



CALVIN THEOLOGICAL SEMINARY

## CALVIN THEOLOGICAL SEMINARY

Financial Statements  
With Independent Auditors' Report

June 30, 2011 and 2010

# CALVIN THEOLOGICAL SEMINARY

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## **INDEPENDENT AUDITORS' REPORT**

Board of Trustees  
Calvin Theological Seminary  
Grand Rapids, Michigan

We have audited the accompanying statements of financial position of Calvin Theological Seminary (Seminary) as of June 30, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Seminary's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Seminary's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Calvin Theological Seminary as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information as of June 30, 2011 and 2010, on pages 35-42 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. This supplementary information is the responsibility of the Seminary's management. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

As explained in Note 4, the statements of financial position include investments valued at approximately \$33,000,000 (65% of assets) and \$27,700,000 (62% of assets) as of June 30, 2011 and 2010, respectively, whose fair values have been estimated by management in the absence of readily determinable fair values. Management's estimates are based on information provided by third-party administrators, general partners, and fund managers.

Board of Trustees  
Calvin Theological Seminary

As further described in Note 4 to the financial statements, the Seminary adopted the updated provisions (Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Accounting Standards Update (ASU) 2010-06) of the *Fair Value Measurements and Disclosures* topic during the current year. (Note: ASU 2010-06 amends the *Fair Value Measurements and Disclosures* topic of the ASC, adding disclosures for assets and liabilities measured at fair value on a recurring basis, separately for each class of assets and liabilities, with quantitative disclosures presented in tabular format).

A handwritten signature in cursive script that reads "Capin Crouse" followed by a stylized flourish.

Greenwood, Indiana  
February 23, 2012

# CALVIN THEOLOGICAL SEMINARY

## Statements of Financial Position

	June 30,	
	2011	2010
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 708,427	\$ 1,029,399
Receivables:		
Student accounts—net of allowance of \$30,000 (Note 2)	51,643	62,963
Student loans—net of allowance of \$100,000 (Note 2)	1,622,666	1,439,912
Contributions (Note 3)	2,456,720	1,252,630
Other	102,578	136,989
Prepaid expenses	13,140	27,113
Investments (Note 4)	34,448,303	28,950,013
Cash value of life insurance	109,681	106,244
Plant assets—net (Note 5)	11,581,524	11,845,556
	<b>\$ 51,094,682</b>	<b>\$ 44,850,819</b>
<b>Total Assets</b>	<b>\$ 51,094,682</b>	<b>\$ 44,850,819</b>
<b>LIABILITIES AND NET ASSETS:</b>		
Liabilities:		
Accounts payable	\$ 306,046	\$ 272,255
Accrued expenses and other liabilities	2,510,009	2,355,509
Student funds received in advance and deferred grant revenues	168,152	124,273
Annuity contracts	197,168	218,833
Federal Perkins Loan advances	292,080	291,759
Capital Lease Obligation (Note 6)	36,939	71,358
Total liabilities	<b>3,510,394</b>	<b>3,333,987</b>
Net assets (Note 10):		
Unrestricted:		
Undesignated	25,357	(60,079)
Net investment in property and equipment	11,544,585	11,774,198
Designated	2,058,234	479,524
Total unrestricted	<b>13,628,176</b>	<b>12,193,643</b>
Temporarily restricted	19,325,831	15,141,502
Permanently restricted	14,630,281	14,181,687
Total net assets	<b>47,584,288</b>	<b>41,516,832</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 51,094,682</b>	<b>\$ 44,850,819</b>

See notes to financial statements

# CALVIN THEOLOGICAL SEMINARY

## Statement of Activities

Year Ended June 30, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUES:</b>				
Tuition and fees	\$ 2,175,523	\$ -	\$ -	\$ 2,175,523
Less tuition financial aid	(1,229,413)	-	-	(1,229,413)
Net tuition and fees	<u>946,110</u>	<u>-</u>	<u>-</u>	<u>946,110</u>
Auxiliary revenues	636,774	-	-	636,774
Less housing financial aid	(176,410)	-	-	(176,410)
Net auxiliary revenues	<u>460,364</u>	<u>-</u>	<u>-</u>	<u>460,364</u>
Denominational ministry shares	2,945,006	-	-	2,945,006
Private gifts and grants	1,018,475	2,585,383	449,583	4,053,441
Endowment spending policy allocation	38,500	(37,511)	(989)	-
Investment income	1,459,157	4,327,906	-	5,787,063
Changes in the value of split-interest agreements	(9,399)	-	-	(9,399)
Other revenues	21,184	744	-	21,928
Total gift, investment, and other revenues	<u>5,472,923</u>	<u>6,876,522</u>	<u>448,594</u>	<u>12,798,039</u>
Total Revenues before Release from Restrictions	<u>6,879,397</u>	<u>6,876,522</u>	<u>448,594</u>	<u>14,204,513</u>
<b>Net Assets Released from Restrictions:</b>				
Satisfaction of plant acquisition restrictions	161,597	(161,597)	-	-
Satisfaction of timing restrictions	1,298,800	(1,298,800)	-	-
Satisfaction of purpose restrictions	1,231,796	(1,231,796)	-	-
	<u>9,571,590</u>	<u>4,184,329</u>	<u>448,594</u>	<u>14,204,513</u>
<b>EXPENSES:</b>				
Instructional	3,756,403	-	-	3,756,403
Research	40,902	-	-	40,902
Public service	177,190	-	-	177,190
Academic support	1,156,739	-	-	1,156,739
Student services	676,122	-	-	676,122
Institutional support	1,615,688	-	-	1,615,688
Other financial aid	110,790	-	-	110,790
Auxiliary enterprises	603,223	-	-	603,223
	<u>8,137,057</u>	<u>-</u>	<u>-</u>	<u>8,137,057</u>
Change in Net Assets	1,434,533	4,184,329	448,594	6,067,456
<b>NET ASSETS:</b>				
Beginning of year	<u>12,193,643</u>	<u>15,141,502</u>	<u>14,181,687</u>	<u>41,516,832</u>
End of year	<u>\$ 13,628,176</u>	<u>\$ 19,325,831</u>	<u>\$ 14,630,281</u>	<u>\$ 47,584,288</u>

See notes to financial statements

# CALVIN THEOLOGICAL SEMINARY

## Statement of Activities

Year Ended June 30, 2010

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUES:</b>				
Tuition and fees	\$ 1,865,311	\$ -	\$ -	\$ 1,865,311
Less tuition financial aid	(1,108,874)	-	-	(1,108,874)
Net tuition and fees	<u>756,437</u>	<u>-</u>	<u>-</u>	<u>756,437</u>
Auxiliary revenues	645,872	-	-	645,872
Less housing financial aid	(171,016)	-	-	(171,016)
Net auxiliary revenues	<u>474,856</u>	<u>-</u>	<u>-</u>	<u>474,856</u>
Denominational ministry shares	2,791,598	160,000	-	2,951,598
Private gifts and grants	840,941	1,208,080	587,287	2,636,308
Endowment spending policy allocation	(1,258,800)	1,259,800	(1,000)	-
Investment income	562,676	2,119,463	-	2,682,139
Changes in the value of split-interest agreements	(27,427)	-	-	(27,427)
Other revenues	10,702	323	-	11,025
Total gift, investment, and other revenues	<u>2,919,690</u>	<u>4,747,666</u>	<u>586,287</u>	<u>8,253,643</u>
Total Revenues before Release from Restrictions	4,150,983	4,747,666	586,287	9,484,936
<b>Net Assets Released from Restrictions:</b>				
Satisfaction of plant acquisition restrictions	1,322,535	(1,322,535)	-	-
Satisfaction of timing restrictions	1,252,890	(1,252,890)	-	-
Satisfaction of purpose restrictions	1,271,025	(1,271,025)	-	-
	<u>7,997,433</u>	<u>901,216</u>	<u>586,287</u>	<u>9,484,936</u>
<b>EXPENSES:</b>				
Instructional	3,514,487	-	-	3,514,487
Research	33,322	-	-	33,322
Public service	116,569	-	-	116,569
Academic support	1,038,344	-	-	1,038,344
Student services	748,003	-	-	748,003
Institutional support	1,693,724	-	-	1,693,724
Other financial aid	165,175	-	-	165,175
Auxiliary enterprises	548,455	-	-	548,455
	<u>7,858,079</u>	<u>-</u>	<u>-</u>	<u>7,858,079</u>
Change in Net Assets before UPMIFA reclassification	139,354	901,216	586,287	1,626,857
Net Assets reclassified for conformity with UPMIFA	<u>(895,656)</u>	<u>5,174,159</u>	<u>(4,278,503)</u>	<u>-</u>
Change in Net Assets	(756,302)	6,075,375	(3,692,216)	1,626,857
<b>NET ASSETS:</b>				
Beginning of year	<u>12,949,945</u>	<u>9,066,127</u>	<u>17,873,903</u>	<u>39,889,975</u>
End of year	<u>\$ 12,193,643</u>	<u>\$ 15,141,502</u>	<u>\$ 14,181,687</u>	<u>\$ 41,516,832</u>

