DALLAS THEOLOGICAL SEMINARY

DALLAS THEOLOGICAL SEMINARY

Consolidated Financial Statements
With Independent Auditors' Report

June 30, 2023 and 2022

CAPINCROUSE LLP

DALLAS THEOLOGICAL SEMINARY

Table of Contents

CAPINCROUSE LLP

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Dallas Theological Seminary
Dallas, Texas

Opinion

We have audited the accompanying consolidated financial statements of Dallas Theological Seminary and Dallas Seminary Foundation (collectively, the Seminary), which comprise the consolidated balance sheets as of June 30, 2023 and 2022, and the related consolidated statements of revenues, expenses, and other changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Dallas Theological Seminary and Dallas Seminary Foundation as of June 30, 2023 and 2022, and the changes in their consolidated net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

Board of Trustees
Dallas Theological Seminary
Dallas, Texas

Auditors' Responsibility for the Audit of the Consolidated Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Dallas Theological Seminary and Dallas Seminary Foundation's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Dallas Theological Seminary and Dallas Seminary Foundation's ability to continue as a going concern for a reasonable period of time.

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

Capin Crouse LLP

Irving, Texas
September 29, 2023

DALLAS THEOLOGICAL SEMINARY

Consolidated Balance Sheets

	June 30, 2023	June 30, 2022
ASSETS:		
Cash and cash equivalents	$ 24,633,927	$ 19,837,169
Accounts and notes receivable–net	1,932,264	1,680,985
Contributions receivable–net	1,995,562	200,931
Prepaid expenses	1,678,916	1,490,597
Inventory	6,933,410	7,196,416
Investments	128,527,419	113,999,675
Operating lease right-of-use assets	2,561,263	1,839,202
Property and equipment–net	63,740,551	59,975,902
Perpetual trusts held by others	499,181	487,186
Total Assets	$ 232,502,493	$ 206,708,063
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued liabilities	$ 6,179,157	$ 5,777,784
Deferred revenue	3,211,411	2,817,004
Student deposits and refundable advances	6,458,102	6,616,267
Annuity obligations	3,038,747	3,183,336
Amounts held on behalf of others	24,765,919	21,771,911
Liabilities under split-interest agreements	1,059,505	1,075,903
Operating lease liabilities	1,823,297	1,821,839
Notes payable	7,895,683	8,942,888
Liability for pension benefits	2,526,129	6,782,029
Total liabilities	56,957,950	58,788,961
Net assets:		
Net assets without donor restrictions	86,434,876	74,748,632
Net assets with donor restrictions:		
Restricted by purpose or time	35,452,279	23,410,927
Restricted in perpetuity	53,657,388	49,759,543
	89,109,667	73,170,470
Total net assets	175,544,543	147,919,102
Total Liabilities and Net Assets	$ 232,502,493	$ 206,708,063

See notes to consolidated financial statements

DALLAS THEOLOGICAL SEMINARY

Consolidated Statements of Revenues, Expenses, and Other Changes in Net Assets

	Year Ended June 30, 2023	Year Ended June 30, 2022
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Operating Revenues and Other Additions:		
Tuition and fees–net	$ 17,016,414	$ 17,467,737
Contributions of financial assets	19,365,232	27,254,058
Contributions of nonfinancial assets	90,000	488,539
Employee retention credit	5,878,256	-
Investment return (excluding donor endowment)	2,477,456	(1,455,279)
Educational activities and other income	1,047,748	879,695
Auxiliary enterprises	3,307,413	3,278,270
Total Operating Revenues	49,182,519	47,913,020
Net assets released from restriction:		
Satisfaction of program restrictions	5,147,626	5,498,012
Appropriation from donor endowment and subsequent of any related donor restrictions	3,291,667	2,808,851
Total Operating Revenues and Other Additions	57,621,812	56,219,883
Expenses:		
Salaries and wages	23,195,744	20,634,443
Employee benefits	5,245,812	6,139,573
Services, supplies, and other	10,432,555	9,102,609
Occupancy, utilities, and maintenance	3,498,825	3,255,875
Grants to others	3,841,742	4,624,569
Depreciation and amortization	2,482,327	2,709,932
Interest	302,376	462,353
Operating Expenses	48,999,381	46,929,354
Change in Net Assets from Operations	8,622,431	9,290,529
Non-Operating Change in Net Assets Without Donor Restrictions:		
Net periodic pension cost other than service cost	(1,034,409)	(629,384)
Pension-related changes other than net periodic pension costs	3,576,569	3,034,049
Investment return, net in excess of amounts appropriated for spending	274,299	70,770
Net assets released from restrictions due to acquisition of long-lived assets	-	204,239
Change in value of annuity agreements	247,354	(757,921)
Change in Net Assets from Non-Operating Activities	3,063,813	1,921,753
Change in Net Assets Without Donor Restrictions	$ 11,686,244	$ 11,212,282

(continued)

See notes to consolidated financial statements

DALLAS THEOLOGICAL SEMINARY

Consolidated Statements of Revenues, Expenses, and Other Changes in Net Assets

(continued)

	Year Ended June 30, 2023	Year Ended June 30, 2022
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Operating revenues and other additions	$ 57,621,812	$ 56,219,883
Operating expenses	(48,999,381)	(46,929,354)
Change in Net Assets from Operations	8,622,431	9,290,529
Change in Net Assets from Non-Operating Activities	3,063,813	1,921,753
Change in Net Assets Without Donor Restrictions	11,686,244	11,212,282
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS:		
Contributions of financial assets	18,145,743	15,040,734
Contributions of nonfinancial assets	191,000	695,000
Investment return, net	6,106,361	(7,520,639)
Change in value of split-interest agreements	(64,614)	(91,105)
Net assets released from restrictions:		
Release of appropriated endowment amounts	(3,291,667)	(2,808,851)
Release from restrictions due to acquisition of long-lived assets	-	(204,239)
Release of other time and purpose restrictions	(5,147,626)	(5,498,012)
Change in Net Assets With Donor Restrictions	15,939,197	(387,112)
Change in Net Assets	27,625,441	10,825,170
Net Assets, Beginning of Year	147,919,102	137,093,932
Net Assets, End of Year	$ 175,544,543	$ 147,919,102

See notes to consolidated financial statements

DALLAS THEOLOGICAL SEMINARY

Consolidated Statements of Cash Flows

	Year Ended June 30, 2023	Year Ended June 30, 2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from tuition and fees	$ 15,884,414	$ 17,282,144
Cash received from donors	31,230,956	35,485,785
Cash collected from contributions receivable	224,829	1,004,422
Cash received from auxiliary enterprises	3,317,352	3,318,829
Interest and dividends received	2,855,346	1,129,692
Miscellaneous receipts	1,056,815	868,935
Cash paid to employees	(23,000,097)	(20,644,907)
Cash paid for benefits	(6,133,977)	(7,199,367)
Cash paid to suppliers and vendors	(14,750,774)	(13,174,166)
Interest paid	(303,927)	(488,510)
Grants paid	(3,841,473)	(4,630,400)
Net Cash Provided by Operating Activities	6,539,464	12,952,457
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(5,886,041)	(2,626,620)
Proceeds on sale of investments	15,461,275	17,219,176
Purchase of investments	(19,959,197)	(29,282,536)
Net Cash Used by Investing Activities	(10,383,963)	(14,689,980)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from contributions restricted for:		
Investment in perpetual endowment	3,885,850	5,779,611
Investment in term endowment	3,214,667	397,167
Investments subject to annuity and trust agreements	3,873,242	755,306
Investment in property and equipment	155,000	658,669
Other financing activities:		
Payments on annuity and trust obligations	(866,517)	(1,210,079)
Distribution of matured trust and annuities	(560,985)	(79,356)
Payment on notes payable issuance costs	-	(103,515)
Payments on notes payable	(1,060,000)	(2,705,622)
Net Cash Provided by Financing Activities	8,641,257	3,492,181
Change in Cash and Cash Equivalents	4,796,758	1,754,658
Cash and Cash Equivalents, Beginning of Year	19,837,169	18,082,511
Cash and Cash Equivalents, End of Year	$ 24,633,927	$ 19,837,169

(continued)

See notes to consolidated financial statements

DALLAS THEOLOGICAL SEMINARY

Consolidated Statements of Cash Flows

(continued)

	Year Ended June 30,	
	2023	2022
SUPPLEMENTAL DISCLOSURE:		
Noncash contributions	$ 3,920,936	$ 7,555,688
Property and equipment acquired through accounts payable	$ 827,677	$ 17,998
Refinanced note payable	$ -	$ 9,555,000

See notes to consolidated financial statements

1. NATURE OF THE ORGANIZATION:

Dallas Theological Seminary (DTS), founded in 1924, offers a variety of academic programs from its main campus in Dallas, Texas and from extension sites in Austin, Houston, and San Antonio, Texas; Atlanta, Georgia; Nashville, Tennessee; and Burke, Virginia. Online courses are also offered. DTS is nondenominational and seeks to serve those of like biblical faith in evangelical Protestantism. DTS is accredited to award master and doctorate degrees by the Commission on Colleges of the Southern Association of Colleges and Schools and is an accredited member of the Association of Theological Schools in the United States and Canada.

