



CALVIN THEOLOGICAL SEMINARY

CALVIN THEOLOGICAL SEMINARY

Financial Statements  
With Independent Auditors' Report

June 30, 2016 and 2015

# 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, 2016 and 2015, 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. 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 entity'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 entity'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, 2016 and 2015, 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, 2016 and 2015, 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 \$19,900,000 (35% of assets) and \$21,300,000 (37% of assets) as of June 30, 2016 and 2015, 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.

*Capin Crouse LLP*

Grand Rapids, Michigan  
November 23, 2016

# CALVIN THEOLOGICAL SEMINARY

## Statements of Financial Position

	June 30,	
	<u>2016</u>	<u>2015</u>
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 2,909,810	\$ 2,726,304
Receivables:		
Student accounts—net of allowance (Note 2)	10,043	60,063
Student loans—net of allowance (Note 3)	1,877,863	1,923,567
Contributions—net of allowance (Note 4)	19,122	65,300
Other	37,707	30,635
Prepaid expenses	28,440	28,358
Investments (Note 5)	41,459,089	41,959,021
Cash value of life insurance	111,940	116,668
Plant assets—net (Note 6)	<u>10,624,143</u>	<u>10,772,478</u>
<b>Total Assets</b>	<u><u>\$ 57,078,157</u></u>	<u><u>\$ 57,682,394</u></u>
<b>LIABILITIES AND NET ASSETS:</b>		
Liabilities:		
Accounts payable	\$ 187,734	\$ 238,991
Refundable advances	286,990	476,243
Accrued expenses and other liabilities	35,990	47,786
Accrued retiree medical benefits	1,357,012	1,358,352
Student funds received in advance and deferred grant revenues	192,468	220,607
Annuity contracts	158,702	171,704
Federal Perkins Loan advances	192,661	317,372
Capital lease obligation (Note 7)	23,428	45,272
<b>Total liabilities</b>	<u>2,434,985</u>	<u>2,876,327</u>
Net assets (Note 11):		
Unrestricted:		
Undesignated	3,066,539	2,574,629
Net investment in property and equipment	10,600,715	10,727,206
Total unrestricted	<u>13,667,254</u>	<u>13,301,835</u>
Temporarily restricted	21,121,801	23,065,394
Permanently restricted	19,854,117	18,438,838
<b>Total net assets</b>	<u>54,643,172</u>	<u>54,806,067</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 57,078,157</u></u>	<u><u>\$ 57,682,394</u></u>

See notes to financial statements

# CALVIN THEOLOGICAL SEMINARY

## Statement of Activities

Year Ended June 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES:				
Tuition and fees	\$ 2,474,691	\$ -	\$ -	\$ 2,474,691
Less tuition financial aid	(1,261,021)	-	-	(1,261,021)
Net tuition and fees	1,213,670	-	-	1,213,670
Auxiliary revenues	742,940	-	-	742,940
Less housing financial aid	(67,930)	-	-	(67,930)
Net auxiliary revenues	675,010	-	-	675,010
Denominational ministry shares	2,448,921	-	-	2,448,921
Private gifts and grants	2,180,594	2,015,789	1,415,279	5,611,662
Investment income appropriated for expenditure	222,483	1,155,850	-	1,378,333
Changes in the value of split-interest agreements	(6,846)	-	-	(6,846)
Other revenues	39,543	-	-	39,543
Total gift, investment, and other revenues	4,884,695	3,171,639	1,415,279	9,471,613
Total Revenues before Release from Restrictions	6,773,375	3,171,639	1,415,279	11,360,293
Net Assets Released from Restrictions:				
Satisfaction of purpose restrictions	3,420,181	(3,420,181)	-	-
	10,193,556	(248,542)	1,415,279	11,360,293
EXPENSES:				
Instructional	4,615,938	-	-	4,615,938
Research	41,965	-	-	41,965
Public service	121,209	-	-	121,209
Academic support	1,363,927	-	-	1,363,927
Student services	815,003	-	-	815,003
Institutional support	1,726,007	-	-	1,726,007
Other financial aid	146,608	-	-	146,608
Auxiliary enterprises	631,962	-	-	631,962
	9,462,619	-	-	9,462,619
Change in Net Assets from Operating Activities	730,937	(248,542)	1,415,279	1,897,674
Investment income	(348,642)	(1,695,051)	-	(2,043,693)
Actuarial change in value	(16,876)	-	-	(16,876)
	(365,518)	(1,695,051)	-	(2,060,569)
Change in Net Assets	365,419	(1,943,593)	1,415,279	(162,895)
NET ASSETS:				
Beginning of Year	13,301,835	23,065,394	18,438,838	54,806,067
End of Year	\$ 13,667,254	\$ 21,121,801	\$ 19,854,117	\$ 54,643,172

See notes to financial statements

# CALVIN THEOLOGICAL SEMINARY

## Statement of Activities

Year Ended June 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES:				
Tuition and fees	\$ 2,437,514	\$ -	\$ -	\$ 2,437,514
Less tuition financial aid	(1,229,746)	-	-	(1,229,746)
Net tuition and fees	1,207,768	-	-	1,207,768
Auxiliary revenues	729,999	-	-	729,999
Less housing financial aid	(98,300)	-	-	(98,300)
Net auxiliary revenues	631,699	-	-	631,699
Denominational ministry shares	2,567,057	-	-	2,567,057
Private gifts and grants	1,344,929	1,901,711	1,226,534	4,473,174
Investment income appropriated for expenditure	209,416	1,050,960	-	1,260,376
Changes in the value of split-interest agreements	(5,228)	-	-	(5,228)
Other revenues	41,160	-	-	41,160
Total gift, investment, and other revenues	4,157,334	2,952,671	1,226,534	8,336,539
Total Revenues before Release from Restrictions	5,996,801	2,952,671	1,226,534	10,176,006
Net Assets Released from Restrictions:				
Satisfaction of purpose restrictions	3,612,233	(3,612,233)	-	-
	9,609,034	(659,562)	1,226,534	10,176,006
EXPENSES:				
Instructional	4,929,454	-	-	4,929,454
Research	40,158	-	-	40,158
Public service	102,734	-	-	102,734
Academic support	1,320,030	-	-	1,320,030
Student services	737,247	-	-	737,247
Institutional support	1,705,953	-	-	1,705,953
Other financial aid	115,145	-	-	115,145
Auxiliary enterprises	615,224	-	-	615,224
	9,565,945	-	-	9,565,945
Change in Net Assets from Operating Activities	43,089	(659,562)	1,226,534	610,061
Investment income	(336,828)	(1,601,018)	-	(1,937,846)
Actuarial change in value	48,064	-	-	48,064
	(288,764)	(1,601,018)	-	(1,889,782)
Change in Net Assets	(245,675)	(2,260,580)	1,226,534	(1,279,721)
NET ASSETS:				
Beginning of Year	13,547,510	25,325,974	17,212,304	56,085,788
End of Year	\$ 13,301,835	\$ 23,065,394	\$ 18,438,838	\$ 54,806,067

