

Calhoun Christian School

Financial Report

June 30, 2025

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, 2025 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 year ended June 30, 2025, the School’s operations were impacted by an expected decline in enrollment, an unsuccessful fall appeal, and contractual staffing commitments. These items significantly impacted our cash available for operations. The finance committee and Board entered into a strict operating budget for the year beginning July 1, 2025. We reduced expenditures and focused on successful fundraising campaigns to stabilize our operations and cash flow for future years.

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

April 22, 2026

Calhoun Christian School

Statement of Financial Position As of June 30

	2025	2024
Assets		
Cash	\$ 19,024	\$ 138,454
Cash restricted by donors	108,630	104,692
Accounts receivable - Net	11,400	48,719
Investments (Note 2)	207,116	197,333
Inventory	5,045	4,367
Prepaid expenses and other costs	52,036	59,879
Property and equipment - Net (Note 3)	694,515	761,331
Total assets	<u><u>\$ 1,097,766</u></u>	<u><u>\$ 1,314,775</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 38,907	\$ 51,272
Accrued compensation	118,640	128,625
Deferred revenue	127,100	174,518
Due to agency	6,454	4,601
Notes payable (Note 4)	223,044	245,752
Total liabilities	514,145	604,768
Net Assets		
Without donor restrictions (Note 5)	371,461	507,790
With donor restrictions (Note 5)	212,160	202,217
Total net assets	583,621	710,007
Total liabilities and net assets	<u><u>\$ 1,097,766</u></u>	<u><u>\$ 1,314,775</u></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

	Year Ended June 30			Year Ended June 30		
	2025			2024		
	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 \$232,050 for 2025 and \$286,402 for 2024	\$ 1,535,433	\$ 42,541	\$ 1,577,974	\$ 1,513,454	\$ 24,745	\$ 1,538,199
Auxiliary activities	89,701	-	89,701	96,418	-	96,418
Federal grants	-	-	-	107,092	-	107,092
Donations	182,383	39,790	222,173	156,068	31,646	187,714
Fundraising events	228,338	39,968	268,306	219,009	13,700	232,709
Net realized and unrealized (loss) gain on investments	(455)	3,310	2,855	3,439	7,268	10,707
Dividend and interest income	4,206	3,672	7,878	3,995	3,267	7,262
Rental income	1,250	-	1,250	900	-	900
Miscellaneous income	2,943	-	2,943	611	-	611
Total revenue, (losses) gains, other support, and reclassifications	2,043,799	129,281	2,173,080	2,100,986	80,626	2,181,612
Net assets released from restrictions (Note 6)	119,338	(119,338)	-	88,836	(88,836)	-
Total revenue, (losses) gains, other support, and net assets released from restrictions	2,163,137	9,943	2,173,080	2,189,822	(8,210)	2,181,612
Expenses						
Educational costs:						
Instructional	1,504,067	-	1,504,067	1,465,625	-	1,465,625
Auxiliary activities	195,013	-	195,013	157,691	-	157,691
Cougar sports	84,453	-	84,453	80,665	-	80,665
General and administrative	321,389	-	321,389	293,900	-	293,900
Development and community relations	194,544	-	194,544	183,345	-	183,345
Total expenses	2,299,466	-	2,299,466	2,181,226	-	2,181,226
(Decrease) Increase in Net Assets	(136,329)	9,943	(126,386)	8,596	(8,210)	386
Net Assets - Beginning of year	507,790	202,217	710,007	499,194	210,427	709,621
Net Assets - End of year	\$ 371,461	\$ 212,160	\$ 583,621	\$ 507,790	\$ 202,217	\$ 710,007

See Finance Committee Report and Notes to Financial Statements.

