ASBURY theological SEMINARY

THE WHOLE BIBLE FOR THE WHOLE WORLD

FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

ASBURY THEOLOGICAL SEMINARY

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REPORT OF INDEPENDENT AUDITORS

Board of Trustees
Asbury Theological Seminary

Report on the Financial Statements

We have audited the accompanying financial statements of Asbury Theological Seminary (the "Seminary"), which comprise the statements of financial position as of June 30, 2015 and 2014, 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.

Auditor's 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 the 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 includes 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Asbury Theological Seminary as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by *Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2015 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 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.

Blue & Co., LLC

Lexington, Kentucky
November 2, 2015

ASBURY THEOLOGICAL SEMINARY

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2015 AND 2014

ASSETS

	2015	2014
Current assets		
Cash and cash equivalents	$ 1,177,792	$ 848,411
Accrued income receivable	22,468	20,235
Accounts receivable, less allowance of $50,000 in each year	2,884,887	2,457,296
Contributions receivable, less allowance of $50,000 in each year	545,180	839,201
Student loans receivable	46,194	55,039
Inventories	193,999	207,924
Prepaid expenses	193,496	216,206
Total current assets	5,064,016	4,644,312
Non-current assets		
Contributions receivable	7,532,622	3,817,345
Student loans receivable	4,871,734	5,008,831
Investments	160,203,614	160,699,053
Investments held for capital improvements	-0-	497,190
Funds held in trusts by others	2,346,388	2,459,209
Property, plant, and equipment, net	93,201,874	92,963,545
Other assets	17,504	22,504
Total non-current assets	268,173,736	265,467,677
Total assets	$ 273,237,752	$ 270,111,989

See accompanying notes to financial statements.

ASBURY THEOLOGICAL SEMINARY

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2015 AND 2014

LIABILITIES AND NET ASSETS

	2015	2014
Current liabilities		
Accounts payable and payroll liabilities	$ 1,533,072	$ 1,407,873
Deposits and agency funds	384,555	305,093
Deferred revenues	1,153,036	1,469,610
Interest payable	40,296	20,581
Capital lease obligation	389,741	159,660
Notes payable	322,708	312,659
Total current liabilities	3,823,408	3,675,476
Non-current liabilities		
Notes payable	6,744,071	7,066,754
Annuities payable	1,812,944	2,082,477
Federal government advances for student loans	3,924,496	3,716,375
Trust obligations	52,401	600,947
Capital lease obligation	844,762	701,930
Total non-current liabilities	13,378,674	14,168,483
Total liabilities	17,202,082	17,843,959
Net assets		
Unrestricted:		
Undesignated	(1,313,278)	(1,512,237)
Designated for:		
Student loans	735,286	735,286
Endowment	230,438	520,450
Annuity and life income	3,042,882	3,152,359
Net investment in plant	84,828,775	82,830,445
Total unrestricted	87,524,103	85,726,303
Temporarily restricted:		
Endowment	48,281,672	51,053,026
Other	12,881,200	10,347,845
Total temporarily restricted	61,162,872	61,400,871
Permanently restricted:		
Endowment	103,952,276	101,531,127
Annuity and life income	1,091,627	1,192,778
Residual interest in trusts held by others	2,304,792	2,416,951
Total permanently restricted	107,348,695	105,140,856
Total net assets	256,035,670	252,268,030
Total liabilities and net assets	$ 273,237,752	$ 270,111,989

See accompanying notes to financial statements.

ASBURY THEOLOGICAL SEMINARY

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating				
Revenues, gains, and other support:				
Tuition and fees	$ 14,709,835	$ -0-	$ -0-	$ 14,709,835
Less scholarship allowances	(5,195,800)	-0-	-0-	(5,195,800)
Tuition and fees, net	9,514,035	-0-	-0-	9,514,035
Private gifts and grants	2,434,963	6,745,504	-0-	9,180,467
Government grants	-0-	185,433	-0-	185,433
Other revenue	615,863	188,732	-0-	804,595
Investment return designated for current operations	568,593	7,123,311	-0-	7,691,904
Sales and service of auxiliary enterprises	1,812,057	473,104	-0-	2,285,161
Total revenues and gains	14,945,511	14,716,084	-0-	29,661,595
Net assets released from restrictions	10,063,797	(10,063,797)	-0-	-0-
Total revenues, gains, and other support	25,009,308	4,652,287	-0-	29,661,595
Expenses:				
Education and general:				
Instruction	10,092,009	-0-	-0-	10,092,009
Institutional support	7,470,252	-0-	-0-	7,470,252
Academic support	1,978,378	-0-	-0-	1,978,378
Student services	2,689,549	-0-	-0-	2,689,549
Public service	83,625	-0-	-0-	83,625
Total educational and general expenses	22,313,813	-0-	-0-	22,313,813
Auxiliary enterprises	4,221,299	-0-	-0-	4,221,299
Total expenses	26,535,112	-0-	-0-	26,535,112
Changes in net assets from operating activities	(1,525,804)	4,652,287	-0-	3,126,483
Non-operating				
Private gifts and grants	849,208	588,311	2,289,200	3,726,719
Annuity and life income agreements	214,972	-0-	5,034	220,006
Investment return reinvested	(290,012)	(2,771,352)	11,503	(3,049,861)
Present value adjustment on annuity obligations	-0-	-0-	(143,545)	(143,545)
Changes in value of funds held in trust by others	-0-	-0-	(112,162)	(112,162)
Transfers at donor request	-0-	(157,809)	157,809	-0-
Net assets released from restrictions	2,549,436	(2,549,436)	-0-	-0-
Reclassification of net assets				
Changes in net assets from non-operating activities	3,323,604	(4,890,286)	2,207,839	641,157
Changes in net assets	1,797,800	(237,999)	2,207,839	3,767,640
Net assets at the beginning of year	85,726,303	61,400,871	105,140,856	252,268,030
Net assets at the end of the year	$ 87,524,103	$ 61,162,872	$ 107,348,695	$ 256,035,670

See accompanying notes to financial statements.

ASBURY THEOLOGICAL SEMINARY

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating				
Revenues, gains, and other support:				
Tuition and fees	$ 13,881,021	$ -0-	$ -0-	$ 13,881,021
Less scholarship allowances	(4,423,913)	-0-	-0-	(4,423,913)
Tuition and fees, net	9,457,108	-0-	-0-	9,457,108
Private gifts and grants	2,078,047	3,896,071	-0-	5,974,118
Government grants	140,219	-0-	-0-	140,219
Other revenue	216,536	402,146	-0-	618,682
Investment return designated for current operations	405,640	6,407,296	-0-	6,812,936
Sales and service of auxiliary enterprises	2,108,579	-0-	-0-	2,108,579
Total revenues and gains	14,406,129	10,705,513	-0-	25,111,642
Net assets released from restrictions	9,030,973	(9,030,973)	-0-	-0-
Total revenues, gains, and other support	23,437,102	1,674,540	-0-	25,111,642
Expenses:				
Education and general:				
Instruction	10,501,680	-0-	-0-	10,501,680
Institutional support	6,363,599	-0-	-0-	6,363,599
Academic support	2,235,914	-0-	-0-	2,235,914
Student services	2,507,182	-0-	-0-	2,507,182
Public service	72,357	-0-	-0-	72,357
Total educational and general expenses	21,680,732	-0-	-0-	21,680,732
Auxiliary enterprises	2,898,548	-0-	-0-	2,898,548
Total expenses	24,579,280	-0-	-0-	24,579,280
Changes in net assets from operating activities	(1,142,178)	1,674,540	-0-	532,362
Non-operating				
Private gifts and grants	253,797	6,784,170	1,028,702	8,066,669
Annuity and life income agreements	-0-	-0-	93,413	93,413
Loss on disposal of property	(35,212)	-0-	-0-	(35,212)
Investment return reinvested	1,360,916	13,592,386	257,681	15,210,983
Present value adjustment on annuity obligations	(131,058)	-0-	90,024	(41,034)
Present value adjustment on trust obligations	-0-	-0-	(5,938)	(5,938)
Changes in realizable value of contriubtions receivable	-0-	(1,919,057)	-0-	(1,919,057)
Changes in value of funds held in trust by others	-0-	4,180	193,720	197,900
Transfers at donor request	-0-	(2,498)	2,498	-0-
Net assets released from restrictions	11,302,267	(11,302,267)	-0-	-0-
Changes in net assets from non-operating activities	12,750,710	7,156,914	1,660,100	21,567,724
Changes in net assets	11,608,532	8,831,454	1,660,100	22,100,086
Net assets at the beginning of year	74,117,771	52,569,417	103,480,756	230,167,944
Net assets at the end of the year	$ 85,726,303	$ 61,400,871	$ 105,140,856	$ 252,268,030

