AMERICAN CIVIL LIBERTIES UNION OF NEW JERSEY; UNITARIAN UNIVERSALIST LEGISLATIVE MINISTRY OF NJ; GLORIA SCHOR ANDERSEN; PENNY POSTEL; and WILLIAM FLYNN, *Plaintiffs-Appellants*, ***v*.** **ROCHELLE HENDRICKS, Secretary of Higher Education for the State of New Jersey, in her official capacity; and ANDREW P. SIDAMON-ERISTOFF, State Treasurer, State of New Jersey, in his official capacity,** *Defendants-Respondents*.	**IN THE SUPERIOR COURT OF NEW JERSEY APPELLATE DIVISION** **No.: A-004399-13** **ON APPEAL FROM FINAL ADMINISTRATIVE ACTION BY THE OFFICE OF THE SECRETARY OF HIGHER EDUCATION** **SAT BELOW: ROCHELLE HENDRICKS, SECRETARY OF HIGHER EDUCATION**

JOINT APPENDIX

VOLUME THREE

Ja0717-Ja0924

JOINT APPENDIX

VOLUME ONE

JOINT APPENDIX

JOINT APPENDIX

JOINT APPENDIX

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* Denotes a document that was appended to the original but is duplicative and has been deleted from the Joint Appendix.

PART A

GENERAL DUE DILIGENCE REQUEST

GENERAL INFORMATION

Each Institution must provide a single complete set of responses to Part A with respect to the Grantee, along with copies on 4 CDs or flash drives.

College Name:	Princeton Theological Seminary
Address:	64 Mercer Street
City, State Zip:	Princeton, NJ 08540-6819
EIN:	210635010
Contact person:	Bill French
Title:	Interim Vice President for Information Technology
Email address:	bill.french@ptsem.edu
Telephone No.	(609) 497-7739
College website:	www.ptsem.edu
Document Signatory:	John Gilmore
Title:	Senior Vice President, COO and Treasurer
Type of Entity:	☐ State College ☐ County College ☒ Private College

General Information with respect to the Grantee:

1. Organization of the Grantee

i. Certificate or articles of incorporation or articles of association of the Grantee and any certificates or articles of amendment or merger.

ii. By-laws of the Grantee, including any amendments

iii. Minutes of all Board of Directors/Trustees and executive, planning and finance committee meetings since September 1, 2012.

2. Certain Tax Matters – PRIVATE COLLEGES ONLY

i. IRS Determination Letter relating to the status of the Grantee as an exempt organization under Section 501(c)(3) of the Internal Revenue Code and as a nonprivate foundation under Section 509 of the Internal Revenue Code.

ii. Copies of 3 most recently filed IRS Forms 990 and 990T, or evidence that such filings were not required.

3. Operations and Financial Condition of the Grantee

i. Audited financial statements for the most recent audited year.

ii. Grantee's most recent letter of representations to Auditor.

iii. Auditor's management letter(s) to the Grantee for the most recent audited year.

iv. Copies of any management, service or professional contracts related to the operation of the Project or any portion thereof. *N/A*

v. Any correspondence with government agencies concerning hazardous waste relating to the Project. *N/A*

vi. IRS or SEC examinations of the Grantee and any bond issues, revenue agents' or other investigators' reports and other information relating to any other audit or exam of the Grantee (federal, state and local) conducted since September 1, 2010. *N/A*

vii. Have you adopted written post issuance tax compliance procedures with respect to tax exempt bonds? ☐Yes ☒ No If yes, please provide a copy.

Revision Adopted
by the Board of Trustees
February 2, 2010

AMENDMENT AND RESTATEMENT OF THE CERTIFICATE OF INCORPORATION

ARTICLE I. The name of this Corporation ("Corporation") shall be PRINCETON THEOLOGICAL SEMINARY ("Seminary"). An alternative name by which the Corporation sometimes has been and is recognized is THE THEOLOGICAL SEMINARY OF THE PRESBYTERIAN CHURCH IN THE UNITED STATES OF AMERICA.

ARTICLE II. The Corporation is organized to provide graduate, graduate professional, and continuing education programs in such fields and disciplines of Christian ministry and theological scholarship as the Board of Trustees ("Board") may from time to time determine; and to promote the advancement of knowledge through the conduct and nurture of theological research.

ARTICLE III. The corporation shall have no members.

ARTICLE IV. The geographic address of the registered office of the Corporation shall be 64 Mercer Street, in Princeton, in the State of New Jersey. The postal designation of the Corporation's registered office shall be Box 821, Princeton, NJ 08542-0803. The current registered agent of the Corporation is John W. Gilmore.

ARTICLE V. The officers of the Corporation shall be a President, a Secretary, a Treasurer, and such others as the Board may from time to time determine. The terms and procedures of their appointment, and the use of alternative titles for any of them, shall be specified in the by-laws. The President of the Corporation shall be an ordained minister of the Presbyterian Church (U.S.A.).

ARTICLE VI. Unless otherwise limited by this certificate, the Corporation shall have all of the general powers granted to not-for-profit corporations by Title 15A of the Revised Statutes of the State of New Jersey, and such other powers as the laws of the State of New Jersey may confer, except those that are expressly inapplicable to corporations without members.

ARTICLE VII. There shall be a Board of Trustees ("Board") ordinarily consisting of between thirty (30) and forty (40) persons, with the actual number serving at any particular time to be determined by the Board. All members of the Board shall be members of Christian churches. Approximately one-half of the trustees shall be ordained ministers and approximately one-half shall be communicant (lay) members of a Christian church. All but a maximum of five (5) of those members shall be members of a Presbyterian Church (U.S.A.) congregation or ministers of Word and Sacrament of the Presbyterian Church (U.S.A.). Normally, any trustees who are ordained ministers and not members of the Presbyterian Church (U.S.A.) shall be graduates of the Seminary. The officers of the Board shall be a chair, a vice chair, a secretary, and such others as the Board may from time to time determine, each of whom shall be a minister or an elder of the Presbyterian Church (U.S.A.). The number, names and addresses of the Trustees constituting the current Board are as set forth on Schedule A, attached hereto.

ARTICLE VIII. The Board shall be divided into classes approximately equal in size, and the term of office of one such class shall expire each year. Other qualifications for the office of Trustee, procedures for the election and removal of Trustees and for their assignment to classes, and provisions for the selection of officers of the Board and for the conduct of the business shall be specified in the by-laws.

ARTICLE IX. When a person is elected President of the Seminary, or when a Trustee is first elected to the Board of Trustees, his or her name shall be presented for endorsement to the General Assembly of the Presbyterian Church (U.S.A.). If the General Assembly to which this presentation is made votes not to endorse the person so elected, and provides in writing reasons for its judgment, the Board of Trustees, at its next meeting, shall review those reasons and report its response thereto to the next said General Assembly.

ARTICLE X. Trustees, together with the President, Secretary, Treasurer, Deans, Vice Presidents, and Head Librarian of the Corporation, shall not be personally liable to the Seminary for damages for breach of any duty owed to the Seminary, except to the extent the New Jersey Nonprofit Corporation Act, as amended from time to time, otherwise requires.

ARTICLE XI. The Corporation is not organized for profit and is to be operated exclusively for one or more of the purposes specified in Section 501(c)(3) of the Internal Revenue Code, including, for such purposes, the making of distributions to organizations that qualify as exempt organizations under Section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code, and in the promotion of the Corporation's purpose as set forth in Article II hereof. The net earnings of the Corporation shall be devoted exclusively to educational and charitable purposes and shall not inure to the benefit of any private individual. No trustee or person from whom the Corporation may receive any property or funds shall receive or shall be entitled to receive any pecuniary profit from the operation thereof, and in no event shall any part of the funds or assets of the Corporation be paid as salary or compensation to, or distributed to, or inure to the benefit of any member of the board of trustees; provided, however, that (a) reasonable compensation may be paid to any trustee while acting as an Agent, including consultant, contractor or employee of the Corporation for services rendered affecting one or more of the purposes of the Corporation; and (b) any trustee may, from time to time, be reimbursed for her or his actual and reasonable expenses incurred in connection with the administration of the affairs of the Corporation.

Notwithstanding any other provision of the Amended and Restated Certificate of Incorporation, the Corporation shall not engage in any activities that are not permitted (1) by a non-profit corporation exempt from federal corporate tax under Section 501(c)(3) of the Internal Revenue Code, or (2) by a non-profit corporation, contributions to which are tax deductible under Section 170(c)(2) of the Internal Revenue Code.

ARTICLE XII. This Corporation may be voluntarily dissolved upon adoption of a plan of dissolution, which plan must receive an affirmative vote of two-thirds of the membership of the Board of Trustees at two successive stated meetings of the Board, or meetings specially called for the purpose, in accordance with Title 15A of the Revised Statutes of the State of New Jersey.

In the event this Corporation should be dissolved, either voluntarily or involuntarily, any assets of the Corporation thus dissolved shall be disposed of by the Board in a manner that it deems consistent with the purpose of the Corporation as set forth in Article II above.

ARTICLE XIII. Amendments to this certificate may be made by the Board of Trustees of the Corporation pursuant to Title 15A of the Revised Statutes of the State of New Jersey. Any amendment so enacted shall be promptly reported to the General Assembly of the Presbyterian Church (U.S.A.).

BY-LAWS
OF THE CORPORATION

Princeton Theological Seminary
Princeton, New Jersey

Approved by the Board
February 2, 2010

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By-Laws of the Corporation
PRINCETON THEOLOGICAL SEMINARY

ARTICLE I. POWERS OF THE BOARD OF TRUSTEES

Section 1: *General* The powers and responsibilities of the Corporation, as set forth in the Certificate of Incorporation and in applicable statutes, shall be exercised, directly or through delegation, by the Board of Trustees. Powers and responsibilities thus conferred, although not referenced in these By-Laws, are fully reserved to the Board.

Section 2: *Duties* In the exercise of its powers and responsibilities pursuant to the Certificate of Incorporation and applicable law, the Board of Trustees shall provide proper governance of the Seminary through the adoption and oversight of policies that assure the integrity of the institution and the resources necessary to accomplish its mission. The Board exercises its stewardship in three major areas: Fiduciary: through its Financial Affairs, Investment and Audit committees and their obligatory reports to the Board; Strategic Planning: through annual benchmarking of the means to accomplish its mission and ongoing opportunities to review and revise its five-year plan; Generative Work: through planned engagement to review, rethink and reframe major issues confronting the Seminary.

Section 3: *Oversight.* The Board of Trustees shall provide appropriate oversight of administrative functions through, among other ways, its standing and ad hoc committees, including, without limitation, the Executive Committee.

Section 4: *Awarding and Revoking Academic Degrees* Upon the recommendation of the Faculty, the Corporation may award such academic degrees to such candidates as the Board of Trustees shall, from time to time, determine. The Corporation may also suspend or revoke a previously awarded academic degree upon a finding that the degree holder engaged in serious academic misconduct in the course of earning the degree. The procedure by which serious academic misconduct is determined shall afford due process to the holder of the degree and be conducted in accord with such policies as the Board of Trustees shall adopt.

ARTICLE II. ELECTION OF TRUSTEES AND TERMS OF SERVICE

Section 1: *General* Trustees shall be elected in accordance with the applicable articles of the Certificate of Incorporation as amended and restated.

Section 2: *Categories* There shall be two categories of trustees: charter trustees, who are eligible, but not guaranteed, to succeed themselves on the Board subject to the limits stated in Section 3 hereof, and up to three alumni/ae trustees, who are proposed by the Alumni/ae Association for a non-renewable three-year term. Two of the three alumni/ae trustees must be Ministers of the Word and Sacrament of the Presbyterian Church (U.S.A.) or lay members of a Presbyterian Church (U.S.A.) congregation and one alumni/ae trustee may be a member or minister of another Christian church.

Section 3: *Terms of Service* Trustees are elected for terms of not more than three years. Continuous service on the Board of Trustees shall be limited to a period of twelve years, except that the period may be extended by as much as three years to allow a member to complete an envisaged period of service as Chair of the Board. This limit shall apply to all persons who are first elected to membership on the Board, or re-elected after a period off the Board, after January 1, 2010. Former members shall be eligible for re-election to the Board after one or more years off the Board. No one shall begin or continue to serve as a member of the Board after the annual meeting of the Board following the member's 75th birthday.

Section 4: *Classes* The Board of Trustees shall be divided into three classes approximately equal in size, and term of office of one class shall expire each year.

Section 5: *Nomination and Election* Nominations for new trustees and for trustees to succeed themselves upon the expiration of their term of office shall be presented to the Board by the Committee on Trustees. Trustees shall be elected by a majority vote of the members present at any stated meeting of the Board or at a special meeting called for such purpose. Upon election and at the first meeting attended, a new trustee shall subscribe to the Formula for Trustees as established by the Board.

Section 6: *Emeritus/a Status* A trustee who ceases to be a member of the Board after twelve years or more of service on the Board, or at age 75, may, upon recommendation of the Committee on Trustees and at the discretion of the Board, be elected to the status of trustee emeritus/a. A trustee emeritus/a shall not be counted toward the number of trustees authorized in Article VII of the Certificate of Incorporation and, if he or she shall attend any meeting of the Board or a committee thereof, shall have no vote.

Section 7: *Resignation* Any trustee may resign at any time by giving written notice to the Secretary of the Board, who shall refer the same to the Executive Committee for acceptance. Unless a different date is specified in such written notice, such resignation shall take effect upon acceptance thereof by the Executive Committee.

Section 8: *Unexcused Absences*. If any member of the Board shall be absent without excuse from two stated meetings successively, such absence shall be called to the attention of the Committee on Trustees by the Secretary, and the Committee on Trustees shall consult with such member. If a reasonable explanation is not received, such absence shall constitute cause for removal from the Board.

Section 9: *Removal* A trustee may be removed for cause by a majority vote of all the remaining trustees.

ARTICLE III. OFFICERS OF THE BOARD OF TRUSTEES AND THEIR DUTIES

Section 1: *Officers* The officers of the Board, selected from among the members of the Board, shall be a Chair, a Vice-Chair, a Secretary, and such other officers as the Board may from time to time determine. Of the Chair and Vice-Chair, at any given time, ordinarily one shall be a ministerial trustee and one shall be a lay trustee.