Dallas Seminary Foundation (DSF) was formed in 1987. The DTS board approves the appointment of the DSF board. The purpose of DSF is to promote and further the interests of DTS and institutions served by DTS alumni by educating laymen of the religious and educational purposes of these institutions and by encouraging gifts through providing charitable gift planning and gift administration services.

DTS and DSF (collectively, the Seminary) are nonprofit corporations exempt from federal income tax as described in Section 501(c)(3) of the Internal Revenue Code, and, as such, are subject to income taxes only to the extent of unrelated business income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The consolidated financial statements of the Seminary have been prepared on the accrual basis of accounting. The significant accounting policies are described below to enhance the usefulness of the consolidated financial statements to the reader.

PRINCIPLES OF CONSOLIDATION

These consolidated financial statements include the balances and financial activities of DTS and its affiliated foundation, DSF. All inter-entity accounts and transactions have been eliminated.

ESTIMATES

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

OPERATING AND NONOPERATING REVENUES, EXPENSES, AND OTHER CHANGES IN NET ASSETS

The consolidated statements of revenues, expenses, and other changes in net assets present the changes in net assets of the Seminary from operating activities and from nonoperating activities. Operating revenues and expenses relate primarily to educational programs and grant activities provided by the Seminary. The portion of investment return appropriated on long-term investments held for endowments and similar purposes under the Seminary’s total return spending policy is considered operating revenue.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

OPERATING AND NONOPERATING REVENUES, EXPENSES, AND OTHER CHANGES IN NET ASSETS, continued

Nonoperating activities consist primarily of (a) pension related changes other than service cost, (b) investment return in excess of amounts utilized for operations as defined by the Seminary's spending policy, (c) release of restrictions from contributions given for the acquisition of property and equipment when acquired assets are placed into service, and (d) changes in value of annuity agreements.

CASH AND CASH EQUIVALENTS

Cash equivalents consist of cash in banks and highly liquid investments with original maturities of three months or less, unless held for meeting restrictions of a capital or endowment nature. Cash and cash equivalents, at times, may exceed federally insured limits. As of June 30, 2023 and 2022, substantially all cash and cash equivalents, including those in the investment portfolio, exceed federally insured limits.

ACCOUNTS AND NOTES RECEIVABLE–NET

The Seminary's accounts receivable are primarily due from students and are recorded at estimated net realizable value. Credit is extended to students and collateral is not required. Accounts are due at the end of the semester and students whose accounts are not current are not allowed to enroll in classes. The Seminary's policy for determining when an account is past due or delinquent is when the account is over 90 days or more past due. Allowances for doubtful accounts reflects the expected future credit losses over the life of the financial asset. The allowance for doubtful accounts is established based on prior and forecasted collection experience, as well as current and future economic factors that, in management's judgement, could influence the ability of account receivable debits to repay the amounts per the credit terms.

CONTRIBUTIONS RECEIVABLE–NET

Contributions, including unconditional promises to give and estate and trust gifts receivable, are recognized in the period the contribution or promise is made, or the estate and trust gift has cleared probate or other uncertainty and the amount due the Seminary can be reasonably estimated. Conditional promises to give are not recognized until they become unconditional, that is when the barriers are overcome. Unconditional promises expected to be collected in future years are recorded at the present value of expected future cash flows discounted at an appropriate discount rate commensurate with the risks involved. Management believes all amounts are fully collectible and has not established an allowance.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

INVENTORY
Inventory is stated at the lower of cost or net realizable value. Inventory consists of bookstore merchandise and user licenses to a customized Logos bible software package. The user licenses are purchased and maintained by the Seminary as inventory. When a student enrolls at the Seminary, they are assigned a user license but the license is not removed from inventory. When a student graduates, the license is transferred permanently to the student at which time it is removed from inventory. If a student does not graduate and leaves the Seminary, these licenses are reassigned.

INVESTMENTS
Investments are reported at fair value with gains and losses reported in the consolidated statements of revenues, expenses, and other changes in net assets. Donated investments typically are sold upon receipt; however, if management decides instead to retain them, they are recorded at fair value at the date of donation and are thereafter reported in conformity with the stated policy. Investment return is reported net of external and direct internal expenses.

Alternative investments consist of those investments that do not trade in secondary markets and are not redeemable with the issuer on demand in current transactions, such as non-marketable hedge funds and private equity assets. These funds invest in various partnership interests, managed accounts, and other vehicles to generate investment return. These funds are reported at fair value as estimated by their net asset value as reported by fund managers. That amount represents the Seminary's proportionate interest in the capital of the invested funds.

PERPETUAL TRUSTS HELD BY OTHERS
Perpetual trusts held by others are funds held by outside trustees for the benefit of the Seminary in accordance with the terms of the irrevocable trusts. These four trusts are neither in the possession, nor under the control, of the Seminary. Trust terms provide that the Seminary is to receive annually all or a portion of the income earned by the trust assets. The Seminary's beneficial interest in the trusts are recognized as assets and gift income at the dates the trusts are established. The beneficial interest is reported at fair value, which is estimated using the fair value of the assets of the trust at the date of measurement (or the proportionate share if the perpetual trust has multiple beneficiaries). Distributions from the perpetual trusts and other changes in the fair value of those beneficial interests are recorded as investment return.

PROPERTY AND EQUIPMENT–NET
Property and equipment purchased with a cost in excess of $5,000 are capitalized and reported at cost at date of acquisition less accumulated depreciation. Donated items are recorded at their fair value on the date of donation.

Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis, ranging from 3 to 10 years for equipment and library acquisitions, and 10 to 50 years for buildings and land improvements. No depreciation has been provided for library acquisitions that are limited editions of a rare nature.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

DEFERRED REVENUE

Tuition and fees are recognized in the fiscal year in which the academic programs are delivered. Financial aid awarded to students reduces the amount of revenue recognized. Auxiliary income is recognized when the goods are delivered or services are performed. Payments received for future periods are reported as deferred revenue. Payments for tuition are due approximately two weeks prior to the start of the academic term. In addition, students who adjust their course load or withdraw completely within the first four weeks of the academic term may receive a full or partial refund in accordance with the Seminary's refund policy. Refunds reduce the amount of tuition recognized. Historically, refunds have been de minimis. Substantially all deferred revenue at June 30, 2022, was recognized as revenue during the following year.

STUDENT DEPOSITS AND REFUNDABLE ADVANCES

Students living in campus apartments pay a deposit that is used to pay for any repairs during the year. The remaining deposit is refunded to students once they vacate the apartment.

The Seminary is the trustee for certain revocable trusts. Revocable trusts are included in the financial statements as investments and are offset in the balance sheet by refundable advances. At June 30, 2023 and 2022, the Seminary had approximately $5,551,742 and $5,730,000, respectively, that will not be recognized as revenue until the trusts become irrevocable or the assets are distributed to the Seminary for its unconditional use.

ANNUITY OBLIGATIONS

The Seminary has issued charitable gift annuity agreements. Under these agreements, a donor transfers assets to the Seminary in exchange for the right to receive a fixed dollar annual return during the donor's lifetime. A portion of the transfer is a charitable contribution for income tax purposes. The difference between the amount transferred for the gift annuity and the liability for future payments, which is determined on an actuarial basis, is recognized as a contribution at the date of the gift. The annuity liability is revalued annually using a discount rate established at the inception of the agreement and appropriate actuarial assumptions. Actuarial changes and annuity payments are reported as change in value of annuity agreements in the consolidated statements of revenues, expenses, and other changes in net assets without donor restrictions. The Seminary maintains separate reserve funds adequate to meet future payments under its charitable gift annuity contracts as required by governing states' laws. The total amount held in separate reserve funds was $4,429,191 and $4,239,337 as of June 30, 2023 and 2022, respectively.

AMOUNTS HELD ON BEHALF OF OTHERS

Certain trusts and gift agreements contain provisions that allow for the distribution of assets to remaindermen other than the Seminary. The portion attributable to others is reflected as amounts held on behalf of others on the consolidated balance sheet.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

CHARITABLE TRUSTS (SPLIT-INTEREST AGREEMENTS)
As trustee, the Seminary administers irrevocable charitable trusts. These trusts provide the payment of lifetime distributions to the grantor or other designated beneficiaries. Some of these trusts have beneficiaries revocable at the discretion of the grantor, and the trusts' assets are offset in the balance sheet by refundable advances until an irrevocable beneficiary is specified. At the grantor's death, the remaining trust assets, if designated for the Seminary, will be recorded as gifts. If instead the remaining trust assets are designated for other beneficiaries, the trust assets will be distributed in accordance with the trust agreement. All trust income, deductions, and credits are reportable by the grantor for tax purposes.

