Calvin Theological Seminary

CALVIN THEOLOGICAL SEMINARY

Financial Statements
With Independent Auditors' Report
and
Federal Awards
In Accordance with OMB Circular A-133

Year Ended June 30, 2013

CapinCrouse LLP
Certified Public Accountants

CALVIN THEOLOGICAL SEMINARY

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Calvin Theological Seminary
Grand Rapids, Michigan

Report on Financial Statements

We have audited the accompanying financial statements of Calvin Theological Seminary (Seminary), which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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 and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Seminary's preparation and fair presentation of the financial statements 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 the Seminary's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Trustees
Calvin Theological Seminary
Grand Rapids, Michigan

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, 2013 and 2012, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Financial Information

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, 2013 and 2012, on pages 38-45 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounts and other records used to prepare the basic financial statements. This information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements as a whole.

Other Matter

As explained in Note 5, the statements of financial position include investments valued at approximately $32,000,000 (59% of assets) and $32,900,000 (66% of assets) as of June 30, 2013 and 2012, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards,* we have also issued our report dated November 12, 2013, on our consideration of the Seminary's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Seminary's internal control over financial reporting and compliance.

Capin Crouse LLP

Greenwood, Indiana
November 12, 2013

CALVIN THEOLOGICAL SEMINARY

Statements of Financial Position

	June 30, 2013	June 30, 2012
ASSETS:		
Cash and cash equivalents	**$ 3,483,026**	$ 1,157,521
Receivables:		
Student accounts–net of allowance of $30,000 (Note 2)	**81,987**	66,416
Student loans–net of allowance of $100,000 (Note 3)	**1,864,706**	1,763,058
Contributions-net of allowance (Note 4)	**144,602**	575,900
Other	**108,874**	168,409
Prepaid expenses	**13,023**	128,493
Investments (Note 5)	**37,309,691**	34,256,381
Cash value of life insurance	**106,716**	111,812
Plant assets–net (Note 6)	**11,040,546**	11,269,063
Total Assets	**$ 54,153,171**	$ 49,497,053
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	**$ 351,607**	$ 334,558
Accrued expenses and other liabilities	**5,919**	277,049
Accrued retiree medical benefits	**2,661,907**	2,962,720
Student funds received in advance and deferred grant revenues	**167,609**	181,519
Annuity contracts	**167,064**	182,419
Federal Perkins Loan advances	**308,286**	299,545
Capital lease obligation (Note 7)	**89,226**	24,634
Total liabilities	**3,751,618**	4,262,444
Net assets (Note 10):		
Unrestricted:		
Undesignated	**1,257,875**	(413,116)
Net investment in property and equipment	**10,951,320**	11,242,829
Total unrestricted	**12,209,195**	10,829,713
Temporarily restricted	**22,260,814**	19,124,066
Permanently restricted	**15,931,544**	15,280,830
Total net assets	**50,401,553**	45,234,609
Total Liabilities and Net Assets	**$ 54,153,171**	$ 49,497,053

See notes to financial statements

CALVIN THEOLOGICAL SEMINARY

Statement of Activities

Year Ended June 30, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES:				
Tuition and fees	$ 2,444,605	$ -	$ -	$ 2,444,605
Less tuition financial aid	(1,213,263)	-	-	(1,213,263)
Net tuition and fees	1,231,342	-	-	1,231,342
Auxiliary revenues	745,198	-	-	745,198
Less housing financial aid	(111,230)	-	-	(111,230)
Net auxiliary revenues	633,968	-	-	633,968
Denominational ministry shares	2,863,889	-	-	2,863,889
Private gifts and grants	1,253,045	1,183,087	650,714	3,086,846
Endowment spending policy allocation	(1,384,615)	1,384,615	-	-
Investment income	1,088,664	4,376,131	-	5,464,795
Changes in the value of split-interest agreements	(11,407)	-	-	(11,407)
Other revenues	28,350	1,917	-	30,267
Total gift, investment, and other revenues	3,837,926	6,945,750	650,714	11,434,390
Total Revenues before Release from Restrictions	5,703,236	6,945,750	650,714	13,299,700
Net Assets Released from Restrictions:				
Satisfaction of plant acquisition restrictions	144,112	(144,112)	-	-
Satisfaction of timing restrictions	13,817	(13,817)	-	-
Satisfaction of purpose restrictions	3,651,073	(3,651,073)	-	-
	9,512,238	3,136,748	650,714	13,299,700
EXPENSES:				
Instructional	3,949,847	-	-	3,949,847
Research	63,875	-	-	63,875
Public service	110,934	-	-	110,934
Academic support	1,181,823	-	-	1,181,823
Student services	832,869	-	-	832,869
Institutional support	1,671,505	-	-	1,671,505
Other financial aid	165,908	-	-	165,908
Auxiliary enterprises	738,562	-	-	738,562
	8,715,323	-	-	8,715,323
Change in Net Assets from Operating Activities	796,915	3,136,748	650,714	4,584,377
Non-operating activities	582,567	-	-	582,567
Change in Net Assets	1,379,482	3,136,748	650,714	5,166,944
NET ASSETS:				
Beginning of Year	10,829,713	19,124,066	15,280,830	45,234,609
End of Year	$ 12,209,195	$ 22,260,814	$ 15,931,544	$ 50,401,553

See notes to financial statements

CALVIN THEOLOGICAL SEMINARY

Statement of Activities

Year Ended June 30, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES:				
Tuition and fees	$ 2,254,579	$ -	$ -	$ 2,254,579
Less tuition financial aid	(1,182,883)	-	-	(1,182,883)
Net tuition and fees	1,071,696	-	-	1,071,696
Auxiliary revenues	705,171	-	-	705,171
Less housing financial aid	(133,873)	-	-	(133,873)
Net auxiliary revenues	571,298	-	-	571,298
Denominational ministry shares	2,900,368	-	-	2,900,368
Private gifts and grants	944,850	1,115,615	650,549	2,711,014
Endowment spending policy allocation	(2,251,288)	2,251,288	-	-
Investment income	(182,009)	(162,982)	-	(344,991)
Changes in the value of split-interest agreements	(20,552)	-	-	(20,552)
Other revenues	21,943	497	-	22,440
Total gift, investment, and other revenues	1,413,312	3,204,418	650,549	5,268,279
Total Revenues before Release from Restrictions	3,056,306	3,204,418	650,549	6,911,273
Net Assets Released from Restrictions:				
Satisfaction of plant acquisition restrictions	(160,963)	160,963	-	-
Satisfaction of timing restrictions	(132,086)	132,086	-	-
Satisfaction of purpose restrictions	3,699,232	(3,699,232)	-	-
	6,462,489	(201,765)	650,549	6,911,273
EXPENSES:				
Instructional	4,001,675	-	-	4,001,675
Research	15,156	-	-	15,156
Public service	143,966	-	-	143,966
Academic support	1,211,368	-	-	1,211,368
Student services	702,288	-	-	702,288
Institutional support	2,129,614	-	-	2,129,614
Other financial aid	196,991	-	-	196,991
Auxiliary enterprises	507,897	-	-	507,897
	8,908,955	-	-	8,908,955
Change in Net Assets from Operating Activities	(2,446,466)	(201,765)	650,549	(1,997,682)
Non-operating activities	(351,997)	-	-	(351,997)
Change in Net Assets	(2,798,463)	(201,765)	650,549	(2,349,679)
NET ASSETS:				
Beginning of Year	13,628,176	19,325,831	14,630,281	47,584,288
End of Year	$ 10,829,713	$ 19,124,066	$ 15,280,830	$ 45,234,609

