



DALLAS THEOLOGICAL SEMINARY

Consolidated Financial Statements  
With Independent Auditors' Report

June 30, 2024 and 2023

# DALLAS THEOLOGICAL SEMINARY

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## 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, 2024 and 2023, 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, 2024 and 2023, 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  
October 4, 2024

# DALLAS THEOLOGICAL SEMINARY

## Consolidated Balance Sheets

	June 30,	
	2024	2023
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 23,687,529	\$ 24,633,927
Accounts and notes receivable—net of allowance of \$166,212 and \$103,075 at June 30, 2024 and 2023, respectively	2,073,599	1,932,264
Contributions receivable—net	200,519	1,995,562
Prepaid expenses	1,624,124	1,678,916
Inventory	6,340,629	6,933,410
Investments	143,245,711	128,527,419
Operating lease right-of-use assets	2,285,983	2,561,263
Property and equipment—net	76,563,207	63,740,551
Perpetual trusts held by others	529,837	499,181
	<u>\$ 256,551,138</u>	<u>\$ 232,502,493</u>
<b>Total Assets</b>		
<b>LIABILITIES AND NET ASSETS:</b>		
<b>Liabilities:</b>		
Accounts payable and accrued liabilities	\$ 6,441,088	\$ 6,179,157
Deferred revenue	3,977,970	3,211,411
Student deposits and refundable advances	4,996,724	6,458,102
Annuity obligations	2,963,072	3,038,747
Amounts held on behalf of others	33,364,138	24,765,919
Liabilities under split-interest agreements	926,881	1,059,505
Operating lease liabilities	1,723,638	1,823,297
Notes payable	6,813,478	7,895,683
Liability for pension benefits	203,875	2,526,129
<b>Total liabilities</b>	<u>61,410,864</u>	<u>56,957,950</u>
<b>Net assets:</b>		
Net assets without donor restrictions	96,183,915	86,434,876
<b>Net assets with donor restrictions:</b>		
Restricted by purpose or time	39,461,067	35,452,279
Restricted in perpetuity	59,495,292	53,657,388
	<u>98,956,359</u>	<u>89,109,667</u>
<b>Total net assets</b>	<u>195,140,274</u>	<u>175,544,543</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 256,551,138</u>	<u>\$ 232,502,493</u>

See notes to consolidated financial statements

# DALLAS THEOLOGICAL SEMINARY

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

	Year Ended June 30,	
	2024	2023
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:</b>		
Operating Revenues and Other Additions:		
Tuition and fees—net	\$ 17,778,680	\$ 17,016,414
Contributions of financial assets	25,082,228	19,365,232
Contributions of nonfinancial assets	143,210	90,000
Employee retention credit	-	5,878,256
Investment return (excluding donor endowment)	3,300,311	2,477,456
Educational activities and other income	1,061,580	1,047,748
Auxiliary enterprises	3,535,931	3,307,413
Total Operating Revenues	50,901,940	49,182,519
Net assets released from restriction:		
Satisfaction of program restrictions	6,903,463	5,147,626
Appropriation from donor endowment and subsequent of any related donor restrictions	3,280,539	3,291,667
Total Operating Revenues and Other Additions	61,085,942	57,621,812
Expenses:		
Salaries and wages	25,126,418	23,195,744
Employee benefits	6,401,886	5,245,812
Services, supplies, and other	13,287,769	10,432,555
Occupancy, utilities, and maintenance	3,581,782	3,498,825
Grants to others	5,508,048	3,841,742
Depreciation and amortization	2,826,172	2,482,327
Interest	265,793	302,376
Operating Expenses	56,997,868	48,999,381
Change in Net Assets from Operations	4,088,074	8,622,431
Nonoperating Change in Net Assets Without Donor Restrictions:		
Net periodic pension cost other than service cost	(424,804)	(1,034,409)
Pension-related changes other than net periodic pension costs	954,454	3,576,569
Investment return, net in excess of amounts appropriated for spending	59,745	274,299
Net assets released from restrictions due to acquisition of long-lived assets	4,769,804	-
Change in value of annuity agreements	301,766	247,354
Change in Net Assets from Nonoperating Activities	5,660,965	3,063,813
Change in Net Assets Without Donor Restrictions	\$ 9,749,039	\$ 11,686,244

(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,	
	2024	2023
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS:</b>		
Operating revenues and other additions	\$ 61,085,942	\$ 57,621,812
Operating expenses	(56,997,868)	(48,999,381)
Change in Net Assets from Operations	4,088,074	8,622,431
Change in Net Assets from Non-Operating Activities	5,660,965	3,063,813
Change in Net Assets Without Donor Restrictions	9,749,039	11,686,244
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS:</b>		
Contributions of financial assets	16,556,956	18,145,743
Contributions of nonfinancial assets	-	191,000
Investment return, net	8,264,073	6,106,361
Change in value of split-interest agreements	(20,531)	(64,614)
Net assets released from restrictions:		
Release of appropriated endowment amounts	(3,280,539)	(3,291,667)
Release from restrictions due to acquisition of long-lived assets	(4,769,804)	-
Release of other time and purpose restrictions	(6,903,463)	(5,147,626)
Change in Net Assets With Donor Restrictions	9,846,692	15,939,197
Change in Net Assets	19,595,731	27,625,441
Net Assets, Beginning of Year	175,544,543	147,919,102
Net Assets, End of Year	\$ 195,140,274	\$ 175,544,543