Other trusts have named the Seminary as the irrevocable remainder beneficiary. The present value of the lifetime beneficiaries' interests are reported as liabilities under split-interest agreements using a market discount rate (currently between 2% and 5%) and mortality tables. The present value of the Seminary's remainder interest is reported as a restricted contribution in the period the agreement is signed, which increases net assets with donor restrictions. At the death of the lifetime beneficiaries, the time restriction on the net assets expires. If the grantor specified that remainder interest should support the Seminary without restriction, the net assets are reclassified to net assets without donor restrictions. If the grantor specified that the remainder interest should be used for a specified purpose, the net assets remain in net assets with donor restrictions until that purpose is accomplished, at which time the net assets are reclassified to net assets without donor restrictions. Certain trusts contain provisions to distribute assets to remaindermen other than the Seminary upon the death of the lifetime beneficiaries. If so, the portion attributable to the other remaindermen is included as a part of liabilities under split-interest agreements on the consolidated balance sheet. Note 7 provides additional information about the charitable trusts.

OPERATING LEASE RIGHT-OF-USE ASSETS AND LIABILITIES
The Seminary has operating leases for facilities and equipment. The Seminary determines if an arrangement is a lease at inception. Operating leases as a lessee are included in operating lease right-of-use assets and operating lease liabilities in the consolidated balance sheets.

Right-of-use assets represent the Seminary's right to use the underlying asset for the lease term. Operating lease right-of-use assets and related liabilities are recognized at the commencement date based on the net present value of lease payments over the lease term discounted using an appropriate incremental borrowing rate. The Seminary uses its incremental borrowing rate, which is based on the information available at the commencement date, in determining the present value of lease payments. The Seminary uses publicly available data for instruments with similar characteristics when calculating its incremental borrowing rates. The value of an option to extend or terminate a lease is reflected to the extent it is reasonably certain management will exercise the option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

DONOR-ADVISED FUNDS
Under donor-advised agreements, the donor will advise the Seminary of organizations they prefer to receive benefits. Although recommendations are accepted from the donors of these funds, the ultimate discretion of the use of funds lies with the management of the Seminary.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

CLASSES OF NET ASSETS

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

Net assets without donor restrictions are resources currently available for operating purposes under the direction of the board, designated by the board for specific use, annuity reserves, donor-advised funds, pension benefit obligation as described in Note 15, or invested in property and equipment.

Net assets with donor restrictions are resources whose use is subject to donors' stipulations for specific operating purposes, for the acquisition of property and equipment, or are time restricted. These include donor restrictions requiring the net assets be held in perpetuity or for a specified term with investment return available for operations and donor-restricted purposes (endowments) and the gift portions of split-interest trusts, which are restricted until obligations to lifetime beneficiaries are completed.

REVENUE AND EXPENSES

Exchange revenue is recognized when earned, and support is recognized when contributions are received, which may be when cash is received, unconditional promises to give are made, or ownership of other assets is transferred to the Seminary.

The Seminary reports gifts of cash and other assets as restricted revenue if they are received with donor stipulations that limit the use of the donated net assets. When a stipulated time restriction expires or purpose restriction is accomplished, the net assets related to the restricted contribution are reclassified from net assets with donor restrictions to net assets without donor restrictions to reflect that net assets are no longer restricted. The reclassification is reported in the consolidated statements of revenues, expenses, and other changes in net assets as net assets released from restrictions.

Donated goods are recorded at their estimated fair value when received. Contributions of services are recognized if the services received create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing these skills, and would typically need to be purchased if not provided by donation.

The Seminary reports gifts of land, buildings, and equipment as support increasing net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as support increasing net assets with donor restrictions. Absent explicit donor stipulations about how those long-lived assets must be maintained, the Seminary reports expirations of donor restrictions when the donated or acquired assets are placed in service.

Expenses are recorded when incurred in accordance with the accrual basis of accounting. The costs of providing the program services and supporting activities of the Seminary have been summarized on a natural classification basis on the statements of revenues, expenses, and other changes in net assets without donor restrictions. Note 14 provides further information about expenses by both functional and natural classification.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

EMPLOYEE RETENTION CREDIT
During the year ended June 30, 2023, the Seminary received $5,878,256 under the Employee Retention Credit (ERC) which was established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Laws and regulations concerning government programs, including the ERC, are complex and subject to varying interpretations. Claims made under the CARES Act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Seminary's claim to the ERC, and it is not possible to determine the impact, if any, this would have upon the Seminary.

CONTRIBUTIONS OF NONFINANCIAL ASSETS
For the year ended June 30, contributed nonfinancial assets recognized within the consolidated statements of revenues, expenses, and other changes in net assets included:

	June 30,	
	2023	2022
Real estate	$ 281,000	$ 1,183,539

The Seminary's policy related to contributions of nonfinancial assets is to utilize the assets given in carrying out the mission of the Seminary. If an asset is contributed that does not allow the Seminary to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or by a specialist depending on the type of asset.

The Seminary uses appraisals to determine the fair value measurement for real estate contributions on the date of donation. Of the real estate contributed during the years ended June 30, 2023 and 2022, $191,000 was restricted by donors for a charitable remainder unitrust and $695,000 was restricted by donors for endowments, respectively.

ADVERTISING
Advertising costs are expensed as they are incurred. The Seminary expended approximately $893,000 and $988,000 for advertising for the years ended June 30, 2023 and 2022, respectively.

STUDENT FINANCIAL ASSISTANCE PROGRAMS
The Seminary participates in the Federal Direct Loan Program and the Federal Work-Study Program administered by the Department of Education. The related activity is subject to audit both by independent certified public accountants and by representatives of the administering agency regarding compliance with applicable regulations. Any resultant findings of noncompliance could potentially result in the required return of related funds received and/or the assessment of fines or penalties, or the discontinuation of eligibility for participation.

3. ACCOUNTS AND NOTES RECEIVABLE–NET:

Accounts and notes receivable–net consist of:

	June 30, 2023	June 30, 2022
Student accounts receivable	$ 1,354,347	$ 1,018,730
Less allowance for doubtful accounts	(103,075)	(95,167)
	1,251,272	923,563
Other accounts receivable	680,992	757,422
	$ 1,932,264	$ 1,680,985

4. CONTRIBUTIONS RECEIVABLE–NET:

The Seminary recognizes contributions receivable for pledges, estate gifts receivable, and for irrevocable remainder interests in trusts held by others. Contributions receivable are expected to be collected in the following manner:

	June 30, 2023	June 30, 2022
Less than one year	$ 1,944,455	$ 135,000
One to five years	18,233	28,233
More than five years	67,559	69,360
	2,030,247	232,593
Less imputed interest, at rates of 5% to 8%	(34,685)	(31,662)
	$ 1,995,562	$ 200,931

5. INVESTMENTS AND FAIR VALUE DISCLOSURES:

Investments are held for the following purposes:

	June 30, 2023	June 30, 2022
Endowment investments	$ 71,902,554	$ 61,922,604
Annuity investments, including reserves	4,429,191	4,239,337
Charitable trusts	8,302,694	8,372,138
Amounts held for others	24,706,279	21,886,961
Donor-advised funds	17,741,330	16,155,600
Other invested assets	1,445,371	1,423,035
	$ 128,527,419	$ 113,999,675

5. INVESTMENTS AND FAIR VALUE DISCLOSURES, continued:

Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements and Disclosures*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value for the purpose of indicating the relative levels of uncertainty in the fair value measurements as of the reporting date. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs, other than the quoted prices in active markets, are observable either directly or indirectly, and Level 3 consists of unobservable inputs in which there is little or no market data, which requires the Seminary to develop its own assumptions. The Seminary uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Seminary measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. When quoted market prices are not available, fair value is estimated by reference to market values for similar securities or by discounting cash flows at an appropriate risk rate, taking into consideration the varying degrees of risk specific to each financial asset. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

The estimated fair value of alternative investments, that is hedge funds, limited partnerships, or other private investment fund structures is based on the practical expedient of the reported net asset values provided by the respective external investment fund managers, adjusted for cash flows through June 30. The Seminary also takes into consideration discussions with fund investment managers and audited financial information to determine overall reasonableness of the recorded value. Audited information is only available annually, based on the partnerships' year-end. Because of the inherent uncertainty of valuations, values may differ from the values that would have been used had a ready market existed.