See notes to financial statements

CALVIN THEOLOGICAL SEMINARY

Statements of Cash Flows

	Year Ended June 30,	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from students for tuition, fees, and auxiliary enterprises	**$ 1,866,096**	$ 1,664,028
Gifts and grants received for operations	**5,764,694**	6,754,056
Interest and dividends received	**480,572**	426,289
Interest paid	**-**	(22,376)
Cash paid to suppliers and employees	**(8,068,474)**	(8,032,032)
Net Cash Provided By Operating Activities	**42,888**	789,965
CASH FLOWS FROM INVESTING ACTIVITIES:		
Student loans advanced	**(333,063)**	(364,849)
Student loans collected	**159,461**	119,366
Proceeds from dispositions of investments	**3,696,450**	4,103,280
Acquisition of investments	**(1,734,281)**	(4,647,654)
Acquisition and construction of plant assets	**(194,494)**	(155,557)
Net Cash Provided (Used) By Investing Activities	**1,594,073**	(945,414)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Permanently restricted gifts	**650,714**	**650,549**
Contributions restricted for plant assets	**-**	**1,600**
Payments on capital lease obligation or debt	**-**	**(12,305)**
Proceeds from capital lease obligation	**64,592**	**-**
Annuity payments	**(26,762)**	**(35,301)**
Net Cash Provided By Financing Activities	**688,544**	604,543
Change in Cash and Cash Equivalents	**2,325,505**	449,094
Cash and Cash Equivalents, Beginning of Year	**1,157,521**	708,427
Cash and Cash Equivalents, End of Year	**$ 3,483,026**	$ 1,157,521

(continued)

See notes to financial statements

CALVIN THEOLOGICAL SEMINARY

Statements of Cash Flows

(continued)

	Year Ended June 30,	
	2013	2012
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Change in net assets	**$ 5,166,944**	$ (2,349,679)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Permanently restricted private gifts and grants	**(650,714)**	(650,549)
Contributions restricted for plant assets	**-**	(1,600)
Student loans forgiven	**80,695**	95,607
Net realized and unrealized (gains) and losses	**(4,976,521)**	775,542
Depreciation and amortization	**423,011**	468,018
Change in value of split-interest agreements	**11,407**	20,552
Contributions of marketable securities	**(26,160)**	(37,115)
Decrease in cash value of life insurance policies	**(7,702)**	(4,262)
Changes in:		
Student accounts, contributions, and other receivables	**475,262**	1,817,165
Prepaid expenses	**115,470**	(115,353)
Accounts payable	**17,049**	28,701
Accumulated post-retirement benefit obligation	**(300,813)**	600,339
Accrued expenses and other liabilities	**(285,040)**	142,599
Net Cash Provided By Operating Activities	**$ 42,888**	$ 789,965

See notes to financial statements

CALVIN THEOLOGICAL SEMINARY

Notes to Financial Statements

June 30, 2013 and 2012

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, 2013 and 2012, student accounts receivable past due 90 days or more totaled $62,598 and $52,414, respectively.

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

CONTRIBUTIONS RECEIVABLE (see also Note 4)
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 $72,632 at June 30, 2013, and $-0- at June 30, 2012.

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 5)
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.

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, 2013 and 2012, totaled $80,695 and $95,607, 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, 2013 and 2012, Ministry Incentive Program loans receivable considered past due but not in default totaled $55,173 and $76,092, respectively. At June 30, 2013 and 2012, Ministry Incentive Program loans receivable considered to be technically in default totaled $146,296 and $134,323, 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, 2013 and 2012, Perkins Loans receivable considered past due but not in default totaled $23,465 and $6,160, respectively. At June 30, 2013 and 2012, Perkins Loans receivable considered in default totaled $6,555 and $9,868, 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.

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

PLANT ASSETS

Plant assets costing at least $1,000 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.

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 $646,000 and $621,000 were included in institutional support for the years ended June 30, 2013 and 2012, respectively.

ADVERTISING COSTS

The Seminary expenses advertising costs as they are incurred. Advertising costs totaled $78,695 and $75,585 for the years ended June 30, 2013 and 2012, respectively.

RECLASSIFICATIONS

Certain amounts in the prior year have been reclassified to conform with the current year presentation. These reclassifications had no effect on the change in net assets.

ACCOUNTING FOR UNCERTAINTY IN TAX POSITIONS

The financial statement effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the statements of activities. As of June 30, 2013, the Seminary had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

3. STUDENT LOANS RECEIVABLE:

The Seminary adopted the provisions of the *Receivables* topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). These provisions require disclosures about the credit quality of financing receivables and the allowance for credit losses. The Seminary's student loan receivables consist of a revolving loan fund for Federal Perkins Loans for which the Seminary acts as an agent for the federal government in administering the loan program and an institutional loan fund created by the Seminary to assist students in funding their education. As an agent for the federal government, the loan portfolio is guaranteed by the United States Department of Education. There are, therefore, no impaired loans, no nonperforming loans and no modifications to loan terms executed by the Seminary because amounts that become old or past due are in due course turned back over to the Department of Education. Funds advanced by the Federal government of $308,286 and $299,545 at June 30, 2013 and 2012, respectively, are ultimately refundable to the government and are classified as liabilities in the statements of financial position. Allowances for estimated loan losses relate to the institutional portion of the loan fund contributed by the Seminary.

The Seminary determined their allowance for estimated losses on these student loans by looking at historical default rates and analyzing the aging of the past due loans.

The aging of the student loan portfolio by classes of loans as of June 30, 2013, is presented as follows:

Classes of loans	Not in repayment	Current	Less than 240 days past due	Greater than 240 days but less than 2 years past due	Greater than 2 years less than 5 years past due	Greater than 5 years past due	Total
Federal Perkins Loans	$ 62,354	$ 125,543	$ 23,465	$ 187	$ 1,000	$ 5,368	$ 217,917
Institutional Loans	843,167	702,152	55,173	43,297	31,980	71,020	1,746,789
	905,521	827,695	78,638	43,484	32,980	76,388	1,964,706
Allowance for doubtful accounts	-	-	-	-	-	-	(100,000)
	$ 905,521	$ 827,695	$ 78,638	$ 43,484	$ 32,980	$ 76,388	$ 1,864,706
Percentage of total loan portfolio	46.09%	42.13%	4.00%	2.21%	1.68%	3.89%	100.00%

Changes in allowance for estimated losses on student loans in aggregate for the year ended June 30, 2013, is presented as follows:

Balance, beginning	$ 100,000
Provisions charged to expense	-
Loans charged off	-
Recoveries on loans previously charged off	-
	$ 100,000

3. STUDENT LOANS RECEIVABLE, continued:

The allowance for estimated losses on loans by portfolio segment as of June 30, 2013, is presented as follows:

	Federal Perkins Loans	Institutional Loans	Total
Allowance for loans individually evaluated for impairment	$ -	$ -	$ -
Allowance for loans collectively evaluated for impairment	10,000	90,000	100,000
	$ 10,000	$ 90,000	$ 100,000
Loans individually evaluated for impairment	$ -	$ -	$ -
Loans collectively evaluated for impairment	217,917	1,746,789	1,964,706
	$ 217,917	$ 1,746,789	$ 1,964,706
Allowance as a percentage of loans individually evaluated for impairment	N/A	N/A	N/A
Allowance as a percentage of loans collectively evaluated for impairment	4.59%	5.15%	5.09%
	4.59%	5.15%	5.09%

For each class of financing receivable, the following presents the recorded investment by credit quality indicator as of June 30, 2013:

	Federal Perkins Loans	Institutional Loans	Total
Performing	$ 217,917	$ 1,746,789	$ 1,964,706
Nonperforming	-	-	-
	$ 217,917	$ 1,746,789	$ 1,964,706

For student loans, the credit quality indicator is performance determined by delinquency status and, for Federal Perkins Loans, origination and servicing of the loan. Delinquency status is updated monthly by the Seminary's loan servicer. Federal Perkins Loans that are originated and serviced properly under Department of Education regulations can be assigned to the Department of Education when deemed no longer collectible. The Seminary is not aware of any material amount of loans not properly originated or serviced under Department of Education regulations.

3. STUDENT LOANS RECEIVABLE, continued:

The aging of the student loan portfolio by classes of loans as of June 30, 2012, is presented as follows:

Classes of loans	Not in repayment	Current	Less than 240 days past due	Greater than 240 days but less than 2 years past due	Greater than 2 years less than 5 years past due	Greater than 5 years past due	Total
Federal Perkins Loans	$ 127,406	$ 99,374	$ 6,160	$ 3,500	$ 2,560	$ 3,808	$ 242,808
Institutional Loans	840,743	569,093	76,092	37,231	34,453	62,638	1,620,250
	968,149	668,467	82,252	40,731	37,013	66,446	1,863,058
Allowance for doubtful accounts	-	-	-	-	-	-	(100,000)
	$ 968,149	$ 668,467	$ 82,252	$ 40,731	$ 37,013	$ 66,446	$ 1,763,058
Percentage of total loan portfolio	51.97%	35.88%	4.41%	2.19%	1.99%	3.57%	100.00%

Changes in allowance for estimated losses on student loans in aggregate for the year ended June 30, 2012, is presented as follows:

Balance, beginning	$ 100,000
Provisions charged to expense	-
Loans charged off	-
Recoveries on loans previously charged off	-
	$ 100,000

3. STUDENT LOANS RECEIVABLE, continued:

The allowance for estimated losses on loans by portfolio segment as of June 30, 2012, is presented as follows:

	Federal Perkins Loans	Institutional Loans	Total
Allowance for loans individually evaluated for impairment	$ -	$ -	$ -
Allowance for loans collectively evaluated for impairment	10,000	90,000	100,000
	$ 10,000	$ 90,000	$ 100,000
Loans individually evaluated for impairment	$ -	$ -	$ -
Loans collectively evaluated for impairment	242,808	1,620,250	1,863,058
	$ 242,808	$ 1,620,250	$ 1,863,058
Allowance as a percentage of loans individually evaluated for impairment	N/A	N/A	N/A
Allowance as a percentage of loans collectively evaluated for impairment	4.12%	5.55%	5.37%
	4.12%	5.55%	5.37%

For each class of financing receivable, the following presents the recorded investment by credit quality indicator as of June 30, 2012:

	Federal Perkins Loans	Institutional Loans	Total
Performing	$ 242,808	$ 1,620,250	$ 1,863,058
Nonperforming	-	-	-
	$ 242,808	$ 1,620,250	$ 1,863,058

For student loans, the credit quality indicator is performance determined by delinquency status and, for Federal Perkins Loans, origination and servicing of the loan. Delinquency status is updated monthly by the Seminary's loan servicer. Federal Perkins Loans that are originated and serviced properly under Department of Education regulations can be assigned to the Department of Education when deemed no longer collectible. The Seminary is not aware of any material amount of loans not properly originated or serviced under Department of Education regulations.

4. CONTRIBUTIONS RECEIVABLE:

See Note 2 for description of the accounting policy for contributions receivable. These promises to give are expected to be collected within one year 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,	
	2013	2012
Amounts due in:		
Less than one year	**$ 217,234**	**$ 481,000**
One year to five years	**-**	**105,100**
Estimated future cash flows of contributions receivable	**217,234**	**586,100**
Less:		
Unamortized discount	**-**	**(10,200)**
Allowance for doubtful accounts	**(72,632)**	**-**
Net present value of contributions receivable	**$ 144,602**	**$ 575,900**

At June 30, 2013 and 2012, respectively, 29% and 87% of the contributions receivable was due from two donors.

5. 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.

5. 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.

Fees paid to the Seminary's external advisors related to the management and custody of the Seminary's investments totaled approximately $50,800 and $52,200 in 2013 and 2012, respectively, and have been netted against interest and dividends in the accompanying statements of activities. These fees are in addition to the mutual fund expenses that are included in the pricing of the respective funds.

5. 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 $247,588 and $279,594, respectively, at June 30, 2013, and cost and carrying values of $293,993 and $303,656, respectively, at June 30, 2012.

Fair Value of Financial Instruments Disclosure:

The Seminary follows the 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).

5. 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 are not available.

Investment portfolio by valuation hierarchy:

		Fair Value Disclosure		
	Investment Value June 30, 2013	**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	**$ 20,207,482**	**$ 1,386,233**	**$ 18,053,365**	**$ 767,884**
Core equity fund	**3,135,517**	**2,064,738**	**1,070,779**	**-**
International equity fund	**1,313,364**	**434,330**	**879,034**	**-**
Multi-strategy bond fund	**3,555,148**	**-**	**3,517,108**	**38,040**
Other	**1,986,546**	**675**	**5,139**	**1,980,732**
Total investments at Commonfund	**30,198,057**	**3,885,976**	**23,525,425**	**2,786,656**
Investments held at Fuller Foundation:				
Mission core fund	**5,587,167**	**6,483**	**12,011**	**5,568,673**
Total investments at Fuller Foundation	**5,587,167**	**6,483**	**12,011**	**5,568,673**
All other investments held:				
Cash and cash equivalents held	**222,067**	**222,067**	**-**	**-**
Partnerships and joint ventures *	**145,788**	**-**	**-**	**145,788**
Mutual funds	**4,190**	**-**	**-**	**4,190**
Land and real estate	**1,152,422**	**-**	**1,152,422**	**-**
Total other investments	**1,524,467**	**222,067**	**1,152,422**	**149,978**
Total of all investments	**$ 37,309,691**	**$ 4,114,526**	**$ 24,689,858**	**$ 8,505,307**

*Alternative investment

5. INVESTMENTS, continued:

Investment portfolio by valuation hierarchy, continued:

	Investment Value June 30, 2012	Fair Value Disclosure: Markets for Identical Assets (Level 1)	Fair Value Disclosure: Observable Inputs (Level 2)	Fair Value Disclosure: Unobservable Inputs (Level 3)
At fair value:				
Investments held at Commonfund:				
Multi-strategy equity fund	$ 16,452,675	$ -	$ 16,452,675	$ -
International equity fund	1,069,696	-	1,069,696	-
Multi-strategy bond fund	3,434,636	-	3,434,636	-
Other	4,972,690	-	3,133,843	1,838,847
Total investments at Commonfund	25,929,697	-	24,090,850	1,838,847
Investments held at Fuller Foundation:				
Mission core fund	5,985,103	-	-	5,985,103
Mission income fund	890,300	-	-	890,300
Total investments at Fuller Foundation	6,875,403	-	-	6,875,403
All other investments held:				
Cash and cash equivalents held	204,798	204,798	-	-
Partnerships and joint ventures *	89,771	-	-	89,771
Mutual funds	4,190	4,190	-	-
Land and real estate	1,152,522	-	1,152,522	-
Total other investments	1,451,281	208,988	1,152,522	89,771
Total of all investments	$ 34,256,381	$ 208,988	$ 25,243,372	$ 8,804,021

*Alternative investment

5. INVESTMENTS, continued:

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

	At June 30, 2013			
	Commonfund Alternative Investments	**Fuller Foundation Alternative Investments**	**All Other Alternative Investments**	**Total**
Level 3 beginning investment balance	**$ 1,838,847**	**$ 6,875,403**	**$ 89,771**	**$ 8,804,021**
Income less fees*	**14,023**	**(4,366)**	**-**	**9,657**
Realized gains*	**158,932**	**111,597**	**-**	**270,529**
Unrealized gains (losses)*	**(9,595)**	**469,447**	**22,708**	**482,560**
Purchases, sales, and transfers	**784,449**	**(1,883,408)**	**37,499**	**(1,061,460)**
Level 3 ending investment balance	**$ 2,786,656**	**$ 5,568,673**	**$ 149,978**	**$ 8,505,307**
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, 2013*	**$ 505,962**	**$ 1,239,863**	**$ (10,001)**	**$ 1,735,824**

	At June 30, 2012			
	Commonfund Alternative Investments	Fuller Foundation Alternative Investments	All Other Alternative Investments	Total
Level 3 beginning investment balance	$ 1,583,503	$ 6,903,600	$ 91,664	$ 8,578,767
Income less fees*	8,216	19,242	-	27,458
Realized gains*	64,929	769,523	-	834,452
Unrealized losses*	(38,785)	(761,062)	(26,373)	(826,220)
Purchases, sales, and settlements	220,984	(55,900)	24,480	189,564
Level 3 ending investment balance	$ 1,838,847	$ 6,875,403	$ 89,771	$ 8,804,021
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, 2012*	$ 515,557	$ 770,416	$ (32,709)	$ 1,253,264

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

5. 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, 2013**	**Commonfund Alternative Investments**	**Fuller Foundation Alternative Investments**	**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	**$ 8,505,307**	**$ 2,786,656**	**$ 5,568,673**	**$ 149,978**
Remaining Life		1 to 12 years	NA	1 to 9 years
Unfunded Commitments	**$ 805,515**	**$ 764,034**	**$ -**	**$ 41,481**
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 days' 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

5. INVESTMENTS, continued:

Level 3 investments by major category (continued):

Investment Category	Total June 30, 2012	Commonfund Alternative Investments	Fuller Foundation Alternative Investments	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	$ 8,804,021	$ 1,838,847	$ 6,875,403	$ 89,771
Remaining Life		1 to 12 years	NA	1 to 9 years
Unfunded Commitments	$ 1,220,297	$ 1,128,785	$ -	$ 91,512
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 days' 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

5. INVESTMENTS, continued:

The carrying value of investments consisted of the following:

	June 30, 2013			
	Current and Plant Funds	**Endowment Fund**	**Annuity Funds**	**Total**
Cash and cash equivalents	**$ -**	**$ 222,067**	**$ -**	**$ 222,067**
Mutual funds	**-**	**33,519,082**	**279,596**	**33,798,678**
Private capital holdings	**-**	**2,136,524**	**-**	**2,136,524**
Real estate	**-**	**1,152,422**	**-**	**1,152,422**
	$ -	**$ 37,030,095**	**$ 279,596**	**$ 37,309,691**

	June 30, 2012			
	Current and Plant Funds	Endowment Fund	Annuity Funds	Total
Cash and cash equivalents	$ -	$ 204,798	$ -	$ 204,798
Mutual funds	1,747,040	28,915,557	303,650	30,966,247
Private capital holdings	-	1,932,808	-	1,932,808
Real estate	-	1,152,528	-	1,152,528
	$ 1,747,040	$ 32,205,691	$ 303,650	$ 34,256,381

5. INVESTMENTS, continued:

Investment income consisted of the following:

	Year Ended June 30, 2013			
	Current, Loan and Plant Funds	Endowment Fund	Annuity Funds	Total
Interest and dividends	$ 28,667	$ 451,905	$ -	$ 480,572
Change in cash value of life insurance policies	-	7,702	-	7,702
Realized gains	172,543	1,635,434	-	1,807,977
Unrealized gains (losses)	(40,863)	3,185,746	23,661	3,168,544
	$ 160,347	$ 5,280,787	$ 23,661	$ 5,464,795

Income from nonpublicly traded securities included above:

	Year Ended June 30, 2013			
	Current, Loan and Plant Funds	Endowment Fund	Annuity Funds	Total
Interest and dividends	$ (4,366)	$ 73,586	$ -	$ 69,220
Realized gains	172,685	396,777	-	569,462
Unrealized gains (losses)	(40,863)	837,157	23,661	819,955
	$ 127,456	$ 1,307,520	$ 23,661	$ 1,458,637

Investment income by restriction consisted of the following:

	Year Ended June 30, 2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest and dividends	$ 91,939	$ 388,633	$ -	$ 480,572
Change in cash value of life insurance policies	7,702	-	-	7,702
Realized gains	327,851	1,480,126	-	1,807,977
Unrealized gains	661,172	2,507,372	-	3,168,544
	$ 1,088,664	$ 4,376,131	$ -	$ 5,464,795

5. INVESTMENTS, continued:

Investment income consisted of the following:

	Year Ended June 30, 2012			
	Current, Loan and Plant Funds	Endowment Fund	Annuity Funds	Total
Interest and dividends	$ 43,459	$ 382,113	$ 717	$ 426,289
Change in cash value of life insurance policies	-	4,262	-	4,262
Realized gains	126,595	648,101	40,379	815,075
Unrealized losses	(114,746)	(1,436,807)	(39,064)	(1,590,617)
	$ 55,308	$ (402,331)	$ 2,032	$ (344,991)

Income from nonpublicly traded securities included above:

	Year Ended June 30, 2012			
	Current, Loan and Plant Funds	Endowment Fund	Annuity Funds	Total
Interest and dividends	$ 18,334	$ 57,595	$ 717	$ 76,646
Realized gains	127,628	666,446	40,379	834,453
Unrealized losses	(114,746)	(774,499)	(39,064)	(928,309)
	$ 31,216	$ (50,458)	$ 2,032	$ (17,210)

Investment income by restriction consisted of the following:

	Year Ended June 30, 2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest and dividends	$ (11,639)	$ 437,928	$ -	$ 426,289
Change in cash value of life insurance policies	4,262	-	-	4,262
Realized gains	169,758	645,317	-	815,075
Unrealized losses	(344,390)	(1,246,227)	-	(1,590,617)
	$ (182,009)	$ (162,982)	$ -	$ (344,991)

6. PLANT ASSETS:

Plant assets are summarized by major classification as follows:

	June 30,	
	2013	2012
Land	**$ 245,000**	$ 245,000
Buildings	**13,447,955**	13,338,700
Furniture and equipment	**3,104,009**	3,018,770
	16,796,964	16,602,470
Accumulated depreciation and amortization at the beginning of the year	**(5,333,407)**	(4,865,389)
Current year depreciation and amortization	**(423,011)**	(468,018)
Accumulated depreciation and amortization at the end of the year	**(5,756,418)**	(5,333,407)
Net plant assets	**$ 11,040,546**	$ 11,269,063

7. CAPITAL LEASE OBLIGATION:

The Seminary has a capital lease agreement for certain office equipment. The capitalized lease obligation and accumulated amortization as of June 30, 2013 and 2012, was approximately $90,025 and $26,600, respectively.

Minimum payments under capital lease as of June 30:

2014	$ 22,047
2015	22,047
2016	22,047
2017	22,047
2018	1,837
Total future minimum lease payments	90,025
Less amount representing interest	(799)
Present value of net minimum capital lease payments	**$ 89,226**

8. EMPLOYEE BENEFIT PLANS:

The Seminary participated in a defined contribution retirement 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, 2013 and 2012, were approximately $269,900 and $276,500, respectively. All contributions are vested immediately. Employees may also make voluntary contributions to this plan up to certain limits allowed by law.

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, 2013 and 2012, 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 $85,500 and $86,600 in 2013 and 2012, 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,	
	2013	2012
Accumulated postretirement benefit obligation (APBO):		
Retired participants	**$ (1,166,291)**	$ (1,329,793)
Active employees fully eligible to retire	**(913,627)**	(922,898)
Active employees not yet eligible to retire	**(581,989)**	(710,029)
	(2,661,907)	(2,962,720)
Unrecognized transition obligation	**-**	82,205
Unrecognized prior service cost	**(332,457)**	(393,383)
Unrecognized net loss from past experience different from that assumed and from changes in assumptions	**787,915**	1,263,703
Accrued postretirement benefit cost	**$ (2,206,449)**	$ (2,010,195)

8. POSTRETIREMENT BENEFITS OTHER THAN PENSIONS, continued:

Change in net assets:

Intangible assets and accumulated comprehensive income (loss):

	June 30,	
	2013	2012
Beginning of year	**$ (952,525)**	$ (531,928)
Reclassified during the year:		
Transition asset	**82,205**	27,400
Prior service cost	**(104,014)**	(49,209)
Gain	**84,293**	76,316
Total	**62,484**	54,507
Arising during the year:		
Prior service cost credit	**43,088**	-
Gain (loss)	**391,495**	(475,104)
Total	**434,583**	(475,104)
End of year accumulated comprehensive loss	**$ (455,458)**	$ (952,525)

Postretirement health care expense consisted of the following components:

	June 30,	
	2013	2012
Service cost-benefits earned during the period	**$ 91,752**	$ 76,855
Interest cost on accumulated postretirement benefit obligation	**127,518**	134,997
Amortization of transition obligation	**27,400**	27,400
Prior service cost	**(49,209)**	(49,209)
Amortization of unrecognized net gain	**84,293**	76,316
Net periodic postretirement benefit cost	**$ 281,754**	$ 266,359

8. POSTRETIREMENT BENEFITS OTHER THAN PENSIONS, continued:

Components of postretirement health care expense anticipated for the year ending June 30, 2014, are as follows:

Service cost-benefits earned during the period	$	81,013
Interest cost on accumulated postretirement benefit obligation		125,852
Prior service cost		(25,287)
Amortization of unrecognized net gain		42,112
Net periodic postretirement benefit cost	$	223,690

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

Year		
2014	$	144,860
2015		150,806
2016		155,987
2017		159,698
2018		161,316
2019-2021		889,063
	$	1,661,730

Weighted-average assumptions and method disclosures as of June 30, 2013 and 2012, include:

	June 30,	
	2013	2012
Discount rate:		
Liability	**4.50%**	6.00%
Net periodic benefit cost	**5.00%**	4.50%

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 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 12.2% and the periodic postretirement benefit cost by 17.7%.

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 5.1% 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,	
	2013	2012
Unrestricted:		
Available for operations	**$ 710,841**	$ 1,439
Board designated for student loan funds	**563,527**	565,862
Endowment investment earnings in excess of amounts spent and quasi endowments	**(245,777)**	(1,199,047)
Gift portion of annuities held in the annuity fund	**229,284**	217,030
Investment in funds designated for plant assets– net of related debt	**10,951,320**	11,244,429
	12,209,195	10,829,713
Temporarily restricted:		
Investment in funds available for donor specified projects and activities	**19,895,785**	16,975,383
Student loan funds	**2,365,029**	2,148,683
	22,260,814	19,124,066
Permanently restricted:		
Investment in perpetuity, the income from which is expendable on donor specified activities	**15,931,544**	15,280,830
	$ 50,401,553	$ 45,234,609

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 $774,200 and $731,100 for the years 2013 and 2012, 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, 2013 and 2012, the Seminary owed the College approximately $262,000 and $229,000, respectively. These amounts are included in accounts payable on the statements of financial position.

The Seminary received $2,863,889 and $2,900,368 in denominational ministry shares from the CRCNA during fiscal years 2013 and 2012, respectively. Receivables from the denomination at year end 2013 and 2012 were $91,236 and $133,876, respectively. During fiscal year 2013 and 2012, the Seminary paid $78,458 and $27,321, respectively, to the CRCNA for various services.

12. LINE AND LETTER OF CREDIT:

The Seminary issued a letter of credit to the state of Michigan for payment of unemployment benefits, replacing a letter of credit which expired on April 13, 2013. The new letter of credit expires on December 31, 2015. At June 30, 2013 and 2012, the letters were in the amounts of $157,930, and $146,000, respectively, with no balance outstanding.

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 $3,200,000 in these programs, of which the remaining $805,515 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.

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 as 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 *Reporting Endowment Funds* topic of the FASB ASC further requires a discussion of the polices 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.

The following are in compliance with the *Reporting Endowment Funds* 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 $141,353 and $862,590 as of June 30, 2013 and 2012, respectively.

14. ENDOWMENT FUNDS, continued:

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 7% 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 June 30 for the calendar year end preceding the fiscal year in which the distribution is planned for distribution each year (5.0%). 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.

In years that investment income is less than the endowment spending allocation, the shortfall is shown in the statements of activities as an unrestricted net assets reduction. This spending allocation is then released as a satisfaction of purpose restrictions in the same year.

