

Calhoun Christian School

Financial Report

June 30, 2022

Calhoun Christian School

Contents

Report Letter	1
Financial Statements	
Statement of Financial Position	2
Statement of Activities and Changes in Net Assets	3
Statement of Functional Expenses	4-5
Statement of Cash Flows	6
Notes to Financial Statements	7-17



To the Board of Directors, Parents and Staff of Calhoun Christian School

The attached financial statements as of and for the year ended June 30, 2022 have been compiled from the books and records of Calhoun Christian School (“the School”) in accordance with generally accepted accounting principles by the Finance Committee of Calhoun Christian School.

The School is not required to have an annual audit or review but we do ensure appropriate internal controls are in place and we have the ACSI Financial Statement checklist completed by an outside financial person, a retired CPA with not-for-profit experience annually with the most recent checklist completed for the year ended June 30, 2022. That checklist has to be completed by October 31 of each year. For the year ended June 30, 2021, the School hired Fisher, Speigel, Kunkel and Gerber to complete a compilation in accordance with ACSI requirements. The compilation was issued on October 18, 2021.

During the years ended June 30, 2022 and 2021, the School was impacted by COVID-19 and participated in federal stimulus programs which is further discussed in Note 1.

If there are any questions, please feel free to contact any member of the Finance Committee – Vicki Milroy, James Merkle, Colleen Marina, Ethan Moody and Necia DiTrapani

May, 15, 2023

Calhoun Christian School

Statement of Financial Position As of June 30

	<u>2022</u>	<u>2021</u>
Assets		
Cash	\$ 370,911	\$ 435,230
Cash restricted by donors	119,371	120,413
Accounts receivable - Net	102,811	28,746
Investments (Note 2)	170,500	83,411
Inventory	7,859	10,072
Prepaid expenses and other costs	13,643	24,348
Property and equipment - Net (Note 3)	<u>543,576</u>	<u>350,087</u>
Total assets	<u>\$ 1,328,671</u>	<u>\$ 1,052,307</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 27,257	\$ 16,409
Accrued compensation	104,631	97,633
Deferred revenue	195,684	200,592
Due to agency	16,219	11,888
Notes payable (Note 4)	<u>287,754</u>	<u>303,177</u>
Total liabilities	631,545	629,699
Net Assets		
Without donor restrictions (Note 5)	498,035	218,783
With donor restrictions (Note 5)	<u>199,091</u>	<u>203,825</u>
Total net assets	<u>697,126</u>	<u>422,608</u>
Total liabilities and net assets	<u>\$ 1,328,671</u>	<u>\$ 1,052,307</u>

See Finance Committee Report and Notes to Financial Statements.

Calhoun Christian School

Statement of Activities and Changes in Net Assets For the Years Ended June 30

	2022		2021		Total
	Without Donor Restriction	With Donor Restrictions	Without Donor Restriction	With Donor Restrictions	
Revenue, Gains, Other Support, and Assets Released from Restrictions					
Tuition and fees, net of scholarships of \$280,427 for 2022 and \$243,311 for 2021	\$ 1,309,377	\$ 27,338	\$ 1,029,770	\$ 34,536	\$ 1,064,306
Auxiliary activities	67,098	-	37,857	-	37,857
Federal grants	147,555	-	12,300	-	-
Donations	233,029	7,980	140,579	17,304	157,883
Fundraising events	186,853	8,502	141,191	30	141,221
Net realized and unrealized (loss) gain on investments	(5,603)	(14,052)	-	10,109	10,109
Dividend and interest income	695	3,302	-	2,225	2,225
Rental income	3,200	-	3,000	-	3,000
Miscellaneous income	3,053	-	1,194	-	1,194
Total revenue, gains (losses), other support, and reclassifications	1,945,257	33,070	1,365,891	64,204	1,430,095
Net assets released from restrictions (Note 6)	37,804	(37,804)	23,165	(23,165)	-
Total revenue, gains (losses), other support, and net assets released from restrictions	1,983,061	(4,734)	1,389,056	41,039	1,430,095
Expenses					
Educational costs:					
Instructional	1,188,917	-	970,034	-	970,034
Auxiliary activities	72,370	-	42,889	-	42,889
Cougar sports	77,063	-	58,124	-	58,124
General and administrative	240,910	-	222,628	-	222,628
Development and community relations	124,549	-	125,523	-	125,523
Total expenses	1,703,809	-	1,419,198	-	1,419,198
Increase (Decrease) in Net Assets	279,252	(4,734)	(30,142)	41,039	10,897
Net Assets - Beginning of year	218,783	203,825	248,925	162,786	411,711
Net Assets - End of year	498,035	199,091	218,783	203,825	422,608