The measurements of the perpetual trusts held by others are level 3 measurements within the fair value hierarchy because even though those measurements are based on the unadjusted fair value of trust assets reported by the trustee, there is no market in which the trusts can be sold. Additionally, the Seminary will never receive the trust assets nor have the ability to direct the trustees to redeem them. The Seminary received distributions from the trusts of $22,536 and $23,735 in the years ended June 30, 2023 and 2022, respectively,

DALLAS THEOLOGICAL SEMINARY

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

5. INVESTMENTS AND FAIR VALUE DISCLOSURES, continued:

The following tables present the fair value measurements of assets reported in the accompanying consolidated balance sheet at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
As of June 30, 2023:				
Investments assigned to hierarchical valuation levels:				
Fixed income:				
Domestic	$ 28,590,800	$ 28,590,800	$ -	$ -
	28,590,800	28,590,800	-	-
Equity:				
Domestic	33,969,444	33,969,444	-	-
International	32,926,168	32,926,168	-	-
	66,895,612	66,895,612	-	-
Natural resources	1,789,296	1,789,296	-	-
Real estate funds	2,874,445	2,776,124	-	98,321
Listed infrastructure fund	4,698,443	4,698,443	-	-
Private equity	266,428	-	-	266,428
	105,115,024	$ 104,750,275	$ -	$ 364,749
Investments measured at cost:				
Cash and cash equivalents	4,704,155			
Investments measured at net asset value:				
Fixed income partnerships	2,285,875			
Master limited partnerships	453,383			
Real estate partnerships	906,370			
Hedge funds–fund of funds	12,840,922			
Private equity partnerships	2,221,690			
	$ 128,527,419			
Perpetual trusts held by others	$ 499,181	$ -	$ -	$ 499,181

DALLAS THEOLOGICAL SEMINARY

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

5. INVESTMENTS AND FAIR VALUE DISCLOSURES, continued:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
As of June 30, 2022:				
Investments assigned to hierarchical valuation levels:				
Fixed income:				
Domestic	$ 24,592,494	$ 24,592,494	$ -	$ -
International	-	-	-	-
	24,592,494	24,592,494	-	-
Equity:				
Domestic	26,004,806	26,004,806	-	-
International	24,985,657	24,985,657	-	-
	50,990,463	50,990,463	-	-
Natural resources	1,683,789	1,683,789	-	-
Real estate funds	3,329,376	2,552,066	-	777,310
Listed infrastructure	4,069,254	4,069,254	-	-
Private equity	279,688	-	-	279,688
	84,945,064	$ 83,888,066	$ -	$ 1,056,998
Investments measured at cost:				
Cash and cash equivalents	13,137,663			
Investments measured at net asset value:				
Master limited partnerships	473,243			
Real estate partnerships	1,053,899			
Hedge funds–fund of funds	11,633,387			
Private equity partnerships	2,756,419			
	$ 113,999,675			
Perpetual trusts held by others	$ 487,186	$ -	$ -	$ 487,186

DALLAS THEOLOGICAL SEMINARY

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

5. INVESTMENTS AND FAIR VALUE DISCLOSURES, continued:

Changes in investments and perpetual trusts held by others using fair value measurements using significant unobservable inputs (Level 3) for the year ended June 30, 2023:

	Perpetual trusts	Real Estate	Private Equity	Total
Beginning balance as of June 30, 2022	$ 487,186	$ 777,310	$ 279,688	$ 1,544,184
Total unrealized gains or losses included in investment income	11,995	(18,666)	(13,260)	(19,931)
Purchases, issuances, sales, and settlements:				
Purchases	-	-	-	-
Sales	-	(660,323)	-	(660,323)
Ending balance as of June 30, 2023	$ 499,181	$ 98,321	$ 266,428	$ 863,930

Changes in investments and perpetual trusts held by others using fair value measurements using significant unobservable inputs (Level 3) for the year ended June 30, 2022:

	Perpetual trusts	Real Estate	Private Equity	Total
Beginning balance as of June 30, 2021	$ 606,124	$ 301,968	$ 273,647	$ 1,181,739
Total unrealized gains or losses included in investment income	(118,938)	(52,585)	6,041	(165,482)
Purchases, issuances, sales, and settlements:				
Purchases	-	1,191,065	-	1,191,065
Sales	-	(663,138)	-	(663,138)
Ending balance as of June 30, 2022	$ 487,186	$ 777,310	$ 279,688	$ 1,544,184

5. INVESTMENTS AND FAIR VALUE DISCLOSURES, continued:

The Seminary uses Net Asset Value (NAV) to determine the fair value of all underlying investments which (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. The following table lists investments in other investment companies (in partnership format) by major category for the year ended June 30, 2023:

Strategy	NAV in Funds	# of funds	Remaining Life	$ Amount of Unfunded Commitments	Redemption Terms	Redemption Restrictions	Redemption Restrictions in Place at Year End
Hedge funds:							
Fund of funds in various strategies, including long/short	$ 12,840,922	1	N.A.	$ -	No lockup	Redemption annually with 90 day notice	None
Fixed income:							
Liquid senior loan strategy	2,285,875	1	N.A.	$ -	No lockup	Redemption annually with 90 day notice	None
Real assets–illiquid:							
Real estate (REITS) and natural resources	1,359,753	5	Upon liquidation of underlying investments	473,727	N.A	N.A*	N.A
Private equity:							
Secondary private investments	613,945	1	10 years	342,671	N.A	N.A*	N.A
Distressed, buyout, and venture capital	1,607,745	5	4 to 10 years	370,959	N.A	N.A*	N.A
	$ 18,708,240			$ 1,187,357			

* These funds are in a private equity or partnership structure with no ability to redeem.

5. INVESTMENTS AND FAIR VALUE DISCLOSURES, continued:

The following table lists investments in other investment companies (in partnership format) by major category for the year ended June 30, 2022:

Strategy	NAV in Funds	# of funds	Remaining Life	$ Amount of Unfunded Commitments	Redemption Terms	Redemption Restrictions	Redemption Restrictions in Place at Year End
Hedge funds:							
Fund of funds in various strategies, including long/short	$ 11,633,387	1	N.A.	$ -	No lockup	Redemption annually with 90 day notice	None
Real assets–illiquid:							
Real estate (REITS) and natural resources	1,527,142	5	Upon liquidation of underlying investments	355,097	N.A	N.A*	N.A
Private equity:							
Secondary private investments	589,532	1	10 years	542,041	N.A	N.A*	N.A
Distressed, buyout, and venture capital	2,166,887	6	4 to 10 years	320,959	N.A	N.A*	N.A
	$ 15,916,948			$ 1,218,097			

* These funds are in a private equity or partnership structure with no ability to redeem.

The Seminary is obligated under certain investment fund agreements to periodically advance funding up to certain levels specified in each agreement upon the request of the general partner. At June 30, 2023 and 2022, the Seminary had unfunded commitments of $1,197,138 and $1,218,097, respectively.

6. ENDOWMENT FUNDS:

The Seminary's endowment consists of 219 individual funds established for scholarships and educational programs. Its endowment includes both donor-restricted endowment funds and funds designated by the board to function as endowments. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Donor-restricted endowments are classified as net assets with donor restrictions and board-designated endowments are classified as net assets without donor restrictions.

The Uniform Prudent Management of Institutional Funds Act (UPMIFA) was enacted in the state of Texas in 2006. Although UPMIFA does not preclude the Seminary from spending below the original gift value of donor-restricted endowments, the Seminary considers a fund to be "underwater" if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Seminary has adopted a policy to not spend from "underwater" endowments unless directed otherwise by the donor.

Endowment net asset composition by type of fund as of June 30, 2023:

		With donor restrictions			
	Without Donor Restrictions	Original Gift Amount	Accumulated Gains (Losses) and Other	Total with Donor Restrictions	Total Funds
Donor-restricted funds	$ -	$ 53,158,207	$ 17,598,707	$ 70,756,914	$ 70,756,914
Board-designated funds	1,145,640	-	-	-	1,145,640
	$ 1,145,640	$ 53,158,207	$ 17,598,707	$ 70,756,914	$ 71,902,554

Term endowments, which total $5,382,071 and $2,191,650 at June 30, 2023 and June 30, 2022, respectively, are included in accumulated gains (losses) and other. Term endowments, which are gifts of cash and other assets with stipulations that they be invested to provide a source of income for a specified term and that the income be used for a specified purpose, are both time and purpose restricted.

6. ENDOWMENT FUNDS, continued:

Changes in endowment net assets for the year ended June 30, 2023:

		With donor restrictions			
	Without Donor Restrictions	Original Gift Amount	Accumulated Gains (Losses) and Other	Total with Donor Restrictions	Total Funds
Endowment net assets, beginning of year	$ 1,097,738	$ 49,272,356	$ 11,655,224	$ 60,927,580	$ 62,025,318
Investment return, net	102,681	-	6,020,633	6,020,633	6,123,314
Contributions	-	3,885,851	3,214,517	7,100,368	7,100,368
Amounts appropriated for expenditure	(54,779)	-	(3,291,667)	(3,291,667)	(3,346,446)
Reclassification	-	-	-	-	-
	47,902	3,885,851	5,943,483	9,829,334	9,877,236
Endowment net assets, end of year	$ 1,145,640	$ 53,158,207	$ 17,598,707	$ 70,756,914	$ 71,902,554

6. ENDOWMENT FUNDS, continued:

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

		With donor restrictions			
	Without Donor Restrictions	Original Gift Amount	Accumulated Gains (Losses) and Other	Total with Donor Restrictions	Total Funds
Donor-restricted funds	$ -	$ 49,272,356	$ 11,655,224	$ 60,927,580	$ 60,927,580
Board-designated funds	1,097,738	-	-	-	1,097,738
	$ 1,097,738	$ 49,272,356	$ 11,655,224	$ 60,927,580	$ 62,025,318