14. ENDOWMENT FUNDS, continued:

Endowment composition and changes in endowment net assets for the years ending June 30, 2013 and 2012:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Beginning balance June 30, 2011:				
Board-designated endowment	$ 1,961,714	$ -	$ -	$ 1,961,714
Donor-restricted endowment	(714,185)	13,578,896	14,630,281	27,494,992
Net Assets	$ 1,247,529	$ 13,578,896	$ 14,630,281	$ 29,456,706
Activity July 1, 2011–June 30, 2012:				
Gifts	$ -	$ 156,500	$ 640,523	$ 797,023
Appropriation for expenditure	(2,329,287)	(1,489,699)	-	(3,818,986)
Investment income	(184,047)	(218,282)	-	(402,329)
Donor redesignation of restrictions	(20,734)	17,509	10,026	6,801
Change in Fund Balance	$ (2,534,068)	$ (1,533,972)	$ 650,549	$ (3,417,491)
Ending balance at June 30, 2012:				
Board-designated endowment	$ (229,137)	$ 2,259,667	$ -	$ 2,030,530
Donor-restricted endowment	(969,910)	9,697,764	15,280,830	24,008,684
Net Assets	$ (1,199,047)	$ 11,957,431	$ 15,280,830	$ 26,039,214
Activity July 1, 2012–June 30, 2013:				
Gifts	**$ -**	**$ 76,487**	**$ 650,714**	**$ 727,201**
Appropriation for expenditure	**(110,100)**	**(1,384,615)**	**-**	**(1,494,715)**
Investment income	**1,063,370**	**4,217,417**	**-**	**5,280,787**
Change in Fund Balance	**$ 953,270**	**$ 2,909,289**	**$ 650,714**	**$ 4,513,273**
Ending balance at June 30, 2013:				
Board-designated endowment	**$ 206,254**	**$ -**	**$ -**	**$ 206,254**
Donor-restricted endowment	**(452,031)**	**14,866,720**	**15,931,544**	**30,346,233**
Net Assets	**$ (245,777)**	**$ 14,866,720**	**$ 15,931,544**	**$ 30,552,487**

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, 2013

	Current		Student					
	Unrestricted	Restricted	Loan	Endowment	Annuity	Plant	Eliminations	Total
ASSETS:								
Cash and cash equivalents	$ 3,482,073	$ -	$ 953	$ -	$ -	$ -	$ -	$ 3,483,026
Receivables:								
Student accounts–net of allowance of $30,000	81,987	-	-	-	-	-	-	81,987
Student loans–net of allowance of $100,000	-	-	1,864,706	-	-	-	-	1,864,706
Contributions receivable-net of allowance	72,632	71,525	445	-	-	-	-	144,602
Other	92,180	-	16,694	-	-	-	-	108,874
Prepaid expenses	13,023	-	-	-	-	-	-	13,023
Investments	-	-	-	37,030,095	279,596	-	-	37,309,691
Cash value of life insurance	-	-	-	106,716	-	-	-	106,716
Due from other funds	-	4,954,840	1,354,044	-	116,752	412,027	(6,837,663)	-
Plant assets:								
Land	-	-	-	-	-	245,000	-	245,000
Buildings	-	-	-	-	-	13,447,955	-	13,447,955
Furniture and equipment	-	-	-	-	-	3,104,009	-	3,104,009
Accumulated depreciation and amortization	-	-	-	-	-	(5,756,418)	-	(5,756,418)
TOTAL ASSETS	$ 3,741,895	$ 5,026,365	$ 3,236,842	$ 37,136,811	$ 396,348	$ 11,452,573	$ (6,837,663)	$ 54,153,171

(continued)

CALVIN THEOLOGICAL SEMINARY

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

June 30, 2013

	Current		Student					
	Unrestricted	Restricted	Loan	Endowment	Annuity	Plant	Eliminations	Total
LIABILITIES:								
Accounts payable	$ 351,607	$ -	$ -	$ -	$ -	$ -	$ -	$ 351,607
Accrued expenses and other liabilities	7,019	(1,100)	-	-	-	-	-	5,919
Accrued retiree medical benefits	2,661,907	-	-	-	-	-	-	2,661,907
Accumulated other comprehensive income	-	-	-	-	-	-	-	-
Student funds received in advance and deferred grant revenues	167,609	-	-	-	-	-	-	167,609
Annuity contracts	-	-	-	-	167,064	-	-	167,064
Federal Perkins Loans advances	-	-	308,286	-	-	-	-	308,286
Capital lease obligation	-	-	-	-	-	89,226	-	89,226
Due to other funds	253,339	-	-	6,584,324	-	-	(6,837,663)	-
Total liabilities	3,441,481	(1,100)	308,286	6,584,324	167,064	89,226	(6,837,663)	3,751,618
NET ASSETS:								
Unrestricted	300,414	-	563,527	(245,777)	229,284	11,361,747	-	12,209,195
Temporarily restricted	-	5,027,465	2,365,029	14,866,720	-	1,600	-	22,260,814
Permanently restricted	-	-	-	15,931,544	-	-	-	15,931,544
Total net assets	300,414	5,027,465	2,928,556	30,552,487	229,284	11,363,347	-	50,401,553
TOTAL LIABILITIES AND NET ASSETS	$ 3,741,895	$ 5,026,365	$ 3,236,842	$ 37,136,811	$ 396,348	$ 11,452,573	$ (6,837,663)	$ 54,153,171

CALVIN THEOLOGICAL SEMINARY

Supplementary Financial Information in Fund Accounting Format
Statement of Financial Position

June 30, 2012

	Current		Student					
	Unrestricted	Restricted	Loan	Endowment	Annuity	Plant	Eliminations	Total
ASSETS:								
Cash and cash equivalents	$ 1,156,329	$ 206	$ 986	$ -	$ -	$ -	$ -	$ 1,157,521
Receivables:								
Student accounts–net of allowance of $30,000	66,416	-	-	-	-	-	-	66,416
Student loans–net of allowance of $100,000	-	-	1,763,058	-	-	-	-	1,763,058
Contributions receivable	55,475	520,425	-	-	-	-	-	575,900
Other	149,895	1,565	16,949	-	-	-	-	168,409
Prepaid expenses	128,493	-	-	-	-	-	-	128,493
Investments	-	1,747,040	-	32,205,691	303,650	-	-	34,256,381
Cash value of life insurance	-	-	-	111,812	-	-	-	111,812
Due from other funds	1,804,067	2,747,116	1,233,097	-	95,799	398,210	(6,278,289)	-
Plant assets:								
Land	-	-	-	-	-	245,000	-	245,000
Buildings	-	-	-	-	-	13,338,700	-	13,338,700
Furniture and equipment	-	-	-	-	-	3,018,770	-	3,018,770
Accumulated depreciation and amortization	-	-	-	-	-	(5,333,407)	-	(5,333,407)
TOTAL ASSETS	$ 3,360,675	$ 5,016,352	$ 3,014,090	$ 32,317,503	$ 399,449	$ 11,667,273	$ (6,278,289)	$ 49,497,053

(continued)