See notes to consolidated financial statements

# DALLAS THEOLOGICAL SEMINARY

## Consolidated Statements of Cash Flows

	Year Ended June 30,	
	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from tuition and fees	\$ 17,081,406	\$ 15,884,414
Cash received from donors	35,300,784	31,230,956
Cash collected from contributions receivable	1,842,836	224,829
Cash received from auxiliary enterprises	3,571,239	3,317,352
Interest and dividends received	3,898,227	2,855,346
Miscellaneous receipts	1,058,207	1,056,815
Cash paid to employees	(25,149,694)	(23,000,097)
Cash paid for benefits	(7,011,557)	(6,133,977)
Cash paid to suppliers and vendors	(16,471,810)	(14,750,774)
Interest paid	(267,395)	(303,927)
Grants paid	(5,508,048)	(3,841,473)
Net Cash Provided by Operating Activities	8,344,195	6,539,464
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	(15,168,776)	(5,886,041)
Proceeds on sale of investments	18,547,063	15,461,275
Purchase of investments	(16,842,585)	(19,959,197)
Net Cash Used by Investing Activities	(13,464,298)	(10,383,963)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from contributions restricted for:		
Investment in perpetual endowment	5,653,570	3,885,850
Investment in term endowment	219,170	3,214,667
Investments subject to annuity and trust agreements	380,000	3,873,242
Investment in property and equipment	485,997	155,000
Other financing activities:		
Payments on annuity and trust obligations	(723,493)	(866,517)
Distribution of matured trust and annuities	(746,539)	(560,985)
Payments on notes payable	(1,095,000)	(1,060,000)
Net Cash Provided by Financing Activities	4,173,705	8,641,257
Change in Cash and Cash Equivalents	(946,398)	4,796,758
Cash and Cash Equivalents, Beginning of Year	24,633,927	19,837,169
Cash and Cash Equivalents, End of Year	\$ 23,687,529	\$ 24,633,927

(continued)

See notes to consolidated financial statements



# DALLAS THEOLOGICAL SEMINARY

## Consolidated Statements of Cash Flows

(continued)

	Year Ended June 30,	
	<u>2024</u>	<u>2023</u>
SUPPLEMENTAL DISCLOSURE:		
Noncash contributions	<u>\$ 3,020,474</u>	<u>\$ 3,920,936</u>
Property and equipment acquired through accounts payable	<u>\$ 976,133</u>	<u>\$ 827,677</u>

See notes to consolidated financial statements

# DALLAS THEOLOGICAL SEMINARY

## Notes to Consolidated Financial Statements

June 30, 2024 and 2023

### 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.

# DALLAS THEOLOGICAL SEMINARY

## Notes to Consolidated Financial Statements

June 30, 2024 and 2023

### 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, 2024 and 2023, 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. The allowance for credit losses reflects the expected future credit losses over the life of the financial asset. The allowance for credit losses 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 customers 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.

# DALLAS THEOLOGICAL SEMINARY

## Notes to Consolidated Financial Statements

June 30, 2024 and 2023

### 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.

# DALLAS THEOLOGICAL SEMINARY

## Notes to Consolidated Financial Statements

June 30, 2024 and 2023

### 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, 2023, 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, 2024 and 2023, the Seminary had approximately \$4,508,000 and \$5,552,000, 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 \$4,692,782 and \$4,429,191 as of June 30, 2024 and 2023, 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.

# DALLAS THEOLOGICAL SEMINARY

## Notes to Consolidated Financial Statements

June 30, 2024 and 2023

### 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.

# DALLAS THEOLOGICAL SEMINARY

## Notes to Consolidated Financial Statements

June 30, 2024 and 2023

### 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.

# DALLAS THEOLOGICAL SEMINARY

## Notes to Consolidated Financial Statements

June 30, 2024 and 2023

### 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,	
	2024	2023
Jewelry and precious metals	\$ 143,210	\$ -
Real estate	-	281,000
	<u>\$ 143,210</u>	<u>\$ 281,000</u>

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 jewelry, precious metal, and real estate contributions on the date of donation. Of the nonfinancial assets contributed during the year ended June 30, 2023, \$191,000 was restricted by donors for a charitable remainder unitrust.

#### ADVERTISING

Advertising costs are expensed as they are incurred. The Seminary expended approximately \$850,000 and \$893,000 for advertising for the years ended June 30, 2024 and 2023, 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.



# DALLAS THEOLOGICAL SEMINARY

## Notes to Consolidated Financial Statements

June 30, 2024 and 2023

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### RECENTLY ISSUED PRONOUNCEMENTS

In June 2016, the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Seminary that are subject to the guidance in FASB ASC 326 are student accounts receivable. The Seminary adopted the standard effective July 1, 2023. The impact of the adoption was not considered material to the consolidated financial statements and primarily resulted in enhanced disclosures only.