See Finance Committee Report and Notes to Financial Statements.

Calhoun Christian School

Statement of Functional Expenditures For the Year Ended June 30, 2022

	Program Services				Support Services				Total
	Educational Expenses	Auxiliary Activities	Cougar Sports	Total Program Services	Administrative and General	Development and Community Relations	Plant Operations	Total Support Services	
Salaries and wages	\$ 844,103	-	\$ 32,935	\$ 877,038	\$ 146,220	\$ 17,172	\$ 25,128	\$ 188,520	\$ 1,065,558
Fringe benefits and payroll taxes	88,144	-	2,657	90,801	15,297	1,385	2,027	18,709	109,510
Total salaries and related costs	932,247	-	35,592	967,839	161,517	18,557	27,155	207,229	1,175,068
Student supplies	71,393	-	-	71,393	-	-	-	-	71,393
Food and beverage	-	-	1,904	1,904	-	-	-	-	1,904
Sports equipment and uniforms	-	-	15,854	15,854	-	-	-	-	15,854
Tournaments and camps	-	2,385	1,479	3,864	-	-	-	-	3,864
Mission and field trips	-	50,576	-	50,576	-	-	-	-	50,576
Other student expenses	5,788	10,045	9,413	25,246	-	-	-	-	25,246
Contracted services	14,340	-	-	14,340	6,832	103,234	-	110,066	124,406
Consulting and professional	-	-	-	-	1,946	-	-	1,946	1,946
Telephone and and technology	1,843	-	-	1,843	8,162	-	17,244	25,406	27,249
Advertising and community relations	-	-	1,220	1,220	2,469	-	-	2,469	3,689
Professional development	7,967	-	-	7,967	-	-	-	-	7,967
Bad debt expense	1,498	-	-	1,498	-	-	-	-	1,498
Supplies	-	-	-	-	7,185	-	6,242	13,427	13,427
Postage and shipping	-	-	-	-	1,129	-	-	1,129	1,129
Membership dues and publications	-	-	-	-	6,664	-	-	6,664	6,664
Repairs, rentals and maintenance	-	-	1,629	1,629	11,815	-	31,984	43,799	45,428
Insurance	-	-	-	-	-	-	15,639	15,639	15,639
Interest	-	-	-	-	-	-	13,349	13,349	13,349
Utilities	-	-	-	-	-	-	76,842	76,842	76,842
Depreciation	-	-	-	-	-	-	18,653	18,653	18,653
Allocation of Plant Operations	153,841	9,364	9,972	173,177	31,173	2,758	(207,108)	(173,177)	-
Miscellaneous	-	-	-	-	2,018	-	-	2,018	2,018
Total functional expenses	\$ 1,188,917	\$ 72,370	\$ 77,063	\$ 1,338,350	\$ 240,910	\$ 124,549	\$ -	\$ 365,459	\$ 1,703,809

See Finance Committee Report and Notes to Financial Statements.