See notes to financial statements

# CALVIN THEOLOGICAL SEMINARY

## Statements of Cash Flows

	Year Ended June 30,	
	<u>2016</u>	<u>2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from students for tuition, fees, and auxiliary enterprises	\$ 1,950,104	\$ 1,870,757
Gifts and grants received for operations	6,684,410	5,939,031
Interest and dividends received	8,405	93,565
Cash paid to suppliers and employees	(9,228,825)	(9,408,352)
Net Cash Used By Operating Activities	<u>(585,906)</u>	<u>(1,504,999)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Student loans advanced	(384,771)	(316,794)
Student loans collected	223,931	165,730
Proceeds from dispositions of investments	22,767,217	8,667,066
Acquisition of investments	(22,936,322)	(7,432,799)
Acquisition and construction of plant assets	(274,230)	(282,367)
Net Cash Provided (Used) By Investing Activities	<u>(604,175)</u>	<u>800,836</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Permanently restricted gifts	1,415,279	1,226,534
Payments on capital lease obligation or debt	(21,844)	(21,946)
Annuity payments	(19,848)	(24,883)
Net Cash Provided By Financing Activities	<u>1,373,587</u>	<u>1,179,705</u>
Change in Cash and Cash Equivalents	183,506	475,542
Cash and Cash Equivalents, Beginning of Year	<u>2,726,304</u>	<u>2,250,762</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 2,909,810</u></u>	<u><u>\$ 2,726,304</u></u>

(continued)

See notes to financial statements



# CALVIN THEOLOGICAL SEMINARY

## Statements of Cash Flows

(continued)

	Year Ended June 30,	
	<u>2016</u>	<u>2015</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Change in net assets	\$ (162,895)	\$ (1,279,721)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Permanently restricted private gifts and grants	(1,415,279)	(1,226,534)
Student loans forgiven	81,833	138,664
Net realized and unrealized losses	675,326	776,173
Depreciation and amortization	422,565	442,742
Change in value of split-interest agreements	6,846	5,228
Decrease in cash value of life insurance policies	(1,561)	(5,137)
Increase in allowance for doubtful accounts	-	21,000
Changes in:		
Student accounts, contributions, and other receivables	89,126	114,992
Prepaid expenses	(82)	(22,758)
Accounts payable	(51,257)	(140,105)
Refundable advances	(189,253)	(236,533)
Accumulated post-retirement benefit obligation	(1,340)	(66,117)
Accrued expenses and other liabilities	(39,935)	(26,893)
Net Cash Used By Operating Activities	<u>\$ (585,906)</u>	<u>\$ (1,504,999)</u>

See notes to financial statements

# **CALVIN THEOLOGICAL SEMINARY**

## **Notes to Financial Statements**

June 30, 2016 and 2015

### **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 by semester and rent by month. 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, 2016 and 2015, student accounts receivable past due 90 days or more totaled \$18,523 and \$35,802, respectively.

# CALVIN THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2016 and 2015

### 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 \$5,658 at June 30, 2016, and \$45,305 at June 30, 2015.

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. When applicable, the discounts on those amounts are computed using risk adjusted 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 at Commonfund Group and Wells Fargo, 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.

# CALVIN THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2016 and 2015

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### INVESTMENTS, continued

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.

#### 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, 2016 and 2015, totaled \$81,833 and \$138,664, 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, 2016 and 2015, Ministry Incentive Program loans receivable considered past due but not in default totaled \$46,220 and \$22,806, respectively. At June 30, 2016 and 2015, Ministry Incentive Program loans receivable considered to be technically in default totaled \$155,623 and \$174,377, 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.

# CALVIN THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2016 and 2015

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

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

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, 2016 and 2015, Perkins Loans receivable considered past due but not in default totaled \$12,442 and \$12,797, respectively. At June 30, 2016 and 2015, Perkins Loans receivable considered in default totaled \$23,599 and \$30,304, 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.

#### 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.

#### REFUNDABLE ADVANCES

Grant revenue is recognized as earned as the eligible expenses are incurred. Grant money received in excess of that earned is recorded as refundable advances on the statements of financial position. The deferred grant revenue, totaling \$286,990 and \$476,243 at June 30 2016 and 2015, respectively, is restricted on behalf of the Lilly Financial Formation grant and the Lilly Improved Preaching grant. Any portion of the grants unexpended at the end of the grant period (December 31, 2016) may be repaid to the grantor. Total grant related expenses incurred and recognized as revenue were \$189,253 and \$236,533, at June 30, 2016 and 2015, respectively.

# CALVIN THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2016 and 2015

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### CLASSES OF NET ASSETS

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

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

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

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

#### RELEASE OF RESTRICTIONS

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

# **CALVIN THEOLOGICAL SEMINARY**

## **Notes to Financial Statements**

June 30, 2016 and 2015

### **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 \$519,000 and \$641,000 were included in institutional support for the years ended June 30, 2016 and 2015, respectively.

#### **ADVERTISING COSTS**

The Seminary expenses advertising costs as they are incurred. Advertising costs totaled \$76,587 and \$87,380 for the years ended June 30, 2016 and 2015, 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, 2016, the Seminary had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

# CALVIN THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2016 and 2015

### 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 \$192,661 and \$317,372 at June 30, 2016 and 2015, 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, 2016, 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	\$ 54,681	\$ 52,862	\$ 12,442	\$ 5,158	\$ 12,073	\$ 6,368	\$ 143,584
Institutional							
Loans	792,495	844,625	46,220	49,181	28,045	94,713	1,855,279
	847,176	897,487	58,662	54,339	40,118	101,081	1,998,863
Allowance for doubtful accounts	-	-	-	-	-	-	(121,000)
	\$ 847,176	\$ 897,487	\$ 58,662	\$ 54,339	\$ 40,118	\$ 101,081	\$ 1,877,863
Percentage of total loan portfolio	42.38%	44.90%	2.93%	2.72%	2.01%	5.06%	100.00%

Changes in allowance for estimated losses on student loans in the aggregate for the year ended June 30, 2016, is presented as follows:

Balance, beginning	\$ 121,000
Provisions charged to expense	-
Loans charged off	-
Recoveries on loans previously charged off	-
	<u>\$ 121,000</u>



# CALVIN THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2016 and 2015

### 3. STUDENT LOANS RECEIVABLE, continued:

The allowance for estimated losses on loans by portfolio segment as of June 30, 2016, is presented as follows:

	<b>Federal Perkins Loans</b>	<b>Institutional Loans</b>	<b>Total</b>
Allowance for loans individually evaluated for impairment	\$ -	\$ -	\$ -
Allowance for loans collectively evaluated for impairment	<b>15,000</b>	<b>106,000</b>	<b>121,000</b>
	<b>\$ 15,000</b>	<b>\$ 106,000</b>	<b>\$ 121,000</b>
Loans individually evaluated for impairment	\$ -	\$ -	\$ -
Loans collectively evaluated for impairment	<b>143,584</b>	<b>1,855,279</b>	<b>1,998,863</b>
	<b>\$ 143,584</b>	<b>\$ 1,855,279</b>	<b>\$ 1,998,863</b>
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	<b>10.45%</b>	<b>5.71%</b>	<b>6.05%</b>
	<b>10.45%</b>	<b>5.71%</b>	<b>6.05%</b>

For each class of financing receivable, the following presents the recorded investment by credit quality indicator as of June 30, 2016:

	<b>Federal Perkins Loans</b>	<b>Institutional Loans</b>	<b>Total</b>
Performing	\$ 143,584	\$ 1,855,279	\$ 1,998,863
Nonperforming	-	-	-
	<b>\$ 143,584</b>	<b>\$ 1,855,279</b>	<b>\$ 1,998,863</b>

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.