See accompanying notes to financial statements.

ASBURY THEOLOGICAL SEMINARY

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
Cash Flows from Operating Activities		
Changes in net assets	$ 3,767,640	$ 22,100,086
Adjustments to reconcile changes in net assets to net cash flows from operating activities:		
Depreciation	2,832,520	2,420,486
Amortization of discount on contributions receivable	(11,729)	(11,729)
Change in realizable value of contributions receivable	-0-	1,919,057
Provision for doubtful accounts on accounts and faculty and staff mortgage loan receivables	-0-	17,627
Loss on disposal of property	-0-	35,212
Principal on Perkins loans canceled	51,664	20,589
Actuarial adjustment to annuity obligations	(60,299)	41,034
Actuarial adjustment to trust obligations	-0-	5,938
Change in value of funds held in trusts held by others	112,162	(197,900)
Net unrealized and realized gains on investments	(3,163,622)	(20,426,402)
Cash contributions restricted for capital improvements and endowment investment	(2,289,200)	(2,840,636)
Noncash contributions received	(354,041)	(3,097,147)
Proceeds from sale of donated securities	334,538	160,420
Investment income restricted for long-term investment	(11,503)	(257,681)
Net change in operating assets and liabilities:		
Accrued income receivable	(2,233)	49,144
Accounts receivable	(427,591)	37,436
Contributions receivable	(3,409,527)	(3,065,635)
Inventories	13,925	(163,733)
Prepaid expenses	22,710	(23,333)
Accounts payable and payroll liabilities	125,199	(86,750)
Deposits and agency funds	79,462	33,745
Deferred revenues	(316,574)	43,764
Other assets	5,000	5,000
Interest payable	19,715	(834)
Net cash flows from operating activities	(2,681,784)	(3,282,242)
Cash Flows from Investing Activities		
Purchases of investments	(40,171,643)	(120,704,158)
Proceeds from sales and maturities of investments	44,450,036	123,414,688
Purchase of property, plant, and equipment	(2,265,375)	(4,955,153)
Student loans	(643,817)	(587,485)
Student loan repayments	757,597	688,743
Faculty and staff mortgage loan repayments	-0-	7,500
Net cash flows from investing activities	2,126,798	(2,135,865)

See accompanying notes to financial statements.

ASBURY THEOLOGICAL SEMINARY

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
Cash Flows from Financing Activities		
Cash contributions restricted for capital improvements and endowment investment	2,289,200	2,840,636
Proceeds from sales of donated securities restricted for endowment investment	-0-	2,936,727
Change in federal government advances for student loans	208,121	29,707
Proceeds received on annuity agreements	70,386	69,029
Contractual payments on annuity obligations	(279,619)	(293,405)
Contractual payments on trust obligations	(660,708)	45,716
Investment income restricted for long-term investment	11,503	257,681
Principal payments on notes payable	(312,634)	(302,286)
Payments on capital lease obligations	(441,882)	(104,965)
Net cash flows from financing activities	884,367	5,478,840
Net change in cash and cash equivalents	329,381	60,733
Cash and cash equivalents at beginning of year	848,411	787,678
Cash and cash equivalents at end of year	$ 1,177,792	$ 848,411
Supplemental disclosure of cash flow information:		
Cash paid for interest net of amounts capitalized	$ 270,535	$ 255,972
Noncash investing and financing activities:		
Donated securities	$ 354,041	$ 3,097,147
Equipment purchased through capital lease	$ 814,795	$ 966,555

See accompanying notes to financial statements.

1. NATURE OF ACTIVITIES

Asbury Theological Seminary (the "Seminary") is an interdenominational graduate school of theology. The Seminary was organized in 1923 and is accredited by the Commission on Colleges of the Southern Association of Colleges and Schools and the Association of Theological Schools to award masters and doctoral degrees. The Seminary operates campuses in Wilmore, Kentucky and Orlando, Florida with students from diverse geographic locations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis, and have been prepared with a focus on the entity as a whole. Net assets, support, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Seminary are classified and reported as follows:

> Unrestricted Net Assets: Net assets that are not subject to donor-imposed stipulations.
>
> Temporarily Restricted Net Assets: Net assets subject to donor-imposed stipulations that will be met, either by actions of the Seminary and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.
>
> Permanently Restricted Net Assets: Net assets subject to donor-imposed stipulations that the gifts be maintained permanently by the Seminary. Generally, the donors of these assets permit the Seminary to use all or part of the income earned on any related investments for general or specific purposes.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

Contributions

Contributions, including unconditional promises to give, are recorded as received. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received, less an allowance for uncollectible receivables. Management's periodic evaluation of the adequacy of the allowance is based on its assessment of the current and historic collection history of the Seminary.

An allowance for uncollectible contributions is reflected in the accompanying financial statements as of and for the years ended June 30, 2015 and 2014.

Conditional Promises to Give

The Seminary does not recognize conditional promises as revenue until the condition is met. A donor's indication of an intention to give at a future date is not recognized as revenue until the intention is communicated as an unconditional promise to give.

Expiration of Donor-Imposed Restrictions

The expiration of a donor-imposed restriction for contributions or endowment investment income is recognized in the period in which the restriction expires, and at that time the related resources are reclassified to unrestricted net assets. A restriction expires when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Seminary follows the policy of reporting donor-imposed restricted contributions and donor restricted investment income as temporarily restricted support or income and then released from restriction if the restriction is met in the same period as received or earned.

Cash and Cash Equivalents

For financial statement purposes, all investments (not held for long-term investment) including repurchase agreements with original maturities of three months or less are considered cash equivalents. Cash equivalents are stated at cost, which approximates market value. The Seminary is required to maintain separate cash accounts for the Federal Perkins Student Loan and Federal Work Study programs.

Accounts Receivable

Accounts receivable include student accounts receivable and other receivables. Student accounts receivable represent unsecured amounts due for tuition, fees, and room and board from currently enrolled and former students. Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Student Loans Receivable

Student loans receivable consists primarily of amounts loaned to qualified students through the Federal Perkins Loan Program (“Program”). These loans receivable are carried at unpaid principal balances, less an allowance for uncollectible loans. Management's periodic evaluation of the adequacy of the allowance is based primarily on Program requirements, the Seminary’s past loan loss experience, specific impaired loans, and adverse situations that may affect the borrower's ability to repay. Loans are considered impaired if full principal or interest payments are not anticipated in accordance with contractual terms. The allowance represents an amount, which, in management's judgment, is sufficient to absorb loans that may ultimately be written off. No allowance for uncollectible loans is reflected in the accompanying financial statements as of and for the years ended June 30, 2015 and 2014. Management has determined that such an allowance would not be material.