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

		With donor restrictions			
	Without Donor Restrictions	Original Gift Amount	Accumulated Gains (Losses) and Other	Total with Donor Restrictions	Total Funds
Endowment net assets, beginning of year	$ 779,248	$ 43,616,995	$ 21,123,925	$ 64,740,920	$ 65,520,168
Investment return, net	(149,435)	-	(7,057,017)	(7,057,017)	(7,206,452)
Contributions	500,000	5,779,611	397,167	6,176,778	6,676,778
Amounts appropriated for expenditure	(32,075)	-	(2,808,851)	(2,808,851)	(2,840,926)
Reclassification	-	(124,250)	-	(124,250)	(124,250)
	318,490	5,655,361	(9,468,701)	(3,813,340)	(3,494,850)
Endowment net assets, end of year	$ 1,097,738	$ 49,272,356	$ 11,655,224	$ 60,927,580	$ 62,025,318

6. ENDOWMENT FUNDS, continued:

Endowment fund assets consist of:

	June 30, 2023	June 30, 2022
Cash and cash equivalents	$ -	$ 102,714
Investments (Note 5)	71,902,554	61,922,604
	$ 71,902,554	$ 62,025,318

Funds with deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Seminary to retain as a fund of perpetual duration. Deficiencies existed in 27 donor-restricted endowment funds, which together had an original gift value of $5,392,990 and $4,844,591, a current fair value of $5,202,016 and $4,335,180, and a deficiency of $190,974 and $509,411 as of June 30, 2023 and 2022, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions.

Return objectives and risk parameters: The Seminary has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the board, the endowment assets are invested in a manner that is intended to produce results that exceed the spending rate, and aggregate costs of portfolio management, the long-term inflation rate and any growth factor that the board may, from time to time, determine appropriate, while assuming a moderate level of investment risk. The Seminary expects its endowment funds, over time, to provide an average rate of return of approximately 5% net of inflation annually. Actual returns in any given year may vary from this amount.

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

Spending policies and how the investment objectives relate to spending policy: The Seminary has a policy of appropriating for distribution for the current year 5% of its endowment fund's average fair value over the trailing 12 previous calendar quarters. In establishing this policy, the Seminary considered the long-term expected return on its endowment. Accordingly, over the long-term, the Seminary expects the current spending policy to allow its endowment to grow at an average of 2% annually.

7. CHARITABLE TRUSTS (SPLIT-INTEREST AGREEMENTS):

As explained in Note 2, the Seminary serves as trustee for irrevocable charitable remainder trusts. Until the death of the lifetime beneficiaries, the Seminary must invest the trust assets and comply with the trust terms. If the Seminary is the irrevocable beneficiary of the remainder interest of a trust, the difference between the trust's assets and its liability to make payments during the trust term is reported as net assets with donor restrictions. If another entity is the irrevocable beneficiary of the remainder interest, the difference between the trust's assets and its liability is reported as an amount held on behalf of others. If the grantor has the ability to change the remainder beneficiary, a refundable advance is reported equal to the trust assets. The assets and related liabilities of the charitable trusts for which the Seminary is trustee are included in the consolidated balance sheets, as shown below:

	June 30,	
	2023	2022
Trust assets (at fair value):		
Investments	$ 8,302,694	$ 8,372,138
Trust liabilities and net assets:		
Refundable advances (revocable beneficiaries)	$ 5,551,742	$ 5,722,771
Accounts payable	5,084	-
Amounts held on behalf of others	717,804	655,766
Liabilities under split-interest agreements	1,059,505	1,075,903
Total trust net assets–with donor restrictions	968,559	917,698
	$ 8,302,694	$ 8,372,138

8. OPERATING LEASE RIGHT-OF-USE ASSETS AND LIABILITIES:

The Seminary leases facilities for its extension campuses under noncancelable operating lease agreements expiring in 2029. The discount rate represents the Seminary's estimated incremental borrowing rate at the initial date of the lease. Nonlease components, such as payments required under the lease for common area maintenance, are not included in the measurement of the lease liability. These are expensed as incurred. Variable lease expense includes in-kind services provided to the landlord. The Seminary has the right to extend the Houston campus facility lease for two additional years. These additional periods were included in the lease liability due to the existence of sufficient economic incentive to renew. The Seminary does not have finance type leases.

	June 30,	
	2023	2022
Operating lease right-of-use assets	$ 2,561,263	$ 1,839,202
Operating lease liabilities	$ 1,823,297	$ 1,821,839
Operating lease cost	$ 395,119	$ 389,612
Variable lease cost	$ 7,286	$ 2,175
Cash paid for amounts included in the measurement	$ 318,029	$ 343,699
Weighted-average remaining lease term	6.0 Years	6.8 Years
Weighted-average discount rate	5.0%	4.9%

Maturities of operating lease liabilities are as follows:

Years Ending June 30,	Amounts
2024	$ 350,420
2025	355,010
2026	361,707
2027	368,659
2028	357,566
Thereafter	319,321
Total lease payments	2,112,683
Less imputed interest	(289,386)
Total	$ 1,823,297

9. PROPERTY AND EQUIPMENT–NET:

Property and equipment–net consists of:

	June 30, 2023	June 30, 2022
Land	$ 7,262,267	$ 7,262,267
Land improvements	1,056,199	1,040,699
Buildings	93,160,233	92,999,858
Library acquisitions	7,757,776	7,705,329
Equipment	2,567,036	3,032,258
	111,803,511	112,040,411
Less accumulated depreciation	(53,909,685)	(52,064,509)
	57,893,826	59,975,902
Construction in progress	5,846,725	-
Net book value of property and equipment	63,740,551	59,975,902
Less notes payable secured by property and equipment	(7,895,683)	(8,942,888)
Net investment in property and equipment	$ 55,844,868	$ 51,033,014

10. NOTES PAYABLE:

Notes payable consist of:

	June 30, 2023	June 30, 2022
Note payable to JP Morgan Chase Bank of $9,555,000, fixed interest rate of 3.56%, maturing January 15, 2030, refinance of existing notes payable, due in monthly principal and interest installments of approximately $114,000.	$ 7,980,000	$ 9,040,000
Less unamortized loan issuance costs	(84,317)	(97,112)
	$ 7,895,683	$ 8,942,888

10. NOTES PAYABLE, continued:

Future minimum payments for notes payable consist of:

Year Ended June 30,	
2024	$ 1,095,000
2025	1,135,000
2026	1,175,000
2027	1,220,000
2028	1,265,000
Thereafter	2,090,000
	$ 7,980,000

The notes payable agreements contain covenants which include minimum liquidity and debt service coverage ratios. At June 30, 2023, management believes they are in compliance with these covenants.

11. NET ASSETS:

Net assets consist of:

	June 30, 2023	June 30, 2022
Net assets without donor restrictions:		
Undesignated	$ 11,551,489	$ 10,417,838
Donor-advised funds	17,756,230	16,179,442
Board-designated endowment	1,145,640	1,097,738
State-required annuity reserves	2,662,778	2,802,629
Pension benefit obligation	(2,526,129)	(6,782,029)
Net investment in property and equipment	55,844,868	51,033,014
Total net assets without donor restrictions	86,434,876	74,748,632

(continued)

11. NET ASSETS, continued:

Net assets consist of, continued:

	June 30, 2023	June 30, 2022
Net assets with donor restrictions:		
Subject to expenditure for specified purpose:		
Scholarships and grants	4,847,775	5,350,265
Academic, student programs, and support	7,457,913	4,682,515
Buildings and equipment	4,536,215	762,140
	16,841,903	10,794,920
Subject to the passage of time:		
Contributions receivable from third-party trusts	43,110	43,085
Remainder interests in split-interest agreements	968,559	917,698
	1,011,669	960,783
Subject to the Seminary's spending policy and appropriation:		
Accumulated gains and term endowments	17,598,707	11,655,224
Endowment funds restricted in perpetuity	53,158,207	49,272,356
	70,756,914	60,927,580
Subject to restriction in perpetuity:		
Perpetual trusts held by others	499,181	487,187
	499,181	487,187
Total net assets with donor restrictions	89,109,667	73,170,470
Total net assets	$ 175,544,543	$ 147,919,102

The Seminary's governing board through specific action has created self-imposed limits on net assets without donor restrictions. These net assets can be drawn upon for any purpose if the board approves such action.

12. LIQUIDITY AND FINANCIAL ASSETS AVAILABLE:

The following table reflects the Seminary's financial assets as of June 30, 2023 and 2022, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, when donors or laws prevent the Seminary from spending the financial assets for general expenditures during the coming year, when financial assets are held for others, when spending policies for perpetual endowments limit the amount that can be spent within a year, or when governing board has set aside the resources for specific reserves. Resources that are unavailable because of the governing board's policies could be drawn upon if the board approves that action, but the governing board is not contemplating doing so.

