 110,610
Scholarships	(62,078)	-	(62,078)	(61,023)	-	(61,023)
Total net student tuition and fees	44,806	-	44,806	49,587	-	49,587
Auxiliary activities	19,669	-	19,669	18,297	-	18,297
Private gifts and grants of cash and other financial assets	6,361	28,027	34,388	7,424	4,508	11,932
Government grants	2,287	7,699	9,986	9,861	4,073	13,934
Endowment earnings allocated for operations	1,096	9,193	10,289	850	7,215	8,065
Investment income (loss)	4,066	548	4,614	(785)	(387)	(1,172)
Other income	5,212	1,016	6,228	5,366	455	5,821
Total revenue, gains, and other support	83,497	46,483	129,980	90,600	15,864	106,464
Net Assets Released from Restrictions	26,578	(26,578)	-	17,217	(17,217)	-
Total revenue, gains, other support, and net assets released from restrictions	110,075	19,905	129,980	107,817	(1,353)	106,464
Operating Expenditures						
Program services:						
Instructional	40,275	-	40,275	37,070	-	37,070
Research	1,747	-	1,747	2,194	-	2,194
Public services	9,152	-	9,152	7,579	-	7,579
Academic support	10,546	-	10,546	9,653	-	9,653
Student services	21,026	-	21,026	21,739	-	21,739
Auxiliary activities	16,703	-	16,703	15,234	-	15,234
Support services - Institutional support	18,106	-	18,106	13,984	-	13,984
Total operating expenditures	117,555	-	117,555	107,453	-	107,453
(Decrease) Increase in Net Assets from Operating Activities	(7,480)	19,905	12,425	364	(1,353)	(989)

See notes to financial statements.

Statement of Activities and Changes in Net Assets (Continued)

Years Ended June 30, 2023 and 2022

(Dollars in Thousands)

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Nonoperating Activities						
Private gifts and grants of cash and other financial assets	$ 1,395	$ 4,075	$ 5,470	$ 50	$ 21,447	$ 21,497
Endowment earnings allocated for operations	(1,096)	(9,193)	(10,289)	(850)	(7,215)	(8,065)
Investment income (loss)	2,865	14,860	17,725	(2,012)	(11,177)	(13,189)
Loss on disposal of asset	(56)	-	(56)	(526)	-	(526)
Change in the value of split-interest agreements	180	-	180	(274)	(772)	(1,046)
Adjustment to prior service cost and actuarial liability for retiree health plan	630	-	630	2,671	-	2,671
Total nonoperating activities	3,918	9,742	13,660	(941)	2,283	1,342
(Decrease) Increase in Net Assets	(3,562)	29,647	26,085	(577)	930	353
Net Assets - Beginning of year	176,642	274,748	451,390	177,219	273,818	451,037
Net Assets - End of year	**$ 173,080**	**$ 304,395**	**$ 477,475**	**$ 176,642**	**$ 274,748**	**$ 451,390**

See notes to financial statements.

Statement of Cash Flows

Years Ended June 30, 2023 and 2022
(Dollars in Thousands)

	2023	2022
Cash Flows from Operating Activities		
Increase in net assets	$ 26,085	$ 353
Adjustments to reconcile increase in net assets to net cash and cash equivalents from operating activities:		
Depreciation	7,981	7,022
Gifts and grants to be held in perpetuity	(4,061)	(18,466)
Net realized and unrealized capital (gains) losses on investments	(23,226)	15,497
Change in value of cash surrender value of life insurance	(64)	(7)
Change in value of tuition gift certificates and units redeemed	(512)	(347)
Change in value of postretirement health benefit liability	(630)	(2,671)
Change in value of split-interest agreements	(259)	(598)
Perkins Loan administrative cost charge	(13)	(9)
Student loans collected	249	397
Loss on sale of property and equipment	56	526
Amortization of bond premium and debt issue costs	(300)	(281)
Changes in operating assets and liabilities that provided (used) cash and cash equivalents:		
Accounts receivable	245	4,740
Other assets	317	(236)
Accounts payable	1,320	(893)
Accrued compensation and other liabilities	(1,376)	2,567
Deferred tuition and fees	393	(301)
Deferred grant revenue	(6,115)	(1,131)
Amounts held for other organizations	131	(10)
Net cash and cash equivalents provided by operating activities	221	6,152
Cash Flows from Investing Activities		
Purchase of property and equipment	(10,633)	(10,480)
Proceeds from disposition of property and equipment	-	2,674
Purchases of investments	(49,695)	(67,371)
Proceeds from sales and maturities of investments	62,445	56,771
Net cash and cash equivalents provided by (used in) investing activities	2,117	(18,406)
Cash Flows from Financing Activities		
Gifts and grants to be held in perpetuity	4,061	18,466
Payments on debt	-	(8)
Federal Perkins Loan repayments	(476)	(180)
Tuition gift certificates sold	257	188
Annuity and trust contracts received	892	511
Annuity and trust beneficiary payments	(712)	(745)
Net cash and cash equivalents provided by financing activities	4,022	18,232
Net Increase in Cash and Cash Equivalents	6,360	5,978
Cash and Cash Equivalents - Beginning of year	32,532	26,554
Cash and Cash Equivalents - End of year	**$ 38,892**	**$ 32,532**
Supplemental Cash Flow Information - Cash paid for interest	$ 2,970	$ 2,636

Note 1 - Nature of Business

Calvin University (the "University" or Calvin), founded in 1876, is an educational institution of the Christian Reformed Church of North America (CRCNA) and has its primary residential campus located in Grand Rapids, Michigan; additional campuses are located at Handlon Correctional Facility in Ionia, Michigan and the Lumina campus in Hong Kong. Dedicated to rigorous intellectual inquiry, Calvin students study the liberal arts and select from a broad range of majors and professional programs. The University fosters scholarship that creates new knowledge, performs creative work, and sustains natural and cultural resources. A Calvin education, marked by scholarly engagement with enduring questions and emerging concerns, prepares students to think deeply, act justly, and live wholeheartedly as Christ's agents of renewal in the world.

The University generates its operating revenue primarily from student tuition, auxiliary services, and contributions.