### 3. ACCOUNTS AND NOTES RECEIVABLE—NET:

Accounts and notes receivable—net consist of:

	June 30,	
	2024	2023
Student accounts receivable	\$ 2,022,879	\$ 1,354,347
Less allowance for credit losses	(166,212)	(103,075)
	1,856,667	1,251,272
Other accounts receivable	216,932	680,992
	<u>\$ 2,073,599</u>	<u>\$ 1,932,264</u>

### 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,	
	2024	2023
Less than one year	\$ 151,245	\$ 1,944,455
One to five years	8,233	18,233
More than five years	70,555	67,559
	230,033	2,030,247
Less imputed interest, at rates of 5% to 9.5%	(29,514)	(34,685)
	<u>\$ 200,519</u>	<u>\$ 1,995,562</u>

# DALLAS THEOLOGICAL SEMINARY

## Notes to Consolidated Financial Statements

June 30, 2024 and 2023

### 5. INVESTMENTS AND FAIR VALUE DISCLOSURES:

Investments are held for the following purposes:

	June 30,	
	2024	2023
Endowment investments	\$ 81,891,729	\$ 71,902,554
Annuity investments, including reserves	4,692,782	4,429,191
Charitable trusts	6,742,882	8,302,694
Amounts held for others	29,825,565	24,706,279
Donor-advised funds	18,603,721	17,741,330
Other invested assets	1,489,032	1,445,371
	<u>\$ 143,245,711</u>	<u>\$ 128,527,419</u>

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 \$26,610 and \$22,536 in the years ended June 30, 2024 and 2023, respectively.

# DALLAS THEOLOGICAL SEMINARY

## Notes to Consolidated Financial Statements

June 30, 2024 and 2023

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, 2024:				
Investments assigned to hierarchical valuation levels:				
Fixed income:				
Domestic	\$ 37,787,291	\$ 37,787,291	\$ -	\$ -
	37,787,291	37,787,291	-	-
Equity:				
Domestic	45,675,328	45,675,328	-	-
International	32,920,830	32,920,830	-	-
	78,596,158	78,596,158	-	-
Natural resources	2,189,455	2,189,455	-	-
Real estate funds	323,861	83,622	-	240,239
Listed infrastructure fund	47,445	47,445	-	-
Private equity	246,834	-	-	246,834
	119,191,044	\$118,703,971	\$ -	\$ 487,073
Investments measured at cost:				
Cash and cash equivalents	5,069,917			
Investments measured at net asset value:				
Fixed income partnerships	2,706,041			
Master limited partnerships	457,320			
Real estate partnerships	878,481			
Hedge funds—fund of funds	12,785,183			
Private equity partnerships	2,157,725			
	\$143,245,711			
Perpetual trusts held by others	\$ 529,837	\$ -	\$ -	\$ 529,837

# DALLAS THEOLOGICAL SEMINARY

## Notes to Consolidated Financial Statements

June 30, 2024 and 2023

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, 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	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, 2024 and 2023

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, 2024:

	Perpetual trusts	Real Estate	Private Equity	Total
Beginning balance as of June 30, 2023	\$ 499,181	\$ 98,321	\$ 266,428	\$ 863,930
Total unrealized gains or losses included in investment income	30,656	(1,292)	(19,594)	9,770
Purchases, issuances, sales, and settlements:				
Purchases	-	143,210	-	143,210
Ending balance as of June 30, 2024	\$ 529,837	\$ 240,239	\$ 246,834	\$ 1,016,910

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

# DALLAS THEOLOGICAL SEMINARY

## Notes to Consolidated Financial Statements

June 30, 2024 and 2023

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, 2024:

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	\$ 12,785,183	1	N.A.	\$ -	No lockup	Redemption annually with 90 day notice	None
Fixed income:							
Liquid senior loan strategy	2,706,041	1	N.A.	-	No lockup	Redemption monthly with 30 day notice	None
Real assets—illiquid:							
Real estate (REITS) and natural resources	1,335,801	5	Upon liquidation of underlying investments	373,347	N.A	N.A*	N.A
Private equity:							
Secondary private investments	656,772	1	10 years	259,438	N.A	N.A*	N.A
Distressed, buyout, and venture capital	<u>1,500,953</u>	5	4 to 10 years	<u>443,521</u>	N.A	N.A*	N.A
	<u>\$ 18,984,750</u>			<u>\$ 1,076,306</u>			

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

# DALLAS THEOLOGICAL SEMINARY

## Notes to Consolidated Financial Statements

June 30, 2024 and 2023

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, 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		N.A.	-	No lockup	Redemption monthly with 30 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	<u>1,607,745</u>	6	4 to 10 years	<u>370,959</u>	N.A.	N.A*	N.A.
	<u>\$ 18,708,240</u>			<u>\$ 1,187,357</u>			

\* 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, 2024 and 2023, the Seminary had unfunded commitments of \$1,076,306 and \$1,187,357, respectively.

