

Calhoun Christian School

Financial Report

June 30, 2023

Calhoun Christian School

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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, 2023 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 annually by October 31 of each year.

During the years ended June 30, 2023 and 2022, 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 Marino, Ethan Moody and Necia DiTrapani

May 16, 2024

Calhoun Christian School

Statement of Financial Position As of June 30

	2023	2022
Assets		
Cash	\$ 290,776	\$ 370,911
Cash restricted by donors	99,462	119,371
Accounts receivable - Net	84,283	102,811
Investments (Note 2)	179,364	170,500
Inventory	5,016	7,859
Prepaid expenses and other costs	10,521	13,643
Property and equipment - Net (Note 3)	620,377	543,576
Total assets	<u>\$ 1,289,799</u>	<u>\$ 1,328,671</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 26,376	\$ 27,257
Accrued compensation	118,103	104,631
Deferred revenue	159,929	195,684
Due to agency	19,893	16,219
Notes payable (Note 4)	267,185	287,754
Total liabilities	591,486	631,545
Net Assets		
Without donor restrictions (Note 5)	501,266	498,035
With donor restrictions (Note 5)	197,047	199,091
Total net assets	698,313	697,126
Total liabilities and net assets	<u>\$ 1,289,799</u>	<u>\$ 1,328,671</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

	2023			2022		
	Without Donor Restriction	With Donor Restrictions	Total	Without Donor Restriction	With Donor Restrictions	Total
Revenue, Gains, Other Support, and Assets						
Released from Restrictions						
Tuition and fees, net of scholarships of \$276,741 for 2023 and \$280,427 for 2022	\$ 1,419,310	\$ 25,138	\$ 1,444,448	\$ 1,309,377	\$ 27,338	\$ 1,336,715
Auxiliary activities	93,910	-	93,910	67,098	-	67,098
Federal grants	109,378	-	109,378	147,555	-	147,555
Donations	106,909	29,831	136,740	233,029	7,980	241,009
Fundraising events	178,326	6,719	185,045	186,853	8,502	195,355
Net realized and unrealized (loss) gain on investments	(4,716)	2,816	(1,900)	(5,603)	(14,052)	(19,655)
Dividend and interest income	5,256	2,547	7,803	695	3,302	3,997
Rental income	925	-	925	3,200	-	3,200
Miscellaneous income	1,786	-	1,786	3,053	-	3,053
Total revenue, gains (losses), other support, and reclassifications	1,911,084	67,051	1,978,135	1,945,257	33,070	1,978,327
Net assets released from restrictions (Note 6)	69,095	(69,095)	-	37,804	(37,804)	-
Total revenue, gains (losses), other support, and net assets released from restrictions	1,980,179	(2,044)	1,978,135	1,983,061	(4,734)	1,978,327
Expenses						
Educational costs:						
Instructional	1,368,756	-	1,368,756	1,188,917	-	1,188,917
Auxiliary activities	144,939	-	144,939	72,370	-	72,370
Cougar sports	69,638	-	69,638	77,063	-	77,063
General and administrative	270,500	-	270,500	240,910	-	240,910
Development and community relations	123,115	-	123,115	124,549	-	124,549
Total expenses	1,976,948	-	1,976,948	1,703,809	-	1,703,809
Increase (Decrease) in Net Assets	3,231	(2,044)	1,187	279,252	(4,734)	274,518
Net Assets - Beginning of year	498,035	199,091	697,126	218,783	203,825	422,608
Net Assets - End of year	\$ 501,266	\$ 197,047	\$ 698,313	\$ 498,035	\$ 199,091	\$ 697,126

See Finance Committee Report and Notes to Financial Statements.