# CALVIN THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2016 and 2015

### 3. STUDENT LOANS RECEIVABLE, continued:

The aging of the student loan portfolio by classes of loans as of June 30, 2015, 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	\$ 64,033	\$ 61,210	\$ 12,797	\$ 21,436	\$ 2,500	\$ 6,368	\$ 168,344
Institutional							
Loans	837,221	841,818	22,806	38,864	42,925	92,589	1,876,223
	901,254	903,028	35,603	60,300	45,425	98,957	2,044,567
Allowance for doubtful accounts	-	-	-	-	-	-	(121,000)
	\$ 901,254	\$ 903,028	\$ 35,603	\$ 60,300	\$ 45,425	\$ 98,957	\$ 1,923,567
Percentage of total loan portfolio	44.08%	44.17%	1.74%	2.95%	2.22%	4.84%	100.00%

Changes in allowance for estimated losses on student loans in the aggregate for the year ended June 30, 2015, is presented as follows:

Balance, beginning	\$ 100,000
Provisions charged to expense	21,000
Loans charged off	-
Recoveries on loans previously charged off	-
	<u>\$ 121,000</u>

# CALVIN THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2016 and 2015

### 3. STUDENT LOANS RECEIVABLE, continued:

The allowance for estimated losses on loans by portfolio segment as of June 30, 2015, is presented as follows:

	Federal Perkins Loans	Institutional Loans	Total
Allowance for loans individually evaluated for impairment	\$ -	\$ -	\$ -
Allowance for loans collectively evaluated for impairment	15,000	106,000	121,000
	<u>\$ 15,000</u>	<u>\$ 106,000</u>	<u>\$ 121,000</u>
Loans individually evaluated for impairment	\$ -	\$ -	\$ -
Loans collectively evaluated for impairment	168,344	1,876,223	2,044,567
	<u>\$ 168,344</u>	<u>\$ 1,876,223</u>	<u>\$ 2,044,567</u>
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	8.91%	5.65%	5.92%
	<u>8.91%</u>	<u>5.65%</u>	<u>5.92%</u>

For each class of financing receivable, the following presents the recorded investment by credit quality indicator as of June 30, 2015:

	Federal Perkins Loans	Institutional Loans	Total
Performing	\$ 168,344	\$ 1,876,223	\$ 2,044,567
Nonperforming	-	-	-
	<u>\$ 168,344</u>	<u>\$ 1,876,223</u>	<u>\$ 2,044,567</u>

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.

# CALVIN THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2016 and 2015

### 4. CONTRIBUTIONS RECEIVABLE:

See Note 2 for a description of the accounting policy for contributions receivable. These unconditional 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,	
	2016	2015
Amounts due in:		
Less than one year	\$ 24,780	\$ 110,605
One year to five years	-	-
Estimated future cash flows of contributions receivable	24,780	110,605
Less:		
Allowance for doubtful accounts	(5,658)	(45,305)
Net present value of contributions receivable	<u>\$ 19,122</u>	<u>\$ 65,300</u>

At June 30, 2016 and 2015, respectively, 12% and 10% 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 and Wells Fargo (the Funds) include investments in certain securities, limited partnerships, and other investment funds for which market quotations may not be readily available. Such investments have been valued in accordance with the valuation policy described in Note 2. The Funds also hold certain investments, which may be valued by a single market maker. Those estimated values may differ significantly from the values that would have been used had a ready market for the investments existed, and the differences could be material. Additionally, certain investments in limited partnerships, investment funds and other debt instruments may be restricted as to resale or may require advance notice for redemption or withdrawal. The Funds' investments in partnerships are subject to various risk factors arising from the investment activities of the underlying vehicles including market, credit, and currency risk.

# CALVIN THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2016 and 2015

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.

Fees paid to the Seminary's external advisors related to the management and custody of the Seminary's investments totaled approximately \$301,000 and \$333,000 in 2016 and 2015, 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.

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 \$219,104 and \$221,657, respectively, at June 30, 2016, and cost and carrying values of \$240,076 and \$248,475, respectively, at June 30, 2015.

# CALVIN THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2016 and 2015

5. INVESTMENTS, continued:

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).

# CALVIN THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2016 and 2015

### 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:

Investment Value June 30, 2016	Fair Value Disclosure		
	Markets for Identical Assets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Investments held at Commonfund:			
Other	\$ 63,645	\$ -	\$ 63,645
Total investments at Commonfund	63,645	-	63,645
Investments held at Wells Fargo:			
Global equities funds	13,492,448	13,492,448	-
Global balanced funds	11,633,717	3,666,219	7,967,498
Emerging markets equities	1,193,554	1,193,554	-
Core fixed income funds	2,644,562	-	2,644,562
Diversified fixed income funds	4,930,035	3,113,218	1,816,817
Real assets funds	1,122,207	-	1,122,207
Hedge funds	3,815,835	-	1,878,512
Opportunistic funds	1,178,478	-	1,937,323
Cash	77,975	-	1,178,478
Total investments held at Wells Fargo	40,088,811	21,543,414	15,429,596
All other investments held:			
Cash and cash equivalents	34,976	34,976	-
Mutual funds	221,657	-	221,657
Land and real estate	1,050,000	-	1,050,000
Total other investments	1,306,633	34,976	1,271,657
	\$ 41,459,089	\$ 21,578,390	\$ 16,701,253
			\$ 3,179,446

# CALVIN THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2016 and 2015

### 5. INVESTMENTS, continued:

Investment portfolio by valuation hierarchy, continued:

Investment Value June 30, 2015	Fair Value Disclosure		
	Markets for Identical Assets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Investments held at Commonfund:			
Other	\$ 112,283	\$ -	\$ 112,283
Total investments at Commonfund	112,283	-	112,283
Investments held at Wells Fargo:			
Global equities funds	13,414,718	13,414,718	-
Global balanced funds	11,871,382	3,855,366	8,016,016
Emerging markets equities	1,167,736	1,167,736	-
Core fixed income funds	4,162,509	-	4,162,509
Diversified fixed income funds	3,868,843	1,874,448	1,994,395
Real assets funds	925,709	-	925,709
Hedge funds	4,109,071	-	-
Opportunistic funds	689,214	-	-
Cash	372,146	372,146	-
Total investments held at Wells Fargo	40,581,328	20,684,414	15,098,629
All other investments held:			
Cash and cash equivalents	16,935	16,935	-
Mutual funds	248,475	-	248,475
Land and real estate	1,000,000	-	1,000,000
Total other investments	1,265,410	16,935	1,248,475
	\$ 41,959,021	\$ 20,701,349	\$ 16,347,104
			\$ 4,910,568