Calhoun Christian School

Statement of Functional Expenditures For the Year Ended June 30, 2025

	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	\$ 1,106,157	\$ 1,500	\$ 41,972	\$ 1,149,629	\$ 175,617	\$ 24,119	\$ 24,576	\$ 224,312	\$ 1,373,941	
Fringe benefits and payroll taxes	112,070	-	2,088	114,158	18,127	3,345	1,826	23,298	137,456	
Total salaries and related costs	1,218,227	1,500	44,060	1,263,787	193,744	27,464	26,402	247,610	1,511,397	
Student supplies	83,421	-	-	83,421	-	-	-	-	83,421	
Food and beverage	-	24,558	1,507	26,065	-	5,544	-	5,544	31,609	
Sports equipment and uniforms	-	-	10,395	10,395	-	-	-	-	10,395	
Tournaments and camps	-	26,083	1,315	27,398	-	-	-	-	27,398	
Mission and field trips	-	101,446	-	101,446	-	-	-	-	101,446	
Other student expenses	2,060	16,127	-	18,187	-	-	-	-	18,187	
Contracted services	7,420	-	11,968	19,388	20,595	130,453	18,551	169,599	188,987	
Consulting and professional	-	-	-	-	1,708	-	-	1,708	1,708	
Telephone and and technology	2,044	-	-	2,044	22,908	750	11,716	35,374	37,418	
Advertising and community relations	-	-	1,423	1,423	583	830	-	1,413	2,836	
Professional development	4,781	-	-	4,781	-	-	-	-	4,781	
Bad debt expense	300	-	-	300	-	-	-	-	300	
Supplies	-	944	-	944	10,462	1,562	4,980	17,004	17,948	
Postage and shipping	-	-	-	-	2,143	-	-	2,143	2,143	
Membership dues and publications	-	-	-	-	10,773	-	-	10,773	10,773	
Repairs, rentals and maintenance	-	-	3,352	3,352	17,335	1,722	46,853	65,910	69,262	
Insurance	-	-	-	-	-	-	19,914	19,914	19,914	
Interest	-	-	-	-	-	-	9,167	9,167	9,167	
Utilities	-	-	-	-	-	-	63,734	63,734	63,734	
Depreciation	-	-	-	-	-	-	82,761	82,761	82,761	
Allocation of Plant Operations	185,814	24,092	10,433	220,339	39,705	24,034	(284,078)	(220,339)	-	
Miscellaneous	-	263	-	263	1,433	2,185	-	3,618	3,881	
Total functional expenses	\$ 1,504,067	\$ 195,013	\$ 84,453	\$ 1,783,533	\$ 321,389	\$ 194,544	\$ -	\$ 515,933	\$ 2,299,466	

See Finance Committee Report and Notes to Financial Statements.

Calhoun Christian School

Statement of Functional Expenditures For the Year Ended June 30, 2024

	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	\$ 1,063,558	\$ 1,500	\$ 33,156	\$ 1,098,214	\$ 165,490	\$ 21,115	\$ 23,375	\$ 209,980	\$ 1,308,194	
Fringe benefits and payroll taxes	109,042	-	2,024	111,066	17,401	3,066	1,758	22,225	133,291	
Total salaries and related costs	1,172,600	1,500	35,180	1,209,280	182,891	24,181	25,133	232,205	1,441,485	
Student supplies	59,041	-	-	59,041	-	-	-	-	59,041	
Food and beverage	-	23,230	1,527	24,757	-	4,410	-	4,410	29,167	
Sports equipment and uniforms	-	-	14,998	14,998	-	-	-	-	14,998	
Tournaments and camps	-	21,694	1,047	22,741	-	-	-	-	22,741	
Mission and field trips	-	79,062	-	79,062	-	-	-	-	79,062	
Other student expenses	1,329	9,880	-	11,209	-	-	-	-	11,209	
Contracted services	21,575	-	13,383	34,958	25,026	122,710	31,325	179,061	214,019	
Consulting and professional	-	-	-	-	3,330	-	-	3,330	3,330	
Telephone and and technology	2,841	-	-	2,841	1,183	750	10,646	12,579	15,420	
Advertising and community relations	-	-	2,416	2,416	876	1,359	-	2,235	4,651	
Professional development	7,556	-	-	7,556	-	-	-	-	7,556	
Bad debt expense	3,933	-	-	3,933	-	-	-	-	3,933	
Supplies	-	1,157	-	1,157	10,242	3,058	9,794	23,094	24,251	
Postage and shipping	-	-	-	-	1,555	-	-	1,555	1,555	
Membership dues and publications	-	-	-	-	10,025	-	-	10,025	10,025	
Repairs, rentals and maintenance	-	-	1,285	1,285	16,880	342	43,859	61,081	62,366	
Insurance	-	-	-	-	-	-	18,842	18,842	18,842	
Interest	-	-	-	-	-	-	10,443	10,443	10,443	
Utilities	-	-	-	-	-	-	64,034	64,034	64,034	
Depreciation	-	-	-	-	-	-	78,738	78,738	78,738	
Allocation of Plant Operations	196,750	21,168	10,829	228,747	39,454	24,613	(292,814)	(228,747)	-	
Miscellaneous	-	-	-	-	2,438	1,922	-	4,360	4,360	
Total functional expenses	<u>\$ 1,465,625</u>	<u>\$ 157,691</u>	<u>\$ 80,665</u>	<u>\$ 1,703,981</u>	<u>\$ 293,900</u>	<u>\$ 183,345</u>	<u>\$ -</u>	<u>\$ 477,245</u>	<u>\$ 2,181,226</u>	