The Program provides for cancellation of loans if the borrower complies with certain Program provisions. The Federal government reimburses the Seminary for amounts canceled under these provisions. The Seminary's practice is to write off any loan or portion of a loan when the loan is determined by management to be uncollectible due to the borrower's failure to meet repayment terms, the borrower's deteriorating or deteriorated financial condition, or for other reasons. As the Seminary determines that loans are uncollectible, the loans are written off and assigned to the United States Department of Education.

Loans are placed on nonaccrual when management believes, after considering economic conditions, business conditions, and collection efforts that the loans are impaired or collection of interest is doubtful. Uncollected interest previously accrued is charged off. Interest income on nonaccrual loans is recognized only to the extent cash payment is received.

Interest on loans is recognized over the term of the loan and is calculated using the simple interest method on principal amounts outstanding.

Inventories

Inventories principally consist of maintenance and other supply items and are stated at the lower of cost or market with cost being primarily average cost.

Investments

Investments in certificates of deposits are stated at original deposit plus accrued interest. Investments in marketable equity and fixed income securities are valued at the closing price reported on the active market on which the individual securities are traded. For certain thinly-traded equity and fixed income securities, market prices are obtained from the Seminary's investment managers. Mutual and exchange traded funds are carried at fair values based on the daily closing price as reported by the funds.

Alternative investments, which are not readily marketable, are carried at net asset value (NAV) of the units of the investment, as provided by the investment manager, as a practical expedient to estimate fair value.

Investments in real estate are stated at the lower of cost or market as determined by appraisals or management estimates. Investments in rental real estate are stated at the lower of carrying value or market as determined by appraisals or management estimates. Other investments are recorded at cost, or in the case of gifts, at fair value at the date of acquisition.

Investment Pools

The Seminary maintains pooled investment accounts for its donor-restricted and board-designated endowments. Realized and unrealized gains and losses from investments in the pooled investment accounts are allocated monthly to the individual endowments based on the relationship of the market value of each endowment to the total market value of the pooled investment accounts, as adjusted for additions to or deductions from those accounts.

Funds Held in Trust by Others

Funds held in trust by others include investments held in irrevocable trusts and administered by trustees which are neither in the possession of nor under the control of the Seminary. Certain of these trusts are held under an arrangement where the Seminary receives income earned on the trust assets in perpetuity but will never receive the assets held in trust. These investments are recorded at management's estimate of the present value of the future cash flows, which represents the fair value of the trust assets.

Annuities Payable and Trust Obligations

Assets recorded under split interest agreements are recorded at fair value of the investments held under such agreements which represents management's estimate of the present value of expected future cash flows. Annuity and trust obligations are calculated and recorded using discount rates and actuarial assumptions as supplied by the American Council on Gift Annuities which represents the fair value of expected future cash flows from the Seminary to beneficiaries.

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost net of accumulated depreciation. Items with a cost of greater than $1,000 and a useful life in excess of one year are capitalized. Contributed property and equipment is recorded at fair value at the date of donation. The contributions are recorded as restricted support if a donor stipulates how long the assets must be used. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

Depreciation is computed using the straight-line method over the estimated useful lives as follows:

Buildings, residences, and other structures	50 - 100	years
Equipment	10	years
Library books	10	years
Computers and software	5	years

Interest Capitalized

The Seminary follows the policy of capitalizing interest as a component of the cost of property, plant, and equipment during construction.

Deferred Revenue

Deferred revenues consist principally of prepaid rent and tuition.

Federal Government Advances for Student Loans

Advances from the federal government for student loans under the Perkins loan program are distributable to the federal government upon liquidation of the loan program and thus are reflected as a liability in the accompanying statements of financial position.

Reclassifications

Certain amounts as originally reported in the prior year have been reclassified to conform to the presentation used in the current year. Such reclassifications had no effect on the change in net assets as previously reported.

Subsequent Events

The Seminary evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through November 2, 2015, which is the date the financial statements were available to be issued.

3. CONTRIBUTIONS RECEIVABLE

Unconditional promises to give that are due in more than one year are reflected at present value of estimated future cash flows using discount rates ranging from 1.24% to 3.00%.

Contributions receivable consist of the following at June 30:

	2015	2014
Permanently restricted	$ 442,500	$ -0-
Temporarily restricted	7,724,280	4,753,118
Unrestricted	362,094	360,591
Gross contributions receivable	8,528,874	5,113,709
Less allowance for uncollectible pledges	50,000	50,000
Less unamortized discount	401,072	407,163
Net contributions receivable	$ 8,077,802	$ 4,656,546
Amounts due in less than one year	545,180	839,201
Amounts due from one to five years	6,588,744	3,198,530
Amounts due in more than five years	943,878	618,815
	$ 8,077,802	$ 4,656,546

During the year ended June 30, 2014, actual costs related to a construction project came in below the Seminary's original estimated costs. As a result, the expected donor's contribution was reduced by $1,919,057 which was recognized as a temporarily restricted change in realizable value of contributions receivable in the accompanying statement of activities for the year ended June 30, 2014.

4. STUDENT LOANS RECEIVABLE

Student loans receivable of $4,917,928 and $5,063,870 at June 30, 2015 and 2014, respectively, consists principally of amounts loaned to students under the Federal Perkins Loan Program. The portion of these loans due to the Federal government upon liquidation of the loan program has been recorded as a liability in the statements of financial position. This liability totals $3,924,496 and $3,716,375 at June 30, 2015 and 2014, respectively.

5. CREDIT QUALITY OF FINANCING RECEIVABLES

The majority of the Seminary's financing receivables consist of a revolving loan fund for Federal Perkins loans for which the Seminary acts as an agent for the federal government and an institutional loan fund created by the Seminary to assist students in funding their education. At June 30, 2015 and 2014, the Seminary's financing receivables represented 1.8% and 1.9% of total assets, respectively.

The availability of funds for loans under the Federal Perkins loan program is dependent on reimbursements to the pool from repayments on outstanding loans. Student loans under the Federal Perkins loan program can be assigned to the federal government when no longer collectible, and therefore, when they are written off, they reduce the amount refundable to the federal government.