Note 2 - Significant Accounting Policies

Basis of Presentation

The financial statements of the University have been prepared on the basis of generally accepted accounting principles (GAAP). The financial statements of the University have been prepared on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Risks and Uncertainties

The University invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Revenue Recognition

During 2023 and 2022, the University recognized revenue from tuition of $44,806 and $49,587, respectively, and from room and board of $16,945 and $16,167, respectively. Revenue for tuition and fees, net of tuition discounts, room and board, and other revenue, is recognized ratably over the applicable enrollment period or as earned. The nature, amount, timing, and uncertainty of the University's tuition and room and board revenue vary depending on the following factors:

- Student's enrollment status (e.g., undergraduate, graduate, part-time, or full-time)

- Scholarships and aid

- Room and board selections

For the year ended June 30, 2023, the closing balances of the University's student accounts receivable and unearned revenue were $1,346 and $3,195, respectively. For the year ended June 30, 2022, the beginning balances of the University's student accounts receivable and unearned revenue were $890 and $2,565, respectively, and the closing balances were $825 and $2,264, respectively.

Note 2 - Significant Accounting Policies (Continued)

Timing of Satisfaction

The University typically satisfies its performance obligations over time as services are rendered because students typically obtain the benefits of such services as the services are performed. The University typically uses days elapsed during the semester to measure progress towards completion of performance obligations satisfied over time.

In some cases, the time required to render a service is trivially short; in those cases, the University satisfies its performance obligation upon completion of the service. The service is complete upon transfer of control to the service, which is based upon when the University has right to payment and the student has accepted the service.

Significant Payment Terms

Payment for tuition and fees is typically due by the start of the semester. Invoices become available at least six weeks prior to the start of the semester. Payment for other services is typically due within 30 days after an invoice is sent. Invoices for other services are typically sent as soon as the service is completed. The University does not offer discounts if the student pays some or all of an invoice amount prior to the due date. Payment early in the applicable semester or service period is reflected as unearned revenue, while payment late in the applicable semester or service period is reflected as contract assets, which may include student accounts receivable.

Transaction Price

The transaction price of a contract with a student is the amount of consideration to which the University expects to be entitled in exchange for transferring promised services to the student.

To determine the transaction price of a contract, the University considers its customary business practices and the terms of the contract. For the purpose of determining transaction prices, the University assumes that the services will be transferred to the student as promised in accordance with the existing contracts and that the contracts will not be canceled, renewed, or modified.

For tuition and fees, the amount of consideration to which the University will be entitled is variable as long as a student can withdraw from the semester and receive a refund. The University excludes estimated refunds from the transaction price (and from the disclosure of the amounts of transaction prices allocated to remaining performance obligations). The University also maintains appropriate accounts to reflect the effects of expected refunds on the University's financial position and periodically adjusts those accounts to reflect its actual refund experience. The University estimates refunds using historical and projected refund and enrollment trends.

At the end of each fiscal year, the University updates the estimated transaction prices of contracts having unsatisfied performance obligations. At those times, revenue and related account balances are adjusted to reflect any changes in transaction prices.

Scholarship Discounts and Allowances

Student tuition and fee revenue, as well as certain other revenue from students, is reported net of scholarship discounts and allowances in the statement of activities and changes in net assets. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as federal, state, or nongovernmental programs, are recorded as either operating or nonoperating revenue in the University's financial statements. To the extent that revenue from such programs is used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance.

Note 2 - Significant Accounting Policies (Continued)

Measure of Operations

The University's measure of operations, as presented in the statement of activities and changes in net assets, includes revenue from tuition (net of certain institutional financial aid and discounts) and fees, grants and contracts, auxiliary activities (room and board), contributions for operating programs, and other revenue. Operating expenses are reported on the statement of activities and changes in net assets by functional classification.

The University’s nonoperating activity within the statement of activities and changes in net assets includes long-term benefit plan obligation funding changes and amounts dedicated to future capital projects. These activities are not considered part of the University's operating cycle.

Cash and Cash Equivalents

The University considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. The University has cash equivalents included in its investment portfolio that are combined with total investments.

The University considers all cash and any other assets that can be converted into cash to be financial assets for liquidity purposes.

Concentration of Credit Risk

The University maintains cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. The accounts, at times, exceed federally insured limits. The University evaluates the financial institutions with which it deposits funds; however, it is not practical to insure all cash deposits. The University has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to cash deposits.

Investments and Investment Returns

Investments in equity and debt securities are reported at fair value. Other investments are valued at estimated fair value. See Note 4 for methods and assumptions used by the University in estimating fair value of investments.

Investment returns include dividend, interest, and other investment income and realized and unrealized gains and losses on investments carried at fair value.

Investment returns that are initially restricted by donor stipulation and for which the restriction will be satisfied in the same year are included in net assets without donor restrictions. Other investment returns are reflected in the statement of activities and changes in net assets as without donor restrictions or with donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

Note 2 - Significant Accounting Policies (Continued)

Loans and Notes Receivable

Student loans receivable are carried at unpaid principal balances less an allowance for uncollectible loans. The University considers a loan to be in default when it has been past due for a period of nine months. Past-due accounts are subject to internal collection efforts for a period of one year and are subsequently placed with third-party collection agencies for another year. If an account is still delinquent after the two-year collection period, the loan is assigned to the Department of Education, in the case of Federal Perkins Loans, or written off, in the case of institutional loans. The allowance for uncollectible accounts is calculated as the average of the outstanding loan balance multiplied by the cohort default rate and one-half of Federal Perkins Loans in default and one-half of institutional loans in default. The University has recorded an allowance for uncollectible loans of $249 and $275 as of June 30, 2023 and 2022, respectively. The Federal Perkins Loan Program has provisions for deferment, forbearance, and cancellation of individual loans. The deferment and forbearance provisions of the Federal Perkins Loan Program are generally applied to institutional loans as well. Interest continues to accrue while the loan is placed with a collection agency.

The Federal Perkins Loan Program expired as of September 30, 2017. As of June 30, 2023, the University has made $461 in institutional capital contributions, which are reflected as part of the University’s refundable Federal Perkins Loan advances. Under current guidance issued by the Department of Education, at the time the University liquidates the loan portfolio and assigns the student loans to the Department of Education, the University will be forgoing its institutional capital contribution not yet received back through loan collections.