Section 2: *Election* All officers of the Board shall be elected at the annual meeting and shall serve for one year or until their successors are elected. A trustee shall not serve as Chair or Vice-Chair for more than four years consecutively.

Section 3: *Removal* Any officer of the Board may be removed by a majority vote of the members present at a meeting of the Board at which such removal is specified in the notice for the meeting, or at any meeting by a majority vote of all the trustees.

Section 4: *Vacancies* In case of a vacancy in any of these offices, the Board may, but shall not be required to, fill such vacancy by an election for the unexpired term at any meeting of the Board.

Section 5: *Duties of Chair* The Chair of the Board shall preside at all meetings of the Board, shall serve as chair of the Executive Committee, and except as otherwise provided herein, shall nominate the chairs and vice-chairs of all committees of the Board. The Committee on Trustees shall consult with the Chair of the Board in the nomination of members to committees other than the Executive Committee and the Committee on Trustees. The Chair shall perform all the duties normally incident to such office.

Section 6: *Duties of Vice-Chair* The Vice-Chair of the Board shall perform such duties as may be assigned by the Board. In case of the death, absence, or inability of the Chair of the Board to act, the Vice-Chair shall discharge the duties of the Chair until such time as the Chair is able to act or until a new Chair is elected by the Board.

Section 7: *Duties of Secretary.* The Secretary of the Board shall give proper notice of all meetings of the Board and shall keep a record of the appointment of all committees of the Board. The Secretary shall keep or cause to be kept a record of the minutes of all meetings of the Board and each of its committees. Any of the duties or powers of the Secretary may be exercised by an Assistant Secretary, if one has been appointed by the Board, who shall be responsible to the Secretary. If both the Chair and the Vice-Chair are absent from any meeting of the Board, or otherwise be incapacitated, the Secretary of the Board shall preside at that meeting.

ARTICLE IV. OFFICERS OF THE SEMINARY AND THEIR DUTIES

Section 1a: *President.* The President of the Seminary shall be elected by a majority vote of the full membership of the Board of Trustees, having been nominated by a search committee. The search committee shall consist of the Chair of the Board and such other members of the Board, not fewer than nine in number, as the Board shall elect upon nomination of the Committee on Trustees.

Section 1b: *Duties of President* The President shall be the chief executive officer of the Seminary and its representative before the public. He or she shall have general charge and supervision over and responsibility for the affairs of the Seminary under policies adopted by the Board, and shall have such additional duties as the Board may from time to time prescribe in accordance with the general powers and duties ordinarily invested in the office of president of an educational corporation. Unless otherwise directed by the Board, all other officers of the Seminary shall be subject to the authority and supervision of the President. The President shall be a voting member and the presiding officer of the Faculty and shall be the final authority in all cases of discipline, subject always to review by the Board. All formal reports to the Board and recommendations for action by the Board, arising from the Faculty or from other constituencies of the Seminary, shall be transmitted through the President with his or her own recommendation. The President may enter into and execute in the name of the Seminary contracts or other instruments in the regular course of business and those not in the regular course of business which are authorized or ratified by the Board.

Section 2a: *Secretary* The Secretary shall be nominated by the President and elected by a majority vote of the full membership of the Board. An authorized alternate title for Secretary shall be Secretary of the Seminary.

Section 2b: *Duties of Secretary* The Secretary of the Seminary shall have custody of the seal of the Seminary and shall attest to and affix said seal to such documents as may be required by the business of the Seminary. The Secretary, under the direction and supervision of the President, shall also perform such duties and possess such powers as are incident to the office or as may be assigned by the President or by the Board.

Section 3a: *Treasurer* The Treasurer shall be nominated by the President and elected by a majority vote of the full membership of the Board. Authorized alternate titles for Treasurer shall be Vice President for Business Affairs or Senior Vice President.

Section 3b: *Duties of Treasurer* The Treasurer, under the direction and supervision of the President, shall perform the duties usually pertaining to the office of Treasurer, in keeping with the policies adopted by the Board of Trustees and administered by the Financial Affairs Committee, including maintaining the accounts of the Seminary, collecting funds owed to the Seminary, signing checks, preparing financial statements, and such other functions as may be assigned to him or her by the President, the Financial Affairs Committee, or the Board for the proper conduct of the business affairs of the Seminary.

Section 4: *Removal* Officers of the Seminary may be removed by the Board, with or without cause, by the same vote that was required for their election; but the President of the Seminary may be removed only at a meeting for which such action is specified in the notice for the meeting. Any officer may be suspended by the President for cause, and such suspension shall be referred promptly to the Board for its resolution. The removal of an officer without cause shall be without prejudice to his or her contractual rights, if any.

Section 5a: *Vacancy in the Office of President* In the case of a vacancy in the office of President caused by the death, disability, removal, or other inability of the President to act, the Chair of the Board shall, with the concurrence of the Executive Committee, appoint an Acting President, who when so acting shall have all the powers of the office of President until such time as the President is restored to office or a new President or Interim President is elected by the Board.

Section 5b: *Other Vacancies.* In the case of a vacancy in any other corporate office, resulting from the death, disability, removal, or other inability of that officer to act, the Board of Trustees may upon the recommendation of the President appoint a person to act in that officer's stead, who when so acting shall have all of the powers of that officer, until such time as that officer is restored to office or a successor is elected by the Board.

ARTICLE V. THE FACULTY

Section 1: *Composition* The Faculty shall be composed of the professors, the associate professors, the assistant professors, the instructors, and such other categories as the Board may from time to time authorize.

Section 2: *Organization.* The Faculty shall have the right and authority to provide for its own organization, committees, rules and regulations, and by-laws, subject to the approval of the Board.

Section 3a: *Responsibilities* The Faculty shall have initial responsibility for the curriculum, including requirements for admission to the Seminary, new courses of study and changes in the requirements in existing courses, the academic calendar, and the hours when classes shall be conducted. All recommendations for substantial innovations and changes shall be approved by the Board before becoming effective.

Section 3b: The Faculty may recommend to the President the dismissal from the Seminary of students whose academic performance does not comply with published standards.

Section 3c: Without limiting or abrogating any of its own duties and powers under the Certificate of Incorporation, the Board delegates to the Faculty the responsibility for nominating members of the teaching staff in accordance with the provisions set forth in the Faculty Manual. Members of the Faculty shall be appointed by the Board pursuant to the procedures set forth in the Faculty Manual, as in effect from time to time.

ARTICLE VI. MEETINGS OF THE BOARD OF TRUSTEES

Section 1: *Regular (Stated) Meetings* There shall be three regular meetings during each calendar year: one in the month of January or early February, one in May or June, which shall be the Annual Meeting, and one in the autumn. Unless otherwise specified in the notice for the meeting, the place of meeting shall be Princeton, New Jersey.

Section 2: *Special Meetings* The Chair, or in the case of his or her absence, death, or disability, the Vice-Chair, shall have power to call a special meeting of the Board at any other time and place, expressing in such call the special objects of such meeting. Upon the written notice of twelve members of the Board, the Chair, or in the case of his or her absence, death, or disability, the Vice-Chair, shall call a special meeting of the Board which shall be held within a time specified in the notice, but not less than fifteen days from the Chair's receipt of such notice. No business shall be transacted at any special meeting other than that specified in the notice for the meeting. A special meeting may be conducted by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting are able to hear each other.

Section 3: *Notice* It shall be the duty of the Secretary of the Board to give at least ten days' notice, either by mail or by some other safe conveyance, to every member of the Board of the time and place of every meeting, whether stated, by adjournment, or by special call, and to certify the same to the Board when met, and to enter the certificate thereof in the minutes of such meeting; except that no notice need be given of an adjourned meeting if the time and place are fixed at the meeting adjourning and if the period of adjournment does not exceed ten days.

Section 4: *Quorum* One-third of the entire Board of Trustees, whereof the Chair, or in his or her absence the Vice-Chair or the Secretary, is to be one, when duly convened, shall constitute a quorum for the transaction of business.

Section 5: *Voting* Except as otherwise herein specified, the affirmative vote of a majority of the members of the Board attending and voting at any regular or special meeting at which a quorum is present shall be sufficient for the passage of any motion or resolution.

Section 6: *Expenses* Trustees shall be entitled to be reimbursed the amount of their reasonable expenses incurred in attendance at meetings of the Board and of committees of which the trustee is a member, in accord with the applicable Business Expense Reimbursement Policy.

Section 7: *Consent Calendar* Reports and resolutions that the Chair finds are not likely to be substantially opposed may be included on a consent calendar which shall be made available prior to the meeting. Consideration of the consent calendar must be made a special order of business at the meeting, and all items on it shall be moved for approval by majority vote without debate. Any trustee wishing to remove any item from the consent calendar shall make a motion for removal, whereupon the item shall be removed without debate and made subject to discussion at an appropriate point in the meeting.

Section 8: *Conduct of Business.* Business shall be transacted at any regular meeting in such order and manner as the officer then presiding shall determine. Robert's Rules of Order, as most recently amended, shall govern in the absence of a specific provision in these By-Laws, the Certificate of Incorporation, or applicable statute.

ARTICLE VII. COMMITTEES OF THE BOARD

Section 1: In addition to the committees provided for herein, there shall be such committees of the Board as the Board may establish from time to time. The names, purposes and responsibilities of such committees may be set forth in a Trustees' Manual.

Section 2: There shall be an Executive Committee consisting of the chair, the vice chair and five other trustees nominated by the Committee on Trustees. Between meetings of the Board of Trustees, the Executive Committee shall have general supervision of the administration and property of the Seminary except that, unless specifically empowered by the Board to do so, it may not take any action inconsistent with a prior action of the Board, or take any other action which has been reserved for the Board. It may act on emergency matters that cannot be delayed until the board's next regularly scheduled meeting or until a special meeting of the board is called. Within thirty (30) days, any such action must be communicated in writing to the board.

Section 3: *Membership* Each of the Board committees shall consist of no fewer than six members, nominated by the Committee on Trustees. At the annual meeting, and at interim meetings to fill vacancies, the Committee on Trustees, in consultation with the Chair of the Board, shall nominate the membership of all the other committees except the Committee on Trustees, whose membership shall be nominated by the retiring Executive Committee. Ordinarily, no trustee shall be a member of more than two committees in addition to the Executive Committee. The Chair of the Board shall be considered a member ex officio of all committees. The President shall receive notice of, and be entitled to attend and participate in, the meetings of all committees.

Section 4: *Chair and Vice-Chair.* The chair and vice-chair of each of the Board committees, except the Executive Committee and the Committee on Trustees, shall be nominated by the Chair of the Board from among the trustee members for a term of one year. The Chair of the Board shall consult with the Committee on Trustees in making such nominations. A member may be renominated to serve as chair or vice-chair of a Board committee, but normally a member will not serve as chair of a committee for more than 4 years.

Section 5: *Meetings.* Each committee shall meet as necessary during the intervals between the regular meetings of the Board, at the call of the chair of such committee.

Section 6: *Quorum and Voting* One-third of the members of any committee shall constitute a quorum for the transaction of business, and the affirmative vote of a majority of the members attending and voting at a meeting where a quorum is present shall be sufficient for the passage of any motion or resolution. Where, however, the committee undertakes an action on behalf of the Board of Trustees that by law is limited to the Board, voting on such action shall be restricted to the committee's trustee members. Trustees may attend the meetings of any of the committees of the Board, but voting on motions and resolutions shall be limited to the members of each committee.

ARTICLE VIII. COMMITTEE ON TRUSTEES

Section 1: The Committee on Trustees shall nominate candidates for membership on the Board of Trustees, for officers of the Board, for emeriti/ae trustees, and for a presidential search committee (as defined in Article IV, Section 1a). The Committee shall, in consultation with the Chair of the Board, nominate the membership of the committees other than to the Committee on Trustees Both trustees and non-trustees may be nominated to the committees, but the majority of any committee's membership shall always be trustees. Non-trustee committee members shall be elected by the Board to renewable one-year terms. In considering whether to re-nominate candidates for membership to the Board after their terms have expired, the Committee shall consider the member's performance of his or her responsibilities during his or her most recent term in office. In accordance with the agreement between the Board of Trustees and the Alumni/ae Association of the Seminary, the Committee shall, annually, when nominating members of the Board, transmit to the Board for its consideration the name of the alumnus or alumna submitted by the Association.

Section 2: The Committee shall have responsibility for the orientation of newer trustees.

Section 3: The Committee shall also have responsibility for considering and making recommendations to the Board on such governance matters as the Board, the Executive Committee, the Chair of the Board and/or the President may refer to it, and it may also initiate and make governance recommendations to the Board.

ARTICLE IX. AUDIT COMMITTEE

Section 1: The Audit Committee shall consist of at least six members, not more than half of whom shall be members of any committee responsible for the financial affairs or endowment investments of the Corporation. The Audit Committee shall approve the appointment of the independent auditors of the accounts of the Seminary, including their compensation, the terms of their engagement, their independence, and the scope of their examination. The Committee shall review with the independent auditors their plan of audit, the report of such audit, any related management letter, and management's response to recommendations made by the independent auditors in connection with the audit, including specifically any comments addressing the adequacy of the Seminary's internal accounting controls. The Committee may also conduct such special projects or investigations as it may consider necessary or desirable in performing the functions set forth above.

ARTICLE X. SPECIAL COMMITTEES

Section 1: The Chair of the Board may from time to time appoint special committees of the Board.

ARTICLE XI. RELATIONSHIP TO PRESBYTERIAN CHURCH (U.S.A.)

Section 1: Princeton Theological Seminary is recognized by the Presbyterian Church (U.S A.) as one of its theological institutions. In accord with this recognition, for so long as it shall remain in effect and to the extent permitted by law, the Seminary agrees to respect the polity of said Church, to be attentive to the recommendations of the General Assembly thereof, and to conduct a program of theological education in a manner not inconsistent with the standards of that Church. Whenever any funds or estate shall be conveyed to the Corporation by the General Assembly of said Church, with specific instructions for their disposition, the Corporation shall hold and use those funds and estate for the purpose specified.

ARTICLE XII. INDEMNIFICATION

Section 1: Any person who is or was a trustee or officer of the Seminary (as provided in Article IV.4 above) is hereby indemnified by the Seminary to the fullest extent permitted by the New Jersey Nonprofit Corporation Act, as amended from time to time.