Balances of financing receivables at June 30, 2015 are presented as follows:

	Federal Perkins Loan Program Receivables	Institutional Loans	Total
Financing receivables:			
Ending balance	$ 4,375,195	542,733	$ 4,917,928
Ending balance:			
Collectively evaluated for impairment	$ 4,375,195	$ 542,733	$ 4,917,928

Balances of financing receivables at June 30, 2014 are presented as follows:

	Federal Perkins Loan Program Receivables	Institutional Loans	Total
Financing receivables:			
Ending balance	$ 4,486,247	$ 577,623	$ 5,063,870
Ending balance:			
Collectively evaluated for impairment	$ 4,486,247	$ 577,623	$ 5,063,870

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

	Federal Perkins Loan Program Receivables	Institutional Loans	Total
Performing	$ 4,375,195	$ 542,733	$ 4,917,928
Non-performing	-0-	-0-	-0-
	$ 4,375,195	$ 542,733	$ 4,917,928

For each class of financing receivable, the following table presents the recorded investment by credit quality indicator as of June 30, 2014:

	Federal Perkins Loan Program Receivables	Institutional Loans	Total
Performing	$ 4,486,247	$ 577,623	$ 5,063,870
Non-performing	-0-	-0-	-0-
	$ 4,486,247	$ 577,623	$ 5,063,870

For educational assistance loans, the credit quality indicator is performance determined by the delinquency status. Delinquency status is updated monthly by the Seminary's loan servicer. Amounts due under the Federal Perkins loan program are guaranteed by the government and, therefore, no reserves are placed on any past due balances under the program. No allowance for doubtful accounts has been recorded against these loans based on the collateralization and prior collection history. Loan balances are written off only when they are deemed to be permanently uncollectible. The Seminary determines the allowance for estimated losses on these financing receivables by looking at historical default rates and analyzing the aging of past due loans. Any non-performing loans would be included in the allowance for estimated losses. At June 30, 2015 and 2014, no loans were considered to be non-performing or impaired and accordingly there were no allowances for estimated losses.

The aging of the financing receivables portfolio by classes as of June 30, 2015 is presented as follows:

	30-59 Days Past Due	60-89 Days Past Due	Current	Total
Federal Perkins Loan program receivables	$ -0-	$ 5,573	$ 3,774,534	$ 4,375,195
Institutional loans	-0-	665	464,856	542,733
	$ -0-	$ 6,238	$ 4,239,390	$ 4,917,928

6. INVESTMENTS

Investments are comprised of the following at June 30:

	2015		2014	
	Cost	Value *	Cost	Value *
Fixed-income investments:				
Cash and cash equivalents	$ 4,497,917	$ 4,497,917	$ 12,826,473	$ 12,826,473
Money market funds	10,755,424	10,755,424	1,728,305	1,728,305
Mutual funds	4,438,508	4,250,533	9,708,288	9,771,267
Life insurance and annuity contracts	99,362	99,362	109,050	109,050
Total fixed-income investments	19,791,211	19,603,236	24,372,116	24,435,095
Equity investments:				
Common stocks	7,515,241	9,010,922	10,065,112	11,220,280
Mutual funds	72,243,752	74,771,171	82,362,211	89,141,882
Exchange traded funds	2,711,232	3,401,644	3,195,978	3,963,466
Alternative investments	45,648,789	50,626,426	27,142,320	31,821,979
Total equity investments	128,119,014	137,810,163	122,765,621	136,147,607
Other investments:				
Rental properties**	256,000	256,000	263,200	263,200
Real estate	2,533,152	2,533,152	349,278	349,278
Mineral rights	1,063	1,063	1,063	1,063
Total other investments	2,790,215	2,790,215	613,541	613,541
Total investments	$ 150,700,440	$ 160,203,614	$ 147,751,278	$ 161,196,243

* Fixed-income and equity investments are reported at fair value. Other investments are reported at carrying value which represents cost if purchased, or fair value as of the date of the gift if contributed.

** Rental properties are reported net of an allowance for depreciation.

The Seminary maintains pooled investment accounts for its donor-restricted and board-designated endowments. The carrying value of the pooled investment accounts, at June 30, 2015 and 2014, included in investments above was $147,971,026 and $150,457,092 respectively.

The following schedule summarizes the investment return for the years ended June 30:

	2015	2014
Dividends and interest (net of expenses, $470,444 and $390,058, respectively)	$ 1,478,421	$ 1,597,517
Net realized gains	7,239,770	9,475,357
Net unrealized gains (losses)	(4,076,148)	10,951,045
Total return on investments	4,642,043	22,023,919
Investment return designated for current operations	(7,691,904)	(6,812,936)
Investment return reinvested	$ (3,049,861)	$ 15,210,983

Included in investment return above is the Seminary's return on alternative investments which was as follows for the year ended June 30:

	2015	2014
Net realized gains	$ 2,490,684	$ (326,409)
Net unrealized gains (losses)	5,018,243	4,516,171
Total	$ 7,508,927	$ 4,189,762

7. FUNDS HELD IN TRUSTS BY OTHERS

Funds held in trusts by others consist of the following at June 30:

	2015	2014
Life income trusts held by others:		
Francis Gillespie Trust	$ 41,599	$ 42,258
Residual interest in trusts held by others:		
Newman and Lena Harris Theological Memorial Fund	265,923	276,359
Beeson Memorial Scholarship Fund	596,222	630,727
Sallie Maude Jones Fund	286,354	304,214
Viola B. McEwen Trust	1,045,148	1,097,120
The Howard and Zeta Orchard Charitable Trust	111,142	108,531
Total	$ 2,346,388	$ 2,459,209

8. PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant, and equipment, net consist of the following at June 30:

	2015	2014
Land	$ 7,624,847	$ 7,624,847
Buildings	90,878,243	87,199,774
Furniture, fixtures, and equipment	22,514,486	19,699,165
Library books	9,843,047	9,460,363
	130,860,623	123,984,149
Accumulated depreciation	(37,658,749)	(34,829,108)
Construction in progress	-0-	3,808,504
Property, plant, and equipment, net	$ 93,201,874	$ 92,963,545

Depreciation expense for the years ended June 30, 2015 and 2014 was $2,832,520 and $2,420,486, respectively.

9. LINE OF CREDIT

The Seminary has available an unsecured on demand line of credit with a bank which provides for borrowings up to $7,000,000. The purpose of the line of credit is to provide cash flow for operations. Interest is payable monthly at an optional rate as requested by the Seminary of either LIBOR plus 1.70% or the bank's base rate as further defined in the line of credit agreement. No amounts were outstanding at June 30, 2015 and 2014.

10. CAPITAL LEASE OBLIGATION

In August 2013, the Seminary entered into an agreement to finance the purchase of computer equipment and a new enterprise resource planning (ERP) system to be implemented in stages over a 12 to 24 month period under a capital lease expiring in 2018. The liability for amounts received to date, representing the present value of future minimum lease payments totaled $1,234,503. The related assets totaling approximately $2,107,000, were placed in service in 2015, have been included in furniture, fixtures, and equipment and are being amortized over their estimated useful life.

Aggregate future minimum lease payments under the capital lease obligation as of June 30, 2015 are approximated as follows:

Year ended June 30:		
2016	$	389,741
2017		389,741
2018		389,741
2019		154,601
Total future minimum lease payments		1,323,824
Less amount representing interest		(89,321)
Present value of future minimum lease payments	$	1,234,503

11. NOTES PAYABLE

Notes payable consists of the following:

		2015		2014
Note payable - bank, payable in monthly installments of $40,038 including interest at a rate of 3.14% through December 31, 2018 with a final payment of $5,148,899 including interest due January 1, 2019.	$	6,182,799	$	6,461,615
Note payable - bank, payable in monthly installments of $6,483 including interest at a rate of 4.80% through December 31, 2018 with a final payment of $754,784 due January 1, 2019.		883,980		917,798
		7,066,779		7,379,413
Less current portion		(322,708)		(312,659)
Total	$	6,744,071	$	7,066,754

The above notes are secured by substantially all real property and improvements thereon of the Seminary with a net book value of approximately $87,200,000 and $83,300,000 at June 30, 2015 and 2014, respectively, and an assignment of leases and rents covering real property of the Seminary.