Calhoun Christian School

Statement of Functional Expenditures For the Year Ended June 30, 2021

	Program Services				Support Services				Total
	Educational Expenses	Auxiliary Activities	Cougar Sports	Total Program Services	Administrative and General	Development and Community Relations	Plant Operations	Total Support Services	
Salaries and wages	\$ 708,994	\$ -	\$ 28,660	\$ 737,654	\$ 141,933	\$ 21,367	\$ 22,492	\$ 185,792	\$ 923,446
Fringe benefits and payroll taxes	67,551	-	2,070	69,621	15,189	1,762	1,853	18,804	88,425
Total salaries and related costs	776,545	-	30,730	807,275	157,122	23,129	24,345	204,596	1,011,871
Student supplies	47,345	-	-	47,345	-	-	-	-	47,345
Food and beverage	-	506	331	837	-	-	-	-	837
Sports equipment and uniforms	-	-	11,261	11,261	-	-	-	-	11,261
Tournaments and camps	-	-	812	812	-	-	-	-	812
Mission and field trips	-	25,553	-	25,553	-	-	-	-	25,553
Other student expenses	11,780	11,168	692	23,640	-	-	-	-	23,640
Contracted services	-	-	6,090	6,090	-	97,137	-	97,137	103,227
Consulting and professional	-	-	-	-	932	-	-	932	932
Telephone and technology	2,231	-	-	2,231	7,611	-	5,741	13,352	15,583
Advertising and community relations	-	-	-	-	-	994	-	994	994
Professional development	2,975	-	-	2,975	-	-	-	-	2,975
Bad debt expense	1,108	-	-	1,108	-	-	-	-	1,108
Supplies	-	-	-	-	5,421	-	9,759	15,180	15,180
Postage and shipping	-	-	-	-	2,057	-	-	2,057	2,057
Membership dues and publications	-	-	-	-	7,581	-	-	7,581	7,581
Repairs, rentals and maintenance	-	-	535	535	10,172	-	29,358	39,530	40,065
Insurance	-	-	-	-	-	-	14,841	14,841	14,841
Interest	-	-	-	-	-	-	12,723	12,723	12,723
Utilities	-	-	-	-	-	-	62,044	62,044	62,044
Depreciation	-	-	-	-	-	-	15,708	15,708	15,708
Allocation of Plant Operations	128,050	5,662	7,673	141,385	29,387	3,747	(174,519)	(141,385)	-
Miscellaneous	-	-	-	-	2,345	516	-	2,861	2,861
Total functional expenses	\$ 970,034	\$ 42,889	\$ 58,124	\$ 1,071,047	\$ 222,628	\$ 125,523	\$ -	\$ 348,151	\$ 1,419,198

See Finance Committee Report and Notes to Financial Statements.

Calhoun Christian School

Statement of Cash Flows For the Years Ended June 30

	2022	2021
Cash Flows from Operating Activities		
Increase in net assets	\$ 274,518	\$ 10,897
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Depreciation and amortization	18,653	15,708
Bad debt expense	1,498	1,108
Net realized and unrealized (gain) loss on investments	19,655	(10,109)
Investments contributed from estate gift	(96,892)	-
Contributions restricted for long-term purposes	(7,980)	(11,980)
Changes in operating assets and liabilities which provided (used) cash:		
Accounts and grants receivable	(75,563)	(6,238)
Inventory	2,213	1,440
Prepaid expenses and other costs	10,705	3,456
Accounts payable	10,848	(13,189)
Accrued compensation	6,998	12,807
Due to agency	4,331	5,997
Deferred revenue	(4,908)	123,820
Net cash provided by operating activities	164,076	133,717
Cash Flows from Investing Activities		
Purchase of property and equipment	(212,142)	(5,418)
Purchases of investments	(11,852)	(13,705)
Proceeds from sales and maturities of investments	2,000	400
Net cash used in investing activities	(221,994)	(18,723)
Cash Flows from Financing Activities		
Contributions restricted for long term purposes	7,980	11,980
COVID-19 Economic Injury Disaster Loan	-	150,000
Payments on notes payable and loan	(15,423)	(15,179)
Net cash (used in) provided by financing activities	(7,443)	146,801
Net (Decrease) Increase in Cash and Restricted Cash	(65,361)	261,795
Cash and Restricted Cash - Beginning of year	555,643	293,848
Cash and Restricted Cash - End of year	\$ 490,282	\$ 555,643
Supplemental Disclosure of Cash Flow Information - Cash paid for interest	\$ 16,452	\$ 9,005

Calhoun Christian School

Notes to Financial Statements Years Ended June 30, 2022 and 2021

Note 1 - Nature of Entity and Summary of Significant Accounting Policies

Calhoun Christian School (the "School") is an educational institution providing educational instruction to approximately 330 students in grades preschool through 12 on its campus in Battle Creek, Michigan. The School, a nonprofit Michigan corporation, is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code.