# DALLAS THEOLOGICAL SEMINARY

## Notes to Consolidated Financial Statements

June 30, 2024 and 2023

6. ENDOWMENT FUNDS:

The Seminary’s endowment consists of various 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, 2024:

		With donor restrictions			
	Without Donor Restrictions	Original Gift Amount	Accumulated Gains (Losses) and Other	Total with Donor Restrictions	Total Funds
Donor-restricted funds	\$ -	\$ 58,965,455	\$ 22,520,889	\$ 81,486,344	\$ 81,486,344
Board-designated funds	1,205,386	-	-	-	1,205,386
	\$ 1,205,386	\$ 58,965,455	\$ 22,520,889	\$ 81,486,344	\$ 82,691,730

Term endowments, which total \$5,601,518 and \$5,382,071 at June 30, 2024 and June 30, 2023, 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.



# DALLAS THEOLOGICAL SEMINARY

## Notes to Consolidated Financial Statements

June 30, 2024 and 2023

6. ENDOWMENT FUNDS, continued:

Changes in endowment net assets for the year ended June 30, 2024:

	With donor restrictions			Total with Donor Restrictions	Total Funds
	Without Donor Restrictions	Original Gift Amount	Accumulated Gains (Losses) and Other		
Endowment net assets, beginning of year	\$ 1,145,640	\$ 53,158,207	\$ 17,598,707	\$ 70,756,914	\$ 71,902,554
Investment return, net	122,971	-	8,137,229	8,137,229	8,260,200
Contributions	-	5,653,570	219,170	5,872,740	5,872,740
Amounts appropriated for expenditure	(63,225)	-	(3,434,217)	(3,434,217)	(3,497,442)
Reclassification	-	153,678	-	153,678	153,678
	59,746	5,807,248	4,922,182	10,729,430	10,789,176
Endowment net assets, end of year	\$ 1,205,386	\$ 58,965,455	\$ 22,520,889	\$ 81,486,344	\$ 82,691,730

# DALLAS THEOLOGICAL SEMINARY

## Notes to Consolidated Financial Statements

June 30, 2024 and 2023

6. ENDOWMENT FUNDS, continued:

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

	Without Donor Restrictions	With donor restrictions		Total with Donor Restrictions	Total Funds
		Original Gift Amount	Accumulated Gains (Losses) and Other		
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

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

	Without Donor Restrictions	With donor restrictions		Total with Donor Restrictions	Total Funds
		Original Gift Amount	Accumulated Gains (Losses) and Other		
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

# DALLAS THEOLOGICAL SEMINARY

## Notes to Consolidated Financial Statements

June 30, 2024 and 2023

6. ENDOWMENT FUNDS, continued:

Endowment fund assets consist of:

	June 30,	
	2024	2023
Accounts receivable	\$ 800,000	\$ -
Investments (Note 5)	81,891,729	71,902,554
	<u>\$ 82,691,729</u>	<u>\$ 71,902,554</u>

*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 seven donor-restricted endowment funds, which together had an original gift value of \$166,621 and \$5,392,990, a current fair value of \$156,460 and \$5,202,016, and a deficiency of \$10,161 and \$190,974 as of June 30, 2024 and 2023, 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.

# DALLAS THEOLOGICAL SEMINARY

## Notes to Consolidated Financial Statements

June 30, 2024 and 2023

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,	
	2024	2023
Trust assets (at fair value):		
Investments	\$ 6,742,882	\$ 8,302,694
Trust liabilities and net assets:		
Refundable advances (revocable beneficiaries)	\$ 4,508,183	\$ 5,551,742
Accounts payable	-	5,084
Amounts held on behalf of others	359,790	717,804
Liabilities under split-interest agreements	926,881	1,059,505
Total trust net assets—with donor restrictions	948,028	968,559
	\$ 6,742,882	\$ 8,302,694

# DALLAS THEOLOGICAL SEMINARY

## Notes to Consolidated Financial Statements

June 30, 2024 and 2023

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,	
	2024	2023
Operating lease right-of-use assets	\$ 2,285,983	\$ 2,561,263
Operating lease liabilities	\$ 1,723,638	\$ 1,823,297
Operating lease cost	\$ 537,633	\$ 395,119
Variable lease cost	\$ 13,009	\$ 7,286
Cash paid for amounts included in the measurement	\$ 362,011	\$ 318,029
Weighted-average remaining lease term	4.7 Years	6.0 Years
Weighted-average discount rate	5.1%	5.0%

Maturities of operating lease liabilities are as follows:

Years Ending June 30,	Amounts
2025	\$ 404,214
2026	410,925
2027	417,893
2028	394,666
2029	319,321
Total lease payments	1,947,019
Less imputed interest	(223,381)
Total	\$ 1,723,638

# DALLAS THEOLOGICAL SEMINARY

## Notes to Consolidated Financial Statements

June 30, 2024 and 2023

9. PROPERTY AND EQUIPMENT—NET:

Property and equipment—net consists of:

	June 30,	
	2024	2023
Land	\$ 7,262,267	\$ 7,262,267
Land improvements	1,056,199	1,056,199
Buildings	100,791,495	93,160,233
Library acquisitions	7,654,788	7,757,776
Equipment	4,738,228	2,567,036
	121,502,977	111,803,511
Less accumulated depreciation	(56,441,761)	(53,909,685)
	65,061,216	57,893,826
Construction in progress	11,501,991	5,846,725
Net book value of property and equipment	76,563,207	63,740,551
Less notes payable secured by property and equipment	(6,813,478)	(7,895,683)
	\$ 69,749,729	\$ 55,844,868

10. NOTES PAYABLE:

Notes payable consist of:

	June 30,	
	2024	2023
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.	\$ 6,885,000	\$ 7,980,000
Less unamortized loan issuance costs	(71,522)	(84,317)
	\$ 6,813,478	\$ 7,895,683

# DALLAS THEOLOGICAL SEMINARY

## Notes to Consolidated Financial Statements

June 30, 2024 and 2023

10. NOTES PAYABLE, continued:

Future minimum payments for notes payable consist of:

Year Ended June 30,

2025	\$	1,135,000
2026		1,175,000
2027		1,220,000
2028		1,265,000
2029		1,310,000
Thereafter		<u>780,000</u>
	\$	<u>6,885,000</u>

The notes payable agreements contain covenants which include minimum liquidity and debt service coverage ratios. At June 30, 2024, management believes they are in compliance with these covenants.

11. NET ASSETS:

Net assets consist of:

	<u>June 30,</u>	
	<u>2024</u>	<u>2023</u>
Net assets without donor restrictions:		
Undesignated	\$ 4,090,248	\$ 11,551,489
Donor-advised funds	18,603,721	17,756,230
Board-designated endowment	1,205,386	1,145,640
State-required annuity reserves	2,738,706	2,662,778
Pension benefit obligation	(203,875)	(2,526,129)
Net investment in property and equipment	<u>69,749,729</u>	<u>55,844,868</u>
Total net assets without donor restrictions	<u>96,183,915</u>	<u>86,434,876</u>

(continued)

# DALLAS THEOLOGICAL SEMINARY

## Notes to Consolidated Financial Statements

June 30, 2024 and 2023

11. NET ASSETS, continued:

Net assets consist of, continued:

	June 30,	
	2024	2023
Net assets with donor restrictions:		
Subject to expenditure for specified purpose:		
Scholarships and grants	5,198,486	4,847,775
Academic, student programs, and support	6,943,986	7,457,913
Buildings and equipment	3,803,316	4,536,215
	15,945,788	16,841,903
Subject to the passage of time:		
Contributions receivable from third-party trusts	46,362	43,110
Remainder interests in split-interest agreements	948,028	968,559
	994,390	1,011,669
Subject to the Seminary's spending policy and appropriation:		
Accumulated gains and term endowments	22,520,889	17,598,707
Endowment funds restricted in perpetuity	58,965,455	53,158,207
	81,486,344	70,756,914
Subject to restriction in perpetuity:		
Perpetual trusts held by others	529,837	499,181
	529,837	499,181
 Total net assets with donor restrictions	 98,956,359	 89,109,667
 Total net assets	 \$ 195,140,274	 \$ 175,544,543

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.



# DALLAS THEOLOGICAL SEMINARY

## Notes to Consolidated Financial Statements

June 30, 2024 and 2023

### 12. LIQUIDITY AND FINANCIAL ASSETS AVAILABLE:

The following table reflects the Seminary's financial assets as of June 30, 2024 and 2023, 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 the 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,	
	2024	2023
Financial assets:		
Cash and cash equivalents	\$ 23,687,529	\$ 24,633,927
Accounts, notes, and contributions receivable	2,274,118	3,927,826
Investments	143,245,711	128,527,419
Perpetual trusts held by others	529,837	499,181
Financial assets, at year-end	169,737,195	157,588,353
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	(6,575,922)	(8,311,753)
Accounts, notes and contributions receivable collectible beyond one year	(49,274)	(51,107)
Investments and other financial assets held for others	(33,006,889)	(24,050,654)
Perpetual and term endowments and accumulated earnings subject to appropriation beyond one year	(78,052,125)	(67,649,530)
Investments held in trusts and various state-required annuity reserves	(9,312,212)	(9,996,913)
Investments in board-designated endowments	(1,205,386)	(1,145,640)
Cash restricted for acquisition of long-lived assets	(488,500)	(1,905,606)
Financial assets available to meet cash needs for general expenditures within one year	\$ 41,046,887	\$ 44,477,150

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.