# CALVIN THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2016 and 2015

### 5. INVESTMENTS, continued:

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

	<b>At June 30, 2016</b>		
	<b>Commonfund Alternative Investments</b>	<b>Wells Fargo Alternative Investments</b>	<b>Total</b>
Level 3 beginning investment balance	\$ 112,283	\$ 4,798,285	\$ 4,910,568
Income less fees*	-	-	-
Realized gains (losses)*	8,500	(131,216)	(122,716)
Unrealized losses*	(48,637)	(153,764)	(202,401)
Purchases, sales, and transfers	(8,501)	(1,397,504)	(1,406,005)
Level 3 ending investment balance	<u>\$ 63,645</u>	<u>\$ 3,115,801</u>	<u>\$ 3,179,446</u>
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, 2016*	<u>\$ 403,161</u>	<u>\$ (28,512)</u>	<u>\$ 374,649</u>
	<b>At June 30, 2015</b>		
	<b>Commonfund Alternative Investments</b>	<b>Wells Fargo Alternative Investments</b>	<b>Total</b>
Level 3 beginning investment balance	\$ 163,969	\$ 3,756,649	\$ 3,920,618
Income less fees*	-	(11,012)	(11,012)
Realized gains*	35,250	-	35,250
Unrealized gains (losses)*	(50,460)	68,603	18,143
Purchases, sales, and settlements	(36,476)	984,045	947,569
Level 3 ending investment balance	<u>\$ 112,283</u>	<u>\$ 4,798,285</u>	<u>\$ 4,910,568</u>
Total unrealized gains from the above Level 3 alternative investments that are attributable to the assets still held in the portfolio at June 30, 2015*	<u>\$ 451,798</u>	<u>\$ 125,252</u>	<u>\$ 577,050</u>

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

# CALVIN THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2016 and 2015

5. INVESTMENTS, continued:

The Seminary follows the 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 2 and 3 investments by major category.

Investment Category	Total June 30, 2016	Commonfund Alternative Investments	Wells Fargo Alternative Investments	Wells Fargo Pooled Investments
Strategy		Distressed debt	Hedge funds of funds, private equity, direct lending, distressed real estate	Commingled funds, in global equity, emerging markets equity, fixed income, multi-asset class and real assets
Fair Value Determined Using NAV	\$ 18,609,042	\$ 63,645	\$ 3,115,801	\$ 15,429,596
Remaining Life		1 to 12 years	1 to 10 years	NA
Unfunded Commitments	\$ 1,945,581	\$ 81,599	\$ 1,863,982	\$ -
Timing to Draw Down		1 to 12 years	1 to 4 years	NA
Redemption Terms		Private equity - cannot be readily liquidated	Monthly for hedge funds. Private equity positions cannot be readily liquidated.	Daily, weekly or monthly
Redemption Restrictions		None	None	None
Redemption Restrictions at Year End		None	None	None

# CALVIN THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2016 and 2015

5. INVESTMENTS, continued:

Level 2 and 3 investments by major category (continued):

Investment Category	Total June 30, 2015	Commonfund Alternative Investments	Wells Fargo Alternative Investments	Wells Fargo Pooled Investments
Strategy		Distressed debt	Hedge funds of funds, private equity, direct lending, distressed real estate	Commingled funds, in global equity, emerging markets equity, fixed income, multi-asset class and real assets
Fair Value Determined Using NAV	\$ 20,009,197	\$ 112,282	\$ 4,798,286	\$ 15,098,629
Remaining Life		1 to 12 years	1 to 10 years	NA
Unfunded Commitments	\$ 1,468,555	\$ 81,599	\$ 1,386,956	\$ -
Timing to Draw Down		1 to 12 years	1 to 4 years	NA
Redemption Terms		Private equity - cannot be readily liquidated	Monthly for hedge funds. Private equity positions cannot be readily liquidated.	Daily, weekly or monthly
Redemption Restrictions		None	None	None
Redemption Restrictions at Year End		None	None	None

# CALVIN THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2016 and 2015

5. INVESTMENTS, continued:

The carrying value of investments consisted of the following:

	June 30, 2016			
	Current and Plant Funds	Endowment Fund	Annuity Funds	Total
Cash and cash equivalents	\$ -	\$ 112,951	\$ -	\$ 112,951
Mutual funds	-	35,016,523	221,657	35,238,180
Hedge funds	-	3,815,835	-	3,815,835
Private capital holdings	-	1,242,123	-	1,242,123
Real estate	-	1,050,000	-	1,050,000
	<u>\$ -</u>	<u>\$ 41,237,432</u>	<u>\$ 221,657</u>	<u>\$ 41,459,089</u>
	June 30, 2015			
	Current and Plant Funds	Endowment Fund	Annuity Funds	Total
Cash and cash equivalents	\$ -	\$ 389,080	\$ -	\$ 389,080
Mutual funds	-	35,410,898	248,475	35,659,373
Hedge funds	-	4,109,072	-	4,109,072
Private capital holdings	-	801,496	-	801,496
Real estate	-	1,000,000	-	1,000,000
	<u>\$ -</u>	<u>\$ 41,710,546</u>	<u>\$ 248,475</u>	<u>\$ 41,959,021</u>

# CALVIN THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2016 and 2015

5. INVESTMENTS, continued:

Investment income consisted of the following:

	Year Ended June 30, 2016			
	Current, Loan and Plant Funds	Endowment Fund	Annuity Funds	Total
Interest and dividends—net of fees	\$ 40,711	\$ (32,306)	\$ -	\$ 8,405
Change in cash value of life insurance policies	-	1,561	-	1,561
Realized losses	-	(656,091)	-	(656,091)
Unrealized losses	-	(13,922)	(5,313)	(19,235)
	<u>\$ 40,711</u>	<u>\$ (700,758)</u>	<u>\$ (5,313)</u>	<u>\$ (665,360)</u>

Income from nonpublicly traded securities included above:

	Year Ended June 30, 2016			
	Current, Loan and Plant Funds	Endowment Fund	Annuity Funds	Total
Interest and dividends	\$ -	\$ 1,561	\$ -	\$ 1,561
Realized losses	-	(122,716)	-	(122,716)
Unrealized losses	-	(198,236)	(1,485)	(199,721)
	<u>\$ -</u>	<u>\$ (319,391)</u>	<u>\$ (1,485)</u>	<u>\$ (320,876)</u>

Investment income by restriction consisted of the following:

	Year Ended June 30, 2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest and dividends	\$ (1,186)	\$ 9,591	\$ -	\$ 8,405
Change in cash value of life insurance policies	1,561	-	-	1,561
Realized losses	(129,682)	(526,409)	-	(656,091)
Unrealized gains (losses)	3,148	(22,383)	-	(19,235)
	<u>\$ (126,159)</u>	<u>\$ (539,201)</u>	<u>\$ -</u>	<u>\$ (665,360)</u>

# CALVIN THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2016 and 2015

5. INVESTMENTS, continued:

Investment income consisted of the following:

	Year Ended June 30, 2015			
	Current, Loan and Plant Funds	Endowment Fund	Annuity Funds	Total
Interest and dividends	\$ 40,356	\$ 53,209	\$ -	\$ 93,565
Change in cash value of life insurance policies	-	5,138	-	5,138
Realized losses	-	(962,788)	-	(962,788)
Unrealized gains	-	180,486	6,129	186,615
	<u>\$ 40,356</u>	<u>\$ (723,955)</u>	<u>\$ 6,129</u>	<u>\$ (677,470)</u>

Income from nonpublicly traded securities included above:

	Year Ended June 30, 2015			
	Current, Loan and Plant Funds	Endowment Fund	Annuity Funds	Total
Interest and dividends	\$ -	\$ 5,137	\$ -	\$ 5,137
Realized losses	-	(938,685)	-	(938,685)
Unrealized gains	-	842,585	-	842,585
	<u>\$ -</u>	<u>\$ (90,963)</u>	<u>\$ -</u>	<u>\$ (90,963)</u>

Investment income by restriction consisted of the following:

	Year Ended June 30, 2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest and dividends	\$ 13,338	\$ 80,227	\$ -	\$ 93,565
Change in cash value of life insurance policies	5,138	-	-	5,138
Realized losses	(183,245)	(779,543)	-	(962,788)
Unrealized gains	37,357	149,258	-	186,615
	<u>\$ (127,412)</u>	<u>\$ (550,058)</u>	<u>\$ -</u>	<u>\$ (677,470)</u>

# CALVIN THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2016 and 2015

### 6. PLANT ASSETS:

Plant assets are summarized by major classification as follows:

	June 30,	
	2016	2015
Land	\$ 245,000	\$ 245,000
Buildings	13,905,461	13,856,101
Furniture and equipment	3,531,887	3,307,017
	<u>17,682,348</u>	<u>17,408,118</u>
Accumulated depreciation and amortization at the beginning of the year	(6,635,640)	(6,192,898)
Current year depreciation and amortization	(422,565)	(442,742)
Accumulated depreciation and amortization at the end of the year	<u>(7,058,205)</u>	<u>(6,635,640)</u>
Net plant assets	<u>\$ 10,624,143</u>	<u>\$ 10,772,478</u>

### 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, 2016 and 2015, was \$23,428 and \$45,931, respectively.

Minimum payments under capital lease as of June 30:

2017	\$ 22,047
2018	1,838
Total future minimum lease payments	<u>23,885</u>
Less amount representing interest	<u>(457)</u>
Present value of net minimum capital lease payments	<u>\$ 23,428</u>

### 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, 2016 and 2015, were \$331,435 and \$303,730, respectively. All contributions are vested immediately. Employees may also make voluntary contributions to this plan up to certain limits allowed by law.

# CALVIN THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2016 and 2015

### 9. 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.

On May 22, 2014, the Board of Trustees approved an amendment to the retiree health care plan. Under the amended plan, rather than paying 50% of an insurance premium, the Seminary will pay retirees a fixed annual stipend which the retiree can use to secure health insurance. The amount and duration of the annual stipend is dependent on the retiree's years of service.

At June 30, 2016 and 2015, 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 \$74,000 and \$59,000 in 2016 and 2015, 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,	
	2016	2015
Accumulated postretirement benefit obligation (APBO):		
Retired participants	\$ (875,520)	\$ (852,658)
Active employees fully eligible to retire	(199,380)	(223,348)
Active employees not yet eligible to retire	(282,112)	(282,346)
	<u>(1,357,012)</u>	<u>(1,358,352)</u>
Plan assets	-	-
Unfunded obligation	<u>(1,357,012)</u>	<u>(1,358,352)</u>
Unrecognized transition obligation	-	-
Unrecognized prior service cost	(1,384,895)	(1,505,352)
Unrecognized net loss from past experience different from that assumed and from changes in assumptions	<u>546,352</u>	<u>575,937</u>
Accrued postretirement benefit cost	<u>\$ (2,195,555)</u>	<u>\$ (2,287,767)</u>



# CALVIN THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2016 and 2015

### 9. POSTRETIREMENT BENEFITS OTHER THAN PENSIONS, continued:

Change in net assets:

Intangible assets and accumulated comprehensive income (loss):

	June 30,	
	2016	2015
Beginning of year	\$ 929,415	\$ 940,420
Reclassified during the year:		
Transition asset	-	-
Prior service cost	(120,457)	(120,457)
Gain	35,852	39,188
Total	(84,605)	(81,269)
Arising during the year:		
Prior service cost credit	-	-
(Loss) Gain	(6,267)	70,264
Total	(6,267)	70,264
End of year accumulated comprehensive gain	\$ 838,543	\$ 929,415

Postretirement health care expense consisted of the following components:

	June 30,	
	2016	2015
Service cost-benefits earned during the period	\$ 13,096	\$ 10,724
Interest cost on accumulated postretirement benefit obligation	53,293	52,492
Amortization of transition obligation	-	-
Prior service cost	(120,457)	(120,457)
Amortization of unrecognized net gain	35,852	39,188
Net periodic postretirement benefit cost	\$ (18,216)	\$ (18,053)

# CALVIN THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2016 and 2015

### 9. POSTRETIREMENT BENEFITS OTHER THAN PENSIONS, continued:

Components of postretirement health care expense anticipated for the year ending June 30, 2017, are as follows:

Service cost-benefits earned during the period	\$ 13,376
Interest cost on accumulated postretirement benefit obligation	43,957
Prior service cost	(147,862)
Amortization of unrecognized net loss	<u>32,565</u>
Net periodic postretirement benefit cost	<u><u>\$ (57,964)</u></u>

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

<u>Year</u>	
2017	\$ 101,100
2018	109,622
2019	107,456
2020	105,458
2021	105,433
2022-2024	<u>464,522</u>
	<u><u>\$ 993,591</u></u>

Weighted-average assumptions and method disclosures as of June 30, 2016 and 2015, include:

	<u>June 30,</u>	
	<u>2016</u>	<u>2015</u>
Discount rate:		
Liability	<b>3.50%</b>	4.25%
Net periodic benefit cost	<b>4.25%</b>	4.00%

The assumed health care cost trend rate, established in 2009, was used in measuring the accumulated postretirement benefit obligation of 5.0%. The discount rate is 4.0% per annum.

# CALVIN THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2016 and 2015

### 10. 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 was 5.0%, with actuarial assumptions based on published life expectancy tables adopted by the Internal Revenue Service.

### 11. NET ASSETS:

Net assets consist of:

	June 30,	
	2016	2015
Unrestricted:		
Available for operations	\$ 1,149,471	\$ 1,228,395
Board designated for student loan funds	563,104	562,669
Endowment investment earnings in excess of amounts spent and quasi endowments	1,162,526	579,968
Gift portion of annuities held in the annuity fund	191,438	203,597
Investment in funds designated for plant assets— net of related debt	10,600,715	10,727,206
	<u>13,667,254</u>	<u>13,301,835</u>
Temporarily restricted:		
Investment in funds available for donor specified projects and activities	18,468,229	20,490,514
Student loan funds	2,653,572	2,574,880
	<u>21,121,801</u>	<u>23,065,394</u>
Permanently restricted:		
Investment in perpetuity, the income from which is expendable on donor specified activities	19,854,117	18,438,838
	<u>\$ 54,643,172</u>	<u>\$ 54,806,067</u>

# CALVIN THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2016 and 2015

### 12. 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 \$779,000 and \$780,000 for the fiscal years 2016 and 2015, 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, 2016 and 2015, the Seminary owed the College approximately \$51,000 and \$79,000, respectively. These amounts are included in accounts payable on the statements of financial position.

The Seminary received \$2,448,921 and \$2,567,057 in denominational ministry shares from the CRCNA during fiscal years 2016 and 2015, respectively. During fiscal years 2016 and 2015, the Seminary paid \$35,115 and \$30,279, respectively, to the CRCNA for various services.