Accounts Receivable

Accounts receivable include student accounts receivable and other receivables. Student accounts receivable are reported net of any anticipated losses due to uncollectible accounts. The collectibility of individual accounts is evaluated at the close of each fiscal year, and the allowance for uncollectible accounts is adjusted to a level that, in management's judgment, is adequate to absorb potential losses inherent to the receivable portfolio. The allowance as of June 30, 2023 and 2022 totaled $325 and $300, respectively.

Property and Equipment

Land, buildings, and equipment are recorded at cost on the date of purchase or at fair market value at the date of donation. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets, which is 7 to 80 years for buildings and improvements and 3 to 15 years for furniture and equipment. Costs of maintenance and repairs are charged to expense when incurred.

Contributions

Contributions of cash and other financial assets, including unconditional promises to give in the future, are reported as revenue when received, measured at fair value. Donor promises to give in the future are recorded at the present value of estimated future cash flows. Contributions resulting from split-interest agreements, measured at the time the agreements are entered, are based on the difference between the fair value of the assets received or promised and the present value of the obligation to the third-party recipient(s) under the contract.

Contributions without donor-imposed restrictions and contributions with donor-imposed time or purpose restrictions that are met in the period in which the gift is received are both reported as contributions without donor restrictions.

Note 2 - Significant Accounting Policies (Continued)

Classification of Net Assets

Net assets of the University are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the University.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the University or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

Government Grants

The University has been awarded several grants from the federal and state governments. Grant revenue is considered a nonexchange transaction and is recognized as the conditions of the grants have been met. Grant funding received in advance of conditions being met is recorded as deferred revenue. Government grant awards available for which conditions have not yet been met as of June 30, 2023 and 2022 totaled $3,389 and $5,610, respectively.

Functional Allocation of Expenses

Costs of providing the program and support services have been reported on a natural classification and functional basis in Note 16.

Fundraising costs are charged to expense as incurred. Total fundraising costs totaled approximately $2,836 and $2,590 for the years ended June 30, 2023 and 2022, respectively, and are included within institutional support on the statement of activities and changes in net assets. The financial statements include certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Allocations performed within the financial statements include fringe benefit expenses, federal work-study reimbursement, capitalized expenses, interest, depreciation, and facilities expenses. Fringe benefit expenses are allocated based on the relative salaries and wages of the function. Federal work-study reimbursements are allocated based on student wages. All other costs are allocated based on square footage of departments. Costs have been allocated between the various program and support services based on estimates determined by management. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Taxes

The University is a not-for-profit corporation and is exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3).

Reclassification

Certain 2022 amounts have been reclassified to conform to the 2023 presentation relating to $28,908 of cash and cash equivalents that were reclassified from investments to cash and cash equivalents on the balance sheet. This reclassification did not impact the statement of activities.

Note 2 - Significant Accounting Policies (Continued)

Upcoming Accounting Pronouncement

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments*. The ASU includes changes to the accounting and measurement of financial assets, including the University's accounts receivable, by requiring the University to recognize an allowance for all expected losses over the life of the financial asset at origination. This is different from the current practice where an allowance is not recognized until the losses are considered probable. The new guidance will be effective for the University's year ending June 30, 2024. Upon adoption, the ASU will be applied using a modified retrospective transition method to the beginning of the earliest period presented.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including October 25, 2023, which is the date the financial statements were available to be issued.

Note 3 - Beneficial Interest and Obligations Under Split-interest Agreements

The University is the beneficiary of certain trusts held in trust by others, which represent resources neither in the possession nor under the control of the University but held in perpetuity and administered by outside trustees, with the University deriving income from a portion of the assets held in such trusts. The beneficial interests (market value of assets) related to these agreements totaled $576 and $580 at June 30, 2023 and 2022, respectively, and are included in other assets on the balance sheet. The present value is computed using discount rates ranging from 2.2 to 8.2 percent.

The University is party to split-interest agreements with certain donors. These agreements include contracts entered into with certain donors and trust agreements from which the University benefits (charitable remainder unitrusts and irrevocable trusts). Under each agreement, the donor has contributed funds to be held in trust, with the University as the beneficiary. As a condition of accepting the gift, the University is required to pay a specified amount each year to the donor or a designated beneficiary until his or her death. Upon death of the beneficiaries, the remaining funds become the property of the University. The beneficial interests (market value of assets) related to these agreements totaled $8,761 and $8,690 at June 30, 2023 and 2022, respectively, and are included in investments. The University has recorded a liability at June 30, 2023 and 2022 of $5,760 and $5,806, respectively, which represents the present value of the future beneficiary obligations.

Obligations under split-interest agreements represent the present value of payments to beneficiaries required under the agreements. The present value is computed based on the normal life expectancy of beneficiaries using discount rates ranging from 2.2 to 8.2 percent.

The University has been the recipient of several gift annuities that require future payments to the donor or their named beneficiaries. The assets received from the donor are recorded at fair value. The University has recorded a liability at June 30, 2023 and 2022 of $1,149 and $1,182, respectively, which represents the present value of the future annuity obligations. The liability has been determined using the present value based on interest rates in place at the date established, with rates ranging from 4.1 to 10.1 percent and the normal life expectancy of the annuity beneficiaries. The beneficial interests (market value of invested assets) related to these gift annuities totaled $2,479 and $2,320 at June 30, 2023 and 2022, respectively, and are included in investments.

Note 4 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the University has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management’s own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The University's assessment of the significance of particular inputs to these fair value measurements requires judgment and considered factors specific to each asset.