Section 2: The Corporation, with the approval of the Board, may purchase and maintain insurance on behalf of any person who is or was a trustee, officer, employee, or agent of the Corporation, against any liability asserted against him or her arising out of his or her actions or status as such, whether or not the Corporation would have the power to indemnify him or her against such liability under the New Jersey Nonprofit Corporation Act.

ARTICLE XIII. AMENDMENTS

These By-Laws may be amended by majority vote of the trustees present at any regular meeting of the Board of Trustees or at a special meeting of the Board called for that purpose, provided that in either case a quorum be present

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Financial Affairs Committee of the Board of Trustees

Princeton Theological Seminary
Lawder Conference Room, 3rd Floor, Templeton Hall
Friday, October 26, 2012
5:30 PM

DRAFT

Mr. Donelik, Chair, convened the meeting of the Financial Affairs Committee of the Board of Trustees at 5:30 p.m. Other Committee members in attendance were Rosser (Vice Chair), Braksick, Branstad (via telephone), Fisch, Haaga, Jones and Renninger. Mr. Huff was excused. Trustee T. Johnson and faculty presence Dobbs-Allsopp were also present. Seminary staff members attending were Gilmore, Senior Vice President and Gruver, Controller.

Mr. Donelik opened the meeting with prayer, after which minutes from the May 17, 2012 meeting of the Committee were approved.

Mr. Gruver reviewed the current fund budget variance report for the fiscal year ended June 30, 2012, which reflects a surplus of nearly [redacted] While income was under budget by [redacted] expenses were less than budgeted by [redacted] The primary driver of the surplus was favorable variances in compensation and benefits. Several Committee members suggested it would be helpful to reflect employee headcounts in budgeted compensation categories, and to receive periodic updates concerning vacant positions. A shortfall of $263,200 in tuition income was virtually offset by savings in student aid of $247,100, while net savings in student insurance and health costs were $275,600. Contributions income was short of budget by $82,500, but income from funds held by others, other revenues and auxiliary enterprises revenues were all over budget for the year. Other expense categories reflecting savings included professional fees, computer software and support fees, various program costs and real estate taxes. Mr. Gruver stated presidential search expenses were significantly over budget. [redacted] The Executive Committee of the Board is in the midst of considering the on-boarding process. Mr. Gilmore noted there was a positive variance of $162,000 for the year in the capital budget. Negative variances with the administration building air handler/ductwork project and chiller renewal work were offset by positive variances in the sidewalk improvements and contingency line items and by deferring two non-critical projects that will be re-budgeted in the future. He stated the actual Yale method-determined spending rate for 2011-2012, after netting out budget surpluses, was 4.75%. This compares to budgeted spending rates of 4.95% and 5.19% for 2011-2012 and 2012-2013, respectively.

Mr. Fisch asked how best to resolve issues surrounding the costly provision of houses for faculty and senior administrators. [redacted]

Mr. Gilmore said campaign budget expenditures for 2011-2012 were over budget [redacted] as a result of consulting fees being more than anticipated.

Mr. Gruver and Mr. Gilmore cited several developments that will result in less expense and greater income than was budgeted in the current year, including several faculty and administrative vacancies, the outsourcing of the Center for Children and the rental of eight apartments [redacted] Mr. Gilmore announced the Seminary has contracted for favorable new rates for natural gas and electricity, with the former rate decreasing by 32% in January and the latter declining by 22% in May.

Mr. Gilmore briefly reviewed endowment spending rate extrapolation spreadsheets with Committee members. The estimated fair market value of the endowment as of September 30, 2012 was [redacted] Assuming a December 31, 2012 endowment value of [redacted] and a 2.3% higher education price index factor, the permitted draw in 2013-14 would exceed the current year draw by over $400,000 and the budgeted rate of spending would decline from 5.19% to 5.01%.

Mr. Gilmore referenced a narrative report included in trustee notebooks concerning the student housing and library construction projects. All three new residential buildings on the Charlotte Rachel Wilson campus and the related new maintenance facility are occupied. [redacted] Phase two of this project is underway, including asbestos remediation, razing of remaining abandoned buildings and street paving. The project budget is holding at approximately [redacted] He observed that the library project is progressing and plans are to begin moving books and furniture into the new building in mid-December. Library costs are approaching the [redacted] budget, although some amounts included as project costs relate to infrastructure that expands beyond the library. [redacted] Mr. Gilmore distributed a spreadsheet summarizing construction costs, campaign revenues and debt relating to both projects as of September 30, 2012. [redacted]

Mr. Gilmore shared a "leading indicators" report with those assembled and highlighted certain information contained therein [redacted] Ms. Haaga stated long-term relationships are now being nurtured as part of the campaign, President Torrance and Mr. Bohl have been working diligently and she believes the fund-raising consulting firm has served the Seminary well. She asked if single students could be moved into vacant new apartments. Mr. Gilmore responded that this has been done to a limited extent, but doing so has an impact on the board plan. He indicated there is discussion of adding a modest board plan requirement for students living in apartments, as a way of boosting food service usage and enhancing community life. [redacted] Mr. Fisch asked if the leading indicators could be distributed periodically to trustees, and Mr. Gruver said he would pursue having them posted on the trustee portal.

Mr. Johnson reported on behalf of the Audit Committee that the audit of the Seminary's financial statements for the year ended June 30, 2012 went smoothly and an unqualified opinion was received from the audit firm of [redacted] Audit Committee members will consider extending the engagement of the firm for another two years beyond the initial five year engagement that has just been completed.

Mr. Gilmore briefly commented on the updated projection of capital budget expenditures and indicated there is a plan to engage the engineering firm of [redacted] to update the Seminary's facilities condition assessment that was performed in 2003. This will help with prioritization of capital projects in conjunction with implementation of the strategic plan and will refine projected cost estimates for the work.

Under miscellaneous business, Mr. Gilmore said the 2002 Series G bonds can be currently refunded beginning in April and refinancing them at current interest rate levels would result in considerable present value savings. He announced that, in August, Standard and Poor's reaffirmed the Seminary's AAA rating. [redacted]

Because of impending changes in certain key administrative offices and upon the recommendation of Mr. Gilmore, Committee members approved those persons who soon will newly hold the offices of President, Chief Investment Officer and Controller as authorized signers for purposes of signing Seminary checks and letters that authorize the transfer of investment funds.

Given the hour of the day, Committee members decided not to meet in executive session. Mr. Jones adjourned the meeting with prayer.

Respectfully submitted,

John W. Gilmore

Financial Affairs Committee of the Board of Trustees

Princeton Theological Seminary
Lawder Conference Room, 3rd Floor, Templeton Hall
Monday, January 28, 2013
3:20 PM

DRAFT

Mr. Donelik, Chair, convened the meeting of the Financial Affairs Committee of the Board of Trustees at 3:20 p.m. Other Committee members in attendance were Vice Chair Rosser, Braksiek, Branstad, Fisch, Haaga, Huff and Renninger. Mr. Jones was excused. Faculty presence Dobbs-Allsopp was present, as were staff members Gilmore, Senior Vice President, and Gruver, Controller.

Mr. Rosser opened the meeting with prayer. Minutes from the October 26, 2012 meeting of the Committee were approved.

Mr. Gruver reviewed the current fund variance report, reflecting a positive variance of $871,000 for the six-month period ended December 31, 2012. Total revenues were under budget by $126,000, due to negative variances in tuition and fees and contributions income. Expenses were $997,000 less than anticipated, thanks to savings from vacant positions, student aid, student insurance claims and the outsourcing of the Center for Children. Negative variances were experienced with presidential search and seminary relations costs. With respect to capital expenditures, Mr. Gilmore stated there are no major concerns through the first six months of the year. Costs to renovate the residence at 11 Alexander have been higher than anticipated due to unexpected conditions encountered during construction. No portion of the contingency budget was utilized as of December 31.

Mr. Gilmore reviewed endowment extrapolation spreadsheets with committee members. He indicated the permitted projected endowment draw for 2013-2014 is expected to be approximately $700,000 more than the current year draw, and the budgeted spending rate will decline from 5.19% to approximately 4.97%. Savings from the anticipated refinancing of bonds issued in 2002 will further reduce the spending rate.

Mr. Gilmore indicated preliminary work on the 2013-2014 budget has begun, and it is expected that new priorities will track strategic planning imperatives. Helpful changes in balancing next year's budget will include the Center for Children outsourcing, the elimination of Bicentennial celebration costs and lower gas and electricity expenses for a full year. Additional costs to be incurred in 2013-2014 will include those for the presidential inauguration, potential extra custodial costs relating to the new library, possible staff increases in the information technology and counseling areas, added student aid for doctoral students and increased resources devoted to library digital initiatives and partnership development. The capital budget for next year will likely include funds for mechanical work in the Adams House, an updating of the technology in the Cooper Conference Room, renovation work in Springdale and funding for additional generators. A budget meeting will be scheduled in the spring. Mr. Gilmore said he believes business office staff should help calculate the financial impact of implementing the various strategic plan initiatives, with members of the Committee reviewing priorities recommended by administrators. Mr. Fisch agreed this process should be formalized, with revenue and cost impacts assigned to the initiatives.

Mr. Gilmore reviewed financial information relating to the Charlotte Rachel Wilson Campus apartment and library projects. [redacted] the budget for the project is holding at [redacted] Mr. Gilmore stated developers have considerable interest in the CRW site and he is reviewing the process by which development of the remaining open acreage could proceed. The library project is progressing and many people are complimenting the appearance of the new building. [redacted] These include anticipated changes in the special collections area of the new building, reprogramming costs anticipated for Luce Library and the possible receipt of grant money to fund certain information technology expenses. The project budget has been charged for some infrastructure costs that benefit more of the campus than simply the library. [redacted] and Mr. Gruver responded this is being done and external auditors are also reviewing the information.

With respect to debt, Mr. Gilmore introduced borrowing resolutions that would permit the Seminary to currently refund 2002 tax exempt bonds and issue additional tax exempt debt. Refinancing the 2002 bonds is expected to bring present value savings of nearly [redacted] to the Seminary. [redacted] Mr. Donelik recommended determining if this maturity date could be extended. While the current rate of [redacted] on borrowed sums is attractive, the rate is not fixed. With interest rates presently at very low levels, Mr. Gilmore suggested combining a new money bond issue with the refunding transaction. The proposed resolutions would enable the Seminary to pay off the [redacted] line of credit with new debt bearing a low, fixed rate of interest. The all-in-cost of a thirty year issue is presently approximately 4%. Combining the refunding and new money transactions would serve to limit transaction costs. Mr. Gilmore stated the New Jersey Educational Facilities Authority has appointed advisors to assist Seminary staff in planning how these transactions could best be effectuated. He said there are issues to be considered including rating agency implications and certain tax laws [redacted] Mr. Gilmore stated passing the resolutions would provide the Seminary with flexibility while not requiring a new issue or dictating a particular approach. [redacted] both expressed concerns that interest rates will rise, and encouraged borrowing at a fixed rate. Committee members voted in favor of the proposed resolutions.

Ms. Haaga presented a report on behalf of the Facilities Committee, noting the impact of Hurricane Sandy last October and the ways in which Seminary staff responded to this emergency. One learning from the event is that additional generators would be helpful. Mr. Dobbs-Allsopp said having a generator run the Mackay Campus Center in the days after the hurricane was very helpful. [redacted] With relatively low enrollment, a significant number of housing units continue to be vacant. Ms. Braksick said some students are complaining about the quality and nature of board plan food, while they are fine with life in residence halls. [redacted] suggested upgrading the [redacted] food tier and forgetting about changing the structure of the residence halls. She said the master planning committee will reconvene in June and stated she hopes consultant Ira Fink will again be utilized to help guide that work. Ms. Haaga indicated plans to renovate Springdale are progressing, with the intention now to significantly modernize the structure. While the [redacted] estimated cost to renovate is considerably higher than anticipated (originally the project was budgeted to cover updating bathrooms, painting and effectuating roof repairs), this will be the first major renovation of the residence since the 1950's. Current plans are to renovate/enlarge the kitchen, delete the east end staircases, construct a new master bedroom suite, refurbish windows, connect the garage to the house and enclose the back porch. Mr. Huff noted the public nature of the facility and the institutional purposes it serves, saying it is not merely for living space. Mr. Fisch stated he believes the project should move forward, but asked that staff work with the project architect to identify possible ways to reduce the cost. Committee members agreed the project should proceed on this basis. Mr. Gilmore indicated it is his hope that much of the cost can be funded from the operating budget surplus anticipated for this year.

Mr. Gilmore reviewed leading indicators with committee members. Mr. Fisch observed these show [redacted] Mr. Branstad said a slide depicting the percentage of tenured faculty would be helpful. Other useful information might include the ratio of employees to students and annual budgets. Mr. Renninger asked that the library resources slide be more fitly titled. It was agreed that the leading indicators would be distributed to trustees periodically via email.

Mr. Gilmore reviewed the Seminary's current program that provides housing benefits for faculty and senior administrators. He distributed a handout outlining goals of the program, existing difficulties with it and possible optional models. He noted both [redacted] and the [redacted] offer tenants in common programs that result in co-ownership of homes. [redacted]

Mr. Gilmore indicated he is sometimes asked by trustees about the size of the Seminary's workforce. [redacted] Areas with growing numbers of employees in recent years include information technology, seminary relations, multicultural affairs and the investment office.

It was noted Mr. Gruver will be retiring in the spring, and he was thanked for his years of service to the Seminary.

Mr. Donelik closed the meeting with prayer.

Respectfully submitted,

John W. Gilmore

Financial Affairs Committee of the Board of Trustees

Princeton Theological Seminary
Lawder Conference Room, 3rd Floor, Templeton Hall
Monday, May 20, 2013
4:45 PM-6:15 PM

DRAFT

Mr. Donelik, Chair, convened the meeting of the Financial Affairs Committee of the Board of Trustees at 4:45 p.m. Other Committee members in attendance were Branstad, Braksick, Fisch, Haaga, Huff and Jones. Mr. Rosser (Vice Chair) and Mr. Renninger were excused. Also present were Chair of the Board Bohl, trustee T. Johnson, trustee emerita Fitzgerald and faculty presence Dobbs-Allsopp. Seminary administrators attending were Barnes, President; Gilmore, Senior Vice President; and Morgan, Controller.