See Finance Committee Report and Notes to Financial Statements.

Calhoun Christian School

Statement of Cash Flows For the Years Ended June 30

Cash Flows from Operating Activities

(Decrease) increase in net assets	\$	(126,386)	\$	386
Adjustments to reconcile (decrease) increase in net assets to net cash from operating activities:				
Depreciation and amortization		82,761		78,738
Bad debt expense		300		3,933
Net realized and unrealized (gain) loss on investments		(2,855)		(10,707)
Contributions restricted for long-term purposes		(2,050)		-
Changes in operating assets and liabilities which provided (used) cash:				
Accounts and grants receivable		37,019		31,631
Inventory		(678)		649
Prepaid expenses and other costs		7,843		(49,358)
Accounts payable		(12,365)		24,896
Accrued compensation		(9,985)		10,522
Due to agency		1,853		(3,709)
Deferred revenue		(47,418)		14,589
Net cash (used in) provided by operating activities		(71,961)		101,570

Cash Flows from Investing Activities

Purchase of property and equipment		(12,945)		(219,692)
Proceeds from sales of investments, used for equipment purchase		3,000		-
Purchases of investments		(9,928)		(7,262)
Net cash used in investing activities		(22,873)		(226,954)

Cash Flows from Financing Activities

Contributions restricted for long term purposes		2,050		-
Payments on notes payable and loan		(22,708)		(21,433)
Net cash used in financing activities		(20,658)		(21,433)

Net Decrease in Cash and Restricted Cash

(115,492) (146,817)

Cash and Restricted Cash - Beginning of year

243,146 389,963

Cash and Restricted Cash - End of year

\$ 127,654 \$ 243,146

Supplemental Disclosure of Cash Flow Information - Cash

paid for interest	\$	9,167	\$	10,443
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See Finance Committee Report and Notes to Financial Statements.

Calhoun Christian School

Notes to Financial Statements Years Ended June 30, 2025 and 2024

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, 2025 and 2024

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, 2025 and 2024

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 \$483,690 and \$525,747 for the years ended June 30, 2025 and 2024, 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, 2025 and 2024 of \$7,500. 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, 2025 and 2024, the closing balances of the School's student gross accounts receivable was \$18,350 and \$17,621 and unearned revenue (tuition and fees) was \$127,100 and \$174,518, 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, robotics, classroom activities, lunch program, yearbook and miscellaneous other school activities.

Calhoun Christian School

Notes to Financial Statements Years Ended June 30, 2025 and 2024

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, and fundraising conducted by the athletic boosters and teams. These funds 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 and Student Council (formerly the Key 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, 2024, the grant funds were fully spent and utilized as intended.

Subsequent Events - The financial statements and related disclosures include evaluation of events up through and including April 22, 2026, which is the date the financial statements were available to be issued.

Calhoun Christian School

Notes to Financial Statements Years Ended June 30, 2025 and 2024

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 the School's endowment assets and related earnings. In addition, the School has unrestricted investments set aside for future needs. 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, 2025 and 2024.