# DALLAS THEOLOGICAL SEMINARY

## Notes to Consolidated Financial Statements

June 30, 2024 and 2023

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,	
	2024	2023
Tuition and fees	\$ 24,701,847	\$ 23,552,862
Less financial aid and scholarships	(6,923,167)	(6,536,448)
	<u>\$ 17,778,680</u>	<u>\$ 17,016,414</u>

# DALLAS THEOLOGICAL SEMINARY

## Notes to Consolidated Financial Statements

June 30, 2024 and 2023

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. Equipment depreciation is allocated based on departmental use, building 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, 2024:

	Program Activities			Supporting Activities			Total Expense
	Academic and Student Programs	Public Service	Auxiliaries	Administrative Support	Facilities Operation & Maintenance	Fundraising	
Salaries and wages	\$ 16,724,807	\$ 335,551	\$ 935,868	\$ 4,170,749	\$ 1,131,798	\$1,827,645	\$ 25,126,418
Employee benefits	3,297,123	35,145	203,952	2,230,869	307,256	327,541	6,401,886
Net periodic pension cost other than service cost	256,123	4,132	15,293	117,829	18,304	13,123	424,804
Services, supplies, and other	7,012,381	145,991	624,754	2,010,908	382,591	3,111,144	13,287,769
Occupancy, utilities, and maintenance	522,399	7,343	972,942	47,259	2,019,979	11,860	3,581,782
Grants to others	239,276	4,818,772	-	216,000	-	234,000	5,508,048
Depreciation and amortization	885,321	24,702	1,617,675	230,913	34,518	33,043	2,826,172
Interest	-	-	265,793	-	-	-	265,793
	28,937,430	5,371,636	4,636,277	9,024,527	3,894,446	5,558,356	57,422,672
Facilities operation and maintenance	2,712,010	161,733	-	697,236	(3,894,446)	323,467	-
Total expenses	\$ 31,649,440	\$ 5,533,369	\$ 4,636,277	\$ 9,721,763	\$ -	\$ 5,881,823	\$ 57,422,672

# DALLAS THEOLOGICAL SEMINARY

## Notes to Consolidated Financial Statements

June 30, 2024 and 2023

14. EXPENSES BY BOTH NATURE AND FUNCTION, continued:

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

	Program Activities			Supporting Activities			Total Expense
	Academic and Student Programs	Public Service	Auxiliaries	Administrative Support	Facilities Operation & Maintenance	Fundraising	
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

# DALLAS THEOLOGICAL SEMINARY

## Notes to Consolidated Financial Statements

June 30, 2024 and 2023

### 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,	
	2024	2023
Projected benefit obligation	\$ (35,252,567)	\$ (36,472,498)
Plan assets at fair value	35,048,692	33,946,369
Funded status	<u>\$ (203,875)</u>	<u>\$ (2,526,129)</u>
Accumulated benefit obligation	<u>\$ 33,473,687</u>	<u>\$ 34,822,067</u>

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

Net loss	<u>\$ 6,028,506</u>	<u>\$ 6,982,960</u>
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# DALLAS THEOLOGICAL SEMINARY

## Notes to Consolidated Financial Statements

June 30, 2024 and 2023

15. EMPLOYEE BENEFIT PLANS, continued:

Net periodic benefit cost, included in functional expenses:

	Year Ended June 30,	
	2024	2023
Net periodic benefit cost, included in functional expenses:		
Service costs	\$ 245,392	\$ 324,260
Net periodic pension cost, other than service cost, included in non-operating activities:		
Interest costs	1,855,915	1,737,171
Expected return on plan assets	(2,012,275)	(1,608,333)
Reclassification of net gain or loss	581,164	905,571
Net periodic pension cost other than service cost	424,804	1,034,409
Net periodic pension costs	\$ 670,196	\$ 1,358,669

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

	Year Ended June 30,	
	2024	2023
Net (gain) loss arising during the year	\$ (373,290)	\$ (2,670,998)
Amortization of net (loss) gain to net periodic benefit cost	(581,164)	(905,571)
Total recognized in nonoperating changes in net assets	\$ (954,454)	\$ (3,576,569)

The Seminary contributed \$2,038,000 during both the fiscal years ended June 30, 2024 and 2023. The Seminary expects to contribute \$1,000,000 to its pension plan in 2025.

# DALLAS THEOLOGICAL SEMINARY

## Notes to Consolidated Financial Statements

June 30, 2024 and 2023

15. EMPLOYEE BENEFIT PLANS, continued:

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

	June 30,	
	2024	2023
Discount rate:		
Net periodic pension cost	5.19%	4.56%
Benefit obligations	5.44%	5.19%
Expected return on plan assets, beginning of fiscal year	6.00%	5.00%
Rate of compensation increase, beginning of fiscal year	3.00%	3.00%
Rate of compensation increase, end of fiscal year	3.00%	3.00%
Census date	July 1, 2023	July 1, 2022
Measurement date	June 30, 2024	June 30, 2023

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,		
	2024	2023	Target
Asset category:			
Cash and cash equivalents	1%	1%	1%
Equities	21%	38%	35%
Fixed income	68%	43%	44%
Real assets	0%	5%	10%
Hedge funds—fund of funds	10%	13%	10%
	100%	100%	100%

# DALLAS THEOLOGICAL SEMINARY

## Notes to Consolidated Financial Statements

June 30, 2024 and 2023

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, 2024:				
Fixed income:				
Domestic	\$ 10,641,411	\$ 10,641,411	\$ -	\$ -
Equity:				
Domestic	4,407,440	4,407,440	-	-
International	3,001,770	3,001,770	-	-
	18,050,621	\$ 18,050,621	\$ -	\$ -
Investments measured at cost:				
Cash and cash equivalents	423,835			
Investments measured at net asset value:				
Hedge funds–fund of funds	3,329,297			
Fixed income partnerships	683,151			
Domestic fixed income LLP	12,576,830			
Pension plan investments	\$ 35,063,734			
Pension plan investments	\$ 35,063,734			
Liabilities	15,042			
Total Plan Net Assets	\$ 35,048,692			



# DALLAS THEOLOGICAL SEMINARY

## Notes to Consolidated Financial Statements

June 30, 2024 and 2023

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 funds	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			

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.