Mr. Bohl opened the meeting with prayer, after which minutes from the January 28, 2013 meeting of the Committee were approved.

Mr. Gilmore introduced Mr. Morgan, recently promoted to the position of Controller, who highlighted aspects of the operating budget variance report and forecast for the fiscal year ending June 30. The Seminary had an actual operating surplus through March 31, 2013 of [redacted] and expects to have a [redacted] at the end of the year. Revenues are projected to be under budget by .92% for the year, while expenditures are forecast to be under budget by 5.59%. Savings in personnel costs represent more than half of the expected surplus, due in large part to a number of unexpected, mid-year departures. Mr. Morgan also noted positive experiences with utilities expenses, the Center for Children (due to its being outsourced), professional fees, contract services, software/support expenses and income from Theology Today royalties. Negative variances have been experienced with contributions income, presidential search expenses and Seminary relations expenditures. With respect to the capital budget, Mr. Gilmore noted renovation costs for the faculty home at 11 Alexander Street are higher than expected, but no portion of the contingency budget for the year has been spent.

Mr. Donelik observed that the proposed operating budget for next fiscal year is the same in amount as the current year budget. The proposed capital budget total has been increased by approximately $575,000 over the current year amount, due to including matching funds for potential grants that may be received from the State of New Jersey for certain information technology projects. No change has been reflected in budgeted debt service in comparison to that incurred in 2012-2013, but there is a pending increase that will occur when the Seminary issues bonds to refinance its 2002 bond issue and to extinguish its current line of credit [redacted] Mr. Gilmore thanked members of the Committee for their participation in the budget meeting of May 7 and said the proposed budgets have not been changed since that date. He indicated it now appears no Weyerhaeuser professor will be hired this year, although funds were budgeted for the position, and the possibility of partially self-insuring [redacted] He asked if trustees had any questions or concerns over this possibility, and Mr. Fisch said he would be interested to receive more information about the details before such a change is implemented. Mr. Gilmore said he is pleased that the budgeted endowment spending rate declines in 2013-2014 to 4.95%. While this rate does not include the additional debt service that is anticipated, he is hopeful that campaign receipts can offset most if not all of the added debt service at least in the next few years. Committee members passed the following remit: "That the proposed budget for 2013-2014 be approved".

Mr. Gilmore reviewed the mechanics of the Seminary's endowment spending policy, stating the Yale formula was adopted beginning with the fiscal year ended June, 2006. Considerably less money has been withdrawn from the endowment than has been permitted pursuant to the formula, in an attempt to keep the rate of spending down. Absent debt service associated with the library and housing projects, the rate of spending has been in the [redacted] range the past several years. When the project-related debt service is added, the rate of spending has approximated [redacted] Mr. Gilmore distinguished application of the Yale formula from simply increasing the draw each year by the annual increase in the higher education price index (HEPI). Had the latter methodology been employed, the Seminary would have withdrawn [redacted] more from the endowment over the past eight years than was actually withdrawn. Existing bond indebtedness will be extinguished by the year 2030, and Mr. Gilmore reiterated his hope that payments related to debt incurred in 2013 can be substantially offset by campaign receipts. He asked Committee members to share their thoughts on an appropriate rate of endowment spending for future years. [redacted]

Mr. Gilmore reviewed the status of funding and expenditures related to the library and CRW campus housing projects. While total pledges and gifts received now approximate [redacted] debt incurred to pay construction expenses is growing. [redacted] Mr. Gilmore said developers have a high level of interest in the CRW site. [redacted] Mr. Gilmore said it is likely the library project will exceed [redacted]

[redacted] Final pricing of the Luce Library renovation work will soon be received and it is possible the State of New Jersey will help fund certain information technology expenditures in the building. Once these pending items are resolved, it will be much easier to quantify the cost of the overall project.

Ms. Haaga informed Committee members of other topics discussed earlier in the day at the Facilities Committee meeting. Testing of a dozen new CRW apartments has recently been completed [redacted] and facilities staff will be considering various recommended means by which this problem can be resolved. A study of main campus residence halls will soon be conducted in order to review possible changes in space configuration as well as to determine potential changes in use. The group conducting facilities master planning will convene again in June. Efforts continue to lease underutilized space to non-Seminary groups during summer months. Ms. Haaga noted the on-campus Theological Book Agency operated by Cokesbury has closed and will be replaced with an on-line store. The Facilities Committee affirmed plans to move forward with the extensive renovation of Springdale. [redacted] It was noted the facility serves as a venue where a ministry of hospitality can be provided on behalf of the Seminary. Several issues involving the possible sale, lease and/or purchase of properties were discussed at the meeting of the Facilities Committee. [redacted]

Mr. Gilmore reminded Committee members that the Board approved resolutions at its January meeting authorizing the issuance of up to [redacted] in tax exempt bonds to refinance the Seminary's 2002 bonds and to retire the [redacted] line of credit with [redacted] After Mr. Gilmore reviewed the present level of Seminary indebtedness, Committee members voted to approve resolutions that would permit the issuance of up to [redacted] in debt instruments. Given current interest rate levels, several members expressed the view that issuing ten year bonds could be advantageous. [redacted]

Mr. Gilmore reviewed updated leading indicators with Committee members and was encouraged to distribute these to trustees on a monthly basis.

Mr. Gilmore provided an update on the Seminary's housing program [redacted]

Capital budget expenditures projected through the fiscal year 2018-2019 were briefly discussed, after which Mr. Gilmore announced that Mr. Verma, staff accountant, and Mr. Gruver, controller, had both retired as planned during the spring. With Mr. Morgan's promotion to controller, the assistant controller position is presently vacant.

Committee members decided not to meet in executive session.

Mr. Donelik closed the meeting with prayer.

Respectfully submitted,

John W. Gilmore

Minutes of the Meeting
Phone Conference September 27, 2012
Board of Trustees
Princeton Theological Seminary

A special meeting of the Board of Trustees of Princeton Theological Seminary was called at 11:30 a.m. EDT on Thursday, September 27, 2012. via conference call. The purpose of this meeting was to act on the recommendation to adopt the Strategic Plan.

The roll was called by acting secretary, the Reverend Kari T. McClellan. Present for this meeting were the following trustees: the Rev. Dr. Robert W. Bohl, Chair, the Reverend Drs. Robert M. Adams, Fred R. Anderson, M. Craig Barnes, James H. Logan, Jr, Kari Turner McClellan, Mark P. Thomas, and George B. Wirth; the Reverends Ruth F. Santana-Grace, Alf E. Halvorson, Richard Kannwischer, Don D. Lincoln, Deborah A. McKinley; Jeffrey V. O'Grady, Renée Lawler Sundberg; Ms. Amy W. Brinkley, Ms. Marty Z. Carter, Ms. Heather Sturt Haaga, Ms. Dorothy A. Johnson, Ms. Virginia J. Thornburgh; Drs. Sang Chang, William P. Robinson; Messrs. Paul A. Branstad, John H. Donelik, Michael G. Fisch, Craig A. Huff, Thomas R. Johnson, F. Carter Karins, Jinsoo Kim, David M. Mace, James G. Neal, Thomas J. Rosser, James A. Unruh

Also participating, the Reverend Dr. Iain R. Torrance, Dr. Charles F. Kalmbach, and Trustees emeriti /ae: Mr. Warren D. Chinn, Dr. Joan I. Gotwals, Mr. Thomas Hilton and the Honorable Justin Johnson.

In accordance with the provisions of Article VI, Section 3, of the By-Laws, the Chair certified that proper notification was given on September 7th for this conference call.

As a quorum, according to the By-Laws, was present, the meeting was convened with prayer by the Chair, the Rev. Dr. Robert Bohl.

At the Chair's request:

- Paul Branstad gave a brief overview of the process and means of collecting the proper information for formulating the strategy.
- The President of the Seminary expressed profound gratitude to Paul for all the work he has done in assembling the document, drew the attention of the Board to a few of the changes made in the final edit, and urged its adoption.

Fred Anderson moved the adoption of the Strategic Plan; it was seconded and passed unanimously.

The Board Chair closed the meeting with prayer at 11:41am

Respectfully submitted,

Kari Turner McClellan

Acting Secretary

MINUTES OF THE MEETING
Board of Trustees
Princeton Theological Seminary
Cooper Conference Room
Saturday, October 27, 2012
8:30 a.m.

The Board of Trustees of Princeton Theological Seminary convened a regularly stated meeting on October 27, 2012 at 8:30 a.m. in the Jack Cooper Conference Room, the Erdman Center of Princeton Theological Seminary.

The following members were present, in addition to the chair, the Reverend Dr. Robert W. Bohl, the Vice-Chair, Dr. Leslie W. Braksick; the Secretary, The Reverend Dr. John T. Galloway, Jr., the Reverend Drs. Robert M. Adams, Fred R. Anderson, Alf E. Halvorson James H. Logan, Jr., Todd B. Jones, Mark P. Thomas, George B. Wirth; The Reverends Darrell L. Armstrong, Kari Turner McClellan, Renée Lawler Sundberg, Ruth F. Santana-Grace, Jeffrey V. O'Grady, Richard Kannwischer, Don Davis Lincoln, and Deborah A. McKinley; Dr. Nancy Oliver Gray, Ms. Amy W. Brinkley, Heather Sturt Haaga, Dorothy A. Johnson, Virginia J. Thornburgh; Messrs. John H. Donelik, Michael G. Fisch, Craig A. Huff, Thomas R. Johnson, F. Carter Karins, Jinsoo Kim, David M. Mace, Thomas J. Rosser, James A. Unruh, and Trustees emeritus, The Reverend Dr. Earl F. Palmer and Dr. Joan I. Gotwals

Also present were, President Iain R. Torrance, and Mr. John W. Gilmore, the Senior Vice-President and Chief Operating Officer

Excused were, Ms. Martha "Marty" Carter, Dr. Sang Chang, the Rev. Dr. Gary Dennis, Dr. William Robinson, Messrs. Paul Branstad, James Neal

The secretary declared that a quorum, according to the By-Laws, was present for this properly called meeting. In accordance with the provisions of Article VI, Section 3, of the By-Laws, he presented the following certification:

I hereby certify that this meeting has been called according to the requirements of the By-Laws in Article VI, Section 3, and the usual ten days' notice having been given.

As a quorum was present, the meeting was convened with prayer by the Rev. Ruth F. Santana-Grace.

The Chair indicated that the minutes of the meeting of the board for May 16, 2012, had been duplicated and sent to each member of the board, and no corrections had been received. On motion, they were approved.

CONSENT CALENDAR

Academic Affairs

1. Approval of Adjunct Faculty to Teach in Academic Year 2012-2013:
   a. Carmen Maier, EF3XXX *Early Christian Spiritual Practices for Today* (Spring Semester)

b. Erin Raffety, EF4XXX *Cross-Cultural Family Systems and Contemporary Ministry* (Fall Semester) (New Course)

2. Approval of Doctoral Teaching Fellows in 2012-2013:

a. Katherine Marie Douglass, EF4335, *Use of the Arts in Christian Education* (Fall Semester 2012) (New Course)

b. Adam Hearlson, PR2100, *Introduction to Preaching* (Fall Semester 2012)

3. Reception of Remaining Sabbatical Reports from the Academic Year 2011-2012:
   a. Ken Appold
   b. Nancy Duff
   c. Deborah Hunsinger
   d. George Hunsinger
   e. Yolanda Pierce
   f. Choon-Leong Seow
4. Reception of Faculty Annual Reports:
   a. Shane Berg
   b. C. Clifton Black
   c. John Bowlin
   d. James H. Charlesworth
   e. Kenda Creasy Dean
   f. F. (Chip) Dobbs-Allsopp
   g. Gordon Graham
   h. Darrell Guder
   i. George Hunsinger
   j. Stacy Johnson
   k. James Kay
   l. Jacqueline Lapsley
   m. Bo Karen Lee
   n. Elsie A. McKee
   o. Kathleen McVey
   p. Gordon Mikoski
   q. James H. Moorhead
   r. Dennis Olson
   s. George Parsenios
   t. Paul R. Rorem
   u. Katharine Doob Sakenfeld
   v. Mark Taylor
   w. Iain R. Torrance
   x. J. Wentzel vanHuyssteen
   y. J. Ross Wagner
5. Sabbatical Leave Approved by the Faculty Support and Development Committee: Mark Taylor (Fall Semester 2014)

6. Approval of Pro-Forma Amendments to the Faculty Manual
   a. FM, 8.81, Composition of the Admissions Committee
   b. FM, 4.61, Meetings of the Faculty Council

7. Reception of the Report of the Director of SCVM

8. Reception of the Registrar's Report

9. Reception of the Report of the Director of Field Education

INDUCTION OF NEW TRUSTEES

The Reverend Don Davis Lincoln, The Reverend Jeffrey V. O'Grady, The Reverend Dr. Mark P. Thomas, The Reverend Renée Lawler Sundberg and Mr. James A. Unruh, were called to stand before the Board, give verbal assent to the covenant questions; after which they were invited to sign the register of trustees and were welcomed to the Board.

REPORT OF THE PRESIDENT

PRESIDENTIAL REMIT

President Torrance submitted the following remit: To appoint Donald M. Vorp as the James Lenox Librarian. The remit was moved, seconded and passed.

The following is his final report to the Board of Trustees:

I would like to thank all of you. I cannot find words with which to thank you for the gifts with which you presented me yesterday and for your comments. I am extremely grateful.

I have lasting gratitude and affection towards my three board chairs: David, Mary Lee and Bob. I owe each of them very much and also to all of you, who have guided, reassured and encouraged me since 2004.

The Search Committee has completed its task. It absorbed an immense amount of time for its members. The Seminary and I are most sincerely grateful to you.

Through the reports in the board-book and the various committees, you will know most of the major visible things that have happened since May. One less visible major event is that [redacted] for retirement planning that we offered and this helps us to look better at the nature of the faculty as a whole and to some extent reopens our planning window.

Another major event, not really listed, was your acceptance of the Strategic Plan on September 27th, [redacted] A major item since May has been thinking through the library's audio-visual needs. That required a close working relationship between Information Technology and the Library and Don has supplied that. Clifford Anderson resigned in August so that he could move to Vanderbilt. Clifford wore several hats and Don and I together thought hard about what was central, what to push

forward and what could be dealt with in other ways. [redacted] He has formed a comprehensive plan for returning books from storage and emptying Luce in a way that will not disadvantage our students during an exam time. These are large issues.