### 13. LINE AND LETTER OF CREDIT:

The Seminary issued a letter of credit to the state of Michigan for payment of unemployment benefits. The letter of credit expires on December 31, 2017. At June 30, 2016 and 2015, the letter was in the amount of \$163,762 and \$157,930, respectively, with no balance outstanding.

### 14. COMMITMENTS:

The Seminary participates in an endowment investment pool, in venture and private equity investment programs managed by Commonfund Asset Management Company, Inc., a wholly owned subsidiary of The Commonfund for Nonprofit Organizations. As of June 30, 2016, the Seminary has committed to invest \$500,000 in this program, of which the remaining \$81,599 could be invested in one or more installments and on dates specified by the private equity manager. As of June 30, 2016, the Seminary has also committed to invest a total of \$3,100,000 in limited partnerships through PSC Credit Opportunities II, LP, Siguler Guff Distressed Real Estate Opportunities Fund II, LP, and Landmark Equity Partners XV, LP. Of this amount, \$1,863,982 could be invested in one or more installments and on dates specified by the fund manager.

# CALVIN THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2016 and 2015

### 15. 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.

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

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 \$97,502 and \$30,575 as of June 30, 2016 and 2015, respectively.

# CALVIN THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2016 and 2015

15. ENDOWMENT FUNDS, continued:

*Return objectives and risk parameters:* The Board of Trustees has delegated to the Investment Committee, a sub-committee of the Development and Finance Committee, the responsibility for formulating and adopting an Investment Policy Statement. The goal of the policy is to provide a predictable stream of funding for 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 an annualized rate of return equal to or greater than the rate of inflation plus any payout requirement of the Seminary's spending policy while assuming a prudent level of investment risk.

*Strategies employed for achieving objectives:* To satisfy its long-term rate-of-return objectives, the Investment Committee relies on the services of an investment consultant, NEPC, LLC, to manage endowment investments in accordance with the Seminary's Investment Policy Statement. NEPC has constructed a portfolio of investments which is expected to achieve the 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 (4.5%). 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 addition, effective fiscal year 2014, the Seminary began assessing an administrative fee of 17 basis points (0.17%) to offset the expense of managing the endowments and investments totaling \$58,182 and \$52,880 as of June 30, 2016 and 2015, respectively.

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.

# CALVIN THEOLOGICAL SEMINARY

## Notes to Financial Statements

June 30, 2016 and 2015

### 15. ENDOWMENT FUNDS, continued:

Endowment composition and changes in endowment net assets for the years ending June 30, 2016 and 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Beginning balance June 30, 2014:				
Board-designated endowment	\$ 669,266	\$ -	\$ -	\$ 669,266
Donor-restricted endowment	-	17,935,298	17,212,304	35,147,602
Net Assets	<u>\$ 669,266</u>	<u>\$ 17,935,298</u>	<u>\$ 17,212,304</u>	<u>\$ 35,816,868</u>
Activity July 1, 2014–June 30, 2015:				
Gifts	\$ 223,084	\$ -	\$ 1,226,534	\$ 1,449,618
Appropriation for expenditure	(206,200)	(1,050,960)	-	(1,257,160)
Investment income	(136,757)	(587,199)	-	(723,956)
Change in Fund Balance	<u>\$ (119,873)</u>	<u>\$ (1,638,159)</u>	<u>\$ 1,226,534</u>	<u>\$ (531,498)</u>
Ending balance at June 30, 2015:				
Board-designated endowment	\$ 579,968	\$ -	\$ -	\$ 549,393
Donor-restricted endowment	(30,575)	16,297,139	18,438,838	34,735,977
Net Assets	<u>\$ 549,393</u>	<u>\$ 16,297,139</u>	<u>\$ 18,438,838</u>	<u>\$ 35,285,370</u>
Activity July 1, 2015–June 30, 2016:				
Gifts	\$ 853,960	\$ -	\$ 1,415,279	\$ 2,269,239
Appropriation for expenditure	(212,000)	(1,155,850)	-	(1,367,850)
Investment income	(126,329)	(574,429)	-	(700,758)
Change in Fund Balance	<u>\$ 515,631</u>	<u>\$ (1,730,279)</u>	<u>\$ 1,415,279</u>	<u>\$ 200,631</u>
Ending balance at June 30, 2016:				
Board-designated endowment	\$ 1,162,526	\$ -	\$ -	\$ 1,162,526
Donor-restricted endowment	(97,502)	14,566,860	19,854,117	34,323,475
Net Assets	<u>\$ 1,065,024</u>	<u>\$ 14,566,860</u>	<u>\$ 19,854,117</u>	<u>\$ 35,486,001</u>

### 16. 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, 2016

	<u>Current</u>		<u>Student</u>						
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Loan</u>	<u>Endowment</u>	<u>Annuity</u>	<u>Plant</u>	<u>Eliminations</u>	<u>Total</u>	
ASSETS:									
Cash and cash equivalents	\$ 2,908,689	\$ -	\$ 1,121	\$ -	\$ -	\$ -	\$ -	\$ 2,909,810	
Receivables:									
Student accounts–net of allowance	10,043	-	-	-	-	-	-	10,043	
Student loans–net of allowance	-	-	1,877,863	-	-	-	-	1,877,863	
Contributions receivable-net of allowance	17,022	100	-	2,000	-	-	-	19,122	
Other	24,219	-	13,488	-	-	-	-	37,707	
Prepaid expenses	28,440	-	-	-	-	-	-	28,440	
Investments	-	-	-	41,237,432	221,657	-	-	41,459,089	
Cash value of life insurance	-	-	-	111,940	-	-	-	111,940	
Due from other funds	-	4,185,659	1,518,865	-	128,483	362,951	(6,195,958)	-	
Plant assets:									
Land	-	-	-	-	-	245,000	-	245,000	
Buildings	-	-	-	-	-	13,905,461	-	13,905,461	
Furniture and equipment	-	-	-	-	-	3,531,887	-	3,531,887	
Accumulated depreciation and amortization	-	-	-	-	-	(7,058,205)	-	(7,058,205)	
<b>TOTAL ASSETS</b>	<b>\$ 2,988,413</b>	<b>\$ 4,185,759</b>	<b>\$ 3,411,337</b>	<b>\$ 41,351,372</b>	<b>\$ 350,140</b>	<b>\$ 10,987,094</b>	<b>\$ (6,195,958)</b>	<b>\$ 57,078,157</b>	

(continued)