# DALLAS THEOLOGICAL SEMINARY

## Notes to Consolidated Financial Statements

June 30, 2024 and 2023

15. EMPLOYEE BENEFIT PLANS, continued:

For the years ended June 30, 2024 and 2023, benefits paid from the plan were \$2,835,545 and \$2,778,002, respectively. The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid in future years as follows:

<u>Year Ending June 30,</u>	
2025	\$ 2,832,933
2026	2,787,113
2027	2,822,136
2028	2,792,054
2029	2,757,655
Thereafter	<u>13,512,343</u>
	<u><u>\$ 27,504,234</u></u>

16. RETIREMENT SAVINGS PLAN:

The Seminary provides a retirement savings 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, 2024 and 2023, was approximately \$1,031,000 and \$872,000, respectively.

17. 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, 2024 and 2023, were \$483,000 and \$370,000, 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 \$1,303,000 at June 30, 2024.

# DALLAS THEOLOGICAL SEMINARY

## Notes to Consolidated Financial Statements

June 30, 2024 and 2023

18. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through October 4, 2024, which is the date the consolidated financial statements were available to be issued.

19. RELATED PARTIES:

A Seminary Board Member also sits on the board of the College of Biblical Studies (CBS), an institution from which the Seminary leases space. During the years ended June 30, 2024 and 2023, respectively, the Seminary incurred \$299,260 and \$299,260 of lease expense and reported operating lease assets of \$1,295,462 and \$1,522,681 and lease liability of \$1,322,433 and \$1,533,562 for the space leased from CBS.

During the years ended June 30, 2024 and 2023, Seminary trustees contributed \$1,071,074 and \$1,019,452, respectively.

## **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 2024, and our report thereon dated October 4, 2024, 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  
October 4, 2024

# DALLAS THEOLOGICAL SEMINARY

## Consolidating Balance Sheet

	June 30, 2024			
	Dallas Theological Seminary	Dallas Seminary Foundation	Eliminations	Total
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 19,570,815	\$ 4,116,714	\$ -	\$ 23,687,529
Accounts and notes receivable—net of allowance of \$166,212 and \$103,075 at June 30, 2024 and 2023, respectively	2,073,599	1,132,369	(1,132,369)	2,073,599
Contributions receivable—net	200,519	-	-	200,519
Prepaid expenses	1,624,124	-	-	1,624,124
Inventory	6,340,629	-	-	6,340,629
Investments	46,397,249	101,126,093	(4,277,631)	143,245,711
Operating lease right-of-use assets	2,285,983	-	-	2,285,983
Property and equipment—net	76,563,207	-	-	76,563,207
Perpetual trusts held by others	529,837	-	-	529,837
	<b>\$ 155,585,962</b>	<b>\$ 106,375,176</b>	<b>\$ (5,410,000)</b>	<b>\$ 256,551,138</b>
<b>Total Assets</b>				
<b>LIABILITIES AND NET ASSETS:</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 7,570,918	\$ 2,539	\$ (1,132,369)	\$ 6,441,088
Deferred revenue	3,977,970	-	-	3,977,970
Student deposits and refundable advances	488,541	4,508,183	-	4,996,724
Annuity obligations	2,791,853	2,963,072	(2,791,853)	2,963,072
Amounts held on behalf of others	-	33,364,138	-	33,364,138
Liabilities under split-interest agreements	51,774	926,881	(51,774)	926,881
Operating lease liabilities	1,723,638	-	-	1,723,638
Notes payable	6,813,478	-	-	6,813,478
Liability for pension benefits	203,875	-	-	203,875
<b>Total liabilities</b>	<b>23,622,047</b>	<b>41,764,813</b>	<b>(3,975,996)</b>	<b>61,410,864</b>
<b>Net assets:</b>				
Net assets without donor restrictions	76,346,230	21,104,758	(1,267,073)	96,183,915
Net assets with donor restrictions:				
Restricted by purpose or time	25,052,463	14,575,535	(166,931)	39,461,067
Restricted in perpetuity	30,565,222	28,930,070	-	59,495,292
<b>Total net assets</b>	<b>131,963,915</b>	<b>64,610,363</b>	<b>(1,434,004)</b>	<b>195,140,274</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 155,585,962</b>	<b>\$ 106,375,176</b>	<b>\$ (5,410,000)</b>	<b>\$ 256,551,138</b>