You will see that there is a remit in my name on the docket, and that is my recommendation that Don be confirmed in post and so named as the Lenox Librarian. [redacted]

In Student Life [redacted] is doing well and she also continues to oversee our compliance with our accreditors. [redacted]

We are asking you to confirm the name of a Mackay Professor for the spring term 2013. He is [redacted] and is dean of the Faculty of Arts at the University of Bethlehem. The remit here comes under Academic Affairs.

The strategic plan focuses on our primary task as a seminary, which is to form and equip students for leadership in the churches through the M.Div. degree. [redacted]

We have often said we need a different kind of faculty for the changing church and that is easier said than done. I believe we need a core of maybe [redacted] tenured that provide stability and continuity and at least [redacted] that provide infectious innovation and cycle in and out of the churches. [redacted]

Finally, the next decade or two is a window in which with tact, access to libraries, and good examples of governance, we can influence the quality of theological education in China. Africa has built its theological institutions – they just need resource and access. China is still deciding *what kinds* of institution will serve it best and whether public theology will serve it better than the individualism we have latterly espoused. So please don't forget China.

That is my best advice, and thank you all.

REPORT OF THE BOARD CHAIR

Mr. Bohl expressed the gratitude of the Board to Dr. Torrance. He also thanked the team responsible for the farewell celebration, and the Search Committee for the new President.

Mr. Bohl spoke about the Capital Campaign [redacted] He urged the Trustees to make sacrificial gifts to the Seminary.

Mr. Bohl shared a few highlights of the trip to Japan and the thoughtfulness and generosity of the alumni and churches there.

REPORT OF THE COMMITTEES

NO REMITS

A. **INVESTMENT**

Mr. Huff reported that the funds market value was approximately [redacted] million and that this performance was in line with other similarly sized endowments.

He also gave an update on the search for [redacted] Vice President for Investment Management and Chief Investment Officer. [redacted] will retire on October 31, 2012. A search committee was formed engaging outside consultants and out-sourcing firms to pursue potential candidates. The Investment Committee has narrowed the field down to one candidate and is presently engaged in reference checks. There is an interim maintaining the Investment Office, and activities will be limited until the new employee is announced.

REMITS

B. **COMMITTEE ON TRUSTEES**

1. That [redacted] is granted emerita status as the Vice-President for Investment Management and Chief Investment Officer upon her retirement on October 31, 2012.
2. That the Board receives the resignations of M. Craig Barnes and Martha "Marty" Z. Carter, with regret.
3. That President Torrance be granted the title of "President emeritus and Professor of Patristics emeritus" upon his December 31, 2012 retirement.

All remits were passed.

The Committee on Trustees indicated that [redacted] would be able to keep their Seminary email addresses. The Committee decided it was the prerogative of the administration and is not a board matter. The request will be referred to President Barnes.

Ms. McKinley explained how the Committee on Trustees carries out its work in order to compile a list of Board Officers. Their goal is to present a slate of nominees for the officers of the Board at the January 2013 meeting and their election would take place at the May 2013 meeting.

It was noted that Craig Barnes resigned as a trustee since he has been elected the 7th President of the Seminary and that [redacted] resigned for health reasons.

The Board was reminded of its responsibility to bring to the Committee on Trustees' attention the names and information possible nominees for Board membership, particularly clergy women, those of underrepresented populations, and academics.

The Committee on Trustees held a conversation about structuring a Personnel Committee of the Board to work with the President on policy development reflecting the changing culture of the Seminary. A draft of a committee charter is in process.

C. ACADEMIC AFFAIRS — REMITS

1. To appoint Fr. Jamal Daibes (Khader) Ph.D., DD., as the Mackay Professor of World Christianity for the Spring Semester of 2013.

1. To appoint [redacted] as Maxwell M. Upson Professor of Christianity and Society Christianity and Society effective July 1, 2013 for a non-renewable, six year term, with tenure for the duration of that term.

2. The approval in principle of the Proposed Revisions approved by the Faculty of [redacted]

All remits were passed.

Mr. Adams spoke briefly to the reasoning behind the third remit. While the Seminary "encourages" international students to earn their Master of Divinity degrees in their home country, [redacted]

Churches in different parts of the world may have varying responses about sending their students to the United States for M.Div. study.

D. EXECUTIVE COMMITTEE — NO REMITS

E. STUDENT LIFE — NO REMITS

The committee welcomed the new Dean of Student Life, Lori A. Neff.

NO REMITS

F. FINANCIAL AFFAIRS

NO REMITS

G. SEMINARY RELATIONS

Mr. Jones reported on the Princeton Seminary gathering at the General Assembly in Pittsburgh, and also the outstanding programs offered as a part of the bi-centennial celebration and reunion.

Mr. Jones drew the attention of the Board to the flyer inserted in our packets announcing events to introduce the new president and gather alumni in different parts of the country. He also mentioned the Seminary's use of **Social Media** and urged us to:

Twitter ; Like us on facebook ;

Watch us on YouTube ; and get LinkedIn

NO REMITS

H. LIBRARY

Ms. Gotwals expressed regret that Trustees were unable to tour the library during our time on campus. The Library construction continues to move along, although the stone work is behind schedule and the interior is shaping up. The furniture should be in by January and the books will simultaneously be retrieved from storage. Occupancy is expected to be possible at some point in January 2013.

The Library construction budget is holding its own, even in light of change orders Don Vorp, the new librarian, is doing a remarkable job of pulling it all together.

With regards to fundraising efforts, the Bicentennial Campaign Committee is introducing a "Women in Ministry Initiative" which has great potential [redacted]

NO REMITS

I. FACILITIES

Mr. Wirth reported that the CRW apartments are completed and occupied. They are first rate facilities. With enrollment relatively low, there are approximately [redacted] hat are vacant. [redacted] Phase two of the CRW campus work is well underway. [redacted] An update of the facilities condition assessment is planned, which will help to identify and quantify the amount of deferred maintenance on campus.

NO REMITS

J. AUDIT

Mr. Johnson provided the Board with an overview of the audit process and noted that, once again, the Seminary has received an unqualified opinion from its audit firm. The auditors provided two operational recommendations, one relating to [redacted] Committee members have agreed that, contingent upon receipt of an acceptable proposal from [redacted] he Seminary will not change audit firms this year. With the pending retirements of several key Seminary employees involved with the audit, it is felt that this is not a good time to be changing firms.

K. INFORMATION and TECHNOLOGY **NO REMITS**

EXECUTIVE SESSION

The former chairs, Fred Anderson and Amy Brinkley, of the former Presidential Search Committee shared a brochure which is being used to introduce our new President to all interested groups.

The Search Committee, with the help of their Administrative Assistant, will collect their data and add it to the notebook of the prior Search Committee so when a future Search Committee is called it has a record of previous committee procedures.

The Board was reminded that we must all be active participants [redacted]

The Executive Committee of the Board was assigned (at the October 8th meeting) the task of assisting in the On-Boarding process.

The Executive Committee will be meeting in Pittsburgh with Craig later this fall.

[redacted] We must be lifting them all up in prayer as they go through this transition period.

A FINAL MOTION WAS MADE: The Atrium in the new Library would be officially named in honor of Dr. Iain R. Torrance; said motion was seconded and passed.

The meeting was adjourned with prayer led by, the Reverend Dr. John Galloway.

Respectfully Submitted,
John Galloway
Secretary of the Board

MINUTES OF THE MEETING
Board of Trustees
Princeton Theological Seminary
Jack Cooper Conference Room
January 29, 2013
8:00 a.m.

The Board of Trustees of Princeton Theological Seminary convened a regularly stated meeting on January 29, 2013 at 8:00 a.m. in the Cooper Conference Room of the Seminary.

The following members were present, in addition to the chair, the Rev. Dr. Robert W. Bohl; the Vice-Chair, Dr. Leslie W. Braksick; the Reverend Drs. Robert M. Adams, Fred R. Anderson, Gary O. Dennis, James H. Logan Jr., Kari Turner McClellan, Sang Chang, Mark P. Thomas, and George B. Wirth; the Reverends. Darrell L. Armstrong, Alf E. Halvorson, Deborah A. McKinley, Renée Lawler Sundberg; Mses. Amy Woods Brinkley, Heather Sturt Haaga, Dorothy A. Johnson, Virginia J. Thornburgh; Messrs. Paul A. Branstad, John H. Donelik, Michael G. Fisch, Craig A. Huff, F. Carter Karins, Jinsoo Kim, Don Davis Lincoln, David M. Mace, Thomas J. Rosser, James A. Unruh, and Trustees emeriti/ae The Rev. Earl E. Palmer, and Dr. Joan I. Gotwals.

Also present were, the President, the Rev. Dr. M. Craig Barnes; and the Senior Vice-President, Mr. John W. Gilmore; and the members of the Executive Council: Adrian Backus, James F. Kay, Charles F. Kalmbach, Lori A. Neff, Robert Manchen, Rosemary C. Mitchell and Donald M. Vorp.

Excused were: the Reverends Jeffrey V. O'Grady and Ruth Santana-Grace; Messrs. Thomas R. Johnson and James G. Neal.

The secretary declared that a quorum, according to the By-Laws, was present for this properly called meeting. In accordance with the provisions of Article VI, Section 3, of the By-Laws, he presented the following certification: I hereby certify that this meeting has been called according to the requirements of the By-Laws in Article VI, Section 3, and the usual ten days' notice having been given.

The meeting convened with prayer by the Rev. Dr. George Wirth, who gave thanks for the testimonies of faith and courage offered by [redacted] and we joined in seeking the blessings of the Lord upon them [redacted] world.

The Minutes of the October 27, meeting were approved as presented.

CONSENT CALENDAR

Academic Affairs Committee

On recommendation of the President, the Committee on Academic Affairs recommends to the Board of Trustees the following:

1. Approval of Adjunct Faculty to Teach in Academic Year 2012-2013:
   a. Robyn Whitaker, *NT1153 Greek Translation* (Spring Semester). This is a previously approved course. (Lisa Bowens was originally approved to teach this course)
   b. Lisa Bowens, *NT 1152, Introduction to New Testament Greek* (Spring Semester). This is a previously approved course for which there is a need to cover the second semester due to the departure of Shane Berg.
2. Approval of Doctoral Teaching Fellow, 2012-2013
   a. Adam Hearlson, *From Text to Sermon* (Spring Semester).
3. Approval of Adjunct Faculty to Teach in Academic Year 2013-2014
   a. William Golderer, *TH3100 Toward a Theology of Church Leadership* (Spring Semester). This is a previously approved course to be team-taught with Stacy Johnson.
4. Approval of Adjunct Faculty to Teach in Academic Year 2014-2015
   a. Jarrett Kerbel, *ET3373cr Theology and Practice of Broad Based Community Organizing* (Fall Semester). This is a previously approved course to be team taught with John Bowlin.
5. Sabbatical and Unpaid Research Leaves Approved by the Faculty Support and Development Committee:
   a. F. (Chip) Dobbs-Allsopp (request to *postpone* his Sabbatical Leave from Spring Semester 2014 [approved by the board January 13, 2012] to Spring Semester 2016)
   b. Nancy Duff (Calendar Year 2014: January-December)
   c. Stacy Johnson (Unpaid Research Leave: Fall Semester 2014; Sabbatical Leave: Spring Semester 2015. This supersedes his Fall Semester 2013-2014 Sabbatical Leave [approved by the board January 13, 2012])
   d. Bruce McCormack (Spring Semester 2014)
6. Reception of the Registrar's Report
7. Reception of the Report of the Director of Field Education
8. That Katharine Doob Sakenfeld be appointed as the William Albright Eisenberger Professor of Old Testament Emerita, with effect from June 30, 2013.
9. That Beverly Roberts Gaventa be appointed as the Helen H. P. Manson Professor of New Testament Literature and Exegesis Emerita.

Audit Committee

1. That the action of the Audit Committee in approving the appointment of [redacted]o serve as the Seminary's independent auditors for the fiscal years ending June 30, 2013 and June 30, 2014 be ratified.

Financial Affairs Committee

2. That the calendar year 2013 amounts designated as [redacted]

REPORT OF THE PRESIDENT OF THE SEMINARY

January 29, 2013

The president began by announcing a change in the date for the fall board meeting. The new date will be October 20-22, 2013. The change was necessary to accommodate the complexities of alumni week and the presidential inauguration that will be on the 23rd of October.

President Barnes then affirmed his appreciation for the legacy of Iain Torrance's leadership of the seminary, referencing particularly his success in containing operational costs and inculcating a global vision. He also affirmed the great assistance of their transitional conversations.

Since arriving on campus the president has been focused on listening to various members of the seminary community. He's scheduled meetings with each of the faculty in their offices. He is also meeting with all the administrators and leaders of student groups. One of the greatest concerns of the faculty is the state of the [redacted] In the meantime the president will enthusiastically join the ongoing endeavors to raise funds for the library project.

In an effort to facilitate better communications between board meetings, the president announced a plan to send a monthly email blast that will highlight the events on campus. On the month before the board meetings, this mailing will include an updated dashboard of leading indicators. The president concluded by thanking Leslie Braksick and Paul Branstad for their leadership in "Café Dialogues" on the previous morning. This process allowed the trustees to collect input from every trustee on how best to restructure the board's governance according to the imperatives of the newly adopted strategic plan. A task force will work on assimilating this data into a proposal that will be brought back to the board.

REPORT OF THE BOARD CHAIR

NO REMITS

Mr. Bohl shared some insights from the gathering of Seminary Presidents in Atlanta and on the Capital Campaign and urged the full support of the Board in producing [redacted] donor lists.

REPORTS OF THE COMMITTEES

A. FACILITIES

NO REMITS

Mr. Dennis noted that we are [redacted] living spaces for students.

He said there is developer interest in the vacant CRW Campus land available for commercial enterprises that will complement the student housing already present.

He reported that Hurricane Sandy tested the emergency preparedness of the Seminary and pointed out the some changes that will likely be made in preparation for future events.

He said the remodeling of Springdale is expected to be completed in August.

He shared that the bookstore must undergo changes due to Cokesbury's withdrawal from running such bookstores.

