

**INTERNATIONAL INSTITUTE FOR  
CHRISTIAN STUDIES AND SUBSIDIARY**

**CONSOLIDATED FINANCIAL STATEMENTS**

**June 30, 2011**

**With**

**Report of Independent Auditors**

**INTERNATIONAL INSTITUTE FOR CHRISTIAN STUDIES  
AND SUBSIDIARY**

**CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2011

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# Keller & Owens, LLC

*Certified Public Accountants*

## REPORT OF INDEPENDENT AUDITORS

Board of Directors  
**International Institute for Christian Studies**

We have audited the accompanying consolidated statement of financial position of **International Institute for Christian Studies and Subsidiary** (non-profit organizations) (the Organization) as of June 30, 2011, and the related consolidated statements of activities and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2010 consolidated financial statements and, in our report dated September 23, 2010, we expressed an unqualified opinion on those financial statements.

We have conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, the evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly the consolidated financial position of **International Institute for Christian Studies and Subsidiary** as of June 30, 2011, and the results of its consolidated operations and consolidated cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

September 22, 2011

**INTERNATIONAL INSTITUTE FOR CHRISTIAN STUDIES  
AND SUBSIDIARY**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
June 30, 2011

(With comparative totals as of June 30, 2010)

ASSETS

	2011	2010
Current Assets:		
Cash and cash equivalents	\$ 907,362	\$ 883,733
Receivables:		
Pledges, less allowance for doubtful pledges	11,710	53,095
Advances to faculty and others	414	-
Prepaid expenses	7,844	19,842
Inventory	3,736	3,736
Restricted cash held for College Allowance Fund	40,669	39,570
Total Current Assets	971,735	999,976
Pledges Receivable	3,950	1,200
Deposits with Others	2,775	2,775
Beneficial Interest in Community Foundation	2,500	2,500
Furniture and Equipment, less accumulated depreciation of \$153,264 in 2011 and \$140,221 in 2010.	19,986	22,140
Total Assets	\$ 1,000,946	\$ 1,028,591

*See accompanying notes*

**INTERNATIONAL INSTITUTE FOR CHRISTIAN STUDIES  
AND SUBSIDIARY**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)  
June 30, 2011

(With comparative totals as of June 30, 2010)

LIABILITIES AND NET ASSETS

	2011	2010
Current Liabilities:		
Accounts payable	\$ 80,734	\$ 31,856
Accrued expenses	40,487	41,400
Deferred revenue	2,579	23,366
Liability for College Allowance Fund	40,669	39,570
Capital lease payable	1,487	3,477
Total Current Liabilities	165,956	139,669
Capital Lease Payable	-	1,507
Total Liabilities	165,956	141,176
Net Assets:		
Temporarily restricted	248,278	328,385
Unrestricted:		
Net investment in equipment	18,499	17,156
Board designated	372,840	280,686
Undesignated	195,373	261,188
Total Unrestricted Net Assets	586,712	559,030
Total Net Assets	834,990	887,415
Total Liabilities and Net Assets	\$ 1,000,946	\$ 1,028,591

*See accompanying notes*

# INTERNATIONAL INSTITUTE FOR CHRISTIAN STUDIES AND SUBSIDIARY

## CONSOLIDATED STATEMENT OF ACTIVITIES Year Ended June 30, 2011

(With comparative totals for the year ended June 30, 2010)

	2011		2010	
	Unrestricted	Temporarily Restricted	Total	Total
Revenues:				
Contributions	\$ 1,707,646	\$ 129,612	\$ 1,837,258	\$ 1,934,016
Grants	-	-	-	16,238
Gifts-in-kind	994,713	-	994,713	997,752
Interest income	1,199	-	1,199	1,634
Other income	37,938	-	37,938	45,244
Net assets released from restrictions	209,719	(209,719)	-	-
<b>Total Revenues</b>	<b>2,951,215</b>	<b>(80,107)</b>	<b>2,871,108</b>	<b>2,994,884</b>
Expenses:				
Program	2,396,701	-	2,396,701	2,440,181
Management and general	439,381	-	439,381	347,284
Fund-raising	87,451	-	87,451	77,498
<b>Total Expenses</b>	<b>2,923,533</b>	<b>-</b>	<b>2,923,533</b>	<b>2,864,963</b>
<b>Change in Net Assets</b>	<b>27,682</b>	<b>(80,107)</b>	<b>(52,425)</b>	<b>129,921</b>
<b>Net Assets, Beginning of Year</b>	<b>559,030</b>	<b>328,385</b>	<b>887,415</b>	<b>757,494</b>
<b>Net Assets, End of Year</b>	<b>\$ 586,712</b>	<b>\$ 248,278</b>	<b>\$ 834,990</b>	<b>\$ 887,415</b>