Note 3 - Property and Equipment

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

	2025	2024	Depreciable Lives - Years
Land	\$ 180,000	\$ 180,000	-
Buildings and building improvements	439,490	436,052	25
Land improvements	171,075	171,075	10-20
Technology equipment	209,860	209,860	5
Furniture and fixtures	83,908	79,845	3-10
Total cost	1,084,333	1,076,832	
Accumulated depreciation	(389,818)	(315,501)	
Net carrying amount	\$ 694,515	\$ 761,331	

Depreciation expense for the years ended June 30, 2025 and 2024 was \$82,761 and \$78,738, respectively.

Calhoun Christian School

Notes to Financial Statements Years Ended June 30, 2025 and 2024

Note 4 – Notes Payable

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

	<u>2025</u>	<u>2024</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.	\$ 83,285	\$ 102,428
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. The note matures on August 5, 2050.	<u>139,758</u>	<u>143,324</u>
Total notes payable	<u>\$ 223,043</u>	<u>\$ 245,752</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>
2026	\$ 24,057
2027	25,303
2028	26,615
2029	23,656
2030	4,357
2031 and thereafter	<u>119,055</u>
Total	<u>\$ 223,043</u>

Calhoun Christian School

Notes to Financial Statements Years Ended June 30, 2025 and 2024

Note 5 - Net Assets

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

	<u>2025</u>	<u>2024</u>
Board-designated net assets:		
Cougar athletic boosters	\$ 41,361	\$ 35,173
Art supplies	27,093	24,391
Technology improvements	56,185	46,646
Buildings and grounds	<u>8,482</u>	<u>2,087</u>
Total	133,121	108,297
Undesignated	<u>238,340</u>	<u>399,493</u>
Total	<u>\$ 371,461</u>	<u>\$ 507,790</u>

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

	<u>2025</u>	<u>2024</u>
Subject to expenditures for a specified purpose:		
Mission programs	\$ 66,471	\$ 77,225
Hardship/emergency scholarship	13,251	4,251
Counseling	9,463	513
Robotics	19,444	22,729
Endowed programs subject to appropriation:		
Athletic programs	58,272	52,443
Art related programs	<u>45,259</u>	<u>45,056</u>
Total	<u>\$ 212,160</u>	<u>\$ 202,217</u>

Calhoun Christian School

Notes to Financial Statements Years Ended June 30, 2025 and 2024

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>2025</u>	<u>2024</u>
Art related programs	\$ 3,000	\$ -
Counseling	1,050	3,975
Robotics	32,742	24,748
Hardship/emergency scholarship	3,000	3,500
Mission programs	<u>79,545</u>	<u>56,613</u>
Net assets released by restriction	<u>\$ 119,337</u>	<u>\$ 88,836</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, 2025 and 2024 was \$242,961 and \$238,186, respectively. Distributions received during the year ended June 30, 2025 and 2024 were \$19,002 and \$9,190, respectively, and were used for scholarships. Earnings available for distribution during the year ended June 30, 2026 are approximately \$9,000.

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, 2025 and 2024 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, 2025 and 2024

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.

	2025	2024
Donor-restricted endowment funds:		
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	\$ 80,295	\$ 78,245
Accumulated investment gains	23,236	19,254
Total	<u>\$ 103,531</u>	<u>\$ 97,499</u>

	Changes in Endowment Net Assets With Donor Restrictions	
	2025	2024
Endowment net assets at July 1	\$ 97,499	\$ 86,964
Investment income	3,672	2,381
Contributions	2,050	-
Net appreciation (depreciation) in market value	3,310	8,154
Appropriation of endowment net assets for expenditures	(3,000)	-
Endowment net assets at June 30	<u>\$ 103,531</u>	<u>\$ 97,499</u>

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Notes to Financial Statements Years Ended June 30, 2025 and 2024

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.

	<u>2025</u>	<u>2024</u>
Total Assets, at year end	\$ 1,097,766	\$ 1,314,775
Less: Fixed and Non-Financial Assets	<u>751,596</u>	<u>825,577</u>
Financial Assets, at year end	346,170	489,198
Less those unavailable for general expenditures within one year due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions	(65,000)	(75,000)
Subject to appropriation and satisfaction of donor restrictions	(80,295)	(78,245)
Board Designations:		
Any other board designations	<u>(133,121)</u>	<u>(108,297)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 200,875</u>	<u>\$ 335,953</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.