Investments measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

(Dollars in Thousands)

Note 4 - Fair Value Measurements (Continued)

The following tables present information about the University's assets measured at fair value on a recurring basis at June 30, 2023 and 2022 and the valuation techniques used by the University to determine those fair values:

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2023			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2023
Assets				
Investments:				
Cash and cash equivalents	$ 28,578	$ -	$ -	$ 28,578
U.S. equity	84,235	-	-	84,235
Non-U.S. equity	19,954	-	-	19,954
Investment-grade fixed income	89,128	-	-	89,128
Other fixed income	15,169	1,398	-	16,567
Investments measured at net asset value:				
U.S. equity				11,615
Non-U.S. equity				16,217
Hedge funds				10,177
Private credit				6,059
Private equity				36,502
Total investments owned directly	237,064	1,398	-	319,032
Assets held in annuities and trusts - Investments measured at net asset value				11,240
Other assets - Beneficial interest in trusts				576
Total investments	$ 237,064	$ 1,398	$ -	$ 330,848

(Dollars in Thousands)

Note 4 - Fair Value Measurements (Continued)

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2022			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2022
Assets				
Investments:				
Cash and cash equivalents	$ 17,837	$ -	$ -	$ 17,837
U.S. equity	77,709	-	-	77,709
Non-U.S. equity	18,823	-	-	18,823
Investment-grade fixed income	78,160	-	-	78,160
Other fixed income	21,584	2,714	-	24,298
Tactical Tilts	7,322	-	-	7,322
Investments measured at net asset value:				
U.S. equity				11,312
Non-U.S. equity				15,264
Hedge funds				9,945
Private credit				4,068
Private equity				44,048
Total investments owned directly	221,435	2,714	-	308,786
Assets held in annuities and trusts - Investments measured at net asset value				11,010
Other assets - Beneficial interest in trusts	-	-	580	580
Total investments	$ 221,435	$ 2,714	$ 580	$ 320,376

The University also holds a certain service entity equity investment valued at $5,445 as of June 30, 2023 and 2022 that is excluded from the tables above and is disclosed in Note 10.

The fair value of the beneficial interest in trusts included in the fair value tables is based on the market value of the trust assets, with the University as the 100 percent beneficiary of the trust, and also IRS-published tables for the life expectancy of the beneficiaries, which range from 10 to 30 years.

Investments in Entities that Calculate Net Asset Value per Share

The University holds shares or interests in investment companies at year end where the fair value of the investment held is estimated based on net asset value per share (or its equivalent) of the investment company.

(Dollars in Thousands)

Note 4 - Fair Value Measurements (Continued)

At year end, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Investments Held at June 30, 2023	
	Fair Value	Unfunded Commitments
Private equity funds (a)	$ 42,561	$ 21,656
Hedge funds (b)	10,177	-
Multimanager growth funds (c)	27,832	-
Total	$ 80,570	$ 21,656

	Investments Held at June 30, 2022	
	Fair Value	Unfunded Commitments
Private equity funds (a)	$ 48,116	$ 18,737
Hedge funds (b)	9,945	-
Multimanager growth funds (c)	26,576	-
Total	$ 84,637	$ 18,737

The investments held at net asset value are ineligible for redemption and, accordingly, do not have a redemption notice period.

(a) *Private equity fund of funds* - The purpose is to provide endowment funds and nonprofit organizations the opportunity to invest in private limited partnerships, which, in turn, make investments in non-traded companies that are generally not publicly listed at the time of investment. The partnerships may also invest in operating companies as direct investment or coinvestment opportunities.

(b) *Hedge funds* - This category includes investments in hedge funds that invest in both liquid and illiquid assets to generate positive returns and diversify risk. Management of these funds employs a variety of strategies and has the ability to shift investments based on market, economic, political, and government-driven events. The fair values of the investments in this category have been estimated using net asset value per share of the investments. These investments can be redeemed with varying liquidity terms and redemption schedules.

(c) *Multimanager growth funds* - The purpose is to provide long-term capital growth to endowment funds and nonprofit organizations. These funds invest in a portfolio of equity investments in small capitalization issuers domiciled in the U.S. and large capitalization issuers domiciled internationally or whose securities are principally traded in the U.S. and internationally. The equity investments may include common stock, preferred stock, securities convertible into common stock, warrants, rights, and American and international depositary receipts. These funds use a multimanager approach and generally seek to achieve their investment objective by dynamically allocating their assets among multiple investment managers who are unaffiliated with the investment advisor. Pricing is marked daily at net asset value, which is the fair market value less any liabilities held by the fund.

(Dollars in Thousands)

Note 5 - Contributions Receivable

The University has accepted contributions receivable for plant construction, endowment growth, debt repayment, academic enrichment, research, financial aid, and the Calvin Annual Fund. Unconditional promises to give are reflected at the present value of estimated future cash flows using an average discount rate of 3.4 percent at June 30, 2023 and 2022. The average discount rate is calculated using the daily treasury yield curve based on the date of the gift received and the period of payment. Pledges are analyzed annually before year end for collectibility and written off at that time if deemed uncollectible; therefore, no allowance is recorded as of June 30, 2023 and 2022.

Included in contributions receivable are several unconditional promises to give generated from a capital campaign. They are included as follows:

	2023	2022
Contributions collectible in less than one year	$ 11,007	$ 5,047
Contributions collectible in one to five years	220	7,416
Contributions collectible in greater than five years	878	997
Less present value discount	(472)	(604)
Net contributions receivable	$ 11,633	$ 12,856

Note 6 - Property and Equipment

Property and equipment are summarized as follows:

	2023	2022
Land	$ 5,857	$ 5,857
Land improvements	1,172	1,172
Buildings and improvements	243,992	232,904
Furniture and equipment	79,767	71,740
Construction in progress	8,367	16,923
Total cost	339,155	328,596
Less accumulated depreciation	131,968	124,004
Net property and equipment	$ 207,187	$ 204,592

Depreciation expense for 2023 and 2022 was $7,981 and $7,022, respectively.

The University has approximately $5,800 in construction commitments related to its construction in progress projects as of June 30, 2023.

Note 7 - Tuition Gift Certificate Program

The University has established a tuition gift certificate program to provide for the prepayment of tuition on behalf of a specified potential student, with the option to reassign the gift certificate to another potential student. The cost of a unit is 1.0 percent of the current year's tuition for full-time enrollment. The relative value of the units purchased remains constant with any future rate increases. The University records the purchase price of the certificate in other liabilities on the balance sheet and recognizes the student tuition revenue and fees in the year the certificate is redeemed. An adjustment is made annually to carry the liability of total outstanding units at the current unit price. This adjustment, which is the result of changes in tuition rates, is reflected in the financial statements as an offset to investment income. In the event the certificate expires without reassignment, the funds will be recognized as a contribution to the University.