*See accompanying notes*

**INTERNATIONAL INSTITUTE FOR CHRISTIAN STUDIES  
AND SUBSIDIARY**

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
Year Ended June 30, 2011

(With comparative totals for the year ended June 30, 2010)

	2011	2010
Cash Flows from Operating Activities:		
Change in Net Assets	\$ (52,425)	\$ 129,921
Adjustments to Reconcile Change in Net Assets To Net Cash Provided by Operating Activities:		
Depreciation	13,043	15,998
Change in:		
Pledges receivable, net	38,635	(9,185)
Other receivables, deposits and advances	(414)	728
Inventory	-	2
Prepaid expenses	11,998	(1,400)
Accounts payable	48,878	(44,070)
Accrued expenses and deferred revenue	(21,700)	14,491
Net Cash Provided by Operating Activities	38,015	106,485
Cash Flows from Investing Activities:		
Purchases of furniture and equipment	(10,889)	(5,849)
Net Cash Used by Investing Activities	(10,889)	(5,849)
Cash Flows from Financing Activities:		
Payments on capital lease	(3,497)	(3,300)
Net Cash Used by Financing Activities	(3,497)	(3,300)
Net Increase in Cash and Cash Equivalents	23,629	97,336
Cash and Cash Equivalents, Beginning of Year	883,733	786,397
Cash and Cash Equivalents, End of Year	\$ 907,362	\$ 883,733

*See accompanying notes*

# INTERNATIONAL INSTITUTE FOR CHRISTIAN STUDIES AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2011

## 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

**Organization - International Institute for Christian Studies** (the "Institute") was formed in 1986 with its sole program being to disciple and train leaders by teaching Christian studies in leading universities in every country around the world. The Institute assists universities primarily by providing professors and resources in Christian studies and a broad range of other disciplines, and by establishing Departments of Christian Studies and other related programs. The Institute operates from an administrative office in Overland Park, Kansas. The Institute operates under the pseudonym of International Center for Christian Education in the Country of Nigeria.

**Organization - Cooperative Studies, Inc.** (the "Subsidiary") was formed in 2001 as a not-for-profit organization to improve the quality of leadership worldwide by placing faculty with academic and moral excellence at targeted universities.

**Basis of Accounting and Financial Statement Presentation** - Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) ASC 958-210 *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-210, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Unrestricted net assets are those currently available at the discretion of the governing body for use in the entity's operations and those resources invested in land, buildings and equipment.

Temporarily restricted net assets are those which are stipulated by donors for specific operating purposes, special projects, or for the acquisition or construction of land, buildings and equipment.

Permanently restricted amounts are those restricted by donors in perpetuity as endowments or irrevocable trusts. At June 30, 2011 and 2010, there were no permanently restricted net assets.

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2010 from which the summarized information was derived.



# INTERNATIONAL INSTITUTE FOR CHRISTIAN STUDIES AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2011

### 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

**Cash and Cash Equivalents** – For the purpose of the statement of cash flows, the Organization considers cash in bank and money market funds to be cash equivalents. Restricted cash held for the College Allowance Fund is not considered a cash equivalent.

The Organization maintains its cash balances in a financial institution located in the Kansas City area. The non-interest bearing transaction accounts are fully insured under the Federal Deposit Insurance Corporation's (FDIC's) Transaction Account Guarantee Program. This unlimited coverage is in effect until December 31, 2012. The Organization also holds money market funds in several banks located throughout the United States through an investment firm. To the extent not covered by FDIC insurance, these funds are protected by the Securities Investor Protection Corporation or by private insurance obtained by the investment firm from Lloyd's of London.