Calhoun Christian School mission is to provide academic excellence while upholding God's truth and challenging children to serve. The School's purpose of "Challenging Children to Serve" not only serves as our school's motto, but as a basis for our entire school program. Calhoun Christian School seeks to prepare young people to live full, productive, servant lives, by offering a challenging, Christ-centered college preparatory education committed to pursuing excellence. Our goal is not only to provide a strong academic foundation but also a firm Christian perspective for life.

Basis of Accounting - The financial statements have been prepared and maintained on an accrual basis. For external financial reporting purposes, the School presents its financial statements by net asset classification. The School's significant accounting policies are described below.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Classification of Net Assets - The School classifies resources for accounting and reporting purposes into two net asset categories 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 and been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the School. Net assets without donor restrictions may be designated for specific purposes by action of the board of directors.
- **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 School or by the passage of time. Other donor restrictions are perpetual in nature, whereby 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.

Inventory - Inventory consists of gift card inventory. Inventory is recorded at the lower of cost, determined on the first-in, first-out (FIFO) basis, or market and net of purchase discount provided by vendor.

Calhoun Christian School

Notes to Financial Statements Years Ended June 30, 2022 and 2021

Note 1 - Nature of Entity and Summary of Significant Accounting Policies (Continued)

Investments - Investments in equity securities are recorded at fair value based on quoted market prices. Investments sold are valued using the specific identification method.

Contribution Revenue – Contributions of cash and other 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. The School has adopted the policy of recording donor-restricted contributions as if they were without donor restriction if the restriction is met and released in the same accounting period.

Gifts of land, buildings, equipment, and other long-lived assets are reported as revenue without donor restriction and net assets unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as donor restricted revenue and net assets. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of donor restricted net assets to net assets without donor restrictions are reported when the long-lived assets are placed in service.

Unconditional gifts, expected to be collected within one year, are reported at their net realizable value. There is no allowance for uncollectible contributions based on past collection experience with contributions.

Government Grants – Support funded by grants is recognized as the School performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Property and Equipment - Property 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. Costs of maintenance and repairs are charged to expense when incurred. The School uses a capitalization threshold of \$1,000 or more.

Calhoun Christian School

Notes to Financial Statements Years Ended June 30, 2022 and 2021

Note 1 - Nature of Entity and Summary of Significant Accounting Policies (Continued)

Revenue Recognition – Revenue for tuition is generally recognized ratably over the applicable school year. The nature, amount, timing and uncertainty of the School's tuition revenue vary depending on the date of enrollment for K-12th grade students. Preschool revenue is subject to fluctuation due to varying days and times of attendance that can be changed throughout the year.

Mission fees are charged to all 1st-12th grade students and are recognized ratably over the applicable school year. Other fees are recognized at the time received or at the beginning of each school year.

The transaction price of a contract with a family is the amount of consideration to which the School expects to be entitled in exchange for transferring promised services to the family's student(s). To determine the transaction price of a contract, the School considers its customary business practices as well as the terms of the contract. For the purpose of determining transaction prices, the School assumes that the services will be transferred to the family as promised in accordance with existing contracts and that the contracts will not be cancelled, renewed, or modified. For tuition and fees, the amount of consideration to which the School will be entitled is variable as long as a family can withdraw student(s) from the semester and receive a refund. The School excludes estimated refunds from the transaction price (and from the disclosure of the amounts of transaction prices allocated to remaining performance obligations).

Services that the School provides to students are performed by the School. The School 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. For students enrolled in dual programs, the School coordinates online enrollment in classes at the local community college, the local career center or local math science center. In these cases, the charges for services is not incurred by the School and is handled between the third party providing the services and its funding sources.