(Dollars in Thousands)

Note 7 - Tuition Gift Certificate Program (Continued)

	Units	Amounts
Balance at July 1, 2021	10,658	$ 4,049
Units sold	494	188
Units redeemed	1,015	(386)
Change in unit price of tuition certificates		39
Balance at June 30, 2022	10,137	3,890
Units sold	670	257
Units redeemed	1,334	(512)
Change in unit price of tuition certificates		-
Balance at June 30, 2023	9,473	$ 3,635

Note 8 - Line of Credit

The University holds a $10,000 unsecured line of credit for general operating purposes at a LIBOR-based rate, which matures in November 2023. There was no outstanding balance on the line of credit at June 30, 2023 and 2022.

Note 9 - Long-term Debt

Long-term debt at June 30 is as follows:

	2023	2022
During 2021, the University issued $63,855 of MFA Revenue Refunding Bonds Series 2021, issued at a premium of $9,567, due serially each September 1 in amounts ranging from $975 in 2030 to $3,165 in 2041, with term bonds due in amounts ranging from $17,875 in 2046 to $5,000 in 2050. The bonds were issued at fixed rates of 4.00 and 5.00 percent per annum, payable monthly. The premium is amortized over the life of the bonds	$ 72,784	$ 73,103
UMB taxable debt, a direct bank purchase obligation, due monthly beginning on September 1, 2023 in amounts ranging from $135 in 2023 to $145 in 2027. The debt was issued at a fixed rate of 2.14 percent per annum, payable monthly	12,815	12,815
Unamortized debt issuance costs	(685)	(704)
Long-term debt less unamortized debt issuance costs	$ 84,914	$ 85,214

(Dollars in Thousands)

Note 9 - Long-term Debt (Continued)

The balance of the above debt matures as follows:

Years Ending	Amount
2024	$ 1,357
2025	1,661
2026	1,697
2027	1,733
2028	1,771
Thereafter	68,451
Unamortized debt discount	(685)
Unamortized debt premium	8,929
Total	$ 84,914

Interest expense for 2023 and 2022 was $2,655 and $2,343, respectively.

Note 10 - Related Party Transactions

The University has a 47.0 and 47.4 percent interest in Creative Dining Services, Inc. as of June 30, 2023 and 2022, respectively, which is reported using the equity method and included in investments of the University. Creative Dining Services, Inc. provides catering services to the west Michigan area and several other midwestern states. Services acquired from Creative Dining Services, Inc. totaled $8,504 and $7,129 for the years ended June 30, 2023 and 2022, respectively.

The University provides a plan through which employees enrolled in courses at the University can receive tuition waivers. Such individuals must meet certain employment and academic requirements. Employees' dependents enrolled at the University can also receive tuition remission. Benefits under the plan do not vest. Total tuition charges waived under the plan during the years ended June 30, 2023 and 2022 totaled $2,502 and $2,868, respectively.

The University provides various services to Calvin Theological Seminary (the Seminary of the CRCNA), which is located adjacent to the University on property owned by the University. Various costs are allocated between the University and the seminary. The seminary paid the University a monthly amount of $59 for these services rendered in 2023 and 2022. The seminary also reimburses the University for costs paid by the University on behalf of the seminary. At June 30, 2023 and 2022, the University had receivables from the seminary in the amounts of $227 and $112, respectively.

Note 11 - Employees' Retirement Plans

The University provides a defined contribution plan that covers substantially all full-time employees. Employees may also make voluntary contributions to this plan up to the limits allowed by law. During fiscal year 2023, the University contributed a fixed 6 percent and an additional matching contribution up to 2 percent of participants' salaries. During fiscal year 2022, the University made contributions ranging from 2.5 to 4 percent and an additional matching contribution up to 2 percent of the participants’ salaries. These contributions were made monthly to the Teachers Insurance and Annuity Association. The University's total contribution was approximately $2,869 and $1,182 for the years ended June 30, 2023 and 2022, respectively. All contributions vest immediately.

(Dollars in Thousands)

Note 12 - Net Assets

Net assets released from net assets with donor restrictions consist of the following:

	2023	2022
Instructional	$ 2,326	$ 1,835
Research	1,043	840
Public service	8,892	6,719
Academic support	1,020	1,121
Student services	1,235	311
Institutional support	132	-
Operation and maintenance of plant	2	-
Financial aid	5,449	4,835
Fixed assets capitalized	1,410	943
Donor redesignation of restriction	5,069	613
Total net assets released from restrictions	$ 26,578	$ 17,217

Net assets without donor restrictions consist of the following as of June 30:

	2023	2022
Net assets without donor restrictions:		
Available for operations	$ 21,881	$ 27,320
University-designated for loan funds	93	132
Board-designated endowments	27,958	27,101
Gift portion of annuities held in the annuity fund	1,357	1,168
Investment in and funds designated for property and equipment - Net of related debt	121,791	120,921
Total net assets without donor restrictions	$ 173,080	$ 176,642

Net assets with donor restrictions as of June 30 are available for the following purposes:

	2023	2022
Net assets with donor restrictions:		
Available for donor-specific projects and activities	$ 66,405	$ 40,155
Accumulated unappropriated earnings on endowments	59,191	51,293
Charitable remainder unitrusts	3,577	4,539
Endowments	175,222	178,761
Total net assets with donor restrictions	$ 304,395	$ 274,748

Note 13 - Donor-restricted and Board-designated Endowments

The University's endowment includes both donor-restricted endowment funds and funds designated by the board of trustees to function as endowments. Net assets associated with endowment funds, including funds designated by the board of trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

(Dollars in Thousands)

Note 13 - Donor-restricted and Board-designated Endowments (Continued)

Interpretation of Relevant Law

The University is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the board of trustees appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The board of trustees of the University had interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the University considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The University has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with UPMIFA, the University considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the University and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the University
- The investment policies of the University

	Endowment Net Asset Composition by Type of Fund as of June 30, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 27,958	$ -	$ 27,958
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	175,222	175,222
Accumulated investment gains	-	59,191	59,191
Total donor-restricted endowment funds	-	234,413	234,413
Total	$ 27,958	$ 234,413	$ 262,371

(Dollars in Thousands)