See notes to financial statements

# CALVIN THEOLOGICAL SEMINARY

## Statements of Cash Flows

	Year Ended June 30,	
	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from students for tuition, fees, and auxiliary enterprises	\$ 1,483,601	\$ 1,187,471
Gifts and grants received for operations	5,342,070	6,158,359
Interest and dividends received	532,686	628,645
Interest paid	(22,376)	(10,355)
Cash paid to suppliers and employees	(7,444,487)	(6,791,383)
Net Cash Provided (Used) By Operating Activities	(108,506)	1,172,737
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Student loans advanced	(357,559)	(360,411)
Student loans collected	109,097	115,687
Proceeds from dispositions of investments	4,419,825	460,456
Acquisition of investments	(4,630,060)	(1,049,248)
Acquisition and construction of plant assets	(137,869)	(1,665,398)
Net Cash Used By Investing Activities	(596,566)	(2,498,914)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Permanently restricted gifts	449,583	587,287
Payments on capital lease obligation or debt	(34,419)	(24,753)
Annuity payments	(31,064)	(37,077)
Net Cash Provided By Financing Activities	384,100	525,457
Change in Cash and Cash Equivalents	(320,972)	(800,720)
Cash and Cash Equivalents, Beginning of Year	1,029,399	1,830,119
Cash and Cash Equivalents, End of Year	\$ 708,427	\$ 1,029,399

(continued)

See notes to financial statements



# CALVIN THEOLOGICAL SEMINARY

## Statements of Cash Flows

(continued)

	Year Ended June 30,	
	<b>2011</b>	2010
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Change in net assets	<b>\$ 6,067,456</b>	\$ 1,626,857
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Permanently restricted private gifts and grants	<b>(449,583)</b>	(587,287)
Student loans forgiven	<b>66,029</b>	65,399
Net realized and unrealized gains	<b>(5,247,503)</b>	(2,048,414)
Depreciation	<b>401,901</b>	547,449
Change in value of split-interest agreements	<b>9,399</b>	27,427
Contributions of marketable securities	<b>(37,115)</b>	(18,537)
Decrease in cash value of life insurance policies	<b>(6,874)</b>	(5,080)
Changes in:		
Student accounts, contributions, and other receivables	<b>(1,158,359)</b>	1,174,789
Prepaid expenses	<b>13,973</b>	121,885
Accounts payable	<b>33,791</b>	33,808
Accrued expenses and other liabilities	<b>198,379</b>	234,441
<b>Net Cash Provided (Used) By Operating Activities</b>	<b><u>\$ (108,506)</u></b>	<b><u>\$ 1,172,737</u></b>

See notes to financial statements

# CALVIN THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2011 and 2010

1. NATURE OF ORGANIZATION:

In 1876, Calvin Theological Seminary (Seminary) was founded as the theological school of the Christian Reformed Church in North America (CRCNA). The Seminary's primary purpose is the preparation of ordained ministers of the Word for the CRCNA and the world, and instruction for the preparation of professors of Reformed theology. The Seminary is supported primarily by denominational ministry shares, charitable contributions, tuition and fees from students, and earnings from endowments. The Seminary has been accredited by the Association of Theological Schools in the United States and Canada. The Seminary is exempt from federal income tax under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). The Seminary qualifies for charitable contribution deductions under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

2. SIGNIFICANT ACCOUNTING POLICIES:

**BASIS OF PRESENTATION**

The financial statements of the Seminary have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The significant accounting policies followed are described below.

**CASH AND CASH EQUIVALENTS**

Cash and cash equivalents represent cash on hand, cash in checking and savings accounts, and all highly liquid investments purchased with original maturities of three months or less. These accounts, at times, exceed federally insured limits. The Seminary has not experienced any loss on these accounts and does not believe that it is exposed to any significant risk.

**STUDENT AND OTHER RECEIVABLES**

Students are billed for tuition and rent charges by semester. Student accounts receivable are reported net of any anticipated losses due to uncollectible accounts. The Seminary considers an account to be past due when items billed on the account have not been paid by the due date. Past due accounts are subject to internal collection efforts but remain classified as active student accounts until graduation or enrollment for a new term. The Seminary charges \$50 per month on past due receivables of active student accounts, unless the student has an approved financial plan that is kept current. Uncollectible accounts are recognized as additions to the allowance for bad debts in the period it is determined the amounts could become uncollectible. The allowance for doubtful accounts is based on management's evaluation of the collectability of the receivable portfolio, including the nature of the portfolio, trends in historical loss experience, payment patterns from the students, and general economic conditions.

The allowance is maintained at a level that, in management's judgment, is adequate to absorb potential losses inherent in the receivable portfolio. At June 30, 2011 and 2010, student accounts receivable past due 90 days or more and continuing to accrue late charges totaled \$6,611 and \$28,822, respectively. At June 30, 2011 and 2010, student accounts receivable once incurring late fees but no longer incurring late fees (nonaccrual) totaled \$28,526 and \$12,728, respectively.

# CALVIN THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2011 and 2010

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### CONTRIBUTIONS RECEIVABLE (see also Note 3)

Unconditional promises to give are recognized as income when made and reported at fair value based upon estimated future cash flows. Conditional promises to give are recognized as income to the Seminary when the conditions are met. Uncollectible pledges are reported as an allowance for bad debts when it is determined the amounts could become uncollectible. The allowance for uncollectible accounts was \$-0- for both years ending June 30, 2011 and 2010.

Unconditional promises to give that are expected to be collected within one year are reported at net realizable value. Unconditional promises to give that are expected to be collected in future years are reported at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk free interest rates applicable to the years in which the promises are expected to be received. This discount rate is based on yields of the various U.S. treasury bills corresponding to the timing of the promises to give. Amortization of the discount is included in contributions revenue in the accompanying statements of activities.

#### INVESTMENTS (see also Note 4)

Investments, including real estate, are reported at fair value, which is determined using published exchange market quotations where applicable and using estimated market value when no ready market exists. Estimated market value is based on expected future cash flows. Donated investments are reported at market value at the date of donation and thereafter carried in accordance with the above policies. Investments held for long-term purposes relate to the endowment, annuities, or trusts. Unrealized gains and losses are included in unrestricted investment income in the statements of activities unless a donor or state law temporarily or permanently restricts their use. Subsequent gains or losses resulting from disposition of real estate are recorded as investment gains or losses in the period realized.

Alternative investments consist of investments in Commonfund Group, Fuller Foundation, and certain other partnerships and joint ventures, and are carried at fair value, as determined by the funds' managers based on information provided by the funds' professional managers. In determining fair value, the manager utilizes the valuation of the underlying investment entities reflected on the audited financial statements of the funds. The underlying investment entities value securities and other financial instruments at market value, when possible, or at fair value determined by the respective entities' general partner or manager when no market value is determinable. The estimated fair values of certain investments of the underlying investment entities, which include private placements and other securities for which prices are not readily available, may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized.

Accordingly, the estimated fair value may differ significantly from the values that would have been used had a ready market existed for these investments. Investment securities are exposed to various risks, such as changes in interest rates or credit ratings and market fluctuations. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is possible that the value of the Seminary's investments and total net assets balance could fluctuate materially.

# CALVIN THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2011 and 2010

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### SEMINARY MINISTRY INCENTIVE PROGRAM LOANS AND PERKINS LOANS

Student loans consist primarily of loans extended from the Seminary Ministry Incentive Program, a revolving loan fund. This ministry incentive program was established in 1985, whereby the Seminary offers a loan forgiveness program for these loans to its ordained graduates who become employed in the ministry of the CRCNA or certain related organizations. Under this program, upon ordination, 5% of the original loan balance is forgiven each year during the first ten years following graduation with a Master of Divinity degree. However, loan forgiveness discontinues when an individual is no longer performing service in a qualified ministry. The potentially forgivable portion of these loans is included in the student loan receivable total that is reported on the statements of financial position. Each year this balance is reduced to reflect the amount that becomes eligible for forgiveness. Amounts forgiven for the years ended June 30, 2011 and 2010, totaled \$66,029 and \$74,419, respectively.

The Seminary considers a Ministry Incentive Program loan payment to be past due when it has not been received within thirty days of the payment due date. Loans for which payments are past due beyond twelve months are considered to be in default. Past due accounts are subject to internal collection efforts for a period of twelve months. Thereafter, the loan may be deferred or written-off, depending on the facts and circumstances surrounding the default. At June 30, 2011 and 2010, Ministry Incentive Program loans receivable considered past due but not in default totaled \$37,240 and \$117,373, respectively. At June 30, 2011 and 2010, Ministry Incentive Program loans receivable considered to be technically in default totaled \$126,875 and \$224,159, respectively. Student loans also consist of loans extended under the federal Perkins Loan program. The United States government provides advances to the Seminary to cover a portion of the amount loaned to students. Advances from the federal government under the Perkins Loan Program are refundable to the United States government upon liquidation of the program and thus are reflected as a liability in the accompanying statements of financial position.