**Contributions** - The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, whether 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 statement of activities as net assets released from restrictions.

**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, expenses, gains, losses, and other changes in net assets during the reporting period. Significant estimates incorporated into the Organization's consolidated financial statements include the timing and collectability of pledges receivable, the useful lives of furniture and equipment and the estimated fair value of professors' gift-in-kind salaries. Actual results could differ from those estimates.

**Functional Allocation of Expenses** - The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited according to formulas developed by management to appropriately reflect actual costs and efforts expended on each program or supporting service.

# INTERNATIONAL INSTITUTE FOR CHRISTIAN STUDIES AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2011

### 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

**Deferred Revenue** – The Organization receives registration income prior to year end for the Vision Conference held the following year. Accordingly, the Organization reports this income as deferred until the year of the Conference.

**Furniture and Equipment** - Furniture and equipment is recorded at cost or, if donated, at estimated fair value at the date of gift. Donations are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose. The Organization follows the practice of capitalizing all expenditures for equipment with an extended life in excess of \$500. These assets are depreciated on the straight-line method over their estimated useful lives, ranging from three to seven years.

**Gifts-in-Kind** - The Organization recognizes the fair value of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The value of contributed time not meeting the criteria outlined above is not reflected in these statements.

Gifts-in-kind also include donated stock and merchandise such as computers, office supplies and books used in the operation of the Organization's programs. All such gifts are recorded at their estimated fair value at the date of donation.

**Income Taxes** - The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, except for taxes on unrelated business income, if any. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(a) and has been classified as an organization that is not a private foundation under Section 509(a)(1). Among other things, the Organization is exempt from income, FUTA, and state and local real estate taxes.

The Organization has adopted the provisions of FASB ASC 740-10 as it might apply to the Organization's financial transactions. The Organization's policy is to record a liability for any tax position that is beneficial to the Organization, including any related interest and penalties, when it is more likely than not the position taken by management with respect to the transaction or class of transactions will be overturned by a taxing authority upon examination. Management believes there are no such positions as of June 30, 2011 and, accordingly, no liability has been accrued. However, tax years through June 30, 2011 remain subject to IRS examination.

**Inventory** – Inventory consists primarily of books and is stated at the lower of cost or market value using the first-in, first-out method.

# INTERNATIONAL INSTITUTE FOR CHRISTIAN STUDIES AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2011

### 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

**Pledged Contributions Receivable** - Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions upon which they depend are substantially met. Unconditional promises to give, due in the next year, are recorded at their net realizable value. Unconditional promises to give, due in subsequent years, are reported at the present value of their net realizable value.

Pledges receivable are for pledges that are due within one to five years, and are stated at the pledge amount. The allowance for uncollectible pledges is based on management's assessment of the collectability of specific donors' pledges and the aging of pledges receivable. All pledges or portions thereof, deemed to be uncollectible, are written off to the allowance for uncollectible pledges.

**Principles of Consolidation** - The financial statements include the accounts of the Institute and the Subsidiary. All material inter-organization transactions have been eliminated.

**Reclassifications** - Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

**Subsequent Events** - Management has evaluated events and transactions that have occurred since June 30, 2011 and reflected their effects, if any, in these financial statements through September 22, 2011, the date the financial statements were available to be issued.

### 2. FAIR VALUE MEASUREMENTS OF ASSETS AND LIABILITIES

The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

**INTERNATIONAL INSTITUTE FOR CHRISTIAN STUDIES  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2011

**2. FAIR VALUE MEASUREMENTS OF ASSETS AND LIABILITIES (continued)**

- Level 1 – inputs are unadjusted quoted market prices in active independent markets for identical assets and liabilities;
- Level 2 – inputs are directly or indirectly observable estimates from quotes for similar but not identical assets and liabilities, market trades for identical assets not actively traded or other external independent means;
- Level 3 – inputs are unobservable and reflect assumptions on the part of the reporting entity.