Maturities of notes payable are as follows:

Year ended June 30:		
2016	$	322,708
2017		334,395
2018		345,849
2019		6,063,827
	$	7,066,779

12. ANNUITIES PAYABLE AND TRUST OBLIGATIONS

Contributions received by the Seminary under gift annuity and life income agreements are recorded at fair value at the date of the contribution. Under the terms of these agreements, the Seminary holds the assets contributed and makes periodic payments of a fixed amount to the annuitant or beneficiary for the remainder of the annuitant's or beneficiary's lifetime. Total assets held under gift annuity agreements at June 30, 2015 and 2014, amount to $6,014,226 and $6,100,191, respectively. Total assets recorded under life income agreements at June 30, 2015 and 2014 amount to $348,248 and $970,628, respectively. Annuities payable and trust obligations are carried at fair value measured as the net present value of the obligations and calculated using the applicable federal rates, which range from 4% to 6% and life expectancy tables. Annuities payable total $1,812,944 and $2,082,477, at June 30, 2015 and 2014, respectively. Trust obligations under life income agreements total $52,401 and $600,947, at June 30, 2015 and 2014, respectively.

To accept annuities written in the state of Wisconsin, the Seminary is required by state law to limit investments in the common stock of a single corporation to 3% of total investments and investments in a single issuer and its affiliates other than the government of the United States to 10% of total investments. To accept annuities written in the state of California, the Seminary is required by state law to have a trust company invest those funds in a separate trust account with equity investments limited to 50% of total investments. To accept annuities written in the state of Florida, the Seminary is required by state law to maintain a segregated trust with equity investments (including mutual funds) limited to 50% of total investments with no more than 10% of any one stock or fund. The Seminary is in compliance with the respective investment restrictions as applicable to annuities written in each respective state.

13. FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Seminary has the ability to access.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2015 and 2014. The Seminary's policy is to recognize transfers, if any, between levels as of the beginning of the year.

Money market mutual funds: Generally transact subscription and redemption activity at a $1 stable net asset value (NAV) however, on a daily basis the funds are valued at their daily NAV calculated using the amortized cost of the securities held in the fund.

Common stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual and exchange traded funds: Valued at the daily closing price as reported by the fund. Mutual and exchange traded funds held by the Seminary are open-end funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The funds held by the Seminary are deemed to be actively traded.

Other investments: Valued using pricing models maximizing the use of observable inputs for similar securities.

Alternative and other investments: Valued at the net asset value (NAV) of units of the investee. The NAV, as provided by the investment manager, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the investee less its liabilities. Due to the nature of the investments held by the investee, changes in market conditions and the economic environment may significantly impact the net asset value of the investee and, consequently, the fair value of the Seminary’s interests in the investee. Certain alternative investments can be redeemed as often as quarterly and as a result the measurement falls within Level 2 of the fair value hierarchy. All others fall within Level 3 of the fair value hierarchy.

Funds held in trust by others: Valued at fair value as reported by the trustee, which represents the Seminary’s pro rata interest in the net assets of the trust, substantially all of which are valued on a mark-to-market basis.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, although the Seminary believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain investments could result in different fair value measurements at the reporting date.

Annuity and trust obligations are calculated and recorded using discount rates and actuarial assumptions as supplied by the American Council on Gift Annuities which represents the fair value of expected future cash flows from the Seminary to beneficiaries.

The following tables set forth by level within the fair value hierarchy investment assets and liabilities as of June 30, 2015 and 2014, and the changes in fair value of the Seminary's Level 3 investments assets for the years then ended.

Fair value measurements as of June 30, 2015:

	Level 1	Level 2	Level 3	Total
Assets at fair value:				
Money market funds	$ -0-	$ 10,755,424	$ -0-	$ 10,755,424
Common stocks:				
Basic materials	287,929	-0-	-0-	287,929
Communication services	592,747	-0-	-0-	592,747
Consumer descetionary	2,502,957	-0-	-0-	2,502,957
Energy	272,681	-0-	-0-	272,681
Financials	363,650	-0-	-0-	363,650
Healthcare	1,424,278	-0-	-0-	1,424,278
Industrials	939,913	-0-	-0-	939,913
Technology	2,626,766	-0-	-0-	2,626,766
Mutual and exchange traded funds:				
Diversified emerging markets	8,189,712	-0-	-0-	8,189,712
Foreign Large blend	16,219,455	-0-	-0-	16,219,455
Foreign small/mid growth	6,617,044	-0-	-0-	6,617,044
Mid-cap blend	8,604,503	-0-	-0-	8,604,503
Nontraditional bond	2,295,082	-0-	-0-	2,295,082
World bond	2,126,485	-0-	-0-	2,126,485
Large blend	30,666,794	-0-	-0-	30,666,794
Intermediate-term bond	7,704,274	-0-	-0-	7,704,274
Other	-0-	99,362	-0-	99,362
Funds held in trust by others	-0-	-0-	2,346,388	2,346,388
Alternative investments	-0-	14,595,347	36,031,079	50,626,426
Total investments at fair value	$ 91,434,270	$ 25,450,133	$ 38,377,467	155,261,870
Cash				4,497,917
Total investments				$ 159,759,787

	Level 1	Level 2	Level 3	Total
Liabilities at fair value:				
Annuities payable	$ -0-	$ 1,812,944	$ -0-	$ 1,812,944
Trust obligations	-0-	52,401	-0-	52,401
Total liabilities at fair value	$ -0-	$ 1,865,345	$ -0-	$ 1,865,345

Fair value measurements as of June 30, 2014:

	Level 1	Level 2	Level 3	Total
Investments at fair value:				
Money market funds	$ -0-	$ 1,728,305	$ -0-	$ 1,728,305
Common stocks:				
Basic materials	671,111	-0-	-0-	671,111
Communication services	660,543	-0-	-0-	660,543
Consumer cyclical	2,553,661	-0-	-0-	2,553,661
Consumer defensive	42,560	-0-	-0-	42,560
Energy	658,230	-0-	-0-	658,230
Financial services	492,411	-0-	-0-	492,411
Healthcare	1,270,895	-0-	-0-	1,270,895
Industrials	2,137,895	-0-	-0-	2,137,895
Technology	2,732,974	-0-	-0-	2,732,974
Mutual and exchange traded funds:				
Diversified emerging markets	10,408,846	-0-	-0-	10,408,846
Foreign Large blend	17,952,042	-0-	-0-	17,952,042
Foreign small/mid growth	7,383,909	-0-	-0-	7,383,909
Mid-cap blend	11,647,342	-0-	-0-	11,647,342
Nontraditional bond	2,095,953	-0-	-0-	2,095,953
World bond	2,158,455	-0-	-0-	2,158,455
Large blend	43,096,327	-0-	-0-	43,096,327
Intermediate-term bond	8,133,741	-0-	-0-	8,133,741
Other	-0-	109,050	-0-	109,050
Funds held in trust by others	-0-	-0-	2,459,209	2,459,209
Alternative investments	-0-	13,287,990	18,533,989	31,821,979
Total investments at fair value	$ 114,096,895	$ 15,125,345	$ 20,993,198	150,215,438
Cash				12,826,473
Total investments				$ 163,041,911
Liabilities at fair value:				
Annuities payable	$ -0-	$ 2,082,477	$ -0-	$ 2,082,477
Trust obligations	-0-	600,947	-0-	600,947
Total liabilities at fair value	$ -0-	$ 2,683,424	$ -0-	$ 2,683,424

Changes in Level 3 assets and liabilities during the year ended June 30, 2015:

	Investments	
	Alternative investments	Funds held in trust by others
Beginning balance	$ 18,533,989	$ 2,459,209
Purchases and issuances	19,002,531	-0-
Investment return/(loss), net	550,197	(112,821)
Redemptions and settlements	(2,055,638)	-0-
Total	$ 36,031,079	$ 2,346,388

Changes in Level 3 assets and liabilities during the year ended June 30, 2014:

	Investments	
	Alternative investments	Funds held in trust by others
Beginning balance	$ 15,651,722	$ 2,261,309
Purchases and issuances	6,473,343	-0-
Investment return, net	1,442,714	197,900
Redemptions and settlements	(5,033,790)	-0-
Total	$ 18,533,989	$ 2,459,209

Alternative investments are less liquid than the Seminary's other investments. These investments are reported at estimated fair value using net asset value as a practical expedient which can be determined using observable and unobservable inputs.