The Seminary considers a Perkins loan receivable to be past due when a payment has not been received within thirty days of the payment due date. Loans for which payments are past due beyond nine months are considered to be in default. Past due accounts are subject to internal collection efforts for a period of twelve months and are subsequently placed with third party collection agencies for two years. If an account is still delinquent after the two-year collection period, the note is assigned to the Department of Education. The Perkins loan program has provisions for the deferment, forbearance, and cancellation of individual loans. Interest continues to accrue while the loan is placed with a collection agency. At June 30, 2011 and 2010, Perkins loans receivable considered past due but not in default totaled \$12,799 and \$10,160, respectively. At June 30, 2011 and 2010, Perkins loans receivable considered in default totaled \$11,504 and \$7,004, respectively. Interest and fee income on loan receivables is recognized when it is assessed to receivable accounts.

Ministry Incentive Program loan and Perkins loan receivables are reported net of any anticipated losses due to uncollectible accounts. The allowance for loan losses is based on management's evaluation of the collectability of the overall loan portfolio, including trends in historical loss experience, payment patterns from the borrowers, and general economic conditions. The allowance is maintained at a level that, in management's judgment, is adequate to absorb potential losses inherent in the loan portfolios.

# CALVIN THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2011 and 2010

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### PLANT ASSETS

Plant assets costing over \$999 are reported at cost when purchased or at the fair market value as of the date of a gift. Depreciation is computed by the straight-line method based on the estimated useful lives of the related assets, ranging from three to eighty years. Expenditures for maintenance and repairs are charged to expense. Planned major maintenance projects are not begun until funding is secured or the cost is budgeted.

#### STUDENT FUNDS RECEIVED IN ADVANCE AND DEFERRED REVENUE

Deferred revenue results primarily from deposits received for fall enrollment and grant revenue received from grants to be used in future years.

#### CLASSES OF NET ASSETS

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

*Unrestricted net assets* result from all other activities not classified as either permanently restricted or temporarily restricted. Unrestricted net assets are comprised generally of the educational and residence hall operations of the Seminary. Also included are the unrestricted contributions, research grants, quasi endowments, and investment earnings (including certain endowment earnings in excess of amounts designated or gifted).

*Temporarily restricted net assets* result from contributions whose use is limited by donor-imposed stipulations that either expire by passage of time or can be removed by actions of the Seminary pursuant to those stipulations. Temporarily restricted net assets are comprised generally of gifts made for specific purposes identified by the donor, such as acquisitions or construction of plant assets, currently funded scholarships, and specific institutional activities. Also included are gifts made to the institutional loan fund, Ministry Incentive Program, which contains a loan forgiveness provision and investment earnings (including endowment earnings in excess of amounts spent, designated or gifted).

*Permanently restricted net assets* result from contributions whose use is limited by donor-imposed stipulations or by state law that neither expire by passage of time nor can be removed by actions of the Seminary. Permanently restricted net assets are comprised generally of gifts made to the endowment fund of the Seminary.

#### RELEASE OF RESTRICTIONS

Release of restrictions generally represents contributed monies that have been spent in the manner specified by the donor and therefore the donor imposed restrictions have been satisfied. Release of restrictions, however, can also represent other circumstances. For example, a multiple year fund-raising campaign with multiple campaign goals can result in contributions in one year being redesignated by the donor in a subsequent year. It is also common for donors to contribute to a multiple goal campaign without specifically identifying to which aspect of the campaign it should be applied. In these situations the Seminary classifies the contributions as temporarily restricted until such a time as the ultimate disposition is determined.

# CALVIN THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2011 and 2010

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### REVENUE AND EXPENSES

Revenues from CRCNA (described as denominational ministry shares in the accompanying statements of activities) and other outside donors are recognized when earned and when contributions are made, which may be when cash is received, unconditional promises 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 assets. When a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restriction.

Gifts of plant assets are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of plant assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire plant assets are reported as restricted support. Absent any donor stipulations, these restrictions expire when the asset is acquired or placed in service, and a reclassification is made from temporarily restricted net assets to unrestricted net assets at that time.

Expenses are reported when incurred in accordance with the accrual basis of accounting. The cost of providing program services and supporting activities of the Seminary have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities that benefited from those costs. Fund-raising expenses of approximately \$487,000 and \$421,000 were included in institutional support for the years ended June 30, 2011 and 2010, respectively.

#### ADVERTISING COSTS

The Seminary expenses advertising costs as they are incurred. Advertising costs totaled \$75,872 and \$75,221 for the years ended June 30, 2011 and 2010, respectively.

#### RECLASSIFICATIONS

Certain amounts in the prior year have been reclassified to conform with the current year presentation.

#### ACCOUNTING FOR UNCERTAINTY IN TAX PROVISIONS

The Seminary adopted the provisions of the *Income Tax* topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). These provisions clarify the accounting for uncertainty in tax positions and prescribe guidance related to recognition and measurement of a tax position taken or expected to be taken in a tax return. The tax benefit from an uncertain tax position is only recognized in the statement of financial position if the tax position is more likely than not to be sustained upon an examination, based on the technical merits of the position. Interest and penalties, if any, are included in expenses in the statements of activities. As of June 30, 2011, the Seminary had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

# CALVIN THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2011 and 2010

### 3. CONTRIBUTIONS RECEIVABLE:

At June 30, 2011, the Seminary had \$2,528,600 in unconditional promises to give. The present value of these estimated future cash flows is \$2,456,720, using discount rates ranging from 0.395% to 2.023%. See Note 2 for description of accounting policy for contributions receivable. These promises to give are due to be collected through 2017 and are reported as contributions receivable in the accompanying statements of financial position, and recognized as temporarily restricted contributions in the accompanying statements of activities.

Contributions receivable are expected to mature as follows:

	June 30,	
	<u>2011</u>	<u>2010</u>
Amounts due in:		
Less than one year	\$ 778,100	\$ 476,830
One year to five years	<u>1,750,500</u>	<u>810,000</u>
Estimated future cash flows of contributions receivable	<u>2,528,600</u>	1,286,830
Less:		
Unamortized discount	<u>(71,880)</u>	<u>(34,200)</u>
Net present value of contributions receivable	<u><u>\$ 2,456,720</u></u>	<u><u>\$ 1,252,630</u></u>

At June 30, 2011 and 2010 respectively, 92% and 91% of the contributions receivable was due from two donors.

### 4. INVESTMENTS:

A table describing the Seminary's investments utilizing the valuation techniques based on inputs to measure the fair value of the Seminary's investment instruments is presented in this section. As described in Note 2 and listed below, certain mutual funds and private capital holdings held by the Seminary include alternative investments.

Investments held at Commonfund (the Funds) include investments in certain securities, limited partnerships, and other investment funds for which market quotations may not be readily available. Such investments have been valued in accordance with the valuation policy described in Note 2. The Funds also hold certain investments, which may be valued by a single market maker. Those estimated values may differ significantly from the values that would have been used had a ready market for the investments existed, and the differences could be material. Additionally, certain investments in limited partnerships, investment funds and other debt instruments may be restricted as to resale or may require advance notice for redemption or withdrawal. The Funds' investments in partnerships are subject to various risk factors arising from the investment activities of the underlying vehicles including market, credit, and currency risk.

# CALVIN THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2011 and 2010

4. INVESTMENTS, continued:

Certain investment partnerships owned by the Funds transact in short sales and various domestic and international derivative investments, including forward foreign currency contracts, futures, written and purchased options and swaps, exposing the investment partnership to market risk in excess of the amounts recorded in their financial statements. In addition, credit risk arises from certain options, forwards, and swaps from potential counterparty nonperformance. The Funds invest in securities of foreign companies, which involve special risks including revaluation of currency and future adverse political and economic developments. Moreover, securities of many foreign companies and their markets may be less liquid, and their prices more volatile, than those of comparable U.S. companies.

Certain Funds invest in mortgage-backed securities including collateralized mortgage obligations. Yields on mortgage-backed securities are affected by interest and prepayment rates which, in turn, are influenced by a variety of economic, geographical, social, and other factors. Maturities on mortgage-backed securities represent stated maturity dates. Actual maturity dates may differ based on prepayment rates. Certain Funds own certain investment partnerships, which may have limited liquidity and only permit redemptions at specified intervals. Such liquidity parameters may impact the Funds' ability to react quickly to changing market conditions and to meet their own liquidity needs.

Investments held at Fuller Foundation include funds invested primarily in equity securities, including common stocks and securities convertible into common stocks, and shares of investment trusts, regulated investment companies, and private equity funds, options, warrants, puts, and calls. Derivative instruments are utilized on a limited basis in covered hedging transactions. Certain other funds consist of domestic or foreign fixed income securities, including U.S. government issued or backed securities, corporate bonds, and securities convertible into common stocks. Fuller Foundation investments are reported at fair value, which is determined by its management utilizing market quotes for publicly marketable securities, and based upon information received from investment managers, general partners, third-party administrators and custodians, and other independently obtained information for private partnerships and private direct equity. Certain limited partnerships and private equity securities representing 5.82% and 5.88% of Fuller Foundation investments at June 30, 2011 and 2010, respectively, are recorded at cost based on Fuller management's analysis. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of Fuller Foundation investment securities will occur in the near term and that such change could materially affect the amounts reported in the financial statements.