B. INVESTMENTS

NO REMITS

Mr. Huff noted that the committee spent its time getting to know the new CIO, Robert Manchen and shared that investments have been doing well this period.

He pointed out that the allocations of funds will be revisited in May to be sure investments are secure and profitable.

Mr. Robert Manchen was formally introduced to the Board and spoke briefly about his background.

C. COMMITTEE ON TRUSTEES

REMITS

1. Dates for the January 2014 meeting off campus were set and approved. The dates are January 26-28, 2014.

2. The following new Trustees were moved and passed and will be welcomed at the May meeting:

   The Rev. Camille Cook Murray
   The Rev. Dr. Laird Stuart
   Ms. Alison Zimmerman

3. It was moved that the Board receive the resignation of [redacted] from the Board. He will not be replaced because he was an alumni Trustee whose term ended in May 2013.

   The Board Officer Nominations sub-Committee, consisting of three former Board Chairs, brought their recommendations to the Committee on Trustees for consideration. It was decided that the Committee on Trustees would not present the slate of officers at the January meeting, but rather provide Trustees an opportunity, through the Board Leadership Questionnaire, to give their perspective and input on leadership of the Board at all levels. In April, via email, the Committee on Trustees will communicate to the Board the recommended slate of officers.

Rev. McKinley pointed out that there is a Board Questionnaire in the notebook under Section 12 – Committee on Trustees. It is the only document in that section. Please complete this form and return it to the President's Office.

D. ACADEMIC AFFAIRS

REMITS

1. It was moved and approved that the wording pertaining to the oversight of the Library be removed from this committee's charter.
2. It was moved and approved that the Bicentennial Committee be dismissed with the thanks of the Board.

On behalf of the Academic Affairs Committee [redacted]

Information was presented on Distance Learning Courses; there was discussion on the Master's programs and the M. Div.; the Administration is preparing a report, due April 1, 2013, on our progress with educational assessment to the [redacted]

E. EXECUTIVE COMMITTEE — NO REMITS

F. STUDENT LIFE — REMIT

1. The Student Life Committee [redacted] the REMIT was withdrawn.

G. FINANCIAL AFFAIRS — REMIT

1. It was agreed that the Seminary approve resolutions which permit the Seminary to refinance the 2002 tax exempt bonds and issue additional bonds in a combined amount not to exceed [redacted] provided the Seminary's Chair of the Board, President and Senior Vice-President concur.

H. SEMINARY RELATIONS — NO REMITS

The Committee has engaged [redacted] in order to more fully engage alumni with the Seminary.

The Committee proposed 10 things a Trustee can do to be faithful and encourage generous givers to connect with the Seminary.

[redacted]

There hope is that every Trustee will engage in at least 5 of these activities.

I. LIBRARY

NO REMITS

The Committee discussed the concerns of the Librarian and plans for reorganizing.

Library Partnerships will be investigated for the May meeting [redacted]

The Library construction is almost finished. We are waiting for the Certificate of Occupancy, the Certificate from the NJ Environmental Protection Agency, which oversees [redacted]n the Torrance Atrium, furniture delivery and book moves.

The budget is on track, but getting tight.

Luce renovations are going to begin after the new library is open (it is estimated to take only a portion of a year to renovate Luce.)

[redacted]

J. INFORMATION and TECHNOLOGY

NO REMITS

The committee is excited by all that is accomplished within the Seminary and with the increased technology capabilities.

[redacted]

K. CAPITAL CAMPAIGN COMMITTEE

NO REMITS

The Committee has raised [redacted] of the money needed for the campaign and is working on the rest.

EXECUTIVE SESSION

The President appointed a Task Force to follow-up on yesterday's plenary sessions. It is composed of 4 people: Paul Branstad, Leslie Braksick, John Galloway and Fred Anderson. The Board APPROVED it.

The issue of recognizing [redacted] special service to the Board and Seminary was raised for consideration.

[redacted]

[redacted]

The meeting was adjourned with prayer led by the Rev. Dr. Fred Anderson.

Respectfully Submitted,

John Galloway
Secretary of the Board

Board of Trustees
Princeton Theological Seminary
Daniel J. Theron Assembly Room
May 21, 2013
9:00 a.m.

The Board of Trustees of Princeton Theological Seminary convened a regularly stated meeting on May 21, 2013 at 9:00 a.m. in the Daniel J. Theron Assembly Room in the new library of the Seminary.

The following members were present in addition to the chair, the Rev. Dr. Robert W. Bohl; the Vice-Chair, Dr. Leslie W. Braksick; the Reverend Drs. Robert M. Adams, Fred R. Anderson, Gary O. Dennis, Todd B. Jones, Don Lincoln, James H. Logan Jr., Kari Turner McClellan, Mark P. Thomas, Laird Stuart; the Reverends, Darrell L. Armstrong, Deborah A. McKinley, Camille Cook Murray, Jeffrey V. O'Grady, Ruth Santana-Grace and Renée Lawler Sundberg; Dr. William P. Robinson; Mses. Amy Woods Brinkley, Nancy Oliver Gray, Heather Sturt Haaga, Dorothy A. Johnson, Virginia J. Thornburgh; Ms. Alison McCord Zimmerman; Messrs. Paul A. Branstad, John H. Donelik, Michael G. Fisch, Craig A. Huff, Thomas R. Johnson, F. Carter Karins, David M. Mace, James G. Neal, James A. Unruh, and Trustees emerita Drs. Joan I. Gotwals and Mary Lee Fitzgerald and Mr. Paul E. Vawter, Jr.

Also present were, the President, the Rev. Dr. M. Craig Barnes; and the Senior Vice-President, Mr. John W. Gilmore; and the members of the Executive Council: Adrian Backus, James F. Kay, Charles F. Kalmbach, Lori A. Neff, Robert Manchen, Rosemary C. Mitchell and Donald M. Vorp.

Excused were: Rev. Dr. Sang Chang and George B. Wirth; the Reverends Alf E. Halvorson,; and Messrs. Jinsoo Kim, Scott Renninger, and Thomas J. Rosser.

The secretary declared that a quorum, according to the By-Laws, was present for this properly called meeting. In accordance with the provisions of Article VI, Section 3, of the By-Laws, he presented the following certification: I hereby certify that this meeting has been called according to the requirements of the By-Laws in Article VI, Section 3, and the usual ten days' notice having been given.

The meeting convened with prayer by President Barnes.

The Minutes of the January 29, meeting were approved with one correction. [redacted] was present at that meeting.

CONSENT CALENDAR

<u>Academic Affairs</u>

1. **Approval of Adjunct Faculty to Teach in Academic Year 2013-2014:**
   a. <u>Christian Andrews</u>, EC/TH5350, *Missional Theology and Practice* (Spring Semester)

b. Charles Bartow, SC2101 and SC2012, *Speech and Preaching* (Academic Year)
c. Donald Capps, PC5472, *The Pastor and Mental Illness* (Fall Semester); PC5461, *Pastoral Care and the Life Cycle* (Spring Semester)
d. David Choi, ML4200, *Introduction to Asian American Ministry* (Fall Semester)
e. Fred Day, WR3105, *Christian Worship and the Methodist Tradition* (Fall Semester); DP1210, *United Methodist Studies II: Doctrine* (Spring Semester)
f. Katherine Douglass, EF1340, *Teaching the Bible in the Church* (Fall Semester)
g. Mark Edwards, TH3420, *Doctrine of Providence* (Spring Semester)
h. Abigail Evans, PC5261, *Pastoral Care with Older Adults* (Spring Semester)
i. Karlfried Froehlich, CH3420, *Christian Iconography* (Early and Medieval) (Fall Semester)
j. Stephen Garfinkel, OT3307, *The Many Faces of Moses* (Fall Semester)
k. Patrick Johnson, SC2101, *Speech Communication in Ministry I and II* (Academic Year)
l. Carmen Maier, EF3410, *Benedictine Spirituality* (Fall Semester), pending satisfactory clarification of legal questions
m. Kenneth Reynhout, TH5410, *The Theology of Wolfhart Pannenberg* (Spring Semester)
n. Kenneth Rowe, DP1209, *United Methodist Studies I: History* (January Term)
o. Kamalesh Stephen, PR2100, *Introduction to Preaching* (Academic Year)
p. Joyce MacKichan Walker, DP1201, *Presybterian Church Polity* (Spring Semester)
q. Sonia Waters, PC5268, *Pastoral Care of Women* (Fall Semester)
r. Timothy J. Wengert, DP1207, *Lutheran Church Polity* (Spring Semester)
s. Carlos Wilton, DP1201, *Presbyterian Church Polity* (Fall Semester)
t. Alison Young, *Practicum in Children's Ministry* (Academic Year)

2. **Approval of the following Doctoral Teaching Fellows in Academic Year 2013-2014:**
   a. Ryan Armstrong, OT1153, *Hebrew Translation* (Academic Year)
   b. Adam Eitel, TH5390, *Aquinas on Love* (Fall Semester)
   c. Mary Schmitt, NT1153, *Greek Translation* (Academic Year)
   d. Nathan Stucky, EF4800, *Sabbath and Youth Ministry: Christian Formation, Theology and Practice* (Fall Semester)

3. **Approval of Sabbatical and Unpaid Research Leaves Recommended by the Faculty Support and Development Committee:**
   a. Paul Rorem (Spring Semester 2015)
   b. George Parsenios (Due to staffing shortages in the Department of Biblical Studies, Dr. Parsenios will not take his one semester sabbatical leave in the Spring of 2013-2014 as previously planned. He is requesting to postpone his sabbatical leave until 2014-2015, and will inform the FSDC shortly which semester he will take.)

4. **Approval of revisions to the Faculty Bylaws**
    a. Revisions to Chapter 8 of the *Faculty Manual* proposing a one-year moratorium on certain faculty committees

5. **Approval of Comprehensive Academic Plan including Annual Faculty Survey**

6. **Reception of the Reports**
    a. Dean of Academic Affairs (Attached)
    b. Director of Field Education (Attached)
    c. Director of Masters' Studies (Attached)
    d. Director of Ph.D. Studies (Attached)
    e. Associate Dean for Curricula (Attached)
    f. Registrar (Attached)
    g. Approval of the Report of the Secretary of the Faculty, including candidates to receive degrees, fellowships, prizes, and awards at the Commencement Exercises on Saturday, May 18, 2013.

INDUCTION OF NEW TRUSTEES

The Reverend Camille Cook Murray, Mr. James Neal, The Reverend Dr. Laird Stuart and Ms. Alison McCord Zimmerman were invited by the chair to stand before the board, replied affirmatively to the covenant questions, signed the register of trustees, and were warmly welcomed to the Board.

PRESIDENT'S REPORT TO THE BOARD

The President began by leading the Board in prayer for those in Oklahoma who were devastated by the tornado yesterday.

The President expressed appreciation to [redacted] for her faithful service to the Seminary and presented her with a plaque commemorating her 30 years of service.

The President highlighted the importance of a new task force to create a [redacted] Administration, and the Board voted to approve the Task Force.

REMARKS BY THE BOARD CHAIR

Mr. Bohl distributed the sign-up sheet for those who are willing to offer [redacted]

Mr. Bohl asked the Board to approve the motions made at Saturday's pre-commencement meeting concerning the conferring of degrees, the retirement to emeriti status of [redacted] The motion was made and passed.

The Board expressed great thanks to Dr. Bohl for his years of service to the Board.

COMMITTEE REPORTS

A. FINANCIAL AFFAIRS

REMITS

1. Moved that the Board approve the attached resolutions that permit the Seminary to refinance its 2002 tax exempt bonds and issue additional bonds/debt in a combined amount not to exceed [redacted] provided the Seminary's Chair of the Board, President, Senior Vice President and the chairs of the Financial Affairs and Investment committees concur.
2. Moved to approve the proposed budget for 2013-2014.

Both remits were approved.

Mr. Donelik drew the attention of the Trustees to the written financial reports included in trustee notebooks.

Mr. Gilmore provided a report on the proposed budget for 2013-14, noting that present global economic uncertainties lead to balancing efforts to be fiscally cautious with attempts to be faithful to the Seminary's mission. He reported that the budgeted endowment draw for next year remains relatively flat, at [redacted] The budgeted rate of spending in 2013-14 declines to 4.95%, although this does not include funds to offset an anticipated increase in debt service relating to the planned bond issue. The hope, however, is to pay increased debt service in the next few years with campaign receipts. Mr. Gilmore said all departments of the Seminary were asked to align their budgets with the mission of the Seminary.

The operating budget for next year is slightly less in total than the 2012-13 budget. Positive factors affecting the proposed budget for next year include [redacted]

With respect to student charges, there is a planned $250 increase in tuition, no increase in board plan charges, residence hall charges are up 2% and apartment rents increase up to 5% depending upon the site. Funding for five new faculty members has been included in the proposed budget, with this expense offset by funding for faculty who have retired or otherwise departed. The budget also includes money for modest raises and merit increases for employees.

B. COMMITTEE ON INVESTMENTS

NO REMITS

Mr. Huff asked for names of [redacted]

[redacted]

The committee is revisiting policies and procedures to make certain that the money is where it should be for responsible stewardship. There may be some asset allocation tweaking to be done in July.

[redacted]

REMITS

C. COMMITTEE ON TRUSTEES

1. Moved to elect William Robinson as Chair, Ruth Santana-Grace as Vice-Chair and Scott Renninger as Secretary.

2. Moved to elect Dale Jones as a charter Trustee, class of 2016 and Rev. Erin Raska, the new Alumna Trustee, to class of 2016 of the Board of Trustees.

3. Moved to elect of the following members of the Class of 2013 to the Class of 2016: Rev. Darrell L. Armstrong, Dr. Leslie W. Braksick, Mr. Paul A. Branstad, Amy Woods Brinkley, Dr. Sang Chang, Rev. Dr. Gary O. Dennis, Mr. Jinsoo Kim, Rev. Dr. James H. Logan Jr., Dr. Kari Turner McClellan, Mr. Thomas J. Rosser, Rev. Ruth F. Santana-Grace and Mrs. Virginia J. Thornburg.

4. [redacted]

All remits were passed.

Ms. McKinley drew attention to the one page summary of our self-assessment.