The following tables summarize these investments by investment category, strategy and redemption frequency:

June 30, 2015:

Alternative investment category, redemption frequency	Funds	Unfunded Commitments	Cost	Fair Value
Fund of funds hedge fund:				
at least monthly (1)	2	$ -0-	$ 4,500,000	$ 5,350,535
at least quarterly (1)	3	-0-	7,480,274	8,247,299
at least annually (1)	5	-0-	16,000,000	16,468,285
non- redeemable (1)	6	3,640,000	1,746,720	2,293,789
Special investment opportunity, at least quarterly (2)	1	-0-	697,803	997,513
Private equity fund, non-redeemable (3)	2	1,784,273	2,899,591	4,427,805
Real estate fund, non-redeemable (4)	6	10,316,520	8,244,401	8,528,646
Timberland fund, non-redeemable (5)	1	-0-	3,000,000	3,242,974
Venture capital fund of funds, non-redeemable (6)	1	2,920,000	1,080,000	1,069,580
	27	$ 18,660,793	$ 45,648,789	$ 50,626,426

June 30, 2014:

Alternative investment category, redemption frequency	Funds	Unfunded Commitments	Cost	Fair Value
Fund of funds hedge fund:				
at least quarterly (1)	3	$ -0-	10,500,000	11,395,638
non- redeemable (1)	3	-0-	3,687,409	3,912,463
Special investment opportunity, at least quarterly (2)	1	-0-	697,803	1,892,352
Private equity fund, non-redeemable (3)	3	3,582,262	3,731,164	5,996,692
Real estate fund, non-redeemable (4)	4	5,508,846	5,205,944	5,256,367
Timberland fund, non-redeemable (5)	1	-0-	3,000,000	3,048,467
Venture capital fund of funds, non-redeemable (6)	1	3,680,000	320,000	320,000
	16	$ 12,771,108	$ 27,142,320	$ 31,821,979

(1) This category includes investment in multiple funds. Funds invest in publicly traded equity securities issued by non-U.S. companies. Other funds are feeder funds which invest in a master fund. The master funds employ multiple strategies which include but are not limited to the following: private investments, hedge fund strategies, opportunistic equity, enhanced fixed income, absolute return, and tactical trading. While others seek to generate capital appreciation over the long term through a portfolio having a diversified risk profile with relatively low volatility and a low correlation with traditional equity and fixed

income markets. The fair values of the investments in this category have been estimated using the net asset value per share of the fund. The fair values of the investments in this category have been estimated using the net asset value per share of the funds.

(2) This fund includes an investment in niche opportunities, primarily in credit, to maximize gains from the illiquidity premium through the use of the following hedge fund strategies: structured credit, distressed credit, pools of whole loans, bank debt, direct lending, and asset backed lending. The fair value of the investment in this category has been estimated using the net asset value per share of the investment.

(3) This category includes funds which emphasize private equity while also looking to buyouts, venture capital, special situations, distressed securities and other non-traditional categories where there is a belief that the risk adjusted returns or diversification benefits from such categories may be compelling. Generally, the partnership's underlying investments are valued at an amount equal to the partnerships pro-rata interest in the net assets of such investments as such value is supplied or provided on behalf of the investments respective investment managers.

(4) This category includes funds which seek superior returns through investments in undervalued or inappropriately capitalized U.S. and non-U.S. real estate assets and portfolios, and corporate real estate. The underlying real estate investments are valued at fair value which is determined based on the funds allocable share of the underlying entities partner's capital pursuant to the distribution provisions provided for in the underlying joint venture or operating agreements.

(5) This category includes a fund which invests primarily in timberland assets. The underlying real estate assets are primarily valued using any or all of the following three methods, performed annually by independent appraisers; sales comparison approach; cost approach; and income approach. The fair value of the fund in this category has been estimated using the net asset value per share of the fund.

(6) The category includes a venture capital fund of funds which invests primarily in U.S. venture and growth capital funds. The fair value of the investment in this category has been estimated using the net asset value per share of the fund.

The Seminary has a number of financial instruments, none of which are held for trading purposes. The Seminary estimates that the fair value of its financial instruments at June 30, 2015, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position. A reasonable estimate of the fair value of the loan balances due from students under government loan programs and advances from Federal government for student loans could not be made, as the loans cannot be sold, but only assigned to the U.S. government or its designees; the carrying value of notes receivable from students under the loan programs approximates fair value; the carrying amount reported on the statement of financial position for the Seminary's notes payable approximate fair value based on the borrowing rates that are currently available to the Seminary.

14. RETIREMENT PLANS

All regular full-time employees are eligible for participation in a fully funded defined contribution retirement plan (the Plan) that operates under Section 403(b) of the Internal Revenue Code (IRC). Beginning July 31, 2014, the Seminary contributes 3% of the participant's compensation to the Plan with no match from the participant required or the Seminary contributes 5% of the participant's compensation to the Plan with a mandatory 2% match required by the participant. Prior to July 31, 2014, the Seminary contributed 7% of the eligible participant's compensation to the Plan with a mandatory 2% match by the participant. Contributions may be invested in traditional and variable annuities provided by the Teachers Insurance and Annuity Association (TIAA) or to buy accumulation units, or shares of participation in investment portfolios provided by the College Retirement Equities Fund (CREF). Seminary contributions to the plans were $454,435 and $592,097 for the years ended June 30, 2015 and 2014, respectively.

15. OPERATING LEASES

The Seminary leases various equipment under operating leases. Total lease expense for the years ended June 30, 2015 and 2014 was approximately $69,000 and $69,000, respectively. The leases expire at various times through June 2016 unless renewed or extended by the Seminary. The expected future lease payment is $66,300 through June 2016.

16. INCOME TAXES

The Seminary is recognized as an organization exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code whereby only unrelated business income, as defined by Section 512(a)(1) of the code, is subject to Federal income tax. The Seminary's Internal Revenue Service (IRS) Form 990 (Returns of Organizations Exempt from Income Tax) for 2012, 2013 and 2014 are subject to examination by the IRS, generally for three years after they are filed.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Seminary and recognize a tax liability if the Seminary has taken an uncertain position that more likely than not would not be sustained upon examination by various federal and state taxing authorities. The Seminary has analyzed its tax positions and has concluded that as of June 30, 2015 and 2014, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying financial statements.