Note 13 - Donor-restricted and Board-designated Endowments (Continued)

	Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	$ 27,101	$ 230,054	$ 257,155
Investment return	1,772	14,860	16,632
Contributions	181	4,061	4,242
Appropriation of endowment assets for expenditure	(1,096)	(9,193)	(10,289)
Other changes - Transfers to create board-designated endowment funds	-	(5,369)	(5,369)
Endowment net assets - End of year	$ 27,958	$ 234,413	$ 262,371

	Endowment Net Asset Composition by Type of Fund as of June 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 27,101	$ -	$ 27,101
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	178,761	178,761
Accumulated investment gains	-	51,293	51,293
Total donor-restricted endowment funds	-	230,054	230,054
Total	$ 27,101	$ 230,054	$ 257,155

	Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	$ 28,810	$ 228,155	$ 256,965
Investment return	(1,317)	(11,177)	(12,494)
Contributions	-	18,466	18,466
Appropriation of endowment assets for expenditure	(850)	(7,215)	(8,065)
Other changes - Transfers to create board-designated endowment funds	458	1,825	2,283
Endowment net assets - End of year	$ 27,101	$ 230,054	$ 257,155

Note 13 - Donor-restricted and Board-designated Endowments (Continued)

Underwater Endowment Funds

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 UPMIFA requires the University to retain as a fund of perpetual duration. Deficiencies of this nature exist in donor-restricted endowment funds, which together have an original gift value of $352 and $20,593, a current fair value of $309 and $19,361, and a deficiency of $43 and $1,232 as of June 30, 2023 and 2022, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new contributions for donor-restricted endowment funds and continued appropriation for certain programs that was deemed prudent by the board of trustees.

Return Objectives and Risk Parameters

The University has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain and grow the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the University must hold in perpetuity or for a donor-specified period, as well as board-designated funds. Under this policy, as approved by the board of trustees, the endowment assets are invested in a manner that will achieve the stated endowment objectives within the constraints of a prudent level of investment risk.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the University relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The University targets a diversified asset allocation that places a greater emphasis on equity-based investments and private assets to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The University has a policy of appropriating for distribution each year a certain percentage of its endowment fund's average fair value over the prior 12 quarters leading up to the fiscal year end one year prior to the fiscal year end in which the distribution is planned. The spending rate was 4.5 percent for most endowments and 7.0 percent on selected endowments that provide funding for operations for the year ended June 30, 2023. The spending rate was 4.5 percent on all endowments for the year ended June 30, 2022. The endowment spending rate is evaluated on an annual basis with the objective of managing the spending rate to maintain and grow the purchasing power of endowment assets in the long term.

Note 14 - Postretirement Health Benefit Plans

The University offers a Retiree Health Plan (the "Plan"), which was amended during 2013. Each employee who, as of September 1, 2014, has at least 10 full years of full-time service to the University is eligible for benefits under the amended Plan if the employee retires from the University after attaining at least age 62. The Plan is unfunded.

A retiree's benefit under the Plan is an annual contribution by the University to the retiree's health reimbursement account (HRA). The retiree can use the amounts contributed to the retiree's HRA to purchase retiree health coverage on a retiree health exchange.

(Dollars in Thousands)

Note 14 - Postretirement Health Benefit Plans (Continued)

The University's annual contribution to a retiree's HRA is called a stipend. The number of years that the University will provide a stipend to the retiree depends on the retiree's years of full-time service for the University as of September 1, 2014:

- If the retiree had at least 20 years of full-time service as of September 1, 2014, the stipend is provided for the retiree's lifetime.
- If the retiree had 10 to 19 years of full-time service as of September 1, 2014, the stipend is paid for the same number of years as the retiree's years of full-time service as of September 1, 2014.
- No stipend is provided if the retiree had less than 10 years of full-time service as of September 1, 2014.

The amount of a retiree's annual stipend is determined as follows:

- Retirees as of September 1, 2014 - $2 for retiree and $2 for spouse
- Current employees (regardless of age) who have at least 20 years of full-time service (determined as of September 1, 2014) - $2 for employee/retiree and $1.50 for spouse
- Current employees who are at least age 60 and have 10 to 19 years of full-time service (both determined as of September 1, 2014) - $2 for employee/retiree and $1.50 for spouse
- Current employees who are less than age 60 and have 10 to 19 years of full-time service (both determined as of September 1, 2014) - $1.50 for employee/retiree and $0 for spouse

The actuarial valuations as of June 30, 2023 and 2022 took into consideration the changes in the Plan due to the amended Retiree Health Plan adopted by the University.

The following is a reconciliation of the accrued postretirement benefit liability as of June 30, 2023 and 2022:

	2023	2022
Accumulated benefit obligation at beginning of the fiscal year	$ 9,952	$ 12,623
Service cost	41	66
Interest cost	409	293
Change due to plan change and change in assumptions	(208)	(2,145)
Benefits paid	(872)	(885)
Accumulated benefit obligation at end of the fiscal year	$ 9,322	$ 9,952

At June 30, 2023 and 2022, the University used discount rates of 4.75 and 4.50 percent, respectively, in accounting for the postretirement benefit obligation.

As this is a fixed-stipend plan, inflation and changes in medical health care cost trends are not considered for this valuation.

No contributions other than those needed to pay current retiree benefits are expected.

(Dollars in Thousands)

Note 14 - Postretirement Health Benefit Plans (Continued)

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

Fiscal Years Ending	Pension Benefits
2024	$ 873
2025	843
2026	819
2027	792
2028	772
2029-2033	3,446

Note 15 - Liquidity and Availability of Resources

The following reflects the University's financial assets as of June 30, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

Amounts not available include amounts set aside for long-term investing in the quasi endowment that could be drawn upon if the governing board approves that action. However, amounts already appropriated from either the donor-restricted endowment or quasi endowment for general expenditure within one year of the balance sheet date have not been subtracted as unavailable.

	2023	2022
Cash and cash equivalents	$ 38,892	$ 32,532
Investments	335,717	325,241
Accounts and loans receivable	4,136	3,404
Contributions receivable	11,633	12,856
Financial assets - At year end	390,378	374,033
Less assets unavailable for general expenditures:		
Contributions receivable restricted by donor with time or purpose restrictions	10,648	12,730
Investments with donor restrictions	285,206	266,087
Investments held in trust	576	580
Financial assets available to meet cash needs for general expenditures within one year	$ 93,948	$ 94,636

None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date.