	June 30, 2023	June 30, 2022
Financial assets:		
Cash and cash equivalents	$ 24,633,927	$ 19,837,169
Accounts, notes, and contributions receivable	3,927,826	1,881,916
Investments	128,527,419	113,999,675
Perpetual trusts held by others	499,181	487,187
Financial assets, at year-end	157,588,353	136,205,947
Less those unavailable for general expenditure within one year, due to:		
Investments and perpetual trusts held by others not convertible to cash within the next 12 months	(8,311,753)	(5,589,135)
Accounts, notes and contributions receivable collectible beyond one year	(51,107)	(65,931)
Investments and other financial assets held for others	(24,050,654)	(21,771,911)
Perpetual and term endowments and accumulated earnings subject to appropriation beyond one year	(67,649,530)	(58,021,260)
Investments held in trusts and various state-required annuity reserves	(9,996,913)	(10,631,588)
Investments in board-designated endowments	(1,145,640)	(1,097,738)
Cash restricted for acquisition of long-lived assets	(1,905,606)	(762,140)
Financial assets available to meet cash needs for general expenditures within one year	$ 44,477,150	$ 38,266,244

The Seminary has a policy to structure its financial assets to be available as its general expenditures are incurred and as liabilities and other obligations come due. The Seminary also has an unsecured $5,000,000 line of credit, which it could draw upon in the event of an unanticipated liquidity need. The line of credit matures on December 31, 2023. The line bears interest at an annual rate equal to the adjusted term SOFR Rate (5.24% at June 30, 2023) plus 1.45% per annum, with interest due monthly and principal due upon maturity. No funds were borrowed under this agreement during the fiscal years ended June 30, 2023 and 2022.

13. TUITION AND FEES:

A discount to tuition and fees results when the Seminary reduces the obligation of a student by granting financial aid. The following details the gross and net amounts of tuition and fees:

	Year Ended June 30,	
	2023	2022
Tuition and fees	$ 23,552,862	$ 22,822,634
Less financial aid and scholarships	(6,536,448)	(5,354,897)
	$ 17,016,414	$ 17,467,737

14. EXPENSES BY BOTH NATURE AND FUNCTION:

The consolidated financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions of the Seminary. These expenses include depreciation and amortization, interest, the president's office, communications, media production, information technology, and facilities operations and maintenance. Depreciation is allocated based on square footage and interest is allocated based on usage of space. Costs of other categories were allocated on estimates of time and effort. Total expenses include all operating expenses and the net periodic pension cost other than service cost.

Functional expenses by natural classification as of June 30, 2023:

	Program Activities			Supporting Activities			
	Academic and Student Programs	Public Service	Auxiliaries	Administrative Support	Facilities Operation & Maintenance	Fundraising	Total Expense
Salaries and wages	$ 14,993,498	$ 254,988	$ 795,694	$ 4,155,417	$ 1,119,152	$1,876,995	$ 23,195,744
Employee benefits	2,671,951	34,276	174,397	1,772,222	253,800	339,166	5,245,812
Net periodic pension cost other than service cost	616,604	13,215	40,014	250,159	44,571	69,846	1,034,409
Services, supplies, and other	4,149,596	105,081	506,069	2,314,046	462,834	2,894,929	10,432,555
Occupancy, utilities, and maintenance	410,244	15,081	1,072,710	145,997	1,837,279	17,514	3,498,825
Grants to others	359,331	3,482,411	-	-	-	-	3,841,742
Depreciation and amortization	977,455	22,411	1,187,487	272,015	-	22,959	2,482,327
Interest	-	-	302,376	-	-	-	302,376
	24,178,679	3,927,463	4,078,747	8,909,856	3,717,636	5,221,409	50,033,790
Facilities operation and maintenance	2,342,108	185,882	74,353	743,530	(3,717,636)	371,763	-
Total expenses	$ 26,520,787	$ 4,113,345	$ 4,153,100	$ 9,653,386	$ -	$ 5,593,172	$ 50,033,790

14. EXPENSES BY BOTH NATURE AND FUNCTION, continued:

Functional expenses by natural classification as of June 30, 2022:

	Program Activities			Supporting Activities			
	Academic and Student Programs	Public Service	Auxiliaries	Administrative Support	Facilities Operation & Maintenance	Fundraising	Total Expense
Salaries and wages	$ 13,208,647	$ 328,566	$ 619,141	$ 3,959,083	$ 1,110,262	$1,408,744	$ 20,634,443
Employee benefits	3,183,822	57,010	184,100	2,046,941	333,967	333,733	6,139,573
Net periodic pension cost other than service cost	365,439	6,746	20,427	168,419	22,752	45,601	629,384
Services, supplies, and other	3,677,905	99,921	934,748	1,619,984	314,389	2,455,662	9,102,609
Occupancy, utilities, and maintenance	495,668	4,745	780,456	158,727	1,807,267	9,012	3,255,875
Grants to others*	1,530,948	3,000,002	-	93,619	-	-	4,624,569
Depreciation and amortization	1,235,122	24,387	1,098,012	293,664	1,197	57,550	2,709,932
Interest	-	-	462,353	-	-	-	462,353
	23,697,551	3,521,377	4,099,237	8,340,437	3,589,834	4,310,302	47,558,738
Facilities operation and maintenance	2,333,812	107,660	71,772	717,726	(3,589,834)	358,864	-
Total expenses	$ 26,031,363	$ 3,629,037	$ 4,171,009	$ 9,058,163	$ -	$ 4,669,166	$ 47,558,738

*Grants to others includes student scholarships funded by HEERF funding in the amount of $841,412.

15. EMPLOYEE BENEFIT PLANS:

The Seminary has a noncontributory defined benefit pension plan (the Plan) covering approximately one fifth of its full-time employees. The benefits are based on years of service and the average of the employee's highest-paid five consecutive years of employment. The plan was frozen to new employees effective January 1, 2003.

The Seminary uses June 30 of the current fiscal year as the measurement date for its plan. An independent actuary provided the following actuarial information for the Plan.

The funded status of the Plan, which is the difference between the projected benefit obligation of the plan and the fair value of the Plan's assets, is reported in the consolidated balance sheet. The projected benefit obligation is the actuarial present value as of June 30, of all benefits attributed by the pension benefit formula to employee service rendered before that date, using assumptions about future compensation levels. Because the Plan's assets are less than the projected benefit obligation, the Seminary recognizes the unfunded amount as a liability for pension benefits. The accumulated benefit obligation of the Plan at June 30, is similar, in that it also is the actuarial present value of all benefits as of June 30, attributed by the pension benefit formula to employee service rendered before that date, but it does not include assumptions about future compensation levels.

The Plan's funded status and accumulated benefit obligation at June 30, was as follows:

	Year Ended June 30, 2023	Year Ended June 30, 2022
Projected benefit obligation	$ (36,472,498)	$ (39,310,804)
Plan assets at fair value	33,946,369	32,528,775
Funded status	$ (2,526,129)	$ (6,782,029)
Accumulated benefit obligation	$ 34,822,067	$ 37,068,713

Items not yet recognized as a component of net periodic pension costs:

	2023	2022
Net loss	$ 6,982,960	$ 10,559,529

15. EMPLOYEE BENEFIT PLANS, continued:

Net periodic benefit cost, included in functional expenses:

	Year Ended June 30, 2023	Year Ended June 30, 2022
Net periodic benefit cost, included in functional expenses:		
Service costs	$ 324,260	$ 474,171
Net periodic pension cost, other than service cost, included in non-operating activities:		
Interest costs	1,737,171	1,266,543
Expected return on plan assets	(1,608,333)	(1,877,421)
Reclassification of net gain or loss	905,571	1,240,251
Net periodic pension cost other than service cost	1,034,409	629,373
Net periodic pension costs	$ 1,358,669	$ 1,103,544

Pension-related changes other than net periodic benefit cost, included in nonoperating activities, are as follows:

	Year Ended June 30, 2023	Year Ended June 30, 2022
Net (gain) loss arising during the year	$ (2,670,998)	$ (1,793,798)
Amortization of net (loss) gain to net periodic benefit cost	(905,571)	(1,240,251)
Total recognized in nonoperating changes in net assets	$ (3,576,569)	$ (3,034,049)

The Seminary contributed $2,038,000 during both the fiscal years ended June 30, 2023 and 2022. The Seminary expects to contribute $2,038,000 to its pension plan in 2024.

15. EMPLOYEE BENEFIT PLANS, continued:

The following weighted-average assumptions are used in the accounting for the Plan:

	June 30,	
	2023	2022
Discount rate:		
Net periodic pension cost	4.56%	2.65%
Benefit obligations	5.19%	4.56%
Expected return on plan assets, beginning of fiscal year	5.00%	5.00%
Rate of compensation increase, beginning of fiscal year	3.00%	5.00%
Rate of compensation increase, end of fiscal year	3.00%	3.00%
Census date	July 1, 2022	July 1, 2021
Measurement date	June 30, 2023	June 30, 2022

The total expected long-term rate of return on assets is determined by assessing the rates of return on each targeted asset class, return premiums generated by portfolio management, and a comparison of rates utilized by other companies.