17. FUNCTIONAL CLASSIFICATION OF OPERATING EXPENSES

Expenses, summarized by functional classifications for the years ended June 30, 2015 and 2014, are as follows:

	2015	2014
Program activities	$ 19,064,858	$ 18,215,681
General and administrative	5,916,544	5,000,151
Fundraising	1,553,710	1,363,448
Total	$ 26,535,112	$ 24,579,280

18. NATURAL CLASSIFICATION OF OPERATING EXPENSES

Expenses, summarized by natural classifications for the years ended June 30, 2015 and 2014, are as follows:

	2015	2014
Salaries and wages	$ 13,359,877	$ 12,089,855
Fringe benefits	2,087,040	2,521,358
Tuition waiver	380,918	514,813
Services and supplies	5,478,435	4,922,515
Utilities	1,026,716	1,009,016
Travel	713,643	569,270
Insurance	303,362	256,743
Interest expense	285,103	255,138
Loan administration and other expenses	67,498	20,086
Depreciation	2,832,520	2,420,486
Total	$ 26,535,112	$ 24,579,280

19. ENDOWMENTS

The Seminary's endowment consists of approximately 470 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

In approving endowment, spending and related policies, as part of the prudent and diligent discharge of its duties, the Seminary's Board of Trustees as authorized by Kentucky law, has relied upon the actions, reports, information, advice and counsel taken or provided by its duly constituted committees and the duly appointed officers of the Seminary, including Seminary counsel, and in doing so has interpreted the law to require the preservation of the historic dollar value of donor-restricted endowment funds, absent explicit donor direction to the contrary.

As a result of this interpretation, for accounting and financial statement purposes, the Seminary classifies as permanently restricted net assets the historic dollar value of assets held as donor-restricted endowment, including any subsequent gifts and any accumulations to donor-restricted endowments made in accordance with the direction of the applicable gift instruments.

The portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Seminary in a manner consistent with the standard of prudence prescribed by the Uniform Prudent Management of Institutional Fund Act ("UPMIFA"). In accordance with UPMIFA, the Seminary considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund,
(2) The purpose of the Seminary and the donor-restricted endowment fund,
(3) General economic conditions,
(4) The possible effect of inflation and deflation,
(5) The expected total return from income and the appreciation of investments,
(6) Other resources of the Seminary,
(7) The investment policies of the Seminary.

Return Objectives and Risk Parameters

The Seminary has adopted investment and spending policies for endowment assets to allow the endowment funds to grow and offset any normal inflationary impact and, at the same time, provide reasonable and prudent spending income generated by the endowment funds. To accomplish this, the Seminary's investment objectives have been established to preserve purchasing power, achieve a balance between income returns and growth of principal and to seek long term growth of principal.

Strategies Employed for Achieving Objectives

The Seminary has established a strategic asset allocation which provides for diversification among asset classes and the achievement of its investment objectives within the Seminary's established risk tolerance parameters.

Pursuant to a total return investment policy, the Seminary has approved an appropriation of net investment appreciation in an amount determined to be prudent considering the Seminary's long and short term needs, present and anticipated financial requirements, and expected total return on investments, price level trends, and general economic conditions.

Spending Policy and How Investment Objectives Relate to Spending Policy

Under the Seminary's current endowment spending policy, a board approved percentage of the moving average of the fair value during the previous three years is made available to support current operations. Annual distributions are made in accordance with donor requirements and policy guidelines. For the year ended June 30, 2015, the Seminary approved a spending policy which ranged from 5.0% to 6.5% of the moving average of the fair value during the previous three years. For the year ended June 30, 2014, the Seminary approved a spending policy which ranged from 5.0% to 5.5% of the moving average of the fair value during the previous three years. Certain endowment funds are subject to donor required spending policy limits which range from 4.8% to 6.25% of the moving average of the fair value during the previous three years.

In establishing this policy, the Seminary considered the long-term expected return on its assets held for endowment. Accordingly, over the long term, the Seminary expects the current spending policy to allow its endowment to grow at an average of 4% to 5% annually. This is consistent with the Seminary's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return.

Composition of endowment net assets at June 30, 2015 was as follows:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor designated endowment funds	$ -0-	$ 48,281,672	$ 103,952,276	$ 152,233,948
Other endowment funds:				
Undesignated	(312,681)	-0-	-0-	(312,681)
Designated	543,119	-0-	-0-	543,119
Total endowment funds	$ 230,438	$ 48,281,672	$ 103,952,276	$ 152,464,386

Changes in endowment net assets for the year ended June 30, 2015 were as follows:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, beginning of year	$ 520,450	$ 51,053,026	$ 101,531,127	$ 153,104,603
Investment income	82,925	1,288,472	(6,371)	1,365,026
Net appreciation on investments	191,785	2,979,922	17,875	3,189,582
Total investment gains	274,710	4,268,394	11,504	4,554,608
Contributions	-0-	-0-	2,225,396	2,225,396
Appropriation of endowment assets for operations	(564,722)	(7,039,748)	-0-	(7,604,470)
Transfers from matured annuities	-0-	-0-	184,249	184,249
Endowment net assets, end of year	$ 230,438	$ 48,281,672	$ 103,952,276	$ 152,464,386

Composition of endowment net assets at June 30, 2014 was as follows:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor designated endowment funds	$ -0-	$ 51,053,026	$ 101,531,127	$ 152,584,153
Other endowment funds:				
Undesignated	(22,669)	-0-	-0-	(22,669)
Designated	543,119	-0-	-0-	543,119
Total endowment funds	$ 520,450	$ 51,053,026	$ 101,531,127	$ 153,104,603

Changes in endowment net assets for the year ending June 30, 2014 were as follows:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, beginning of year	$ 3,317	$ 32,545,123	$ 100,039,423	$ 132,587,863
Investment income	84,474	1,339,108	41,268	1,464,850
Net appreciation on investments	1,136,999	18,660,573	-0-	19,797,572
Total investment gains	1,221,473	19,999,681	41,268	21,262,422
Contributions	-0-	4,915,518	1,028,701	5,944,219
Appropriation of endowment assets for operations	(405,640)	(6,407,296)	-0-	(6,812,936)
Appropriation of endowment assets for capital projects	(298,700)	-0-	-0-	(298,700)
Transfers from matured annuities	-0-	-0-	419,237	419,237
Reclassification of endowment assets	-0-	-0-	2,498	2,498
Endowment net assets, end of year	$ 520,450	$ 51,053,026	$ 101,531,127	$ 153,104,603

20. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2015 and 2014 are available for the following purposes:

	2015	2014
Endowment funds:		
Financial aid	$ 25,321,526	$ 27,530,460
Academic chairs	11,350,605	12,261,114
Operations and maintenance	11,609,541	11,261,452
Total endowment funds	48,281,672	51,053,026
Other funds:		
Capital projects	81,828	2,210,762
Academic chairs	233,454	260,452
Financial aid	8,567,550	3,701,933
Operations and maintenance	3,998,368	4,174,698
Total	$ 61,162,872	$ 61,400,871

Temporarily restricted net assets released from restrictions for operations were used for the following purposes:

	2015	2014
Funds originating from endowment:		
Financial aid	$ 2,595,784	$ 1,747,925
Academic chairs	2,014,675	1,356,522
Operations and maintenance	2,644,570	2,605,838
Total funds originating from endowment	7,255,029	5,710,285
Funds originating from gifts and grants:		
Financial aid	1,974,719	2,280,498
Operations and maintenance	834,049	1,040,190
Total funds originating from gifts and grants	2,808,768	3,320,688
Total net assets released from restrictions for operations	$ 10,063,797	$ 9,030,973

Temporarily restricted net assets released from restrictions for non-operating activities in the amounts of $2,549,436 and $11,302,267 were used for investments in property plant and equipment during 2015 and 2014, respectively.

21. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net asset at June 30, 2015 and 2014 are restricted to the following:

	2015	2014
Endowment funds:		
Financial aid	$ 53,915,141	$ 51,517,293
Academic chairs	25,088,971	25,084,991
Operations and maintenance	24,948,164	24,928,843
Total endowment funds	103,952,276	101,531,127
Trusts, annuities, and other	1,091,627	1,192,778
Residual interest in funds held in trust by others	2,304,792	2,416,951
Total	$ 107,348,695	$ 105,140,856

22. CONCENTRATIONS OF CREDIT RISK

In the normal course of business, the Seminary maintains cash balances of certain operating accounts with banks. As of June 30, 2015 and 2014 and at times during the course of the years then ended, the balances on some of these accounts exceeded the $250,000 insurance protection provided by the Federal Deposit Insurance Corporation (FDIC) for interest bearing transaction accounts. As of June 30, 2015 and 2014, the Seminary's cash balances exceeded FDIC insurance coverage by approximately $2,293,000 and $1,718,000, respectively.

The Seminary has significant investments in stocks, bonds, and mutual funds and is, therefore, subject to concentrations of credit risk. Investment decisions are made by investment managers engaged by the Seminary and the investments are monitored by the Board of Trustees. Though the market value of investments is subject to fluctuations on a year-to-year basis, management believes the investment policy is prudent for the long-term welfare of the Seminary.

Included in accounts receivable are student accounts receivable that potentially subject the Seminary to credit risk. The Seminary extends unsecured credit to students and parents of dependent students in connection with their studies. As of June 30, 2015 and 2014, the carrying amount of accounts receivable that are past due ninety days or more totals approximately $790,000 and $577,000, respectively.

23. RECLASSIFICATIONS

During the year ended June 30, 2015, the Seminary elected to change its method of allocating information technology and certain other expense by functional classification. The new method of reporting was adopted by management to reflect a more representative functional allocation of the expenses and the financial statements as of and for the year ended June 30, 2014 have been adjusted to apply the new method retrospectively. This change in reporting had no impact on the Seminary's net assets, change in net assets, or cash flows as previously reported as of and for the year ended June 30, 2014.

The effect of these changes on the previously reported amounts in the statement of activities and disclosures in Note 17 are included below:

	As previously reported	As reclassified	Effect of reclassification
Statement of Activities:			
Operating			
Expenses:			
Education and general:			
Instruction	$ 9,934,251	$ 10,501,680	$ 567,429
Institutional support	5,348,495	6,363,599	1,015,104
Academic support	3,251,018	2,235,914	(1,015,104)
Student services	2,507,182	2,507,182	-0-
Public service	72,357	72,357	-0-
Total educational and general expenses	21,113,303	21,680,732	567,429
Auxiliary enterprises	3,465,977	2,898,548	(567,429)
Total expenses	$ 24,579,280	$ 24,579,280	$ -0-
Note 17 Functional Expenses:			
Program activities	$ 19,230,785	$ 18,215,681	$ (1,015,104)
General and administrative	3,985,047	5,000,151	1,015,104
Fundraising	1,363,448	1,363,448	-0-
Total	$ 24,579,280	$ 24,579,280	$ -0-

SUPPLEMENTAL SCHEDULE

ASBURY THEOLOGICAL SEMINARY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015

Federal Grantor / Program Title

MAJOR PROGRAM

Student Financial Assistance - Cluster

	Federal CFDA Number	Federal Expenditures
U.S. Department of Education:		
Federal Direct Student Loans	84.268	$ 8,523,713
Federal Work-Study Program	84.033	141,282
Federal Perkins Loan Program	84.038	4,701,890
Total Student Financial Assistance - Cluster		$ 13,366,885
Total Major Program		$ 13,366,885
Total Expenditures of Federal Awards		$ 13,366,885

See accompanying notes to schedule.

1. GENERAL

The grant revenue amounts received and expensed are subject to audit and adjustment. If any expenditure is disallowed by the grantor as a result of such an audit, any claim for reimbursement to the grantor would become a liability of the Seminary. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal laws and regulations.

2. BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget (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.

3. FEDERAL DIRECT STUDENT LOANS

Federal Direct Student Loans (Catalog of Federal Domestic Assistance (CFDA) No. 84.268) loans of $8,523,713 were received by students of the institution during the year ended June 30, 2015.

4. FEDERAL WORK-STUDY PROGRAM

Asbury Theological Seminary administers a Federal Work-Study Program (CFDA No. 84.033) funded by the United States Department of Education. Total program disbursements under the program for the year ended June 30, 2015 follows:

	Institution Amount	Federal Amount	Total
Earned compensation	$ 44,151	$ 132,451	$ 176,602
Administrative cost allowance	-0-	8,830	8,830
	$ 44,151	$ 141,281	$ 185,432

5. FEDERAL PERKINS LOAN PROGRAM

Asbury Theological Seminary administers a Federal Perkins Loan Program (CFDA No. 84.038) funded by the United States Department of Education. At June 30, 2015, the loans receivable balance for the program is $4,701,890. At June 30, 2015, the cash balance for the program was $301,346. Total program disbursements under the program for the year ended June 30, 2015 follows:

	Federal Amount
Student loans	$ 507,020
Administrative cost allowance	25,351
	$ 532,371

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REPORT OF INDEPENDENT AUDITORS 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
Asbury Theological Seminary

Report on the Financial Statements

We have audited, in accordance with the 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 financial statements of Asbury Theological Seminary (the Seminary), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 2, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Seminary's internal control over financial reporting (internal control) 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 Seminary'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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Seminary's financial statements are free from 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 entity'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.

Blue & Co., LLC

Lexington, Kentucky
November 2, 2015

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

Board of Trustees
Asbury Theological Seminary

Report on Compliance for Each Major Federal Program

We have audited Asbury Theological Seminary's (the Seminary) compliance with the types of compliance requirements described in the *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, 2015. The Seminary's major federal program is identified in the summary of auditor's 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; 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, the Seminary complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2015.

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. However, material weaknesses may exist that have not been identified.

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.

Blue & Co., LLC

Lexington, Kentucky
November 2, 2015

ASBURY THEOLOGICAL SEMINARY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unmodified opinion

Internal control over financial reporting:

Material weakness(es) identified?	______ yes	X none reported
Significant deficiency(s) identified that are not considered to be material weaknesses?	______ yes	X none reported

Noncompliance material to financial statements noted?	______ yes	X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	______ yes	X none reported
Significant deficiency(s) identified that are not considered to be material weaknesses?	______ yes	X none reported

Type of auditor's report issued on compliance for major programs: unmodified opinion

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	______ yes	X no

Identification of major program:

The program tested as a major federal program for the year ended June 30, 2015, is the United States Department of Education, Student Financial Assistance Cluster of Programs. Individual programs which are included in the Student Financial Assistance Cluster include the following:

CFDA Number	Name of Federal Program or Cluster
84.268	Federal Direct Student Loans
84.033	Federal Work-Study Program
84.038	Federal Perkins Loan Program

Dollar threshold used to distinguish between type A and type B programs: $401,007

Auditee qualified as low-risk auditee: __X__ yes _____ no

Section II - Findings - Financial Statement Audit

Our audit disclosed no findings that are required to be communicated under *Government Auditing Standards* for the year ended June 30, 2015.

Section III - Findings and Questioned Costs - Major Federal Awards Program Audit

No findings reported.

ASBURY THEOLOGICAL SEMINARY

SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED JUNE 30, 2015

No findings or questioned costs were reported for the year ended June 30, 2014.