Calhoun Christian School

Statement of Functional Expenditures For the Year Ended June 30, 2023

	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	\$ 955,554	\$ -	\$ 27,694	\$ 983,248	\$ 160,640	\$ 14,478	\$ 22,654	\$ 197,772	\$ 1,181,020	
Fringe benefits and payroll taxes	97,730	-	1,872	99,602	15,514	1,108	1,846	18,468	118,070	
Total salaries and related costs	1,053,284	-	29,566	1,082,850	176,154	15,586	24,500	216,240	1,299,090	
Student supplies	83,836	-	-	83,836	-	-	-	-	83,836	
Food and beverage	-	19,228	1,910	21,138	-	-	-	-	21,138	
Sports equipment and uniforms	-	-	15,416	15,416	-	-	-	-	15,416	
Tournaments and camps	-	12,640	1,135	13,775	-	-	-	-	13,775	
Mission and field trips	-	79,292	-	79,292	-	-	-	-	79,292	
Other student expenses	2,654	12,922	-	15,576	-	-	-	-	15,576	
Contracted services	16,580	-	10,273	26,853	13,783	104,909	29,713	148,405	175,258	
Consulting and professional	-	-	-	-	1,117	-	-	1,117	1,117	
Telephone and and technology	1,324	-	-	1,324	1,569	-	21,526	23,095	24,419	
Advertising and community relations	-	-	80	80	405	-	-	405	485	
Professional development	5,880	-	-	5,880	-	-	-	-	5,880	
Bad debt expense	8,235	-	-	8,235	-	-	-	-	8,235	
Supplies	-	-	-	-	7,098	-	7,236	14,334	14,334	
Postage and shipping	-	-	-	-	2,559	-	-	2,559	2,559	
Membership dues and publications	-	-	-	-	9,500	-	-	9,500	9,500	
Repairs, rentals and maintenance	-	-	1,237	1,237	15,514	-	32,624	48,138	49,375	
Insurance	-	-	-	-	-	-	17,775	17,775	17,775	
Interest	-	-	-	-	-	-	10,692	10,692	10,692	
Utilities	-	-	-	-	-	-	74,039	74,039	74,039	
Depreciation	-	-	-	-	-	-	51,281	51,281	51,281	
Allocation of Plant Operations	196,963	20,857	10,021	227,841	38,925	2,620	(269,386)	(227,841)	-	
Miscellaneous	-	-	-	-	3,876	-	-	3,876	3,876	
Total functional expenses	\$ 1,368,756	\$ 144,939	\$ 69,638	\$ 1,583,333	\$ 270,500	\$ 123,115	\$ -	\$ 393,615	\$ 1,976,948	

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	-	15,833	-	-	-	-	15,833	
Contracted services	14,340	-	9,413	23,753	6,832	103,234	-	110,066	133,819	
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	<u>\$ 1,188,917</u>	<u>\$ 72,370</u>	<u>\$ 77,063</u>	<u>\$ 1,338,350</u>	<u>\$ 240,910</u>	<u>\$ 124,549</u>	<u>\$ -</u>	<u>\$ 365,459</u>	<u>\$ 1,703,809</u>	

See Finance Committee Report and Notes to Financial Statements.

Calhoun Christian School

Statement of Cash Flows For the Years Ended June 30

	2023	2022
Cash Flows from Operating Activities		
Increase in net assets	\$ 1,187	\$ 274,518
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Depreciation and amortization	51,281	18,653
Bad debt expense	8,235	1,498
Net realized and unrealized (gain) loss on investments	(1,648)	19,655
Investments contributed from estate gift	-	(96,892)
Contributions restricted for long-term purposes	-	(7,980)
Changes in operating assets and liabilities which provided (used) cash:		
Accounts and grants receivable	10,293	(75,563)
Inventory	2,843	2,213
Prepaid expenses and other costs	3,122	10,705
Accounts payable	(881)	10,848
Accrued compensation	13,472	6,998
Due to agency	3,674	4,331
Deferred revenue	(35,755)	(4,908)
Net cash provided by operating activities	55,823	164,076
Cash Flows from Investing Activities		
Purchase of property and equipment	(128,082)	(212,142)
Purchases of investments	(7,216)	(11,852)
Proceeds from sales and maturities of investments	-	2,000
Net cash used in investing activities	(135,298)	(221,994)
Cash Flows from Financing Activities		
Contributions restricted for long term purposes	-	7,980
Payments on notes payable and loan	(20,569)	(15,423)
Net cash used in financing activities	(20,569)	(7,443)
Net Decrease in Cash and Restricted Cash	(100,044)	(65,361)
Cash and Restricted Cash - Beginning of year	490,282	555,643
Cash and Restricted Cash - End of year	<u>\$ 390,238</u>	<u>\$ 490,282</u>
Supplemental Disclosure of Cash Flow Information - Cash		
paid for interest	<u>\$ 11,307</u>	<u>\$ 16,452</u>

Calhoun Christian School

Notes to Financial Statements Years Ended June 30, 2023 and 2022

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 345 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, 2023 and 2022

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.

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.

Calhoun Christian School

Notes to Financial Statements Years Ended June 30, 2023 and 2022

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

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 \$276,741 and \$280,427 for the years ended June 30, 2023 and 2022, respectively.

Accounts receivable are stated at the amount billed to the families less applied scholarships or multi-child discounts. The School has an allowance for doubtful accounts for the year ended June 30, 2023 of \$7,500. There was no allowance for the year ended June 30, 2022. 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.

For the year ended June 30, 2023 and 2022, the closing balances of the School's student gross accounts receivable was \$14,741 and \$14,396 and unearned revenue (tuition and fees) was \$159,929 and \$195,684, 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.

Calhoun Christian School

Notes to Financial Statements Years Ended June 30, 2023 and 2022

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

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.

Impact of COVID-19 - 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, 2023 and June 30, 2022, the School has spent \$109,378 and 147,555, respectively, of the funding available.