# CALVIN THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2011 and 2010

4. INVESTMENTS, continued:

Legal, tax, and regulatory changes could occur during the term of the Seminary's fund investments. The regulatory environment for private equity and hedge funds is evolving, and changes in the regulation of these funds may adversely affect the value of investments held by the Seminary. The Seminary believes that the effect of any future regulatory change on the Seminary's assets would likely not be substantial.

Investments held under annuity agreements had cost and carrying values of \$290,723 and \$340,864, respectively, at June 30, 2011, and cost and carrying values of \$370,662 and \$414,013, respectively, at June 30, 2010.

Fair Value of Financial Instruments Disclosure:

Effective July 1, 2010, the Seminary follows the updated provisions of the *Fair Value Measurements and Disclosure* topic of the FASB ASC. The following disclosure of estimated fair value of financial instruments is made in accordance with the fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels:

**Level 1**—Observable inputs such as quoted prices in active markets;

**Level 2**—Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and

**Level 3**—Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

Assets and liabilities measured at fair value are based on one or more of three valuation techniques noted in the *Fair Value Measurements Disclosure* topic of the FASB ASC. The three valuation techniques are as follows:

**Market approach**—Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;

**Cost approach**—Amount that would be required to replace the service capacity of an asset (i.e., replacement cost); and

**Income approach**—Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing models, and lattice models).

# CALVIN THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2011 and 2010

4. INVESTMENTS, continued:

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. Level 3 inputs are only used when Level 1 or Level 2 inputs were not available.

Investment portfolio by valuation hierarchy:

Investment Value June 30, 2011	Fair Value Disclosure		
	Markets for Identical Assets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
At fair value:			
Investments held at Commonfund:			
Multi-strategy equity fund	\$ 16,770,207	\$ -	\$ 16,770,207
International equity fund	1,276,199	-	1,276,199
Multi-strategy bond fund	3,207,622	-	3,207,622
Other	4,777,828	-	3,194,325
Total investments at Commonfund	26,031,856	-	24,448,353
Investments held at Fuller Foundation:			
Mission core fund	6,012,650	-	6,012,650
Mission income fund	890,950	-	890,950
Total investments at Fuller Foundation	6,903,600	-	6,903,600
All other investments held:			
Cash and cash equivalents held	205,347	205,347	-
Partnerships and joint ventures *	91,664	-	91,664
Mutual funds	60,907	60,907	-
Land and real estate	1,154,929	-	1,154,929
Total other investments	1,512,847	266,254	1,154,929
Total of all investments	\$ 34,448,303	\$ 266,254	\$ 25,603,282
	\$ 8,578,767		\$ 8,578,767

\*Alternative investment

# CALVIN THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2011 and 2010

4. INVESTMENTS, continued:

Investment portfolio by valuation hierarchy, continued:

	Investment Value June 30, 2010	Fair Value Disclosure		
		Markets for Identical Assets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
At fair value:				
Investments held at Commonfund:				
Alternative investments	\$ 3,496,719	\$ -	\$ 2,507,466	\$ 989,253
Quoted market price	17,123,614	-	17,123,614	-
Total investments at Commonfund	20,620,333	-	19,631,080	989,253
Investments held at Fuller Foundation:				
Alternative investments	6,931,212	-	-	6,931,212
Total investments at Fuller Foundation	6,931,212	-	-	6,931,212
All other investments held:				
Partnerships and joint ventures *	147,594	-	-	147,594
Corporate equities	44,034	44,034	-	-
Land and real estate	1,206,840	-	1,206,840	-
Total other investments	1,398,468	44,034	1,206,840	147,594
Total of all investments	\$ 28,950,013	\$ 44,034	\$ 20,837,920	\$ 8,068,059

\*Alternative investment

# CALVIN THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2011 and 2010

4. INVESTMENTS, continued:

Further fair value disclosure of investment assets using significant unobservable inputs (Level 3):

	June 30, 2011			
	Commonfund Alternative Investments	Fuller Foundation Alternative Investments	All Other Alternative Investments	Total
Level 3 beginning investment balance	\$ 989,253	\$ 6,931,212	\$ 147,594	\$ 8,068,059
Income less fees*	4	29,647	19,370	49,021
Realized gains or (losses)*	1,831	181,830	-	183,661
Unrealized gains or (losses)*	314,988	380,602	-	695,590
Purchases, sales, and settlements	277,427	(619,691)	(75,300)	(417,564)
Level 3 ending investment balance	\$ 1,583,503	\$ 6,903,600	\$ 91,664	\$ 8,578,767
Total unrealized gains and losses from the above Level 3 alternative investments that are attributable to the assets still held in the portfolio at June 30, 2011*	\$ 554,342	\$ 1,531,478	\$ (6,336)	\$ 2,079,484
	June 30, 2010			
	Commonfund Alternative Investments	Fuller Foundation Alternative Investments	All Other Alternative Investments	Total
Level 3 beginning investment balance	\$ 1,019,354	\$ 6,363,568	\$ 116,744	\$ 7,499,666
Income less fees*	-	283,645	26,342	309,987
Realized gains or (losses)*	-	(25,421)	-	(25,421)
Unrealized gains or (losses)*	197,215	394,096	-	591,311
Purchases, sales, and settlements	(227,316)	(84,676)	4,508	(307,484)
Level 3 ending investment balance	\$ 989,253	\$ 6,931,212	\$ 147,594	\$ 8,068,059
Total unrealized gains and losses from the above Level 3 alternative investments that are attributable to the assets still held in the portfolio at June 30, 2010*	\$ 239,356	\$ 1,158,185	\$ (78,156)	\$ 1,319,385

\*Reported in investment income and included in change in net assets for the year.

# CALVIN THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2011 and 2010

4. INVESTMENTS, continued:

The Seminary follows the updated Net Asset Value (NAV) provisions of the *Fair Value Measurements and Disclosures* topic of the FASB ASC. There were no transfers of Levels 1 and 2 of the fair value hierarchy.

The Seminary uses the NAV to determine the fair value of all the underlying investments which do not have a readily determinable fair value. These statements are consistent with the measurement principles or attributes of an investment company. The following table lists Level 3 investments by major category.

Investment Category	Total June 30, 2011	CommonFund Investments	Fuller Foundation	Private Equity
Strategy		Primarily distressed, venture, and natural resources in the U.S. and international markets and global equities.	Long-term diversified alternative investments with active management.	Mainly in equity securities of issuers in the U.S. and foreign countries.
Fair Value Determined Using NAV	\$ 8,578,767	\$ 1,583,503	\$ 6,903,600	\$ 91,664
Remaining Life		1 to 12 years	NA	1 to 9 years
Unfunded Commitments	\$ 755,867	\$ 678,152	-	\$ 77,715
Timing to Draw Down Commitments		1 to 12 years	NA	1 to 9 years
Redemption Terms		Monthly redemption with a range of 5 - 30 day's notice. Some are in private equity structure with no ability to be redeemed.	Quarterly redemption with 120 day's notice.	Shareholders are permitted to redeem their shares on any regular business day.
Redemption Restrictions		None	None	None
Redemption Restrictions at Year End		None	None	None

# CALVIN THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2011 and 2010

4. INVESTMENTS, continued:

Level 3 investments by major category (continued):

Investment Category	Total June 30, 2010	CommonFund Investments	Fuller Foundation	Private Equity
Strategy		Primarily distressed, venture, and natural resources in the U.S. and international markets and global equities.	Long-term diversified alternative investments with active management.	Mezzanine and buyout, in the U. S. and international markets.
Fair Value Determined Using NAV	\$ 8,068,059	\$ 989,253	\$ 6,931,212	\$ 147,594
Remaining Life		1 to 13 years	NA	1 to 10 years
Unfunded Commitments	\$ 1,131,017	\$ 1,017,302	-	\$ 113,715
Timing to Draw Down Commitments		1 to 13 years	NA	1 to 10 years
Redemption Terms		Monthly redemption with a range of 5 - 30 day's notice. Some are in private equity structure with no ability to be redeemed.	Quarterly redemption with 120 day's notice.	Private equity structure investments with no ability to be redeemed.
Redemption Restrictions		None	None	Some of these funds have lock up provisions of up to 3 years.
Redemption Restrictions at Year End		None	None	None

# CALVIN THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2011 and 2010

4. INVESTMENTS, continued:

The carrying value of investments consisted of the following:

	June 30, 2011			
	Current and Plant Funds	Endowment Fund	Annuity Funds	Total
Cash and cash equivalents	\$ 1,250	\$ 204,097	\$ -	\$ 205,347
Mutual funds	1,715,824	29,351,982	340,864	31,408,670
Private capital holdings	-	1,679,357	-	1,679,357
Real estate	-	1,154,929	-	1,154,929
	<b>\$ 1,717,074</b>	<b>\$ 32,390,365</b>	<b>\$ 340,864</b>	<b>\$ 34,448,303</b>
	June 30, 2010			
	Current and Plant Funds	Endowment Fund	Annuity Funds	Total
Mutual funds	\$ 1,580,813	\$ 24,611,500	\$ 414,013	\$ 26,606,326
Private capital holdings	-	1,136,847	-	1,136,847
Real estate	-	1,206,840	-	1,206,840
	<b>\$ 1,580,813</b>	<b>\$ 26,955,187</b>	<b>\$ 414,013</b>	<b>\$ 28,950,013</b>

# CALVIN THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2011 and 2010

4. INVESTMENTS, continued:

Investment income consisted of the following:

	Year Ended June 30, 2011			
	Current, Loan and Plant Funds	Endowment Fund	Annuity Funds	Total
Interest and dividends	\$ 45,543	\$ 490,948	\$ (3,805)	\$ 532,686
Change in cash value of life insurance policies	-	6,874	-	6,874
Realized gains and (losses)	44,663	(3,584)	16,937	58,016
Unrealized gains	64,047	5,110,308	15,132	5,189,487
	\$ 154,253	\$ 5,604,546	\$ 28,264	\$ 5,787,063

Income from nonpublicly traded securities included above:

	Year Ended June 30, 2011			
	Current, Loan and Plant Funds	Endowment Fund	Annuity Funds	Total
Interest and dividends	\$ 25,785	\$ 57,942	\$ (1,634)	\$ 82,093
Realized gains and (losses)	45,309	(3,584)	15,798	57,523
Unrealized gains	64,047	1,586,192	14,100	1,664,339
	\$ 135,141	\$ 1,640,550	\$ 28,264	\$ 1,803,955

Investment income by restriction consisted of the following:

	Year Ended June 30, 2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest and dividends	\$ 126,961	\$ 405,726	\$ -	\$ 532,687
Change in cash value of life insurance policies	6,874	-	-	6,874
Realized gains	15,876	42,139	-	58,015
Unrealized gains	1,309,446	3,880,041	-	5,189,487
	1,459,157	4,327,906	-	5,787,063



# CALVIN THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2011 and 2010

4. INVESTMENTS, continued:

Investment income consisted of the following:

	Year Ended June 30, 2010			
	Current, Loan and Plant Funds	Endowment Fund	Annuity Funds	Total
Interest and dividends	\$ 86,462	\$ 530,635	\$ 11,548	\$ 628,645
Change in cash value of life insurance policies	-	5,080	-	5,080
Realized losses	(2,071)	(17,518)	(7,007)	(26,596)
Unrealized gains	109,264	1,935,770	29,976	2,075,010
	\$ 193,655	\$ 2,453,967	\$ 34,517	\$ 2,682,139

Income from nonpublicly traded securities included above:

	Year Ended June 30, 2010			
	Current, Loan and Plant Funds	Endowment Fund	Annuity Funds	Total
Interest and dividends	\$ 69,013	\$ 257,620	\$ 11,548	\$ 338,181
Realized losses	(896)	(17,518)	(7,007)	(25,421)
Unrealized gains (losses)	109,264	(231,699)	29,976	(92,459)
	\$ 177,381	\$ 8,403	\$ 34,517	\$ 220,301

Investment income by restriction consisted of the following:

	Year Ended June 30, 2010			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest and dividends	\$ 127,024	\$ 501,621	\$ -	\$ 628,645
Change in cash value of life insurance policies	5,080	-	-	5,080
Realized losses	(11,777)	(14,819)	-	(26,596)
Unrealized gains	442,349	1,632,661	-	2,075,010
	\$ 562,676	\$ 2,119,463	\$ -	\$ 2,682,139

# CALVIN THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2011 and 2010

5. PLANT ASSETS:

Plant assets are summarized by major classification as follows:

	June 30,	
	<u>2011</u>	<u>2010</u>
Land	\$ 245,000	\$ 245,000
Buildings	13,210,597	13,110,156
Furniture and equipment	2,991,316	2,919,468
	<u>16,446,913</u>	<u>16,274,624</u>
Accumulated depreciation at the beginning of the year	(4,429,068)	(3,881,619)
Current year depreciation	(401,901)	(547,449)
Accumulated depreciation at the end of the year	<u>(4,865,389)</u>	<u>(4,429,068)</u>
Net plant assets	<u>\$ 11,581,524</u>	<u>\$ 11,845,556</u>

6. CAPITAL LEASE OBLIGATIONS:

The Seminary has a capital lease agreement for certain office equipment. The capitalized lease obligation and accumulated amortization as of June 30, 2011 and 2010, was approximately \$39,400 and \$72,100, respectively.

Minimum payments under capital lease as of June 30:

2012	\$ 12,780
2013	12,780
2014	12,780
2015	1,065
Total future minimum lease payments	<u>39,405</u>
Less amount representing interest	<u>(2,466)</u>
Present value of net minimum capital lease payments	<u>\$ 36,939</u>

# CALVIN THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2011 and 2010

### 7. EMPLOYEE BENEFIT PLANS:

The Seminary participates in two multi-employer retirement plans. The first plan is a defined contribution plan, which covers substantially all full-time employees. Usually, the Seminary contributes 10% of participants' salaries on a monthly basis to the Teachers Insurance and Annuity Association (TIAA). Total contributions to this plan for the years ended June 30, 2011 and 2010, were approximately \$152,400 and \$122,800, respectively. All contributions are vested immediately. Employees may also make voluntary contributions to this plan up to certain limits allowed by law.

The second plan is a defined benefit pension plan covering certain ordained employees not covered under the first plan. Under the terms of the plan, the Seminary contributes a prescribed amount for each employee covered under the plan to the Retirement Plan for Ministers of the CRCNA. Total annual contributions to this plan for the years ended June 30, 2011 and 2010, were approximately \$6,500 and \$6,400, respectively. A separate actuarial valuation of the Seminary's position is not available with respect to this plan. However, for informational purposes, the actuarial present value of accumulated plan benefits and plan assets (assuming an 8% rate of return) for this plan is as follows:

Retirement Plan for Ministers of the Christian Reformed Church  
in the United States of America:

Actuarial present value of accumulated plan benefits as of January 1, 2009	\$ 109,000,000
Net assets available for benefits as of December 31, 2010	\$ 91,541,013

# CALVIN THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2011 and 2010

### 8. POSTRETIREMENT BENEFITS OTHER THAN PENSIONS:

The Seminary currently provides prescription, dental, and health care benefits to qualified retired employees under a 50% employee–50% Seminary contributory plan. Eligible employees retiring prior to age 65 receive 100% hospital preferred benefits with co-pay provisions until age 65 and Medicare supplemental benefits thereafter. With 10 years of service, but fewer than 20, the retiree receives the insurance benefit for the number of years served.

At June 30, 2011 and 2010, there were no assets set aside to fund the benefit obligation; the Seminary funds the cost of these benefits as incurred. The employer contributions and benefits paid were approximately \$82,000 and \$81,000 in 2011 and 2010, respectively. No contributions other than those needed to pay current retiree benefits are expected. The Seminary accrues the estimated cost of such retiree benefits, in accordance with accounting principles generally accepted in the United States of America, during its employees' active service periods. The benefit obligation of the plan is calculated based on a measurement date of June 30th.

The following table sets forth the amounts reported in the statements of financial position:

	June 30,	
	<u>2011</u>	<u>2010</u>
Accumulated postretirement benefit obligation (APBO):		
Retired participants	\$ (867,262)	\$ (771,113)
Active employees fully eligible to retire	(759,986)	(718,272)
Active employees not yet eligible to retire	(735,133)	(622,438)
Unfunded obligation	<u>(2,362,381)</u>	<u>(2,111,823)</u>
Unrecognized transition obligation	109,605	137,005
Unrecognized prior service cost	(442,592)	(491,801)
Unrecognized net loss from past experience different from that assumed and from changes in assumptions	<u>864,915</u>	<u>786,671</u>
Accrued postretirement benefit cost	<u>\$ (1,830,453)</u>	<u>\$ (1,679,948)</u>

# CALVIN THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2011 and 2010

8. POSTRETIREMENT BENEFITS OTHER THAN PENSIONS, continued:

Change in net assets:

Intangible assets and accumulated comprehensive income (loss):

	June 30,	
	2011	2010
Beginning of year	\$ (431,875)	\$ (356,506)
Reclassified during the year:		
Transition asset	27,400	27,400
Prior service (cost) credit	(49,209)	(49,209)
Gain	61,327	48,625
Total	39,518	26,816
Arising during the year:		
Loss	(139,571)	(102,185)
Total	(139,571)	(102,185)
End of year accumulated comprehensive loss	\$ (531,928)	\$ (431,875)

Postretirement health care expense consisted of the following components:

	June 30,	
	2011	2010
Service cost-benefits earned during the period	\$ 71,883	\$ 78,079
Interest cost on accumulated postretirement benefit obligation	121,139	109,124
Amortization of transition obligation	27,400	27,400
Prior service (cost) credit	(49,209)	(49,209)
Amortization of unrecognized net loss	61,327	48,625
Net periodic postretirement benefit cost	\$ 232,540	\$ 214,019