# DALLAS THEOLOGICAL SEMINARY

## Consolidating Balance Sheet

June 30, 2023

	Dallas Theological Seminary	Dallas Seminary Foundation	Eliminations	Total
<b>ASSETS:</b>				
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
Operating lease right-of-use assets	2,561,263	-	-	2,561,263
Property and equipment–net	63,740,551	-	-	63,740,551
Perpetual trusts held by others	499,181	-	-	499,181
<b>Total Assets</b>	<b>\$ 145,541,414</b>	<b>\$ 92,516,678</b>	<b>\$ (5,555,599)</b>	<b>\$ 232,502,493</b>
<b>LIABILITIES AND NET ASSETS:</b>				
<b>Liabilities:</b>				
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
<b>Total liabilities</b>	<b>26,969,251</b>	<b>34,423,537</b>	<b>(4,434,838)</b>	<b>56,957,950</b>
<b>Net assets:</b>				
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
<b>Total net assets</b>	<b>118,572,163</b>	<b>58,093,141</b>	<b>(1,120,761)</b>	<b>175,544,543</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 145,541,414</b>	<b>\$ 92,516,678</b>	<b>\$ (5,555,599)</b>	<b>\$ 232,502,493</b>

## DALLAS THEOLOGICAL SEMINARY

### Consolidating Statement of Changes in Net Assets

	Year Ended June 30, 2024			
	Dallas Theological Seminary	Dallas Seminary Foundation	Eliminations	Total
Change in Net Assets Without Donor Restrictions:				
Operating revenues and other additions:				
Tuition and fees–net	\$ 17,778,680	\$ -	\$ -	\$ 17,778,680
Contributions of financial assets	21,419,227	4,980,493	(1,317,492)	25,082,228
Contributions of nonfinancial assets	-	143,210	-	143,210
Investment return (excluding donor endowment)	1,470,034	1,830,277	-	3,300,311
Educational activities and other income	862,065	199,515	-	1,061,580
Auxiliary enterprises	3,535,931	-	-	3,535,931
	45,065,937	7,153,495	(1,317,492)	50,901,940
Net assets released from restriction:				
Satisfaction of program restrictions	8,962,136	2,697,780	(4,756,453)	6,903,463
Appropriation from donor endowment and subsequent of any related donor restrictions	1,336,846	1,943,693	-	3,280,539
Operating Revenues and Other Additions	55,364,919	11,794,968	(6,073,945)	61,085,942
Expenses:				
Salaries and wages	24,541,823	584,595	-	25,126,418
Employee benefits	6,313,829	88,057	-	6,401,886
Services, supplies, and other	13,484,329	253,440	(450,000)	13,287,769
Occupancy, utilities, and maintenance	3,581,782	-	-	3,581,782
Grants to others	1,230,365	9,901,585	(5,623,902)	5,508,048
Depreciation and amortization	2,826,172	-	-	2,826,172
Interest	265,793	-	-	265,793
Operating Expenses	52,244,093	10,827,677	(6,073,902)	56,997,868
Change in Net Assets from Operations	3,120,826	967,291	(43)	4,088,074



# DALLAS THEOLOGICAL SEMINARY

## Consolidating Statement of Changes in Net Assets (continued)

	Year Ended June 30, 2024			Total
	Dallas Theological Seminary	Dallas Seminary Foundation	Eliminations	
Non-Operating Change in Net Assets Without Donor Restrictions:				
Net periodic pension cost other than service cost	(424,804)	-	-	(424,804)
Pension-related changes other than net periodic pension costs	954,454	-	-	954,454
Investment return, net in excess of amounts appropriated for spending	20,173	39,572	-	59,745
Change in value of annuity agreements	366,867	227,211	(292,312)	301,766
Net assets released from restrictions due to acquisition of long-lived assets	4,769,804	-	-	4,769,804
Change in Net Assets from Non-Operating Activities	5,686,494	266,783	(292,312)	5,660,965
Change in Net Assets Without Donor Restrictions	8,807,320	1,234,074	(292,355)	9,749,039
Change in Net Assets With Donor Restrictions:				
Contributions of financial assets	15,647,578	5,662,534	(4,753,156)	16,556,956
Contributions of nonfinancial assets	-	-	-	-
Investment return, net	3,981,455	4,282,618	-	8,264,073
Change in value of split-interest agreements	24,185	(20,531)	(24,185)	(20,531)
Net asset released for restrictions:				
Release of appropriated endowment amounts	(1,336,846)	(1,943,693)	-	(3,280,539)
Release of other restrictions	(8,962,136)	(2,697,780)	4,756,453	(6,903,463)
Release from restrictions due to acquisition of long-lived assets	(4,769,804)	-	-	(4,769,804)
Change in Net Assets With Donor Restrictions	4,584,432	5,283,148	(20,888)	9,846,692
Change in Net Assets	13,391,752	6,517,222	(313,243)	19,595,731
Net Assets, Beginning of Year	118,572,163	58,093,141	(1,120,761)	175,544,543
Net Assets, End of Year	\$ 131,963,915	\$ 64,610,363	\$ (1,434,004)	\$ 195,140,274

## 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

## Consolidating Statement of Changes in Net Assets (continued)

	Year Ended June 30, 2023			Total
	Dallas Theological Seminary	Dallas Seminary Foundation	Eliminations	
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