The Plan's assets are invested with external investment managers and independent consultants assist the Plan in the attainment of its objectives. The targeted and actual composition of the Plan's assets by investment class were as follows:

	June 30,		
	2023	2022	Target
Asset category:			
Cash and cash equivalents	1%	3%	1%
Equities	38%	42%	35%
Fixed income	43%	38%	44%
Real assets	5%	5%	10%
Hedge funds–fund of funds	13%	12%	10%
	100%	100%	100%

DALLAS THEOLOGICAL SEMINARY

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

15. EMPLOYEE BENEFIT PLANS, continued:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Pension Plan investments assigned to hierarchical valuation levels:				
As of June 30, 2023:				
Fixed income:				
Domestic	$ 13,789,751	$ 13,789,751	$ -	$ -
Equity:				
Domestic	6,344,266	6,344,266	-	-
International	6,496,199	6,496,199	-	-
	12,840,465	12,840,465	-	-
Real estate	958,639	1,623,586	-	-
Listed infrastructure fund	664,947	664,947	-	-
	28,253,802	$ 28,918,749	$ -	$ -
Investments measured at cost:				
Cash and cash equivalents	449,774			
Investments measured at net asset value:				
Hedge funds–fund of funds	4,568,398			
Domestic Fixed Income LLP	691,568			
Pension plan investments	$ 33,963,542			
Pension plan investments	$ 33,963,542			
Liabilities	17,173			
Total Plan Net Assets	$ 33,946,369			

15. EMPLOYEE BENEFIT PLANS, continued:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Pension Plan investments assigned to hierarchical valuation levels:				
As of June 30, 2022:				
Fixed income:				
Domestic	$ 12,350,322	$ 12,350,322	$ -	$ -
Equity:				
Domestic	6,519,082	6,519,082	-	-
International	7,089,624	7,089,624	-	-
	13,608,706	13,608,706	-	-
Real estate funds	983,926	983,926	-	-
Listed infrastructure fund	629,475	629,475	-	-
	27,572,429	$ 27,572,429	$ -	$ -
Investments measured at cost:				
Cash and cash equivalents	835,499			
Investments measured at net asset value:				
Hedge funds–fund of funds	4,144,625			
Pension plan investments	$ 32,552,553			
Pension plan investments	$ 32,552,553			
Liabilities	23,778			
Total Plan Net Assets	$ 32,528,775			

With each investment category, assets are allocated to various investment styles. Periodically, the entire account is rebalanced to maintain these percentages. Annually, the investment policy is reviewed. The Plan's current target return objective is to earn 5%, composed of both capital appreciation (realized and unrealized) and current yield (interest, dividends, etc.). The targeted return matches the actuarial assumption of 5% return on the Plan's assets.

15. EMPLOYEE BENEFIT PLANS, continued:

For the years ended June 30, 2023 and 2022, benefits paid from the plan were $2,778002 and $2,652,792, respectively. The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid in future years as follows:

Year Ending June 30,		
2024	$	2,820,627
2025		2,811,775
2026		2,766,264
2027		2,798,854
2028		2,770,914
Thereafter		13,518,994
	$	27,487,428

16. PROFIT SHARING PLAN:

The Seminary provides a profit-sharing plan covering all eligible employees. The Seminary, at its discretion, may make contributions to the plan for amounts determined by the employer. The discretionary contribution for the period will be allocated based on the ratio of the employees' compensation to total compensation for all employees. The total expense during the years ended June 30, 2023 and 2022, was approximately $893,000 and $780,000, respectively.

17. FEDERAL GRANTS:

Included in contributions on the consolidated statements of revenue, expenses, and other changes in net assets is Title IV program funding which consists of the following: Coronavirus Aid, Relief, and Economic Security (CARES) Act funding, and Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) funding. For Title IV program funding, the Seminary receives limited authorization by the Department of Education (ED) and is awarded in full to eligible students. During the years ended June 30, 2021 and 2020, the Seminary received Higher Education Emergency Relief Funds (HEERF) under the CARES and CRRSAA acts,. During the year ended June 30, 2022, $841,412 was distributed directly to eligible students and $6,054 was used to help the institution offset the financial impact from the COVID-19 pandemic. All HEERF funds were disbursed during the year ended June 30, 2022; accordingly, no distributions were made during the year ended June 30, 2023.

18. COMMITMENTS AND CONTINGENCIES:

The Seminary is subject to certain loss contingencies, such as litigation, arising in the normal conduct of its educational activities. In the opinion of Seminary management, the liability, if any, for such contingencies will not have a material effect on the Seminary's consolidated financial position.

The Seminary provides healthcare benefits primarily through employer contributions, participant contributions, and excess loss insurance, and manages the program through third-party administrators. Self-insurance reserves, recorded in accrued liabilities, are determined on the basis of lagging claims analysis and historical loss experience. Reserves at June 30, 2023 and 2022, were $370,000 and $288,000, respectively. While management believes these reserves are adequate, the ultimate liabilities may be more or less than the amounts provided.

The Seminary entered into a construction contract for phase one of the Central Plant project. The amount of future commitments for the project was approximately $2,529,000 at June 30, 2023.

19. RELATED PARTIES:

In accordance with Department of Education's regulations at 34 CFR 668.23(d)(1), the Seminary has no related party transactions to disclose for the years ending June 30, 2023 and 2022.

20. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through September 29, 2023, which is the date the consolidated financial statements were available to be issued.

SUPPLEMENTARY DATA

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY DATA

Board of Trustees
Dallas Theological Seminary
Dallas, Texas

We have audited the consolidated financial statements of Dallas Theological Seminary and Dallas Seminary Foundation (collectively, the Seminary) as of and for the years ended June 30, 2023 and 2022, and our report thereon dated September 29, 2023, which expressed an unmodified opinion on those consolidated financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information (information) on pages 43-48 is presented for the purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual organizations, and it is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Capin Crouse LLP

Irving, Texas
September 29, 2023

5605 N. MacArthur Boulevard, Suite 210
Irving, TX 75038
505.50.CAPIN
capincrouse.com

DALLAS THEOLOGICAL SEMINARY

Consolidating Balance Sheet

	June 30, 2023			
	Dallas Theological Seminary	Dallas Seminary Foundation	Eliminations	Total
ASSETS:				
Cash and cash equivalents	$ 24,551,489	$ 82,438	$ -	$ 24,633,927
Accounts and notes receivable–net	1,932,264	347,249	(347,249)	1,932,264
Contributions receivable–net	1,978,562	17,000	-	1,995,562
Prepaid expenses	1,678,916	-	-	1,678,916
Inventory	6,933,410	-	-	6,933,410
Investments	41,665,778	92,069,991	(5,208,350)	128,527,419
Perpetual trusts held by others	499,181	-	-	499,181
Operating lease right-of-use assets	2,561,263	-	-	2,561,263
Property and equipment–net	63,740,551	-	-	63,740,551
Total Assets	$ 145,541,414	$ 92,516,678	$ (5,555,599)	$ 232,502,493
LIABILITIES AND NET ASSETS:				
Liabilities:				
Accounts payable and accrued liabilities	$ 6,518,782	$ 7,624	$ (347,249)	$ 6,179,157
Deferred revenue	3,211,411	-	-	3,211,411
Student deposits and refundable advances	2,025,904	5,551,742	(1,119,544)	6,458,102
Annuity obligations	2,909,781	3,038,747	(2,909,781)	3,038,747
Amounts held on behalf of others	-	24,765,919	-	24,765,919
Liabilities under split-interest agreements	58,264	1,059,505	(58,264)	1,059,505
Operating lease liabilities	1,823,297	-	-	1,823,297
Notes payable	7,895,683	-	-	7,895,683
Liability for pension benefits	2,526,129	-	-	2,526,129
Total liabilities	26,969,251	34,423,537	(4,434,838)	56,957,950
Net assets:				
Net assets without donor restrictions	67,538,954	19,870,684	(974,762)	86,434,876
Net assets with donor restrictions:				
Restricted by purpose or time	23,781,846	11,816,432	(145,999)	35,452,279
Restricted in perpetuity	27,251,363	26,406,025	-	53,657,388
Total net assets	118,572,163	58,093,141	(1,120,761)	175,544,543
Total Liabilities and Net Assets	$ 145,541,414	$ 92,516,678	$ (5,555,599)	$ 232,502,493