CALVIN THEOLOGICAL SEMINARY

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

June 30, 2012

	Current		Student					
	Unrestricted	Restricted	Loan	Endowment	Annuity	Plant	Eliminations	Total
LIABILITIES:								
Accounts payable	$ 334,558	$ -	$ -	$ -	$ -	$ -	$ -	$ 334,558
Accrued expenses and other liabilities	277,049	-	-	-	-	-	-	277,049
Accrued retiree medical benefits	2,962,720	-	-	-	-	-	-	2,962,720
Accumulated other comprehensive income	-	-	-	-	-	-	-	-
Student funds received in advance and deferred grant revenues	181,519	-	-	-	-	-	-	181,519
Annuity contracts		-	-	-	182,419	-	-	182,419
Federal Perkins Loans advances	-	-	299,545	-	-	-	-	299,545
Capital lease obligation	-	-	-	-	-	24,634	-	24,634
Due to other funds	-	-	-	6,278,289	-	-	(6,278,289)	-
Total liabilities	3,755,846	-	299,545	6,278,289	182,419	24,634	(6,278,289)	4,262,444
NET ASSETS:								
Unrestricted	(395,171)	-	565,862	(1,199,047)	217,030	11,641,039	-	10,829,713
Temporarily restricted	-	5,016,352	2,148,683	11,957,431	-	1,600	-	19,124,066
Permanently restricted	-	-	-	15,280,830	-	-	-	15,280,830
Total net assets	(395,171)	5,016,352	2,714,545	26,039,214	217,030	11,642,639	-	45,234,609
TOTAL LIABILITIES AND NET ASSETS	$ 3,360,675	$ 5,016,352	$ 3,014,090	$ 32,317,503	$ 399,449	$ 11,667,273	$ (6,278,289)	$ 49,497,053

CALVIN THEOLOGICAL SEMINARY

Supplementary Financial Information in Fund Accounting Format
Changes in Fund Balances

Year Ended June 30, 2013

	Current		Student				
	Unrestricted	Restricted	Loan	Endowment	Annuity	Plant	Total
REVENUES AND OTHER ADDITIONS:							
Operating revenues	$ 3,218,153	$ 1,917	$ -	$ -	$ -	$ -	$ 3,220,070
Denominational ministry shares	2,863,889	-	-	-	-	-	2,863,889
Private gifts and grants	1,253,045	1,042,247	64,353	727,201	-	-	3,086,846
Endowment–spending policy allocation	15,000	1,279,715	200,000	(1,494,715)	-	-	-
Investment income	1,492	127,323	31,532	5,280,787	23,661	-	5,464,795
Changes in value of split interest agreements	-	-	-	-	(11,407)	-	(11,407)
Total Revenues and Other Additions	7,351,579	2,451,202	295,885	4,513,273	12,254	-	14,624,193
EXPENDITURES AND OTHER REDUCTIONS:							
Educational, general, and auxiliary enterprises expenditures	7,600,733	1,919,989	2,475	-	-	-	9,523,197
Depreciation and amortization	-	-	-	-	-	423,011	423,011
Other	-	-	79,399	-	-	14,209	93,608
Total Expenditures and Other Reductions	7,600,733	1,919,989	81,874	-	-	437,220	10,039,816
Excess of Revenues Over Expenditures Before Transfers	(249,154)	531,213	214,011	4,513,273	12,254	(437,220)	4,584,377
TRANSFERS TO OTHER FUNDS	362,172	(520,100)	-	-	-	157,928	-
SFAS 158 Adjustment	582,567	-	-	-	-	-	582,567
NET INCREASE (DECREASE) IN FUND BALANCES	695,585	11,113	214,011	4,513,273	12,254	(279,292)	5,166,944
FUND BALANCES:							
Beginning of Year	(395,171)	5,016,352	2,714,545	26,039,214	217,030	11,642,639	45,234,609
End of Year	$ 300,414	$ 5,027,465	$ 2,928,556	$ 30,552,487	$ 229,284	$ 11,363,347	$ 50,401,553

CALVIN THEOLOGICAL SEMINARY

Supplementary Financial Information in Fund Accounting Format
Changes in Fund Balances

Year Ended June 30, 2012

	Current		Student				
	Unrestricted	Restricted	Loan	Endowment	Annuity	Plant	Total
REVENUES AND OTHER ADDITIONS:							
Operating revenues	$ 2,981,693	$ 497	$ -	$ -	$ -	$ -	$ 2,982,190
Denominational ministry shares	2,900,368	-	-	-	-	-	2,900,368
Private gifts and grants	944,850	875,414	92,127	797,023	-	1,600	2,711,014
Endowment–spending policy allocation	78,000	3,540,986	200,000	(3,818,986)	-	-	-
Investment income	(213)	31,216	24,303	(402,329)	2,032	-	(344,991)
Changes in value of split interest agreements	-	-	-	-	(20,552)	-	(20,552)
Total Revenues and Other Additions	6,904,698	4,448,113	316,430	(3,424,292)	(18,520)	1,600	8,228,029
EXPENDITURES AND OTHER REDUCTIONS:							
Educational, general, and auxiliary enterprises expenditures	7,234,134	2,454,120	-	-	-	-	9,688,254
Depreciation and amortization	-	-	-	-	-	468,018	468,018
Other	-	-	69,439	-	-	-	69,439
Total Expenditures and Other Reductions	7,234,134	2,454,120	69,439	-	-	468,018	10,225,711
Excess of Revenues Over Expenditures Before Transfers	(329,436)	1,993,993	246,991	(3,424,292)	(18,520)	(466,418)	(1,997,682)
TRANSFERS TO OTHER FUNDS	519,373	(828,232)	-	6,800	(3,945)	306,004	-
SFAS 158 Adjustment	(351,997)	-	-	-	-	-	(351,997)
NET INCREASE (DECREASE) IN FUND BALANCES	(162,060)	1,165,761	246,991	(3,417,492)	(22,465)	(160,414)	(2,349,679)
FUND BALANCES:							
Beginning of Year	(233,111)	3,850,591	2,467,554	29,456,706	239,495	11,803,053	47,584,288
End of Year	$ (395,171)	$ 5,016,352	$ 2,714,545	$ 26,039,214	$ 217,030	$ 11,642,639	$ 45,234,609

CALVIN THEOLOGICAL SEMINARY

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

Year Ended June 30, 2013

	Current		
	Unrestricted	**Restricted**	**Total**
REVENUES:			
Education and general:			
Tuition and fees	**$ 2,444,605**	**$ -**	**$ 2,444,605**
Denominational ministry shares	**2,863,889**	**-**	**2,863,889**
Private gifts and grants	**1,253,045**	**1,042,247**	**2,295,292**
Investment income	**1,492**	**127,323**	**128,815**
Endowment spending policy allocation	**15,000**	**1,279,715**	**1,294,715**
Other revenues	**28,350**	**1,917**	**30,267**
Auxiliary revenues	**745,198**	**-**	**745,198**
Total Revenues	**7,351,579**	**2,451,202**	**9,802,781**
EXPENDITURES:			
Education and general:			
Instructional	**2,634,141**	**717,394**	**3,351,535**
Research	**-**	**73,776**	**73,776**
Public service	**88,565**	**20,618**	**109,183**
Academic support	**484,041**	**-**	**484,041**
Library	**536,452**	**-**	**536,452**
Student services	**375,935**	**4,529**	**380,464**
Admissions	**210,078**	**154,130**	**364,208**
Fund-raising	**761,374**	**(115,101)**	**646,273**
Institutional support	**1,020,731**	**2,500**	**1,023,231**
Operation and maintenance of physical plant	**482,680**	**-**	**482,680**
Scholarships	**346,386**	**1,062,143**	**1,408,529**
Auxiliary expenses	**660,350**	**-**	**660,350**
Total Expenditures	**7,600,733**	**1,919,989**	**9,520,722**
Excess of Revenues over Expenditures Before Transfers	**(249,154)**	**531,213**	**282,059**
Transfers to Other Funds	**362,172**	**(520,100)**	**(157,928)**
SFAS 158 Adjustment	**582,567**	**-**	**582,567**
Net Increase in Fund Balances	**$ 695,585**	**$ 11,113**	**$ 706,698**