The University is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the University must maintain sufficient resources to meet those responsibilities to its donors.

The University has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the University invests cash in excess of daily requirements in various short-term investments, including certificates of deposit and short-term treasury instruments.

The University also realizes there could be unanticipated liquidity needs and therefore, has a committed line of credit in the amount of $10,000 at June 30, 2023 and 2022 that it could draw upon if needed, as further described in Note 8.

(Dollars in Thousands)

Note 15 - Liquidity and Availability of Resources (Continued)

Included within the financial assets available to meet cash needs for general expenditures within one year of the balance sheet date are board-designated endowments of $27,958 and $27,101 at June 30, 2023 and 2022, respectively. Although the University does not intend to spend from its board-designated endowment, with the exception of amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its board-designated endowment could be made available if necessary.

Based on the approved spending rate for fiscal year 2024, approximately $2,100 of appropriations from the donor-restricted endowment will be available within the next 12 months, which is reflected in the table above.

The University's endowment funds consist of donor-restricted endowments of $234,413 and $230,054 at June 30, 2023 and 2022, respectively. Income from donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditures.

Note 16 - Functional Expenses

Expenses by functional classification for the year ended June 30, 2023 consist of the following:

	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support	Auxiliaries	Total
Salaries and wages	$ 22,451	$ 930	$ 2,382	$ 4,858	$ 8,530	$ 7,547	$ 1,978	$ 48,676
Employee benefits	7,118	102	649	1,522	2,561	2,523	330	14,805
Food service	-	-	-	-	-	-	8,486	8,486
Repairs, maintenance, and utilities	1,645	35	12	1,659	1,180	924	1,437	6,892
Equipment, supplies, and books	928	153	185	1,116	1,436	443	282	4,543
Travel and off-campus programs	1,643	77	718	64	1,429	435	9	4,375
Professional services, advertising, and other	3,350	394	5,206	476	3,615	6,063	38	19,142
Depreciation	2,356	42	-	639	1,707	128	3,109	7,981
Interest	784	14	-	212	568	43	1,034	2,655
Total	$ 40,275	$ 1,747	$ 9,152	$ 10,546	$ 21,026	$ 18,106	$ 16,703	$ 117,555

(Dollars in Thousands)

Note 16 - Functional Expenses (Continued)

Expenses by functional classification for the year ended June 30, 2022 consist of the following:

	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support	Auxiliaries	Total
Salaries and wages	$ 20,773	$ 1,401	$ 2,317	$ 4,604	$ 7,406	$ 6,061	$ 1,890	$ 44,452
Employee benefits	7,081	288	745	1,593	2,389	1,875	295	14,266
Food service	-	-	-	-	-	-	7,129	7,129
Repairs, maintenance, and utilities	1,486	33	4	1,587	1,064	826	1,810	6,810
Equipment, supplies, and books	682	80	252	993	1,116	180	230	3,533
Travel and off-campus programs	1,409	73	309	49	1,058	94	3	2,995
Professional services, advertising, and other	3,073	268	3,952	57	6,635	4,790	128	18,903
Depreciation	2,078	37	-	560	1,506	115	2,726	7,022
Interest	488	14	-	210	565	43	1,023	2,343
Total	$ 37,070	$ 2,194	$ 7,579	$ 9,653	$ 21,739	$ 13,984	$ 15,234	$ 107,453

Supplemental Information

Plante & Moran, PLLC
Suite 400
634 Front Avenue N.W.
Grand Rapids, MI 49504
Tel: 616.774.8221
Fax: 616.774.0702
plantemoran.com

Independent Auditor's Report on Supplemental Information

To the Board of Trustees
Calvin University

We have audited the financial statements of Calvin University (the "University") as of and for the years ended June 30, 2023 and 2022 and have issued our report thereon dated October 25, 2023, which contained an unmodified opinion on those financial statements. Our audits were conducted for the purpose of forming an opinion on the 2022 financial statements as a whole. The combining balance sheet is presented for the purpose of additional analysis and is not a required part of the financial statements. Additionally, the accompanying financial responsibility supplemental schedule is presented for the purpose of additional analysis, as required by Title 34 U.S. Code of Federal Regulations (CFR) Section 668.172, *Department of Education Financial Ratios*. 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 audits 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.

Plante & Moran, PLLC

October 25, 2023

PRAXITY™ Empowering Business Globally

Combining Balance Sheet

Year Ended June 30, 2023
(with comparative totals for June 30, 2022)

	Unrestricted Fund	Restricted Fund	Loan Fund	Endowment Fund	Plant Fund	Annuity Fund	Trust Fund	Agency Fund	Total	2022
Assets										
Cash and cash equivalents	$ 38,625	$ -	$ 267	$ -	$ -	$ -	$ -	$ -	$ 38,892	$ 32,532
Investments	20,758	24,030	-	253,705	26,066	2,479	8,679	-	335,717	325,241
Accounts receivable	1,804	1,673	11	-	-	-	576	159	4,223	3,168
Interfund due (to) from	(21,238)	25,825	90	(118)	(5,348)	26	82	681	-	-
Contributions receivable	107	2,326	-	7,193	2,007	-	-	-	11,633	12,856
Other assets	1,837	16	-	1,591	-	-	-	-	3,444	3,697
Loans and notes receivable - Net	-	-	489	-	-	-	-	-	489	816
Property and equipment	-	-	-	-	207,187	-	-	-	207,187	204,592
Total assets	**$ 41,893**	**$ 53,870**	**$ 857**	**$ 262,371**	**$ 229,912**	**$ 2,505**	**$ 9,337**	**$ 840**	**$ 601,585**	**$ 582,902**
Liabilities and Net Assets										
Liabilities										
Accounts payable	$ 4,287	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,287	$ 2,967
Deferred revenue	3,337	1,959	-	-	-	-	-	327	5,623	11,345
Annuity and trust obligations	-	-	-	-	-	1,149	5,760	-	6,909	6,988
Deposits	-	-	-	-	-	-	-	513	513	382
Tuition gift certificates	3,635	-	-	-	-	-	-	-	3,635	3,890
Accrued liabilities and other:										
Accrued compensation	3,963	55	-	-	-	-	-	-	4,018	4,177
Other accrued liabilities	3,192	-	(2)	-	933	-	-	-	4,123	5,342
Refundable Federal Perkins Loan advances	-	-	766	-	-	-	-	-	766	1,255
Postretirement health benefits	9,322	-	-	-	-	-	-	-	9,322	9,952
Debt obligations	-	-	-	-	84,914	-	-	-	84,914	85,214
Total liabilities	27,736	2,014	764	-	85,847	1,149	5,760	840	124,110	131,512
Net Assets										
Without donor restrictions	14,157	7,724	93	27,958	121,792	1,356	-	-	173,080	176,642
With donor restrictions	-	44,132	-	234,413	22,273	-	3,577	-	304,395	274,748
Total net assets	14,157	51,856	93	262,371	144,065	1,356	3,577	-	477,475	451,390
Total liabilities and net assets	**$ 41,893**	**$ 53,870**	**$ 857**	**$ 262,371**	**$ 229,912**	**$ 2,505**	**$ 9,337**	**$ 840**	**$ 601,585**	**$ 582,902**