# CALVIN THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2011 and 2010

8. POSTRETIREMENT BENEFITS OTHER THAN PENSIONS, continued:

Components of postretirement health care expense anticipated for the year ending June 30, 2011, are as follows:

Service cost-benefits earned during the period	\$	76,855
Interest cost on accumulated postretirement benefit obligation		134,997
Amortization of transition obligation		27,400
Prior service (cost) credit		(49,209)
Amortization of unrecognized net loss		76,316
		76,316
Net periodic postretirement benefit cost	\$	266,359

Estimated future benefit payments (based on lump sum value) are:

Year		
2012	\$	112,432
2013		135,123
2014		150,081
2015		163,034
2016		168,931
2017-2021		983,685
		983,685
	\$	1,713,286

Weighted-average assumptions and method disclosures as of June 30, 2011 and 2010, include:

	June 30,	
	2011	2010
Discount rate:		
Liability	<b>6.00%</b>	6.00%
Net periodic benefit cost	<b>6.00%</b>	6.00%

The assumed health care cost trend rate, established in 2009, was used in measuring the accumulated postretirement benefit obligation of 5.0%. The discount rate is graded down from 6.3% to reflect changes in the Moody AA bond rate reflecting the inflation rate change from 6.0% to 4.0% over two years to 5.0% per annum.

A one-percentage-point increase in the health care cost trend rate for each year would increase the accumulated postretirement benefit obligation by 11.5% and the periodic postretirement benefit cost by 15.2%.

# CALVIN THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2011 and 2010

9. ANNUITY CONTRACTS:

Annuity agreements provide for a fixed annual payment for the life of the donor or designated beneficiary. Under the annuity agreements a donor makes a payment to the Seminary and is entitled to annual payments from the Seminary until death. The excess of the amount paid by the donor over the present value of estimated annual payments is recorded as contribution revenue and the present value of the estimated payments is recorded as a liability at the inception of the agreement. Annuity net assets are classified as unrestricted.

The discount rate used to calculate the present value of the annuity contracts ranged from 2.4% to 11.0% with actuarial assumptions based on published life expectancy tables adopted by the Internal Revenue Service.

10. NET ASSETS:

Net assets consist of:

	June 30,	
	2011	2010
Unrestricted:		
Available for operations	\$ 25,357	\$ (60,079)
Board designated for student loan funds	571,210	577,916
Endowment investment earnings in excess of amounts spent and quasi endowments	1,247,529	(319,022)
Gift portion of annuities held in the annuity fund	239,495	220,630
Investment in funds designated for plant assets—net of related debt	11,544,585	11,774,198
	13,628,176	12,193,643
Temporarily restricted:		
Investment in funds available for donor specified projects and activities	17,429,487	13,469,050
Student loan funds	1,896,344	1,672,452
	19,325,831	15,141,502
Permanently restricted:		
Investment in perpetuity, the income from which is expendable on donor specified activities	14,630,281	14,181,687
	\$ 47,584,288	\$ 41,516,832

# CALVIN THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2011 and 2010

### 11. RELATED PARTY TRANSACTIONS:

The Seminary receives services from Calvin College (College), with which it is affiliated through the CRCNA. The Seminary is located on the College campus. Of the expenses common to both institutions, the College allocated approximately \$739,200 and \$798,500 for the years 2011 and 2010, respectively to the Seminary. The College processes various transactions for the benefit of the Seminary, which are reimbursed on a weekly basis. At June 30, 2011 and 2010, the Seminary owed the College approximately \$263,000 and \$105,000, respectively. These amounts are included in accounts payable on the statements of position.

The Seminary received \$2,945,006 and \$2,951,598 in denominational ministry shares from the CRCNA during fiscal year 2011 and 2010, respectively. During fiscal year 2011 and 2010, the Seminary paid \$36,380 and \$68,860, respectively, to the CRCNA for various services.

### 12. LINE AND LETTER OF CREDIT:

The Seminary has an unsecured line of credit in the amount of \$500,000. Interest is at 210 basis points above the London inter-bank offered rate (LIBOR). At June 30, 2011 and 2010, there was no balance outstanding on the line of credit.

The Seminary also issued a \$104,000 letter of credit to the state of Michigan for payment of unemployment benefits, renewable at 1/1/2012. At June 30, 2011 and 2010, there was no balance outstanding on the letter.

### 13. COMMITMENTS:

The Seminary participates in an endowment investment pool through the College, in venture and private equity investment programs managed by Commonfund Asset Management Company, Inc., a wholly owned subsidiary of The Commonfund for Nonprofit Organizations. In addition, through the College, the Seminary participates in private equity investment programs through Castle Creek Partners and the Oppenheimer Global Resource Private Equity Fund. The Seminary was committed to invest \$2,350,000 in these programs, of which the remaining \$755,867 will be invested in one or more installments and on dates specified by the respective private equity managers.

### 14. ENDOWMENT FUNDS:

The state of Michigan enacted UPMIFA (the Uniform Prudent Management of Institutional Funds Act) effective September 15, 2009 for all nonprofit Michigan organizations. The intent of UPMIFA is to substantiate, by disclosure, that endowment investment policies and endowment spending policies will assure the preservation of the gift principal as the donor or state law stipulates.

The following are the required disclosures for net assets associated with endowment funds, including funds designated by the Board of Trustees of the Seminary to function as endowments, which are classified and reported based on the existence or absence of donor-imposed restrictions.



# CALVIN THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2011 and 2010

### 14. ENDOWMENT FUNDS, continued.

Absent explicit donor stipulations to the contrary, the Seminary interpreted the Michigan UPMIFA statute as requiring the preservation of the fair value of gifts as of the gift date. As a result of this interpretation, the Seminary classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. Investment income, absent donor restriction, is classified as restricted net assets until appropriated for expenditure by the Seminary in a manner consistent with the standard of prudence described by Michigan UPMIFA.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified either temporarily restricted or unrestricted net assets until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. Using this standard to determine how and when to appropriate or accumulate donor-restricted endowments, the Seminary considers the duration and preservation of the fund, the purpose for use, the general economic conditions, the effect of inflation and deflation, anticipated investment return, the investment policy of the Seminary and management's prudence.

The Topic further requires a discussion of the policies in place for funds with deficiencies, return objectives and parameters, strategies employed for achieving long-term objectives, and spending policies and how the investment objectives relate to spending policy as a part of the disclosure. Discussion of these policies is found subsequently in this note.

*Description of amounts classified as permanently restricted net assets:* The portion of perpetual endowment funds that is required to be retained permanently, either by explicit donor stipulations or by State law.

*Description of amounts classified as temporarily restricted net assets:* Contributions for which the donor has yet to convey a final disposition of the gift or for which the donor stipulates a timing restriction (such as a generational endowment to be expended within 10 years), or for which a purpose must be satisfied before it is expended. See the table "Endowment net asset composition and changes in endowment net assets" for balances of each classification of net asset at year end.

# CALVIN THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2011 and 2010

### 14. ENDOWMENT FUNDS, continued.

The following is in compliance with the Topic.

*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 state law requires in a fund of perpetual duration. Reasons this may result are from unfavorable market fluctuations, especially for funds that have been invested for a short duration, or funds where the contribution was small. Another reason funds may result in a deficiency occurs when the Board of Trustees or the donor prudently directs continued appropriations for the critical restricted purpose (such as vital programs or scholarships).

Deficiencies of this nature that are reported in unrestricted net assets (the portion of the endowment that may be spent to achieve the restricted purpose) were \$323,764 and \$1,495,533 as of June 30, 2011 and 2010, respectively.

*Return objectives and risk parameters:* The Board of Trustees directed the Seminary to adopt investment and spending policies for the endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the intergenerational equity of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a prudent level of investment risk. The Seminary expects its endowment funds, over time, to provide an average rate of return of approximately 9% 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 Board's Development and Finance Committee is an ad hoc participant and relies upon the investment committee of the College to provide direction and investment opportunities to achieve a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The College 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 a set percentage of its endowment fund's rolling three-year average net asset value measured at December 31 for the calendar year end preceding the fiscal year in which the distribution is planned for distribution each year, (5.0% for programs and 7.5% for scholarships). 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 2.0% annually. This is consistent with the dual objective to fulfill the mission of the Seminary and to maintain the intergenerational equity of the endowment assets held in perpetuity or for a donor specified term, through investment returns and new donations.