# CALVIN THEOLOGICAL SEMINARY

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

June 30, 2016

	<b>Current</b>		<b>Student</b>					
	<b>Unrestricted</b>	<b>Restricted</b>	<b>Loan</b>	<b>Endowment</b>	<b>Annuity</b>	<b>Plant</b>	<b>Eliminations</b>	<b>Total</b>
<b>LIABILITIES:</b>								
Accounts payable	\$ 185,734	\$ -	\$ 2,000	\$ -	\$ -	\$ -	\$ -	\$ 187,734
Refundable advances	-	286,990	-	-	-	-	-	286,990
Accrued expenses and other liabilities	35,990	-	-	-	-	-	-	35,990
Accrued retiree medical benefits	1,357,012	-	-	-	-	-	-	1,357,012
Accumulated other comprehensive income	-	-	-	-	-	-	-	-
Student funds received in advance and deferred grant revenues	192,468	-	-	-	-	-	-	192,468
Annuity contracts	-	-	-	-	158,702	-	-	158,702
Federal Perkins Loans advances	-	-	192,661	-	-	-	-	192,661
Capital lease obligation	-	-	-	-	-	23,428	-	23,428
Due to other funds	330,587	-	-	5,865,371	-	-	(6,195,958)	-
<b>Total liabilities</b>	<b>2,101,791</b>	<b>286,990</b>	<b>194,661</b>	<b>5,865,371</b>	<b>158,702</b>	<b>23,428</b>	<b>(6,195,958)</b>	<b>2,434,985</b>
<b>NET ASSETS:</b>								
Unrestricted	886,622	-	563,104	1,065,024	191,438	10,961,066	-	13,667,254
Temporarily restricted	-	3,898,769	2,653,572	14,566,860	-	2,600	-	21,121,801
Permanently restricted	-	-	-	19,854,117	-	-	-	19,854,117
<b>Total net assets</b>	<b>886,622</b>	<b>3,898,769</b>	<b>3,216,676</b>	<b>35,486,001</b>	<b>191,438</b>	<b>10,963,666</b>	<b>-</b>	<b>54,643,172</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,988,413</b>	<b>\$ 4,185,759</b>	<b>\$ 3,411,337</b>	<b>\$ 41,351,372</b>	<b>\$ 350,140</b>	<b>\$ 10,987,094</b>	<b>\$ (6,195,958)</b>	<b>\$ 57,078,157</b>

# CALVIN THEOLOGICAL SEMINARY

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

June 30, 2015

	Current		Student					
	Unrestricted	Restricted	Loan	Endowment	Annuity	Plant	Eliminations	Total
ASSETS:								
Cash and cash equivalents	\$ 2,725,170	\$ -	\$ 1,134	\$ -	\$ -	\$ -	\$ -	\$ 2,726,304
Receivables:								
Student accounts—net of allowance	60,063	-	-	-	-	-	-	60,063
Student loans—net of allowance	-	-	1,923,567	-	-	-	-	1,923,567
Contributions receivable—net of allowance	45,305	17,325	420	2,250	-	-	-	65,300
Other	217	-	30,394	24	-	-	-	30,635
Prepaid expenses	28,358	-	-	-	-	-	-	28,358
Investments	-	-	-	41,710,546	248,475	-	-	41,959,021
Cash value of life insurance	-	-	-	116,668	-	-	-	116,668
Due from other funds	-	4,649,693	1,499,406	-	126,826	362,952	(6,638,877)	-
Plant assets:								
Land	-	-	-	-	-	245,000	-	245,000
Buildings	-	-	-	-	-	13,856,101	-	13,856,101
Furniture and equipment	-	-	-	-	-	3,307,017	-	3,307,017
Accumulated depreciation and amortization	-	-	-	-	-	(6,635,640)	-	(6,635,640)
TOTAL ASSETS	\$ 2,859,113	\$ 4,667,018	\$ 3,454,921	\$ 41,829,488	\$ 375,301	\$ 11,135,430	\$ (6,638,877)	\$ 57,682,394

(continued)

# CALVIN THEOLOGICAL SEMINARY

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

June 30, 2015

	Current		Student					
	Unrestricted	Restricted	Loan	Endowment	Annuity	Plant	Eliminations	Total
LIABILITIES:								
Accounts payable	\$ 238,991	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 238,991
Refundable advances	-	476,243	-	-	-	-	-	476,243
Accrued expenses and other liabilities	47,786	-	-	-	-	-	-	47,786
Accrued retiree medical benefits	1,358,352	-	-	-	-	-	-	1,358,352
Accumulated other comprehensive income	-	-	-	-	-	-	-	-
Student funds received in advance and deferred grant revenues	220,607	-	-	-	-	-	-	220,607
Annuity contracts	-	-	-	-	171,704	-	-	171,704
Federal Perkins Loans advances	-	-	317,372	-	-	-	-	317,372
Capital lease obligation	-	-	-	-	-	45,272	-	45,272
Due to other funds	94,759	-	-	6,544,118	-	-	(6,638,877)	-
Total liabilities	<u>1,960,495</u>	<u>476,243</u>	<u>317,372</u>	<u>6,544,118</u>	<u>171,704</u>	<u>45,272</u>	<u>(6,638,877)</u>	<u>2,876,327</u>
NET ASSETS:								
Unrestricted	898,618	-	562,669	549,393	203,597	11,087,558	-	13,301,835
Temporarily restricted	-	4,190,775	2,574,880	16,297,139	-	2,600	-	23,065,394
Permanently restricted	-	-	-	18,438,838	-	-	-	18,438,838
Total net assets	<u>898,618</u>	<u>4,190,775</u>	<u>3,137,549</u>	<u>35,285,370</u>	<u>203,597</u>	<u>11,090,158</u>	<u>-</u>	<u>54,806,067</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,859,113</u>	<u>\$ 4,667,018</u>	<u>\$ 3,454,921</u>	<u>\$ 41,829,488</u>	<u>\$ 375,301</u>	<u>\$ 11,135,430</u>	<u>\$ (6,638,877)</u>	<u>\$ 57,682,394</u>

# CALVIN THEOLOGICAL SEMINARY

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

Year Ended June 30, 2016

	<u>Current</u>		<u>Student</u>				
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Loan</u>	<u>Endowment</u>	<u>Annuity</u>	<u>Plant</u>	<u>Total</u>
REVENUES AND OTHER ADDITIONS:							
Operating revenues	\$ 3,257,174	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,257,174
Denominational ministry shares	2,448,921	-	-	-	-	-	2,448,921
Private gifts and grants	1,326,635	1,999,600	16,188	2,269,239	-	-	5,611,662
Endowment—spending policy allocation	146,900	1,120,950	100,000	(1,367,850)	-	-	-
Investment income	5,047	-	35,664	(700,758)	(5,313)	-	(665,360)
Actuarial change in value	(16,876)	-	-	-	-	-	(16,876)
Changes in value of split interest agreements	-	-	-	-	(6,846)	-	(6,846)
Total Revenues and Other Additions	<u>7,167,801</u>	<u>3,120,550</u>	<u>151,852</u>	<u>200,631</u>	<u>(12,159)</u>	<u>-</u>	<u>10,628,675</u>
EXPENDITURES AND OTHER REDUCTIONS:							
Educational, general, and auxiliary enterprises expenditures	7,515,464	2,802,659	-	-	-	-	10,318,123
Depreciation and amortization	-	-	-	-	-	422,565	422,565
Other	-	-	72,725	-	-	(21,843)	50,882
Total Expenditures and Other Reductions	<u>7,515,464</u>	<u>2,802,659</u>	<u>72,725</u>	<u>-</u>	<u>-</u>	<u>400,722</u>	<u>10,791,570</u>
Excess of Revenues Over Expenditures Before Transfers	<u>(347,663)</u>	<u>317,891</u>	<u>79,127</u>	<u>200,631</u>	<u>(12,159)</u>	<u>(400,722)</u>	<u>(162,895)</u>
TRANSFERS TO OTHER FUNDS	<u>335,667</u>	<u>(609,897)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>274,230</u>	<u>-</u>
NET INCREASE (DECREASE) IN FUND BALANCES	<u>(11,996)</u>	<u>(292,006)</u>	<u>79,127</u>	<u>200,631</u>	<u>(12,159)</u>	<u>(126,492)</u>	<u>(162,895)</u>
FUND BALANCES:							
Beginning of Year	<u>898,618</u>	<u>4,190,775</u>	<u>3,137,549</u>	<u>35,285,370</u>	<u>203,597</u>	<u>11,090,158</u>	<u>54,806,067</u>
End of Year	<u>\$ 886,622</u>	<u>\$ 3,898,769</u>	<u>\$ 3,216,676</u>	<u>\$ 35,486,001</u>	<u>\$ 191,438</u>	<u>\$ 10,963,666</u>	<u>\$ 54,643,172</u>