D. ACADEMIC AFFAIRS

1. Moved to promote [redacted]

2. Moved to appoint [redacted]

3. Moved to appoint [redacted]

4. Moved to adopt the amendments to the Faculty By-Laws on Regular Peer Review of Tenured Professors. *(Faculty Manual 9.5.2)*

5. Moved to approve the Position Description in Pastoral Theology and the Position Description in World Christianity.

All remits were approved.

E. FACILITIES COMMITTEE **NO REMITS**

Mr. Dennis gave thanks for the great staff dealing with the facilities of the seminary. [redacted]

The Board expressed great appreciation for all Mr. Karins has done in this process. Mr. Dennis updated the Board on the condition of Springdale, which is an historical building erected in 1850-51. It was the first building electrified on the Seminary campus.

F. STUDENT LIFE **NO REMITS**

It was reported that there were no remits or report.

G. SEMINARY RELATIONS **NO REMITS**

Mr. Jones pointed out the packet of names and addresses [redacted]

He noted several staff changes, including [redacted]

H. LIBRARY COMMITTEE **NO REMITS**

Ms. Gotwals thanked all of those who made it possible for the library to be open for this meeting. There have been delays in the [redacted] which has caused difficulties and will bring [redacted]

The renovation of Luce is scheduled to begin this week. The Library has received a grant from the [redacted]

I. CAMPAIGN CABINET

NO REMITS

Ms. Haaga shared that the committee has ended its relationship with [redacted] and is relying on the President to make the next choice as his job and theirs is so intertwined. [redacted]

J. AUDIT COMMITTEE

NO REMITS

Mr. Johnson reported on the progress of the audit and the new staff members in our financial departments.

Mr. Johnson addressed the issue of institutional risks [redacted]

He further reported that they amended the Committee charter to bring it into line with the official by-laws of the Seminary.

K. INFORMATION and TECHNOLOGY

NO REMITS

Mr. Karins reported that IT is essential to all the Seminary does, particularly in education. Therefore, financial investments in IT are essential.

L. PRESIDENT'S OFFICE

REMIT

1. Moved that Ellen L. Martin be named Secretary of the Seminary.

Remit was approved.

M. GOVERNANCE TASK FORCE

Mr. Branstad drew the attention of the Board to written report pointing out that there are a few changes that will be made because of omissions in the document. The goal of the document is to align governance more completely with the Strategic Plan.

After much discussion and debate the document was accepted [redacted] The task force will review responses and a revised report will be sent to Trustees by July 4 for review. On August 1 2013, there will be a teleconference of Trustees to vote on the matter.

RECOGNITION OF RETIRING TRUSTEES

The President thanked The Reverend Drs. Robert M. Adams and Robert W. Bohl, and Mr. David M. Mace and presented each of them with a plaque to celebrate their many years of service to the Seminary.

RECOGNITION OF RETIRING CHAIR OF THE BOARD

On behalf of the entire board, the President expressed a debt of gratitude to Dr. Bohl for his leadership as Chair of the Board, and presented him with a plaque to commemorate his faithfulness.

Attention was drawn to the schedule for upcoming meetings: [redacted] was an academic who sued the Seminary because he wasn't granted tenure, but continues to be a faithful supporter of the Seminary. He is about 88 now and will come to the campus in October.

EXECUTIVE SESSION

The President and Administrators were excused and the Board moved into Executive Session.

It was pointed out that the meeting [redacted]

Mr. Johnson shared good reviews [redacted]

Mr. Johnson closed the meeting with a prayer.

Respectfully submitted,

John T. Galloway, Jr.
Secretary of the Board

Internal Revenue Service

Department of the Treasury

P. O. Box 2508
Cincinnati, OH 45201

Date January 26, 2002

Person to Contact:
Dottie Downing #31-02736
Customer Service Specialist
Toll Free Telephone Number:
8:00 a.m. to 6:30 p.m. EST
877-829-5500
Fax Number:
513-263-3756

Federal Identification Number:
21-0635010

Princeton Theological Seminary
64 Mercer Street, PO Box 821
Princeton, NJ 08542-0803

Dear Sir or Madam:

Thank you for your letter dated January 4, 2002, informing us that your organization was not listed in our Publication 78, cumulative list of Organizations.

We have updated our files to include your organization in the next revision of the publication

Our records indicate that in January 1953, we issued a determination letter that recognized your organization as exempt from federal income tax under section 101(6) of the Internal Revenue Code of 1939, which now corresponds to 501(c)(3) of the Internal Revenue Code of 1986 That letter is still in effect.

Based on information subsequently submitted, we classified your organization as one that is not a private foundation within the meaning of section 509(a) of the Code because it is an organization described in sections 509(a)(1) and 170(b)(1)(A)(ii) This classification was based on the assumption that your organization's operations would continue as stated in the application. If your organization's purposes, character, method of operation, or sources of support have changed, please let us know so we can consider the effect of the change on the organization's exempt status and foundation status.

Revenue Procedure 75-50, published in Cumulative Bulletin 1975-2 on page 587, sets forth guidelines and record keeping requirements for determining whether private schools have racially nondiscriminatory policies as to students Your organization must comply with this revenue procedure to maintain its tax-exempt status.

All exempt organizations (unless specifically excluded) are liable for taxes under the Federal Insurance Contributions Act (social security taxes) on remuneration of $100 or more paid to each employee during a calendar year Your organization is not liable for the tax imposed under the Federal Unemployment Tax Act (FUTA).

Organizations that are not private foundations are not subject to the excise taxes under Chapter 42 of the Code However, they are not automatically exempt from other federal excise taxes. If you have any questions about excise, employment, or other federal taxes, please let us know

Princeton Theological seminary
21-0635010

Donors may deduct contributions to your organization as provided in section 170 of the Code Bequests, legacies, devises, transfers, or gifts to your organization or for its use are deductible for federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code

Your organization is not required to file federal income tax returns unless it is subject to the tax on unrelated business income under section 511 of the Code. If your organization is subject to this tax, it must file an income tax return on the Form 990-T, Exempt Organization Business Income Tax Return In this letter, we are not determining whether any of your organization's present or proposed activities are unrelated trade or business as defined in section 513 of the Code.

The law requires you to make available for public inspection a copy of your organization's exemption application, any supporting documents and the exemption letter to any individual who requests such documents in person or in writing You can charge only a reasonable fee for reproduction and actual postage costs for the copied materials. The law does not require you to provide copies of public inspection documents that are widely available, such as by posting them on the Internet (World Wide Web). You may be liable for a penalty of $20 a day for each day you do not make these documents available for public inspection

Because this letter could help resolve any questions about your organization's exempt status and foundation status, you should keep it with the organization's permanent records

If you have any questions, please call us at the telephone number shown in the heading of this letter

This letter affirms your organization's exempt status

Sincerely,

John E. Ricketts

John E. Ricketts, Director, TE/GE
Customer Account Services

Form **990-T** | **Exempt Organization Business Income Tax Return** (and proxy tax under section 6033(e)) | OMB No. 1545-0687 **2009**

Department of the Treasury Internal Revenue Service (77)

For calendar year 2009 or other tax year beginning JUL 1, 2009, and ending JUN 30, 2010

Open to Public Inspection for 501(c)(3) Organizations Only

A [ ] Check box if address changed

B Exempt under section [X] 501(C)(3) [ ] 408(e) [ ] 220(e) [ ] 408A [ ] 530(a) [ ] 529(a)

Print or Type

Name of organization ([ ] Check box if name changed and see instructions.)
PRINCETON THEOLOGICAL SEMINARY

Number, street, and room or suite no. If a P.O. box, see page 8 of instructions.
64 MERCER STREET, P.O. BOX 821

City or town, state, and ZIP code
PRINCETON, NJ 08542-0803

D Employer identification number (Employees' trust, see instructions for Block D on page 9.)
21-0635010

E Unrelated business activity codes (See instructions for Block E on page 9.)
525990

C Book value of all assets at end of year
999,538,389.

F Group exemption number (See instructions for Block F.) ▶

G Check organization type ▶ [X] 501(c) corporation [ ] 501(c) trust [ ] 401(a) trust [ ] Other trust

H Describe the organization's primary unrelated business activity. ▶ INVESTMENT IN LIMITED PARTNERSHIPS

I During the tax year, was the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? ▶ [ ] Yes [X] No

If "Yes," enter the name and identifying number of the parent corporation. ▶

J The books are in care of ▶ BARRY L. GRUVER Telephone number ▶ 609-497-7706

Part I Unrelated Trade or Business Income

			(A) Income	(B) Expenses	(C) Net
1a	Gross receipts or sales				
b	Less returns and allowances c Balance ▶	1c			
2	Cost of goods sold (Schedule A, line 7)	2			
3	Gross profit. Subtract line 2 from line 1c	3			
4a	Capital gain net income (attach Schedule D)	4a	<18,443.>		<18,443.>
b	Net gain (loss) (Form 4797, Part II, line 17) (attach Form 4797)	4b			
c	Capital loss deduction for trusts	4c			
5	Income (loss) from partnerships and S corporations (attach statement)	5	<980,841.>	STMT 1	<980,841.>
6	Rent income (Schedule C)	6			
7	Unrelated debt-financed income (Schedule E)	7			
8	Interest, annuities, royalties, and rents from controlled organizations (Sch. F)	8			
9	Investment income of a section 501(c)(7), (9), or (17) organization (Schedule G)	9			
10	Exploited exempt activity income (Schedule I)	10			
11	Advertising income (Schedule J)	11			
12	Other income (See instructions; attach schedule.)	12			
13	Total. Combine lines 3 through 12	13	<999,284.>		<999,284.>

Part II Deductions Not Taken Elsewhere (See instructions for limitations on deductions.) (Except for contributions, deductions must be directly connected with the unrelated business income.)

14	Compensation of officers, directors, and trustees (Schedule K)	14	
15	Salaries and wages	15	
16	Repairs and maintenance	16	
17	Bad debts	17	
18	Interest (attach schedule) SEE STATEMENT 2	18	50,067.
19	Taxes and licenses SEE STATEMENT 10	19	2,382.
20	Charitable contributions (See instructions for limitation rules.) SEE STATEMENT 3	20	0.
21	Depreciation (attach Form 4562) 21		
22	Less depreciation claimed on Schedule A and elsewhere on return 22a	22b	
23	Depletion	23	
24	Contributions to deferred compensation plans	24	
25	Employee benefit programs	25	
26	Excess exempt expenses (Schedule I)	26	
27	Excess readership costs (Schedule J)	27	
28	Other deductions (attach schedule) SEE STATEMENT 4	28	450,267.
29	**Total deductions.** Add lines 14 through 28	29	502,716.
30	Unrelated business taxable income before net operating loss deduction. Subtract line 29 from line 13	30	<1502000.>
31	Net operating loss deduction (limited to the amount on line 30) SEE STATEMENT 11	31	0.
32	Unrelated business taxable income before specific deduction. Subtract line 31 from line 30	32	<1502000.>
33	Specific deduction (Generally $1,000, but see instructions for exceptions.)	33	
34	**Unrelated business taxable income.** Subtract line 33 from line 32. If line 33 is greater than line 32, enter the smaller of zero or line 32	34	<1502000.>

Form **8868** (Rev. April 2009) Department of the Treasury Internal Revenue Service

Application for Extension of Time To File an Exempt Organization Return

▶ File a separate application for each return.

OMB No. 1545-1709

- If you are filing for an **Automatic 3-Month Extension, complete only Part I** and check this box ▶ [ ]
- If you are filing for an **Additional (Not Automatic) 3-Month Extension, complete only Part II** (on page 2 of this form).

Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868.

Part I **Automatic 3-Month Extension of Time.** Only submit original (no copies needed).

A corporation required to file Form 990-T and requesting an automatic 6-month extension - check this box and complete Part I only ▶ [X]

All other corporations (including 1120-C filers), partnerships, REMICs, and trusts must use Form 7004 to request an extension of time to file income tax returns.

Electronic Filing (e-file). Generally, you can electronically file Form 8868 if you want a 3-month automatic extension of time to file one of the returns noted below (6 months for a corporation required to file Form 990-T). However, you cannot file Form 8868 electronically if (1) you want the additional (not automatic) 3-month extension or (2) you file Forms 990-BL, 6069, or 8870, group returns, or a composite or consolidated Form 990-T. Instead, you must submit the fully completed and signed page 2 (Part II) of Form 8868. For more details on the electronic filing of this form, visit *www.irs.gov/efile* and click on *e-file for Charities & Nonprofits*.

Type or print	Name of Exempt Organization PRINCETON THEOLOGICAL SEMINARY	Employer identification number 21-0635010
File by the due date for filing your return. See instructions	Number, street, and room or suite no. If a P.O. box, see instructions. 64 MERCER STREET, P.O. BOX 821	
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. PRINCETON, NJ 08542-0803	

Check type of return to be filed(file a separate application for each return):

[ ] Form 990 [X] Form 990-T (corporation) [ ] Form 4720
[ ] Form 990-BL [ ] Form 990-T (sec. 401(a) or 408(a) trust) [ ] Form 5227
[ ] Form 990-EZ [ ] Form 990-T (trust other than above) [ ] Form 6069
[ ] Form 990-PF [ ] Form 1041-A [ ] Form 8870

- The books are in the care of ▶ BARRY L. GRUVER - 64 MERCER STREET, P.O. BOX 821 - PRINCETON, NJ 08542-0803

Telephone No. ▶ 609-497-7706 FAX No. ▶

- If the organization does not have an office or place of business in the United States, check this box ▶ [ ]
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) ______ . If this is for the whole group, check this box ▶ [ ] . If it is for part of the group, check this box ▶ [ ] and attach a list with the names and EINs of all members the extension will cover.

1 I request an automatic 3-month (6-months for a corporation required to file Form 990-T) extension of time until MAY 15, 2011 , to file the exempt organization return for the organization named above. The extension is for the organization's return for:
▶ [ ] calendar year ______ or
▶ [X] tax year beginning JUL 1, 2009 , and ending JUN 30, 2010 .

2 If this tax year is for less than 12 months, check reason: [ ] Initial return [ ] Final return [ ] Change in accounting period

3a	If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	3a	$ 0.
b	If this application is for Form 990-PF or 990-T, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit.	3b	$ 11,000.
c	**Balance Due.** Subtract line 3b from line 3a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	3c	$ 0.

Caution. If you are going to make an electronic fund withdrawal with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions.