# CALVIN THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2011 and 2010

### 14. ENDOWMENT FUNDS, continued.

Endowment net asset composition and changes in endowment net assets:

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Beginning balance June 30, 2009				
Board-designated endowment	\$ 800,829	\$ -	\$ -	\$ 800,829
Donor-restricted endowment	619,663	4,348,559	17,873,903	22,842,125
Net Assets	<u>\$ 1,420,492</u>	<u>\$ 4,348,559</u>	<u>\$ 17,873,903</u>	<u>\$ 23,642,954</u>
Activity July 1, 2009–June 30, 2010				
Gifts	\$ 57,920	\$ -	\$ 587,287	\$ 645,207
Appropriation for expenditure	(1,428,600)	(402,000)	-	(1,830,600)
Investment income	526,822	1,927,145	-	2,453,967
Donor redesignation of restrictions	-	1,000	(1,000)	-
Net Assets reclassified for conformity with UPMIFA	(895,656)	5,174,159	(4,278,503)	-
Change in fund balance	<u>\$ (1,739,514)</u>	<u>\$ 6,700,304</u>	<u>\$ (3,692,216)</u>	<u>\$ 1,268,574</u>
Ending balance at June 30, 2010				
Board-designated endowment	\$ 1,003,682	\$ 2,259,667	\$ -	\$ 3,263,349
Donor-restricted endowment	(1,322,704)	8,789,194	14,181,687	21,648,177
Net Assets	<u>\$ (319,022)</u>	<u>\$ 11,048,861</u>	<u>\$ 14,181,687</u>	<u>\$ 24,911,526</u>
Activity July 1, 2010–June 30, 2011				
Gifts	\$ 107,516	\$ 500	\$ 449,583	\$ 557,599
Appropriation for expenditure	28,500	(1,641,460)	(989)	(1,613,949)
Investment income	1,400,713	4,203,833	-	5,604,546
Donor redesignation of restrictions	-	(3,016)	-	(3,016)
Change in fund balance	<u>\$ 1,536,729</u>	<u>\$ 2,559,857</u>	<u>\$ 448,594</u>	<u>\$ 4,545,180</u>
Ending balance at June 30, 2011				
Board-designated endowment	\$ 1,961,714	\$ 2,259,667	\$ -	\$ 4,221,381
Donor-restricted endowment	(714,185)	11,319,229	14,630,281	25,235,325
Net Assets	<u>\$ 1,247,529</u>	<u>\$ 13,578,896</u>	<u>\$ 14,630,281</u>	<u>\$ 29,456,706</u>

# **CALVIN THEOLOGICAL SEMINARY**

## **Notes to Financial Statements**

June 30, 2011 and 2010

15. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through the report date, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

**SUPPLEMENTARY FINANCIAL INFORMATION  
IN FUND ACCOUNTING FORMAT**

# CALVIN THEOLOGICAL SEMINARY

## Supplementary Financial Information in Fund Accounting Format Statement of Financial Position

June 30, 2011

	Current		Student Loan	Endowment	Annuity	Plant	Eliminations	Total
	Unrestricted	Restricted						
ASSETS:								
Cash and cash equivalents	\$ 707,351	\$ 32	\$ 1,044	\$ -	\$ -	\$ -	\$ -	\$ 708,427
Receivables:								
Student accounts—net of allowance of \$30,000	51,643	-	-	-	-	-	-	51,643
Student loans—net of allowance of \$100,000	-	-	1,622,666	-	-	-	-	1,622,666
Contributions receivable	575	2,453,545	100	2,500	-	-	-	2,456,720
Other	102,113	465	-	-	-	-	-	102,578
Prepaid expenses	11,040	2,100	-	-	-	-	-	13,140
Investments	-	1,717,074	-	32,390,365	340,864	-	-	34,448,303
Cash value of life insurance	-	-	-	109,681	-	-	-	109,681
Due from other funds	1,878,374	-	1,135,824	-	95,799	258,468	(3,368,465)	-
Plant assets:								
Land	-	-	-	-	-	245,000	-	245,000
Buildings	-	-	-	-	-	13,210,597	-	13,210,597
Furniture and equipment	-	-	-	-	-	2,991,316	-	2,991,316
Accumulated depreciation	-	-	-	-	-	(4,865,389)	-	(4,865,389)
<b>TOTAL ASSETS</b>	<b><u>\$ 2,751,096</u></b>	<b><u>\$ 4,173,216</u></b>	<b><u>\$ 2,759,634</u></b>	<b><u>\$32,502,546</u></b>	<b><u>\$ 436,663</u></b>	<b><u>\$11,839,992</u></b>	<b><u>\$ (3,368,465)</u></b>	<b><u>\$51,094,682</u></b>

(continued)

# CALVIN THEOLOGICAL SEMINARY

## Supplementary Financial Information in Fund Accounting Format Statement of Financial Position (continued)

June 30, 2011

	Current		Student	Endowment	Annuity	Plant	Eliminations	Total
	Unrestricted	Restricted	Loan					
LIABILITIES:								
Accounts payable	\$ 306,046	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 306,046
Accrued expenses and other liabilities	2,510,009	-	-	-	-	-	-	2,510,009
Student funds received in advance and deferred grant revenues	168,152	-	-	-	-	-	-	168,152
Annuity contracts	-	-	-	-	197,168	-	-	197,168
Federal Perkins Loans advances	-	-	292,080	-	-	-	-	292,080
Capital Lease Obligation	-	-	-	-	-	36,939	-	36,939
Due to other funds	-	322,625	-	3,045,840	-	-	(3,368,465)	-
Total liabilities	2,984,207	322,625	292,080	3,045,840	197,168	36,939	(3,368,465)	3,510,394
NET ASSETS:								
Unrestricted	(233,111)	-	571,210	1,247,529	239,495	11,803,053	-	13,628,176
Temporarily restricted	-	3,850,591	1,896,344	13,578,896	-	-	-	19,325,831
Permanently restricted	-	-	-	14,630,281	-	-	-	14,630,281
Total net assets	(233,111)	3,850,591	2,467,554	29,456,706	239,495	11,803,053	-	47,584,288
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,751,096</b>	<b>\$ 4,173,216</b>	<b>\$ 2,759,634</b>	<b>\$32,502,546</b>	<b>\$ 436,663</b>	<b>\$11,839,992</b>	<b>\$ (3,368,465)</b>	<b>\$51,094,682</b>

# CALVIN THEOLOGICAL SEMINARY

## Supplementary Financial Information in Fund Accounting Format Statement of Financial Position

June 30, 2010

	Current		Student Loan	Endowment	Annuity	Plant	Eliminations	Total
	Unrestricted	Restricted						
<b>ASSETS:</b>								
Cash and cash equivalents	\$ 1,028,399	\$ -	\$ 1,000	\$ -	\$ -	\$ -	\$ -	\$ 1,029,399
Receivables:								
Student accounts—net of allowance of \$30,000	62,963	-	-	-	-	-	-	62,963
Student loans—net of allowance of \$100,000	-	-	1,439,912	-	-	-	-	1,439,912
Contributions receivable	1,830	1,248,700	100	2,000	-	-	-	1,252,630
Other	136,989	-	-	-	-	-	-	136,989
Prepaid expenses	25,013	2,100	-	-	-	-	-	27,113
Investments	-	1,580,813	-	26,955,187	414,013	-	-	28,950,013
Cash value of life insurance	-	-	-	106,244	-	-	-	106,244
Due from other funds	1,206,247	-	1,101,115	-	25,450	228,435	(2,561,247)	-
Plant assets:								
Land	-	-	-	-	-	245,000	-	245,000
Buildings	-	-	-	-	-	13,110,156	-	13,110,156
Furniture and equipment	-	-	-	-	-	2,919,468	-	2,919,468
Accumulated depreciation	-	-	-	-	-	(4,429,068)	-	(4,429,068)
<b>TOTAL ASSETS</b>	<b>\$ 2,461,441</b>	<b>\$ 2,831,613</b>	<b>\$ 2,542,127</b>	<b>\$27,063,431</b>	<b>\$ 439,463</b>	<b>\$12,073,991</b>	<b>\$ (2,561,247)</b>	<b>\$44,850,819</b>

(continued)



# CALVIN THEOLOGICAL SEMINARY

## Supplementary Financial Information in Fund Accounting Format

### Statement of Financial Position

(continued)

June 30, 2010

	Current		Student Loan	Endowment	Annuity	Plant	Eliminations	Total
	Unrestricted	Restricted						
<b>LIABILITIES:</b>								
Accounts payable	\$ 272,255	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 272,255
Accrued expenses and other liabilities	2,353,427	2,082	-	-	-	-	-	2,355,509
Student funds received in advance and deferred grant revenues	124,273	-	-	-	-	-	-	124,273
Annuity contracts	-	-	-	-	218,833	-	-	218,833
Federal Perkins Loans advances	-	-	291,759	-	-	-	-	291,759
Capital Lease Obligation	-	-	-	-	-	71,358	-	71,358
Due to other funds	-	409,342	-	2,151,905	-	-	(2,561,247)	-
Total liabilities	2,749,955	411,424	291,759	2,151,905	218,833	71,358	(2,561,247)	3,333,987
<b>NET ASSETS:</b>								
Unrestricted	(288,514)	-	577,916	(319,022)	220,630	12,002,633	-	12,193,643
Temporarily restricted	-	2,420,189	1,672,452	11,048,861	-	-	-	15,141,502
Permanently restricted	-	-	-	14,181,687	-	-	-	14,181,687
Total net assets	(288,514)	2,420,189	2,250,368	24,911,526	220,630	12,002,633	-	41,516,832
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,461,441</b>	<b>\$ 2,831,613</b>	<b>\$ 2,542,127</b>	<b>\$27,063,431</b>	<b>\$ 439,463</b>	<b>\$12,073,991</b>	<b>\$ (2,561,247)</b>	<b>\$44,850,819</b>