The following table sets forth information about the level within the fair value hierarchy at which the Organization’s financial assets and liabilities are measured on a recurring basis at June 30, 2011:

	Level 3	Total
Beneficial interest in community foundation	\$ 2,500	\$ 2,500
Total	<u>\$ 2,500</u>	<u>\$ 2,500</u>

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) include beneficial interest in community foundation:

July 1, 2010	\$ 2,500
Purchases, sales, issuances, and settlements, net	<u>                  -</u>
June 30, 2011	<u>\$ 2,500</u>

The following table sets forth information about the level within the fair value hierarchy at which the Organization’s financial assets and liabilities are measured on a recurring basis at June 30, 2010:

	Level 3	Total
Beneficial interest in community foundation	\$ 2,500	\$ 2,500
Total	<u>\$ 2,500</u>	<u>\$ 2,500</u>

**INTERNATIONAL INSTITUTE FOR CHRISTIAN STUDIES  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2011

**2. FAIR VALUE MEASUREMENTS OF ASSETS AND LIABILITIES (continued)**

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) include beneficial interest in community foundation:

July 1, 2009	\$	2,500
Purchases, sales, issuances, and settlements, net		-
June 30, 2010	\$	2,500

Total gains or losses for the year ended June 30, 2011 and 2010, were immaterial and not reported by the Organization.

The fair values for Level 3 assets were determined as follows:

- The fair value of the beneficial interest in community foundation is equal to the stated value from the foundation.

The carrying amounts of financial instruments including cash and cash equivalents, receivables, accounts payable, capital lease payable, accrued expenses, and the assets within the College Allowance Fund approximated fair value as of June 30, 2011 due to their short-term nature.

**3. PLEDGES RECEIVABLE**

Unconditional promises to give are summarized as follows:

	2011	2010
Total pledges receivable	\$ 15,960	\$ 54,595
Less: allowance for uncollectible pledges	300	300
Net pledges receivable	15,660	54,295
Less: pledges receivable, current portion	11,710	53,095
Pledges receivable, long-term	\$ 3,950	\$ 1,200
Amounts due in:		
Less than one year	\$ 12,010	\$ 53,395
One to five years	3,950	1,200
Total Pledges Receivable	\$ 15,960	\$ 54,595

**INTERNATIONAL INSTITUTE FOR CHRISTIAN STUDIES  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2011

**4. CAPITAL LEASE PAYABLE**

The Organization leases office equipment under a capital lease. The following is a schedule by years of future minimum payments required under the lease together with their present value as of June 30, 2011:

Years ending June 30,		
2012	\$	1,506
Less amount representing interest		<u>19</u>
Present value of minimum lease payments	\$	<u>1,487</u>

Furniture and equipment include cost of \$16,080 and accumulated amortization of \$15,007 related to the capital lease. Amortization expense was \$3,216 for fiscal 2011 and 2010.

**5. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes at June 30:

	<u>2011</u>	<u>2010</u>
AIDS projects	\$ 8,568	\$ 8,568
Beneficial interest in Community Foundation	2,500	2,500
Building fund	59,561	59,578
Christian Religions Knowledge	36,490	36,060
Cornerstone grant	1,680	6,910
Global Expansion	876	-
Global Partnership Fund	4,240	4,240
Global Scholars Fund	-	57,932
Leadership Development Fund	73	25,717
Memorial Fund	313	-
Nigerian Textbook Fund	-	11,400
Patterson International Scholarship Fund	450	3,293
Recruiting	123,044	97,584
Strategic Opportunities Fund	<u>10,483</u>	<u>14,603</u>
Total Temporarily Restricted Net Assets	<u>\$ 248,278</u>	<u>\$ 328,385</u>

**INTERNATIONAL INSTITUTE FOR CHRISTIAN STUDIES  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2011

**6. NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes and are categorized as follows:

	<u>2011</u>	<u>2010</u>
Building Fund	\$ 17	\$ -
Cornerstone Grant	5,230	-
Global Expansion	56,560	-
Global Scholars Fund	58,662	2,068
Leadership Development Fund	66,234	19,026
Memorial Fund	113	-
Nigerian Scholarship Fund	-	10,000
Nigerian Textbook Fund	11,400	600
Patterson International Scholarship Fund	2,843	14,918
Recruiting	4,540	5,182
Strategic Opportunities Fund	<u>4,120</u>	<u>-</u>
Total Net Assets Released from Restrictions	<u>\$ 209,719</u>	<u>\$ 51,794</u>