Scholarships and multi-child discounts are the difference between the stated charge for services provided by the School and the amount that is paid by the families and/or third parties making payments on the families' behalf. Families apply for scholarships which are approved by the School's finance committee primarily based on financial need. Scholarships and discounts were \$280,427 and \$243,311 for the years ended June 30, 2022 and 2021, respectively.

Accounts receivable are stated at the amount billed to the families less applied scholarships or multi-child discounts. The School does not provide an allowance for doubtful accounts due to almost all accounts being paid in full before the end of the school year. Any accounts written off as bad debt are done so after exhaustive collection efforts, no recourse, and approval by the School's finance committee. Tuition is paid up front for the entire school year, in semi-annual installments, or monthly, where payments are due as outlined in the applicable payment plan.

Calhoun Christian School

Notes to Financial Statements Years Ended June 30, 2022 and 2021

Note 1 - Nature of Entity and Summary of Significant Accounting Policies (Continued)

For the year ended June 30, 2022 and 2021, the closing balances of the School's student accounts receivable was \$14,396 and \$13,827 and unearned revenue (tuition and fees) was \$195,684 and \$200,592, respectively. All unearned revenue is recognized in the following fiscal year.

Auxiliary Activities – The School, in addition to core tuition and fees revenue, also generates revenue and expenses from programs that occur in alignment with the school operations. The current activities consist of camps, mission trips, field trips, classroom activities, lunch program, yearbook and miscellaneous other school activities.

Cougar Sports – The School generates revenue and expenses from its athletic program. The current activities consist of sports fees, concessions, fundraising conducted by the athletic boosters and teams and are used to offset the cost of the athletic program.

Allocation of Expenses - The School adheres to generally accepted accounting principles in reporting expenses by their functional classification. Accordingly, depreciation, plant operations, interest, and maintenance expenses have been allocated to functional classifications based on proportionate share of direct costs. Although the methods used are considered reasonable, other methods could be used that would result in different amounts.

Income Taxes - The School is exempt from income tax under provisions of Internal Revenue Code Section 501(c)(3).

Due to Agency - The School receives funds from clubs and groups designating the resources to specified school activities for various purposes. The School collects these resources and assists with disbursing the funds to pay expenses for the clubs and groups. The revenue and expenses related to these clubs and groups are not for the benefit of the School and therefore, are not included in the School's statement of activities and changes in net assets. The primary clubs and groups excluded are the PIT crew, Robotics Club, Student Council (formerly the Key Club), and the Garden Club.

Donated Services and Assets - Donated materials are recorded at fair values at the date of gift. No amounts have been recorded in the financial statements for donated services; however, a substantial number of volunteers have donated significant amounts of time to the Organization's program services and its fundraising events.

Concentrations - The School maintains cash balances at primarily one bank and the accounts are insured up to \$250,000 per bank. In addition, the Organization maintains accounts at investment companies that are insured up to \$500,000 (with a limit of \$250,000 for cash equivalents) by the Securities Investor Protection Corporation.

Calhoun Christian School

Notes to Financial Statements Years Ended June 30, 2022 and 2021

Note 1 - Nature of Entity and Summary of Significant Accounting Policies (Continued)

Impact of COVID-19 - On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic, now known as COVID-19. In response to the COVID-19 pandemic, governments have taken preventative or protective actions, such as temporary closures of non-essential businesses and “shelter-at-home” guidelines for individuals. As a result, the global economy has been negatively affected, and the School's operations have also been impacted. Due to the “shelter-at-home” guidelines during mid-March through May 2020, the School shifted to a remote online learning environment and cancelled high school mission trips, elementary and middle school field trips, spring sports, and fundraising events all of which resulted in significant lost revenue for the School for the year ended June 30, 2020. To offset the financial impact to students and the losses incurred by the School due to the disruption caused by COVID-19, they applied for and received a paycheck protection program loan of \$172,500 in order to cover expenses and continue paying all staff.