Subsequent Events - The financial statements and related disclosures include evaluation of events up through and including May 16, 2024, which is the date the financial statements were available to be issued.

Calhoun Christian School

Notes to Financial Statements Years Ended June 30, 2023 and 2022

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, 2023 and 2022.

Note 3 - Property and Equipment

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

	2023	2022	Depreciable Lives - Years
Land	\$ 180,000	\$ 180,000	-
Buildings and building improvements	331,775	293,574	25
Land improvements	86,954	79,336	10-20
Technology equipment	186,590	115,492	5
Furniture and fixtures	<u>71,821</u>	<u>60,656</u>	3-10
Total cost	857,140	729,058	
Accumulated depreciation	<u>(236,763)</u>	<u>(185,482)</u>	
Net carrying amount	<u>\$ 620,377</u>	<u>\$ 543,576</u>	

Depreciation expense for the years ended June 30, 2023 and 2022 was \$51,281 and \$18,653, respectively.

Calhoun Christian School

Notes to Financial Statements Years Ended June 30, 2023 and 2022

Note 4 – Notes Payable

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

	<u>2023</u>	<u>2022</u>
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.	\$ 120,165	\$ 137,754
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, 2023 and 2022 is \$0 and \$614. The note matures on August 5, 2050.	<u>147,020</u>	<u>150,000</u>
Total notes payable	<u>\$ 267,185</u>	<u>\$ 287,754</u>

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

<u>Years Ending June 30</u>	<u>Amount</u>
2024	21,753
2025	22,875
2026	24,057
2027	25,303
2028	26,615
2029 and thereafter	<u>146,582</u>
Total	<u>\$ 267,185</u>

Calhoun Christian School

Notes to Financial Statements Years Ended June 30, 2023 and 2022

Note 5 - Net Assets

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

	<u>2023</u>	<u>2022</u>
Board-designated net assets:		
Cougar athletic boosters	\$ 22,388	\$ 12,535
Art supplies	19,275	13,977
Technology improvements	37,031	29,356
Buildings and grounds	<u>38,360</u>	<u>49,325</u>
Total	117,054	105,193
Undesignated	<u>384,212</u>	<u>392,842</u>
Total	<u>\$ 501,266</u>	<u>\$ 498,035</u>

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

	<u>2023</u>	<u>2022</u>
Subject to expenditures for a specified purpose:		
Mission programs	\$ 99,462	\$ 119,374
Hardship/emergency scholarship	7,751	1,076
Counseling	4,488	-
Endowed programs subject to appropriation:		
Athletic programs	44,368	42,418
Art related programs	<u>38,266</u>	<u>36,223</u>
Total	<u>\$ 194,335</u>	<u>\$ 199,091</u>

Calhoun Christian School

Notes to Financial Statements Years Ended June 30, 2023 and 2022

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:

	2023	2022
Athletic programs	\$ -	\$ 50
Athletic equipment	-	2,000
Counseling	2,249	-
Hardship/emergency scholarship	5,247	2,998
Mission programs	61,599	32,756
Net assets released by restriction	<u>\$ 69,095</u>	<u>\$ 37,804</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, 2023 and 2022 was \$223,434 and \$240,794, respectively. Distributions received during the year ended June 30, 2023 and 2022 were \$9,360 and \$9,960, respectively, and were used for scholarships. Earnings available for distribution during the year ended June 30, 2024 can be up to \$9,190.

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, 2023 and 2022 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.

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Notes to Financial Statements Years Ended June 30, 2023 and 2022

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	
	2023	2022
Donor-restricted endowment funds:		
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	\$ 78,245	\$ 75,285
Accumulated investment gains	8,719	3,356
Total	<u>\$ 86,964</u>	<u>\$ 78,641</u>

	Changes in Endowment Net Assets With Donor Restrictions	
	2023	2022
Endowment net assets at July 1	\$ 78,641	\$ 83,411
Investment income	2,547	3,302
Contributions	2,960	7,980
Net appreciation (depreciation) in market value	2,816	(14,052)
Appropriation of endowment net assets for expenditures	-	(2,000)
Endowment net assets at June 30	<u>\$ 86,964</u>	<u>\$ 78,641</u>

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Notes to Financial Statements Years Ended June 30, 2023 and 2022

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.

	2023	2022
Total Assets, at year end	\$ 1,289,799	\$ 1,328,671
Less: Fixed and Non-Financial Assets	635,914	565,078
Financial Assets, at year end	653,885	763,593
Less those unavailable for general expenditures within one year due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions	(52,000)	(41,000)
Subject to appropriation and satisfaction of donor restrictions	(78,245)	(75,285)
Board Designations:		
Any other board designations	(117,054)	(105,193)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 523,640</u>	<u>\$ 647,308</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.