**7. UNRESTRICTED NET ASSETS**

Board designated net assets are available for the following purposes at June 30:

Afghanistan and related professors	\$ 1,702	\$ 1,702
Africa and related professors	46,392	24,764
Asia and related professors	32,288	13,183
Canada	1,325	511
Central Asia and related professors	26,242	25,903
China and related professors	102,411	59,668
Creative Access - General and North Korea	6,570	6,570
Europe and related professors	80,710	84,626
Expansion/International Relations	12,358	14,120
Mideast fund	14,455	16,259
Other professors not assigned	27,245	13,800
South America and related professors	<u>21,142</u>	<u>19,580</u>
Total Board Designated Net Assets	<u>\$ 372,840</u>	<u>\$ 280,686</u>

**INTERNATIONAL INSTITUTE FOR CHRISTIAN STUDIES  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2011

**8. EMPLOYEE BENEFITS**

The Organization established a retirement plan under Internal Revenue Code Section 403(b), effective July 1, 2001. The Plan covers all employees who meet certain service requirements. The Organization will match employee contributions up to 5% of compensation each year, subject to IRC limitations. For the years ended June 30, 2011 and 2010, respectively, the Organization contributed \$31,055 and \$30,348 to the retirement plan.

The Organization has established a College Allowance Fund to assist in the education of children of overseas personnel. Eligible overseas personnel can contribute a portion of their salary with the Organization matching up to 2% of their salary. For the years ended June 30, 2011 and 2010, the Organization contributed \$917 and \$958 respectively, to the fund. In addition to the College Allowance Fund, the Organization paid during fiscal 2011 and 2010, respectively, \$40,515 and \$25,224 of college tuition for the children of employees and \$2,400 and \$-0- in educational loan repayment to employees.

**9. JOINT COSTS**

The Organization incurred joint costs for informational materials and activities that included fund-raising appeals. These joint costs were allocated as follows:

	<u>Vision Conference and Retreats</u>	<u>Newsletter and Mailings</u>	<u>Website</u>	<u>Total</u>
<u>2011</u>				
Program	\$ 71,002	\$ 12,315	\$ 16,410	\$ 99,727
Management and general	5,615	2,461	5,713	13,789
Fund-raising	<u>8,543</u>	<u>11,106</u>	<u>5,444</u>	<u>25,093</u>
Total Joint Costs	<u>\$ 85,160</u>	<u>\$ 25,882</u>	<u>\$ 27,567</u>	<u>\$ 138,609</u>
<u>2010</u>				
Program	\$ 76,024	\$ 12,290	\$ 14,408	\$ 102,722
Management and general	5,595	2,110	6,266	13,971
Fund-raising	<u>10,599</u>	<u>10,606</u>	<u>6,021</u>	<u>27,226</u>
Total Joint Costs	<u>\$ 92,218</u>	<u>\$ 25,006</u>	<u>\$ 26,695</u>	<u>\$ 143,919</u>



**INTERNATIONAL INSTITUTE FOR CHRISTIAN STUDIES  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2011

**10. COMMITMENTS**

The Organization entered into office space and equipment leases and amendments, classified as operating leases. Rent expense for the years ended June 30, 2011 and 2010 were \$33,182 and \$33,762, respectively. The future minimum lease payments under the operating leases are as follows:

<u>Years Ended June 30,</u>	
2012	\$ 31,987
2013	<u>7,997</u>
Total Minimum Lease Payments	<u>\$ 39,984</u>

**11. RELATED PARTY TRANSACTIONS**

Included in the accounts payable balance as of June 30, 2011 and 2010, were \$68,062 and \$31,856 payable to employees for reimbursement of expenses, respectively.