# CALVIN THEOLOGICAL SEMINARY

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

Year Ended June 30, 2015

	Current		Student				
	Unrestricted	Restricted	Loan	Endowment	Annuity	Plant	Total
REVENUES AND OTHER ADDITIONS:							
Operating revenues	\$ 3,198,343	\$ 10,330	\$ -	\$ -	\$ -	\$ -	\$ 3,208,673
Denominational ministry shares	2,567,057	-	-	-	-	-	2,567,057
Private gifts and grants	1,344,929	1,664,532	13,095	1,449,618	-	1,000	4,473,174
Endowment—spending policy allocation	114,900	1,042,260	100,000	(1,257,160)	-	-	-
Investment income	3,108	-	37,248	(723,956)	6,130	-	(677,470)
Actuarial change in value	48,064	-	-	-	-	-	48,064
Changes in value of split interest agreements	-	-	-	-	(5,228)	-	(5,228)
Total Revenues and Other Additions	<u>7,276,401</u>	<u>2,717,122</u>	<u>150,343</u>	<u>(531,498)</u>	<u>902</u>	<u>1,000</u>	<u>9,614,270</u>
EXPENDITURES AND OTHER REDUCTIONS:							
Educational, general, and auxiliary enterprises expenditures	7,606,317	2,756,392	-	-	-	-	10,362,709
Depreciation and amortization	-	-	-	-	-	442,742	442,742
Other	-	-	110,486	-	-	(21,946)	88,540
Total Expenditures and Other Reductions	<u>7,606,317</u>	<u>2,756,392</u>	<u>110,486</u>	<u>-</u>	<u>-</u>	<u>420,796</u>	<u>10,893,991</u>
Excess of Revenues Over Expenditures Before Transfers	<u>(329,916)</u>	<u>(39,270)</u>	<u>39,857</u>	<u>(531,498)</u>	<u>902</u>	<u>(419,796)</u>	<u>(1,279,721)</u>
TRANSFERS TO OTHER FUNDS	<u>287,674</u>	<u>(623,900)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>336,226</u>	<u>-</u>
NET INCREASE (DECREASE) IN FUND BALANCES	<u>(42,242)</u>	<u>(663,170)</u>	<u>39,857</u>	<u>(531,498)</u>	<u>902</u>	<u>(83,570)</u>	<u>(1,279,721)</u>
FUND BALANCES:							
Beginning of Year	<u>940,860</u>	<u>4,853,945</u>	<u>3,097,692</u>	<u>35,816,868</u>	<u>202,695</u>	<u>11,173,728</u>	<u>56,085,788</u>
End of Year	<u>\$ 898,618</u>	<u>\$ 4,190,775</u>	<u>\$ 3,137,549</u>	<u>\$ 35,285,370</u>	<u>\$ 203,597</u>	<u>\$ 11,090,158</u>	<u>\$ 54,806,067</u>

# CALVIN THEOLOGICAL SEMINARY

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

Year Ended June 30, 2016

	<b>Current</b>		
	<b>Unrestricted</b>	<b>Restricted</b>	<b>Total</b>
<b>REVENUES:</b>			
Education and general:			
Tuition and fees	\$ 2,474,692	\$ -	\$ 2,474,692
Denominational ministry shares	2,448,921	-	2,448,921
Private gifts and grants	1,326,634	1,999,600	3,326,234
Investment income appropriated for expenditure	151,947	1,120,950	1,272,897
Other revenues	39,543	-	39,543
Actuarial change in value	(16,876)	-	(16,876)
Auxiliary revenues	742,940	-	742,940
	<hr/>	<hr/>	<hr/>
Total Revenues	7,167,801	3,120,550	10,288,351
	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES:</b>			
Education and general:			
Instructional	2,712,353	1,489,756	4,202,109
Research	-	31,870	31,870
Public service	101,619	22,453	124,072
Academic support	616,803	1,592	618,395
Library	511,510	-	511,510
Student services	371,500	13,024	384,524
Admissions	243,284	105,588	348,872
Fund-raising	514,833	4,211	519,044
Institutional support	993,880	50,254	1,044,134
Operation and maintenance of physical plant	567,077	-	567,077
Scholarships	313,923	1,083,911	1,397,834
Auxiliary expenses	568,682	-	568,682
	<hr/>	<hr/>	<hr/>
Total Expenditures	7,515,464	2,802,659	10,318,123
	<hr/>	<hr/>	<hr/>
Excess of Revenues over Expenditures Before Transfers	(347,663)	317,891	(29,772)
	<hr/>	<hr/>	<hr/>
Transfers to Other Funds	335,667	(609,897)	(274,230)
	<hr/>	<hr/>	<hr/>
Net Decrease in Fund Balances	\$ (11,996)	\$ (292,006)	\$ (304,002)
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# CALVIN THEOLOGICAL SEMINARY

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

Year Ended June 30, 2015

	Current		
	Unrestricted	Restricted	Total
REVENUES:			
Education and general:			
Tuition and fees	\$ 2,427,184	\$ -	\$ 2,427,184
Denominational ministry shares	2,567,057	-	2,567,057
Private gifts and grants	1,344,929	1,664,532	3,009,461
Investment income appropriated for expenditure	118,008	1,042,260	1,160,268
Other revenues	41,160	10,330	51,490
Actuarial change in value	48,064	-	48,064
Auxiliary revenues	729,999	-	729,999
Total Revenues	7,276,401	2,717,122	9,993,523
EXPENDITURES:			
Education and general:			
Instructional	2,756,129	1,547,705	4,303,834
Research	-	16,283	16,283
Public service	100,069	12,753	112,822
Academic support	586,047	-	586,047
Library	543,596	-	543,596
Student services	361,960	10,467	372,427
Admissions	218,910	74,777	293,687
Fund-raising	640,162	594	640,756
Institutional support	956,295	94,303	1,050,598
Operation and maintenance of physical plant	530,171	-	530,171
Scholarships	333,195	999,510	1,332,705
Auxiliary expenses	579,783	-	579,783
Total Expenditures	7,606,317	2,756,392	10,362,709
Excess of Revenues over Expenditures Before Transfers	(329,916)	(39,270)	(369,186)
Transfers to Other Funds	287,674	(623,900)	(336,226)
Net Decrease in Fund Balances	\$ (42,242)	\$ (663,170)	\$ (705,412)