# CALVIN THEOLOGICAL SEMINARY

## Supplementary Financial Information in Fund Accounting Format Changes in Fund Balances

Year Ended June 30, 2011

	Current		Student Loan	Endowment	Annuity	Plant	Total
	Unrestricted	Restricted					
<b>REVENUES AND OTHER ADDITIONS:</b>							
Operating revenues	\$ 2,833,481	\$ 744	\$ -	\$ -	\$ -	\$ -	\$ 2,834,225
Denominational ministry shares	2,945,006	-	-	-	-	-	2,945,006
Private gifts and grants	910,959	2,482,198	102,685	557,599	-	-	4,053,441
Endowment–spending policy allocation	30,000	1,453,949	150,000	(1,613,949)	-	(20,000)	-
Investment income	272	134,880	19,101	5,604,546	28,264	-	5,787,063
Changes in value of split interest agreements	-	-	-	-	(9,399)	-	(9,399)
<b>Total Revenues and Other Additions</b>	<b>6,719,718</b>	<b>4,071,771</b>	<b>271,786</b>	<b>4,548,196</b>	<b>18,865</b>	<b>(20,000)</b>	<b>15,610,336</b>
<b>EXPENDITURES AND OTHER REDUCTIONS:</b>							
Educational, general, and auxiliary enterprises expenditures	6,981,594	2,104,785	(3,139)	-	-	-	9,083,240
Depreciation	-	-	-	-	-	401,901	401,901
Other	-	-	57,739	-	-	-	57,739
<b>Total Expenditures and Other Reductions</b>	<b>6,981,594</b>	<b>2,104,785</b>	<b>54,600</b>	<b>-</b>	<b>-</b>	<b>401,901</b>	<b>9,542,880</b>
<b>TRANSFERS TO OTHER FUNDS</b>	<b>317,279</b>	<b>(536,584)</b>	<b>-</b>	<b>(3,016)</b>	<b>-</b>	<b>222,321</b>	<b>-</b>
<b>NET INCREASE (DECREASE) IN FUND BALANCES</b>	<b>55,403</b>	<b>1,430,402</b>	<b>217,186</b>	<b>4,545,180</b>	<b>18,865</b>	<b>(199,580)</b>	<b>6,067,456</b>
<b>FUND BALANCES:</b>							
Beginning of year	(288,514)	2,420,189	2,250,368	24,911,526	220,630	12,002,633	41,516,832
End of year	<u>\$ (233,111)</u>	<u>\$ 3,850,591</u>	<u>\$ 2,467,554</u>	<u>\$ 29,456,706</u>	<u>\$ 239,495</u>	<u>\$ 11,803,053</u>	<u>\$ 47,584,288</u>

# CALVIN THEOLOGICAL SEMINARY

## Supplementary Financial Information in Fund Accounting Format Changes in Fund Balances

Year Ended June 30, 2010

	Current		Student Loan	Endowment	Annuity	Plant	Total
	Unrestricted	Restricted					
<b>REVENUES AND OTHER ADDITIONS:</b>							
Operating revenues	\$ 2,521,885	\$ 323	\$ -	\$ -	\$ -	\$ -	\$ 2,522,208
Denominational ministry shares	2,791,598	160,000	-	-	-	-	2,951,598
Private gifts and grants	783,021	1,140,342	67,738	645,207	-	-	2,636,308
Endowment–spending policy allocation	148,800	1,511,800	150,000	(1,830,600)	-	20,000	-
Investment income	2,223	177,381	14,051	2,453,967	34,517	-	2,682,139
Changes in value of split interest agreements	-	-	-	-	(27,427)	-	(27,427)
<b>Total Revenues and Other Additions</b>	<b>6,247,527</b>	<b>2,989,846</b>	<b>231,789</b>	<b>1,268,574</b>	<b>7,090</b>	<b>20,000</b>	<b>10,764,826</b>
<b>EXPENDITURES AND OTHER REDUCTIONS:</b>							
Educational, general, and auxiliary enterprises expenditures	6,484,350	2,046,614	7,621	-	-	-	8,538,585
Depreciation	-	-	-	-	-	547,449	547,449
Other	-	-	51,935	-	-	-	51,935
<b>Total Expenditures and Other Reductions</b>	<b>6,484,350</b>	<b>2,046,614</b>	<b>59,556</b>	<b>-</b>	<b>-</b>	<b>547,449</b>	<b>9,137,969</b>
<b>TRANSFERS TO OTHER FUNDS</b>	<b>314,709</b>	<b>(547,900)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>233,191</b>	<b>-</b>
<b>NET INCREASE (DECREASE) IN FUND BALANCES</b>	<b>77,886</b>	<b>395,332</b>	<b>172,233</b>	<b>1,268,574</b>	<b>7,090</b>	<b>(294,258)</b>	<b>1,626,857</b>
<b>FUND BALANCES:</b>							
Beginning of year	(366,400)	2,024,857	2,078,135	23,642,952	213,540	12,296,891	39,889,975
End of year	<u>\$ (288,514)</u>	<u>\$ 2,420,189</u>	<u>\$ 2,250,368</u>	<u>\$ 24,911,526</u>	<u>\$ 220,630</u>	<u>\$ 12,002,633</u>	<u>\$ 41,516,832</u>

# CALVIN THEOLOGICAL SEMINARY

## Supplementary Financial Information in Fund Accounting Format Current Funds' Revenues, Expenditures, and Other Changes

Year Ended June 30, 2011

	Current		Total
	Unrestricted	Restricted	
<b>REVENUES:</b>			
Education and general:			
Tuition and fees	\$ 2,175,523	\$ -	\$ 2,175,523
Denominational ministry shares	2,945,006	-	2,945,006
Private gifts and grants	910,959	2,482,198	3,393,157
Investment income	272	134,880	135,152
Endowment:			
Spending policy allocation	30,000	1,453,949	1,483,949
Other revenues	21,184	744	21,928
Auxiliary revenues	636,774	-	636,774
 Total Revenues	 6,719,718	 4,071,771	 10,791,489
 <b>EXPENDITURES:</b>			
Education and general:			
Instructional	2,503,321	693,778	3,197,099
Research	-	48,162	48,162
Public service	83,776	120,753	204,529
Academic support	440,157	1,673	441,830
Library	509,404	-	509,404
Student services	357,211	3,721	360,932
Admissions	134,699	113,099	247,798
Fund-raising	487,022	-	487,022
Institutional support	1,186,660	(19,039)	1,167,621
Operation and maintenance of physical plant	422,232	-	422,232
Scholarships	314,015	1,142,638	1,456,653
Auxiliary expenses	543,097	-	543,097
 Total Expenditures	 6,981,594	 2,104,785	 9,086,379
 Excess of Revenues over Expenditures Before Transfers	 (261,876)	 1,966,986	 1,705,110
 Transfers to Other Funds	 317,279	 (536,584)	 (219,305)
 Net Increase in Fund Balances	 \$ 55,403	 \$ 1,430,402	 \$ 1,485,805

# CALVIN THEOLOGICAL SEMINARY

## Supplementary Financial Information in Fund Accounting Format Current Funds' Revenues, Expenditures, and Other Changes

Year Ended June 30, 2010

	Current		Total
	Unrestricted	Restricted	
<b>REVENUES:</b>			
Education and general:			
Tuition and fees	\$ 1,865,311	\$ -	\$ 1,865,311
Denominational ministry shares	2,791,598	160,000	2,951,598
Private gifts and grants	783,021	1,140,342	1,923,363
Investment income	2,223	177,381	179,604
Endowment:			
Spending policy allocation	148,800	1,511,800	1,660,600
Other revenues	10,702	323	11,025
Auxiliary revenues	645,872	-	645,872
Total Revenues	6,247,527	2,989,846	9,237,373
<b>EXPENDITURES:</b>			
Education and general:			
Instructional	2,452,960	629,827	3,082,787
Research	-	29,229	29,229
Public service	78,606	23,644	102,250
Academic support	417,197	2,170	419,367
Library	491,432	-	491,432
Student services	328,061	3,592	331,653
Admissions	192,075	132,394	324,469
Fund-raising	421,237	-	421,237
Institutional support	956,423	108,014	1,064,437
Operation and maintenance of physical plant	397,508	-	397,508
Scholarships	267,765	1,117,744	1,385,509
Auxiliary expenses	481,086	-	481,086
Total Expenditures	6,484,350	2,046,614	8,530,964
Excess of Revenues over Expenditures Before Transfers	(236,823)	943,232	706,409
Transfers to Other Funds	314,709	(547,900)	(233,191)
Net Increase in Fund Balances	\$ 77,886	\$ 395,332	\$ 473,218