**SUPPLEMENTAL INFORMATION**



Keller & Owens, LLC

*Certified Public Accountants*

REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTAL INFORMATION

Board of Directors  
**International Institute for Christian Studies and Subsidiary**

Our report on our audit of the basic financial statements of **International Institute for Christian Studies and Subsidiary** for the year ended June 30, 2011 and reference to the report on the 2010 financial statements appears on page 1. These audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Consolidated Supplemental Schedule of Expenses on pages 17 to 19 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the examinations of the basic financial statements taken as a whole.

September 22, 2011

**INTERNATIONAL INSTITUTE FOR CHRISTIAN STUDIES  
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**CONSOLIDATED SUPPLEMENTAL SCHEDULE OF EXPENSES**

For the Year Ended June 30, 2011

(With comparative totals for the year ended June 30, 2010)

	2011	2010
Advertising	\$ 450	\$ -
Automobile	22,276	20,071
Bad debt	-	3,070
Bank/finance charges	16,403	13,649
Books/publications	32,078	10,625
Compassion fund	4,501	930
Conferences/retreats	5,380	9,005
Contract labor	416	239
Consultation services	207	253
D&O insurance	3,008	3,008
Depreciation	13,043	15,998
Disability insurance	1,691	1,680
Education endowment	917	958
Education of children	42,915	25,224
Equipment - maintenance/repair	1,885	2,547
Equipment lease	821	743
Faculty housing	75,981	81,636
Faculty interview	2,771	3,529
Fees/licenses/visas	4,762	6,467
Fund-raising events	2,287	3,444
Fund-raising expense	9,542	10,078
Gifts	3,787	11,844
Health insurance	133,686	142,910
Honoraria	1,827	68
Housing setup allowance	4,689	6,495
Housing upkeep	3,357	3,075
Insurance	5,294	5,505
Interest expense	190	352
International staff	8,988	12,377

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CONSOLIDATED SUPPLEMENTAL SCHEDULE OF EXPENSES (continued)  
For the Year Ended June 30, 2011

(With comparative totals for the year ended June 30, 2010)

	2011	2010
Internet/website expenses	19,257	8,983
Language acquisition expense	211	1,416
Lodging/meeting room costs	22,730	25,624
Meals/entertainment	12,785	13,145
Miscellaneous expenses	53	154
Office expenses - miscellaneous	40	-
Office rent expense	37,553	37,065
Office supplies	7,269	6,832
Outfitting costs	3,664	557
Payroll outsourcing fees	3,787	3,732
Payroll tax	66,705	64,587
Personal property insurance	271	589
Planned giving materials	1,800	1,800
Postage	16,638	17,093
PR/communications	5,610	10,795
Printing	9,245	7,913
Professional	23,191	23,606
Professional development	6,045	-
Program expense	1,550	25,668
Program grant	51,336	56,456
Research	1,549	2,164
Retirement benefits	31,055	30,348
Salary	966,285	877,510
Salary - gifts-in-kind	969,664	971,031
Seminars	445	892
Shipping/moving	14,604	6,780
Small equipment purchases	7,559	7,749
Software supplies	3,150	3,774
Software support contracts	9,122	4,692
State registration	2,450	2,229

**INTERNATIONAL INSTITUTE FOR CHRISTIAN STUDIES  
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CONSOLIDATED SUPPLEMENTAL SCHEDULE OF EXPENSES (continued)  
For the Year Ended June 30, 2011

(With comparative totals for the year ended June 30, 2010)

	2011	2010
Staff training	180	1,052
Storage expense	865	-
Taxes - Country of service	6,771	6,327
Telephone	12,994	11,051
Textbooks	1,032	1,027
Translation services	413	772
Travel-domestic	28,827	24,999
Travel - international	72,084	88,304
Travel - Country of service	4,465	7,175
Unemployment tax	1,240	1,418
Use tax	69	199
Utilities	14,661	17,782
VC orientation	7,275	5,493
Video	471	153
Vision conference	67,655	72,347
Vision trips	-	7,860
Web recruiting	400	4,242
Workers compensation	5,356	5,798
Total Expenses	\$ 2,923,533	\$ 2,864,963