Financial Responsibility Supplemental Schedule

Year Ended June 30, 2023

Ratio and Financial Element	Cross-reference to the financial statement line or note disclosure	Gross Amounts	Net Amounts
Primary Reserve Ratio:			
Expendable Net Assets:			
Net assets without donor restrictions	Balance sheet	$ -	$ 173,080
Net assets with donor restrictions	Balance sheet		304,395
Secured and Unsecured related party receivable	N/A		-
Unsecured related party receivable	N/A		-
Property, plant, and equipment, gross (including construction in progress)	Balance sheet	339,155	207,187
Property, plant, and equipment, net - Pre-implementation less any construction in progress	Supplemental Schedule Footnotes		173,298
Property, plant, and equipment, net - Post-implementation less any construction in progress with outstanding debt for original purchase	Supplemental Schedule Footnotes		-
Property, plant, and equipment, net - Post-implementation less any construction in progress without outstanding debt for original purchase	Supplemental Schedule Footnotes		25,522
Construction in progress	Supplemental Schedule Footnotes		8,367
Lease right-of-use asset, net	N/A		-
Lease right-of-use asset - Pre-implementation	N/A		-
Lease right-of-use asset - Post-implementation	N/A		-
Intangible assets	N/A		-
Post-employment and defined pension plan liabilities	Balance sheet		9,322
Long-term debt - For long-term purposes and construction in process debt	Balance sheet		84,914
Long-term debt for long-term purposes - Pre-implementation	Balance sheet		84,914
Qualified long-term debt for long-term purposes - Post-implementation for purchase of property, plant, and equipment	N/A		-
Line of credit for construction in process	N/A		-
Lease right-of-use asset liability	N/A		-
Pre-implementation right-of-use asset liability	N/A		-
Post-implementation right-of-use asset liability	N/A		-
Annuities with donor restrictions	FS Footnote 12		3,577
Term endowments with donor restrictions	N/A		-
Life income funds with donor restrictions	N/A		-
Net assets with donor restrictions: restricted in perpetuity	FS Footnote 13		175,222
Total Expenses and Losses:			
Total expenses without donor restrictions	Statement of Activities		117,555
Non-operating and net investment (loss)	Statement of Activities		-
Net investment losses	Statement of Activities		-
Pension-related changes other than net periodic costs	Statement of Activities		630

Financial Responsibility Supplemental Schedule

Year Ended June 30, 2023

Ratio and Financial Element	Cross-reference to the financial statement line or note disclosure	Gross Amounts	Net Amounts
Equity Ratio:			
Modified Net Assets:			
Net assets without donor restrictions	Balance Sheet	$ -	$ 173,080
Net assets with donor restrictions	Balance Sheet		304,395
Intangible assets	N/A		-
Secured and Unsecured related party receivable	N/A		-
Unsecured related party receivable	N/A		-
Modified Assets:			
Total assets	Balance Sheet		601,595
Lease right-of-use asset - Pre-implementation	N/A		-
Pre-implementation right-of-use liability	N/A		-
Intangible assets	N/A		-
Secured and Unsecured related party receivable	N/A		
Unsecured related party receivable	N/A		-
Net Income Ratio:			
Change in net assets without donor restrictions	Statement of Activities		(3,562)
Total revenues and gains	Statement of Activities		129,980

Notes to the Financial Responsibility Supplemental Schedule

Year Ended June 30, 2023

The accompanying Financial Responsibility Supplemental Schedule (the "Schedule") includes the information necessary to calculate the financial responsibility score required by the Department of Education and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of 34 CFR 668.172 Department of Education Financial Ratios. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

The Department of Education modified the calculation of the financial responsibility ratio that is required to be computed by all schools that receive Title IV funding. This modification requires schools to disclose certain pre and post amounts relating to long-term debt, property plant and equipment and right of use leases.

Property, Plant, and Equipment, net

1 Pre-implementation property, plant, and equipment, net (PP&E, net)	
a. Beginning pre-implementation property, plant and equipment, net as of beginning of year	$ 180,822
b. Less subsequent depreciation and amortization	(7,461)
c. Less subsequent disposals	(63)
d. Ending pre-implementation property, plant, and equipment, net as of end of year	173,298
2 Post-implementation property, plant, and equipment, net acquired without debt	
a. Beginning post-implementation property, plant, and equipment, net as of beginning of year	6,847
b. Long-lived assets acquired without use of debt	751
d. Transfer of post-implementation construction in progress placed into service (4c below)	18,444
e. Less subsequent depreciation and disposals	(520)
f. Ending post-implementation property, plant, and equipment, net as of end of year	25,522
3 Post-implementation construction in progress, acquired without debt:	
a. Beginning post-implementation construction in progress as of beginning of year	16,923
b. Construction in progress acquired without use of debt	9,888
c. Transfer construction in progress put into service (2d above)	(18,444)
d. Ending post-implementation construction in progress as of end of year	8,367
4 Total property, plant, and equipment, net as of end of year	$ 207,187