For the year ended June 30, 2021, the School continued to be impacted by the pandemic with significant fluctuations in enrollment, primarily in the preschool, inability to conduct large in person fundraisers, reduced crowd sporting events, and staff and students that had to switch to online programs due to either quarantine or state order requirements. To offset this financial impact, the School applied for and received a COVID-19 Economic Injury Disaster Loan of \$150,000 for working capital (further discussed in Note 4), Employee Retention Credits of \$8,901 which offset payroll sick leave costs, and Childcare Relief Funds of \$12,300, passed through the State of Michigan's Coronavirus Relief Funds Program. These funds were used to offset direct covid expenses consisting of Personal Protective Equipment, such as, masks, gloves, hand sanitizer and other cleaning supplies to reduce the spread of infection.

For the year ended June 30, 2022, the School received an Emergency Assistance to Non-Public Schools (EANS) grant of \$365,330 to be used for education technology, learning loss recovery and air purification. As of June 30, 2022, the School has spent \$147,550 of the funding available.

Subsequent Events - The financial statements and related disclosures include evaluation of events up through and including May 15, 2023, which is the date the financial statements were available to be issued.

Note 2 - Investments

Investments stated at fair value at June 30 consist of equity mutual funds. The School's investments are held by an investment advisor. The investments represent its endowment assets and related earnings. Realized gains and losses are determined using the specific identification of the investments sold. There was no realized gains or losses for the years ended June 30, 2022 and 2021.

Calhoun Christian School

Notes to Financial Statements Years Ended June 30, 2022 and 2021

Note 3 - Property and Equipment

The cost of property and equipment and depreciable lives are summarized as follows:

	2022	2021	Depreciable Lives - Years
Land	\$ 180,000	\$ 180,000	-
Buildings and building improvements	293,574	217,166	25
Land improvements	79,336	78,005	10-20
Technology equipment	115,492	-	5
Furniture and fixtures	<u>60,656</u>	<u>41,745</u>	3-10
Total cost	729,058	516,916	
Accumulated depreciation	<u>(185,482)</u>	<u>(166,829)</u>	
Net carrying amount	<u>\$ 543,576</u>	<u>\$ 350,087</u>	

Depreciation expense for the years ended June 30, 2022 and 2021 was \$18,653 and \$15,708, respectively.

Note 4 – Notes Payable

The School has the following notes outstanding as of June 30:

	2022	2021
Note payable to a bank with monthly principal and interest payments of \$2,015. Interest is calculated annually at 5.50%. The note is collateralized by the School's property and equipment and matures on April 19, 2029.	\$ 137,754	\$ 153,177
Note payable to the Small Business Administration effective August 5, 2020, with annual interest at 2.75%. Monthly payments of \$641 begin on August 5, 2021 and are first applied against accrued interest since inception and then to principal and interest. Accrued interest at June 30, 2022 and 2021 is \$614 and \$3,718. The note matures on August 5, 2050.	<u>150,000</u>	<u>150,000</u>
Total notes payable	<u>\$ 287,754</u>	<u>\$ 303,177</u>

Calhoun Christian School

Notes to Financial Statements Years Ended June 30, 2022 and 2021

Note 4 – Notes Payable (continued)

The principal payments in each of the next five fiscal years and thereafter are as follows:

Years Ending June 30	Amount
2023	\$ 20,074
2024	21,753
2025	22,875
2026	24,057
2027	25,303
2028 and thereafter	173,692
Total	<u>\$ 287,754</u>

Note 5 - Net Assets

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

	2022	2021
Board-designated net assets:		
Cougar athletic boosters	\$ 12,535	\$ 14,337
Art supplies	13,977	7,262
Technology improvements	29,356	20,981
Buildings and grounds	49,325	23,160
Total	105,193	65,740
Undesignated	392,842	153,043
Total	<u>\$ 498,035</u>	<u>\$ 218,783</u>

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

	2022	2021
Subject to expenditures for a specified purpose:		
Mission programs	\$ 119,374	\$ 116,290
Hardship/emergency scholarship	1,076	4,074
Athletic equipment	-	50
Endowed programs subject to appropriation:		
Athletic programs	42,418	44,794
Art related programs	36,223	38,617
Total	<u>\$ 199,091</u>	<u>\$ 203,825</u>