DALLAS THEOLOGICAL SEMINARY

Consolidating Balance Sheet

	June 30, 2022			
	Dallas Theological Seminary	Dallas Seminary Foundation	Eliminations	Total
ASSETS:				
Cash and cash equivalents	$ 19,710,007	$ 127,162	$ -	$ 19,837,169
Accounts and notes receivable–net	1,714,635	537,690	(571,340)	1,680,985
Contributions receivable–net	200,931	-	-	200,931
Prepaid expenses	1,490,597	-	-	1,490,597
Inventory	7,196,416	-	-	7,196,416
Investments	37,504,031	81,489,673	(4,994,029)	113,999,675
Perpetual trusts held by others	487,186	-	-	487,186
Operating lease right-of-use assets	1,839,202	-	-	1,839,202
Property and equipment–net	59,975,902	-	-	59,975,902
Total Assets	$ 130,118,907	$ 82,154,525	$ (5,565,369)	$ 206,708,063
LIABILITIES AND NET ASSETS:				
Liabilities:				
Accounts payable and accrued liabilities	$ 6,279,284	$ 36,190	$ (537,690)	$ 5,777,784
Deferred revenue	2,817,004	-	-	2,817,004
Student deposits and refundable advances	1,963,890	5,722,771	(1,070,394)	6,616,267
Annuity obligations	3,051,599	3,183,336	(3,051,599)	3,183,336
Amounts held on behalf of others	-	21,771,911	-	21,771,911
Liabilities under split-interest agreements	35,396	1,075,903	(35,396)	1,075,903
Operating lease liabilities	1,821,839	-	-	1,821,839
Notes payable	8,942,888	-	-	8,942,888
Liability for pension benefits	6,782,029	-	-	6,782,029
Total liabilities	31,693,929	31,790,111	(4,695,079)	58,788,961
Net assets:				
Net assets without donor restrictions	57,360,274	18,103,973	(715,615)	74,748,632
Net assets with donor restrictions:				
Restricted by purpose or time	16,277,036	7,288,566	(154,675)	23,410,927
Restricted in perpetuity	24,787,668	24,971,875	-	49,759,543
Total net assets	98,424,978	50,364,414	(870,290)	147,919,102
Total Liabilities and Net Assets	$ 130,118,907	$ 82,154,525	$ (5,565,369)	$ 206,708,063

DALLAS THEOLOGICAL SEMINARY

Consolidating Statement of Changes in Net Assets

	Year Ended June 30, 2023			
	Dallas Theological Seminary	Dallas Seminary Foundation	Eliminations	Total
Change in Net Assets Without Donor Restrictions:				
Operating Revenues and Other Additions:				
Tuition and fees–net	$ 17,016,414	$ -	$ -	$ 17,016,414
Contributions of financial assets	15,833,373	4,099,737	(567,878)	19,365,232
Contributions of nonfinancial assets	-	-	90,000	90,000
Employee retention credit	5,878,256	-	-	5,878,256
Investment return (excluding donor endowment)	838,575	1,638,881	-	2,477,456
Educational activities and other income	781,909	265,839	-	1,047,748
Auxiliary enterprises	3,307,413	-	-	3,307,413
	43,655,940	6,004,457	(477,878)	49,182,519
Net assets released from restriction:				
Satisfaction of program restrictions	7,212,234	2,410,047	(4,474,655)	5,147,626
Appropriation from donor endowment and subsequent of any related donor restrictions	1,514,733	1,776,934	-	3,291,667
Operating Revenues and Other Additions	52,382,907	10,191,438	(4,952,533)	57,621,812
Expenses:				
Salaries and wages	22,743,800	451,944	-	23,195,744
Employee benefits	5,185,012	60,800	-	5,245,812
Services, supplies, and other	10,264,881	167,674	-	10,432,555
Occupancy, utilities, and maintenance	3,498,825	-	-	3,498,825
Grants to others	550,531	8,243,943	(4,952,732)	3,841,742
Depreciation and amortization	2,482,327	-	-	2,482,327
Interest	302,376	-	-	302,376
Operating Expenses	45,027,752	8,924,361	(4,952,732)	48,999,381
Change in Net Assets from Operations	7,355,155	1,267,077	199	8,622,431

DALLAS THEOLOGICAL SEMINARY

Consolidated Statement of Changes in Net Assets
(continued)

	Year Ended June 30, 2023			
	Dallas Theological Seminary	Dallas Seminary Foundation	Eliminations	Total
Non-Operating Change in Net Assets Without Donor Restrictions:				
Net periodic pension cost other than service cost	(1,034,409)	-	-	(1,034,409)
Pension-related changes other than net periodic pension costs	3,576,569	-	-	3,576,569
Investment return, net in excess of amounts appropriated for spending	22,019	252,280	-	274,299
Change in value of annuity agreements	259,147	247,354	(259,147)	247,354
Change in Net Assets from Non-Operating Activities	2,823,326	499,634	(259,147)	3,063,813
Change in Net Assets Without Donor Restrictions	10,178,481	1,766,711	(258,948)	11,686,244
Change in Net Assets With Donor Restrictions:				
Contributions of financial assets	15,727,522	6,803,051	(4,384,830)	18,145,743
Contributions of nonfinancial assets	-	281,000	(90,000)	191,000
Investment return, net	2,976,801	3,129,560	-	6,106,361
Change in value of split-interest agreements	(8,652)	(64,614)	8,652	(64,614)
Net asset released for restrictions:				
Release of appropriated endowment amounts	(1,514,733)	(1,776,934)	-	(3,291,667)
Release of other restrictions	(7,212,234)	(2,410,047)	4,474,655	(5,147,626)
Change in Net Assets With Donor Restrictions	9,968,704	5,962,016	8,477	15,939,197
Change in Net Assets	20,147,185	7,728,727	(250,471)	27,625,441
Net Assets, Beginning of Year	98,424,978	50,364,414	(870,290)	147,919,102
Net Assets, End of Year	$ 118,572,163	$ 58,093,141	$ (1,120,761)	$ 175,544,543

DALLAS THEOLOGICAL SEMINARY

Consolidating Statement of Changes in Net Assets

	Year Ended June 30, 2022			
	Dallas Theological Seminary	Dallas Seminary Foundation	Eliminations	Total
Change in Net Assets Without Donor Restrictions:				
Operating Revenues and Other Additions:				
Tuition and fees–net	$ 17,467,737	$ -	$ -	$ 17,467,737
Contributions of financial assets	16,496,216	11,217,591	(459,749)	27,254,058
Contributions of nonfinancial assets	488,539	-	-	488,539
Investment return appropriated for spending	96,381	(1,551,660)	-	(1,455,279)
Educational activities and other income	629,638	250,057	-	879,695
Auxiliary enterprises	3,278,270	-	-	3,278,270
	38,456,781	9,915,988	(459,749)	47,913,020
Net assets released from restriction:				
Satisfaction of program restrictions	6,854,489	7,858,908	(9,215,385)	5,498,012
Appropriation from donor endowment and subsequent of any related donor restrictions	1,519,815	1,289,036	-	2,808,851
Operating Revenues and Other Additions	46,831,085	19,063,932	(9,675,134)	56,219,883
Expenses:				
Salaries and wages	20,207,471	426,972	-	20,634,443
Employee benefits	6,083,629	55,944	-	6,139,573
Services, supplies, and other	9,072,413	166,196	(136,000)	9,102,609
Occupancy, utilities, and maintenance	3,255,875	-	-	3,255,875
Grants to others	1,630,398	12,533,303	(9,539,132)	4,624,569
Depreciation and amortization	2,709,932	-	-	2,709,932
Interest	462,353	-	-	462,353
Operating Expenses	43,422,071	13,182,415	(9,675,132)	46,929,354
Change in Net Assets from Operations	3,409,014	5,881,517	(2)	9,290,529

DALLAS THEOLOGICAL SEMINARY

Consolidated Statement of Changes in Net Assets
(continued)

	Year Ended June 30, 2022			
	Dallas Theological Seminary	Dallas Seminary Foundation	Eliminations	Total
Non-Operating Change in Net Assets Without Donor Restrictions:				
Net periodic pension cost other than service cost	(629,384)	-	-	(629,384)
Pension-related changes other than net periodic pension costs	3,034,049	-	-	3,034,049
Investment return, net in excess of amounts appropriated for spending	(70,721)	141,491	-	70,770
Change in value of split-interest agreements	(730,851)	(809,855)	782,785	(757,921)
Net assets released from restriction due to acquisition of long-lived assets	204,239	-	-	204,239
Change in Net Assets from Non-Operating Activities	1,807,332	(668,364)	782,785	1,921,753
Change in Net Assets Without Donor Restrictions	5,216,346	5,213,153	782,783	11,212,282
Change in Net Assets with Donor Restrictions:				
Contributions of financial assets	11,609,154	12,529,487	(9,097,907)	15,040,734
Contributions of nonfinancial assets	-	695,000	-	695,000
Investment return, net	(3,986,764)	(3,533,875)	-	(7,520,639)
Change in value of split-interest agreements	(37,990)	(81,923)	28,808	(91,105)
Net asset released for restrictions:				
Release of appropriated endowment amounts	(1,519,815)	(1,289,036)	-	(2,808,851)
Release of restrictions due to acquisition of long-lived assets	(204,239)	-	-	(204,239)
Release of other restrictions	(6,854,489)	(7,858,908)	9,215,385	(5,498,012)
Change in Net Assets with Donor Restrictions	(994,143)	460,745	146,286	(387,112)
Change in Net Assets	4,222,203	5,673,898	929,069	10,825,170
Net Assets, Beginning of Year	94,202,775	44,690,516	(1,799,359)	137,093,932
Net Assets, End of Year	$ 98,424,978	$ 50,364,414	$ (870,290)	$ 147,919,102