CALVIN THEOLOGICAL SEMINARY

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

Year Ended June 30, 2012

	Current		
	Unrestricted	Restricted	Total
REVENUES:			
Education and general:			
Tuition and fees	$ 2,254,579	$ -	$ 2,254,579
Denominational ministry shares	2,900,368	-	2,900,368
Private gifts and grants	944,850	875,414	1,820,264
Investment income	(213)	31,216	31,003
Endowment spending policy allocation	78,000	3,540,986	3,618,986
Other revenues	21,943	497	22,440
Auxiliary revenues	705,171	-	705,171
Total Revenues	6,904,698	4,448,113	11,352,811
EXPENDITURES:			
Education and general:			
Instructional	2,749,210	660,980	3,410,190
Research	-	63,021	63,021
Public service	48,146	95,460	143,606
Academic support	480,852	1,500	482,352
Library	517,004	-	517,004
Student services	371,499	2,192	373,691
Admissions	177,537	76,195	253,732
Fund-raising	457,676	162,954	620,630
Institutional support	1,128,809	346,253	1,475,062
Operation and maintenance of physical plant	488,859	-	488,859
Scholarships	360,788	1,045,565	1,406,353
Auxiliary expenses	453,754	-	453,754
Total Expenditures	7,234,134	2,454,120	9,688,254
Excess of Revenues over Expenditures Before Transfers	(329,436)	1,993,993	1,664,557
Transfers to Other Funds	519,373	(828,232)	(308,859)
SFAS 158 Adjustment	(351,997)	-	(351,997)
Net Increase (Decrease) in Fund Balances	$ (162,060)	$ 1,165,761	$ 1,003,701

FEDERAL AWARDS

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INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTAL INFORMATION

Board of Trustees
Calvin Theological Seminary
Grand Rapids, Michigan

We have audited the financial statements of Calvin Theological Seminary as of and for the years ended June 30, 2013 and 2012, and our report thereon dated November 12, 2013, which expresses an unmodified opinion on those financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards on page 47 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations,* and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Capin Crouse LLP

Greenwood, Indiana
November 12, 2013

CALVIN THEOLOGICAL SEMINARY

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2013

Federal Grantor/Program Title	Federal CFDA Number	Federal Expenditures
U.S. Department of Education–Student Financial Aid Cluster:		
Federal Direct Student Loan Program	84.268	$ 476,858
Federal Perkins Loan Program (Note B)	84.038	217,918
Total U.S. Department of Education–Student Financial Aid Cluster		694,776
Total Federal Awards		$ 694,776

See notes to schedule of expenditures of federal awards

CALVIN THEOLOGICAL SEMINARY

Notes to Schedule of Expenditures of Federal Awards

June 30, 2013

A. BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Calvin Theological Seminary and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

B. FEDERAL PERKINS LOAN PROGRAM:

The Seminary administers the following federal revolving loan program:

	CFDA Number	Outstanding Balance at June 30, 2013
Perkins Loan Program	84.038	$ 217,918

Total Perkins loan disbursements made to students during the fiscal year ended June 30, 2013, were $14,084.

For purposes of the schedule of expenditures of federal awards, the amount reported includes the outstanding loan balance and administrative cost allowance, if any. The Seminary did not take any administrative cost allowance from the Perkins program for the year ending June 30, 2013.

C. RELATIONSHIP TO FINANCIAL STATEMENTS:

The amount of total federal awards reconciles to the revenue in the statements of activities as follows:

Total federal awards	$ 694,776
Less:	
Federal Direct Student Loan Program	(476,858)
Perkins outstanding loan portfolio	(217,918)
Government grants per statements of activities	$ -

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INDEPENDENT AUDITORS' REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Calvin Theological Seminary
Grand Rapids, Michigan

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the statements of financial position of Calvin Theological Seminary (Seminary), as of June 30, 2013 and 2012, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated November 12, 2013.

Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered the Seminary's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Seminary's internal control. Accordingly, we do not express an opinion on the effectiveness of the Seminary's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Board of Trustees
Calvin Theological Seminary
Grand Rapids, Michigan

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Seminary's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Seminary's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Seminary's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Capin Crouse LLP

Greenwood, Indiana
November 12, 2013

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INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133

Board of Trustees
Calvin Theological Seminary
Grand Rapids, Michigan

Report on Compliance for Each Major Federal Program

We have audited Calvin Theological Seminary's (Seminary) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of the Seminary's major federal programs for the year ended June 30, 2013. The Seminary's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Seminary's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States of America; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Seminary's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Seminary's compliance.

Opinion on Each Major Federal Program

In our opinion, Calvin Theological Seminary complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Board of Trustees
Calvin Theological Seminary
Grand Rapids, Michigan

Report on Internal Control Over Compliance

Management of the Seminary is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Seminary's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Seminary's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Purpose of This Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Capin Crouse LLP

Greenwood, Indiana
November 12, 2013

CALVIN THEOLOGICAL SEMINARY

Schedule of Findings and Questioned Costs

June 30, 2013

Summary of Audit Results

Financial Statements:

Type of auditors' report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ____ yes ✔ no
- Significant deficiency(ies) identified that are not considered a material weakness? ____ yes ✔ no

Noncompliance material to financial statements noted? ____ yes ✔ no

Federal Awards:

Internal control over major programs:

- Material weakness(es) identified? ____ yes ✔ no
- Significant deficiency(ies) identified that are not considered a material weakness? ____ yes ✔ no

Type of auditors' report issued on compliance for major programs: unmodified

Any audit findings that are required to be reported in accordance with §510 of OMB Circular A-133? ____ yes ✔ no

Identification of major program(s):

CFDA Numbers	Name of Federal Program or Cluster
84.268 and 84.038	Department of Education Student Financial Aid

Dollar threshold used to distinguish between type A and type B programs: $300,000

Auditee qualified as low-risk auditee? ✔ yes ____ no

CALVIN THEOLOGICAL SEMINARY

Schedule of Findings and Questioned Costs

June 30, 2013

Current Year Findings and Questioned Costs

FINANCIAL REPORTING

There are no current findings in internal control over financial reporting required to be reported in accordance with *Government Auditing Standards.*

COMPLIANCE

There are no current year findings that were considered material instances of noncompliance in accordance with Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.*

CALVIN THEOLOGICAL SEMINARY

Schedule of Findings and Questioned Costs

June 30, 2013

Summary of Prior Year Findings and Questioned Costs

FINANCIAL REPORTING

There were no prior year findings in internal control over financial reporting.

COMPLIANCE

There were no prior year findings or questioned costs