Calhoun Christian School

Notes to Financial Statements Years Ended June 30, 2022 and 2021

Note 6 - Net Assets Released from Restriction

Net assets that were released from restrictions by incurring expenses satisfying the donor restricted purposes for athletic programs and mission trips for the year ended June 30 areas follows:

	<u>2022</u>	<u>2021</u>
Athletic programs	\$ 50	\$ 850
Athletic equipment	2,000	-
Hardship/emergency scholarship	2,998	927
Mission programs	<u>32,756</u>	<u>21,388</u>
Net assets released by restriction	<u>\$ 37,804</u>	<u>\$ 23,165</u>

Note 7 - Community Foundation

During the year ended June 30, 2015, the board of the former Battle Creek Christian School requested that the endowment fund for their benefit held by the Battle Creek Community Foundation (BCCF) be transferred for the benefit of Calhoun Christian School. The Boards of both Schools and BCCF approved this transfer.

BCCF owns the fund, but the earnings, subject to BCCF's spending rate, are available to the School on an annual basis. The value of the fund at BCCF for the benefit of the School as of June 30, 2022 and 2021 was \$240,794 and \$260,784, respectively. Distributions received during the year ended June 30, 2022 and 2021 were \$9,960 and \$8,970, respectively, and were used for scholarships. Earnings available for distribution during the year ended June 30, 2023 can be up to \$9,360.

Note 8 – 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.

In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the School 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 and liabilities 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.

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 School's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The fair value of investments at June 30, 2022 and 2021 consist solely of equity mutual funds classified as Level 1. The School held no investments at or during the year ended June 30 that would be considered Level 2 or Level 3 assets.

Calhoun Christian School

Notes to Financial Statements Years Ended June 30, 2022 and 2021

Note 9 - Endowments

The School has donor restricted funds held for certain purposes that are used to support continuous financial solvency of the School and to provide flexibility for new organizational directions. The finance committee determines the estimated amount to be distributed from the fund based on budgetary needs of the School and returns on the investments.

The board of directors of the School has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds. As a result of this interpretation, the Organization classifies as donor restricted net assets (a) the original value of gifts donated, (b) the original value of subsequent gifts, and (c) related earnings. In accordance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA), the Organization considers the following factors in making a determination to invest or appropriate donor-restricted funds primarily based on the purposes of the School and the donor-restricted endowment fund, general economic conditions, and other resources of the School.

	With Donor Restrictions Endowment Net Asset Composition	
	2022	2021
Donor-restricted endowment funds:		
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	\$ 75,285	\$ 67,305
Accumulated investment gains	3,356	16,106
Total	<u>\$ 78,641</u>	<u>\$ 83,411</u>

	Changes in Endowment Net Assets With Donor Restrictions	
	2022	2021
Endowment net assets at July 1	\$ 83,411	\$ 59,497
Investment income	3,302	2,225
Contributions	7,980	11,980
Net appreciation in market value	(14,052)	10,109
Appropriation of endowment net assets for expenditures	(2,000)	(400)
Endowment net assets at June 30	<u>\$ 78,641</u>	<u>\$ 83,411</u>

Calhoun Christian School

Notes to Financial Statements Years Ended June 30, 2022 and 2021

Note 10 – Liquidity and Availability of Resources

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

	2022	2021
Total Assets, at year end	\$ 1,328,671	\$ 1,052,307
Less: Fixed and Non-Financial Assets	<u>565,078</u>	<u>384,507</u>
Financial Assets, at year end	763,593	667,800
Less those unavailable for general expenditures within one year due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions	(44,000)	(44,000)
Subject to appropriation and satisfaction of donor restrictions	(75,285)	(67,305)
Board Designations:		
Any other board designations	<u>(105,193)</u>	<u>(65,740)</u>
Financial assets available to meet cash needs for		
general expenditures within one year	<u>\$ 644,308</u>	<u>\$ 556,495</u>

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 School has a goal to maintain financial assets on hand to meet a portion of annual scholarship allocations, as well as general expenditures. The School also realizes there could be unanticipated liquidity needs.