Part III Tax Computation

35 Organizations Taxable as Corporations. See instructions for tax computation.
Controlled group members (sections 1561 and 1563) check here ▶ [ ] See instructions and:
a Enter your share of the $50,000, $25,000, and $9,925,000 taxable income brackets (in that order)
(1) $ (2) $ (3) $
b Enter organization's share of: (1) Additional 5% tax (not more than $11,750) $
(2) Additional 3% tax (not more than $100,000) $
c Income tax on the amount on line 34 ▶ 35c 0.
36 Trusts Taxable at Trust Rates. See instructions for tax computation. Income tax on the amount on line 34 from:
[ ] Tax rate schedule or [ ] Schedule D (Form 1041) ▶ 36
37 Proxy tax. See instructions ▶ 37
38 Alternative minimum tax 38
39 Total. Add lines 37 and 38 to line 35c or 36, whichever applies 39 0.

Part IV Tax and Payments

40a	Foreign tax credit (corporations attach Form 1118; trusts attach Form 1116)	40a			
b	Other credits (see instructions)	40b			
c	General business credit. Attach Form 3800	40c			
d	Credit for prior year minimum tax (attach Form 8801 or 8827)	40d			
e	Total credits. Add lines 40a through 40d			40e	
41	Subtract line 40e from line 39			41	0.
42	Other taxes. Check if from: [ ] Form 4255 [ ] Form 8611 [ ] Form 8697 [ ] Form 8866 [ ] Other (attach schedule)			42	
43	Total tax. Add lines 41 and 42			43	0.
44a	Payments: A 2008 overpayment credited to 2009	44a	11,000.		
b	2009 estimated tax payments	44b			
c	Tax deposited with Form 8868	44c			
d	Foreign organizations: Tax paid or withheld at source (see instructions)	44d			
e	Backup withholding (see instructions) SEE STATEMENT 12	44e	7.		
f	Other credits and payments: [ ] Form 2439 ____ [ ] Form 4136 ____ [ ] Other ____ Total ▶	44f			
45	Total payments. Add lines 44a through 44f			45	11,007.
46	Estimated tax penalty (see instructions). Check if Form 2220 is attached ▶ [ ]			46	
47	Tax due. If line 45 is less than the total of lines 43 and 46, enter amount owed ▶			47	
48	Overpayment. If line 45 is larger than the total of lines 43 and 46, enter amount overpaid ▶			48	11,007.
49	Enter the amount of line 48 you want: Credited to 2010 estimated tax ▶ 11,007. Refunded ▶			49	0.

Part V Statements Regarding Certain Activities and Other Information (See instructions on page 17)

		Yes	No
1	At any time during the 2009 calendar year, did the organization have an interest in or a signature or other authority over a financial account (bank, securities, or other) in a foreign country? If YES, the organization may have to file Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts. If YES, enter the name of the foreign country here ▶		X
2	During the tax year, did the organization receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If YES, see page 5 of the instructions for other forms the organization may have to file.		X
3	Enter the amount of tax-exempt interest received or accrued during the tax year ▶ $		

Schedule A - Cost of Goods Sold. Enter method of inventory valuation ▶ N/A

1	Inventory at beginning of year	1		6	Inventory at end of year	6	
2	Purchases	2		7	Cost of goods sold. Subtract line 6 from line 5. Enter here and in Part I, line 2	7	
3	Cost of labor	3		8	Do the rules of section 263A (with respect to property produced or acquired for resale) apply to the organization?	Yes	No X
4a	Additional section 263A costs	4a					
b	Other costs (attach schedule)	4b					
5	Total. Add lines 1 through 4b	5					

Sign Here Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

▶ Signature of officer Date ▶ Title

May the IRS discuss this return with the preparer shown below (see instructions)? [X] Yes [ ] No

Paid Preparer's Use Only
Preparer's signature ▶ CPA Date 5-10-11 Check if self-employed [ ] Preparer's SSN or PTIN P00543209
Firm's name (or yours if self-employed), address, and ZIP code ▶ O'CONNOR DAVIES MUNNS AND DOBBINS, LLP
60 EAST 42ND STREET, 36TH FL
NEW YORK, NY 10165-3698
EIN 13-3385019
Phone no. (212)286-2600

Schedule C - Rent Income (From Real Property and Personal Property Leased With Real Property) (see instr. on pg 18)

1. Description of property

(1)
(2)
(3)
(4)

	2. Rent received or accrued		
	(a) From personal property (if the percentage of rent for personal property is more than 10% but not more than 50%)	(b) From real and personal property (if the percentage of rent for personal property exceeds 50% or if the rent is based on profit or income)	3(a) Deductions directly connected with the income in columns 2(a) and 2(b) (attach schedule)
(1)			
(2)			
(3)			
(4)			
Total	0.	Total 0.	
(c) Total income. Add totals of columns 2(a) and 2(b). Enter here and on page 1, Part I, line 6, column (A) ▶		0.	(b) Total deductions. Enter here and on page 1, Part I, line 6, column (B) ▶ 0.

Schedule E - Unrelated Debt-Financed Income (See instructions on page 19)

1. Description of debt-financed property	2. Gross income from or allocable to debt-financed property	3. Deductions directly connected with or allocable to debt-financed property (a) Straight line depreciation (attach schedule)	3. (b) Other deductions (attach schedule)
(1)			
(2)			
(3)			
(4)			

	4. Amount of average acquisition debt on or allocable to debt-financed property (attach schedule)	5. Average adjusted basis of or allocable to debt-financed property (attach schedule)	6. Column 4 divided by column 5	7. Gross income reportable (column 2 x column 6)	8. Allocable deductions (column 6 x total of columns 3(a) and 3(b))
(1)			%		
(2)			%		
(3)			%		
(4)			%		
				Enter here and on page 1, Part I, line 7, column (A).	Enter here and on page 1, Part I, line 7, column (B).
Totals			▶	0.	0.
Total dividends-received deductions included in column 8				▶	0.

Schedule F - Interest, Annuities, Royalties, and Rents From Controlled Organizations (See instructions on page 20)

Exempt Controlled Organizations

1. Name of controlled organization	2. Employer identification number	3. Net unrelated income (loss) (see instructions)	4. Total of specified payments made	5. Part of column 4 that is included in the controlling organization's gross income	6. Deductions directly connected with income in column 5
(1)					
(2)					
(3)					
(4)					

Nonexempt Controlled Organizations

	7. Taxable Income	8. Net unrelated income (loss) (see instructions)	9. Total of specified payments made	10. Part of column 9 that is included in the controlling organization's gross income	11. Deductions directly connected with income in column 10
(1)					
(2)					
(3)					
(4)					
				Add columns 5 and 10. Enter here and on page 1, Part I, line 8, column (A)	Add columns 6 and 11. Enter here and on page 1, Part I, line 8, column (B)
Totals			▶	0.	0.

Schedule G - Investment Income of a Section 501(c)(7), (9), or (17) Organization
(see instructions on page 20)

1. Description of income	2. Amount of income	3. Deductions directly connected (attach schedule)	4. Set-asides (attach schedule)	5. Total deductions and set-asides (col. 3 plus col. 4)
(1)				
(2)				
(3)				
(4)				
	Enter here and on page 1, Part I, line 9, column (A).			Enter here and on page 1, Part I, line 9, column (B).
Totals ▶	0.			0.

Schedule I - Exploited Exempt Activity Income, Other Than Advertising Income
(see instructions on page 21)

1. Description of exploited activity	2. Gross unrelated business income from trade or business	3. Expenses directly connected with production of unrelated business income	4. Net income (loss) from unrelated trade or business (column 2 minus column 3). If a gain, compute cols. 5 through 7.	5. Gross income from activity that is not unrelated business income	6. Expenses attributable to column 5	7. Excess exempt expenses (column 6 minus column 5, but not more than column 4)
(1)						
(2)						
(3)						
(4)						
	Enter here and on page 1, Part I, line 10, col. (A)	Enter here and on page 1, Part I, line 10, col. (B)				Enter here and on page 1, Part II, line 26.
Totals ▶	0.	0.				0.

Schedule J - Advertising Income (see instructions on page 21)

Part I Income From Periodicals Reported on a Consolidated Basis

1. Name of periodical	2. Gross advertising income	3. Direct advertising costs	4. Advertising gain or (loss) (col. 2 minus col. 3). If a gain, compute cols. 5 through 7.	5. Circulation income	6. Readership costs	7. Excess readership costs (column 6 minus column 5, but not more than column 4)
(1)						
(2)						
(3)						
(4)						
Totals (carry to Part II, line (5)) ▶	0.	0.				0.

Part II Income From Periodicals Reported on a Separate Basis (For each periodical listed in Part II, fill in columns 2 through 7 on a line-by-line basis.)

1. Name of periodical	2. Gross advertising income	3. Direct advertising costs	4. Advertising gain or (loss) (col. 2 minus col. 3). If a gain, compute cols. 5 through 7.	5. Circulation income	6. Readership costs	7. Excess readership costs (column 6 minus column 5, but not more than column 4).
(1)						
(2)						
(3)						
(4)						
(5) Totals from Part I	0.	0.				0.
	Enter here and on page 1, Part I, line 11, col. (A).	Enter here and on page 1, Part I, line 11, col. (B).				Enter here and on page 1, Part II, line 27.
Totals, Part II (lines 1-5) ▶	0.	0.				0.

Schedule K - Compensation of Officers, Directors, and Trustees (see instructions on page 21)

1. Name	2. Title	3. Percent of time devoted to business	4. Compensation attributable to unrelated business
		%	
		%	
		%	
		%	
Total. Enter here and on page 1, Part II, line 14		▶	0.

SCHEDULE D (Form 1120)

Department of the Treasury Internal Revenue Service

Capital Gains and Losses

▶ Attach to Form 1120, 1120-C, 1120-F, 1120-FSC, 1120-H, 1120-IC-DISC, 1120-L, 1120-ND, 1120-PC, 1120-POL, 1120-REIT, 1120-RIC, 1120-SF, or certain Forms 990-T.
▶ See separate instructions.

OMB No. 1545-0123

2009

Name: PRINCETON THEOLOGICAL SEMINARY

Employer identification number: 21-0635010

Part I Short-Term Capital Gains and Losses - Assets Held One Year or Less

(a) Description of property (Example: 100 shares of Z Co.)	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Sales price (see instructions)	(e) Cost or other basis (see instructions)	(f) Gain or (loss) (Subtract (e) from (d))
1					
SEE STATEMENT 5					2,809.

2 Short-term capital gain from installment sales from Form 6252, line 26 or 37	2	
3 Short-term gain or (loss) from like-kind exchanges from Form 8824	3	
4 Unused capital loss carryover (attach computation) SEE STATEMENT 7	4	(413,306.)
5 Net short-term capital gain or (loss). Combine lines 1 through 4	5	<410,497.>

Part II Long-Term Capital Gains and Losses - Assets Held More Than One Year

(a) Description of property	(b) Date acquired	(c) Date sold	(d) Sales price	(e) Cost or other basis	(f) Gain or (loss)
6					
SEE STATEMENT 6					506.

7 Enter gain from Form 4797, line 7 or 9	7	
8 Long-term capital gain from installment sales from Form 6252, line 26 or 37	8	
9 Long-term gain or (loss) from like-kind exchanges from Form 8824	9	
10 Capital gain distributions (see instructions)	10	
11 Net long-term capital gain or (loss). Combine lines 6 through 10	11	506.

Part III Summary of Parts I and II

12 Enter excess of net short-term capital gain (line 5) over net long-term capital loss (line 11)	12	
13 Net capital gain. Enter excess of net long-term capital gain (line 11) over net short-term capital loss (line 5)	13	
14 Add lines 12 and 13. Enter here and on Form 1120, page 1, line 8, or the proper line on other returns. If the corporation has qualified timber gain, also complete Part IV	14	0.

Note. If losses exceed gains, see Capital losses in the instructions.

Part IV Alternative Tax for Corporations with Qualified Timber Gain.

Complete Part IV only if the corporation has qualified timber gain under section 1201(b). Skip this part if you are filing Form 1120-RIC. See instructions.

15 Enter qualified timber gain (as defined in section 1201(b)(2))	15			
16 Enter taxable income from Form 1120, page 1, line 30, or the applicable line of your tax return	16			
17 Enter the smallest of: (a) the amount on line 15; (b) the amount on line 16; or (c) the amount on Part III, line 13	17			
18 Multiply line 17 by 15%			18	
19 Subtract line 13 from line 16. If zero or less, enter -0-	19			
20 Enter the tax on line 19, figured using the Tax Rate Schedule (or applicable tax rate) appropriate for the return with which Schedule D (Form 1120) is being filed			20	
21 Add lines 17 and 19	21			
22 Subtract line 21 from line 16. If zero or less, enter -0-	22			
23 Multiply line 22 by 35%			23	
24 Add lines 18, 20, and 23			24	
25 Enter the tax on line 16, figured using the Tax Rate Schedule (or applicable tax rate) appropriate for the return with which Schedule D (Form 1120) is being filed			25	
26 Enter the smaller of line 24 or line 25. Also enter this amount on Form 1120, Schedule J, line 2, or the applicable line of your tax return			26	

Form **4797**

Department of the Treasury
Internal Revenue Service (99)

Sales of Business Property

(Also Involuntary Conversions and Recapture Amounts
Under Sections 179 and 280F(b)(2))

▶ Attach to your tax return. ▶ See separate instructions.

OMB No. 1545-0184

2009

Attachment Sequence No. 27

Name(s) shown on return: PRINCETON THEOLOGICAL SEMINARY

Identifying number: 21-0635010

1 Enter the gross proceeds from sales or exchanges reported to you for 2009 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 . . . 1

Part I **Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft-Most Property Held More Than 1 Year** (see instructions)

	(a) Description of property	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)
2							
	SEE STATEMENT 8						<18,443.>

3	Gain, if any, from Form 4684, line 43	3	
4	Section 1231 gain from installment sales from Form 6252, line 26 or 37	4	
5	Section 1231 gain or (loss) from like-kind exchanges from Form 8824	5	
6	Gain, if any, from line 32, from other than casualty or theft	6	
7	Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows:	7	<18,443.>

Partnerships (except electing large partnerships) and S corporations. Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below.

Individuals, partners, S corporation shareholders, and all others. If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below.

8	Nonrecaptured net section 1231 losses from prior years (see instructions) SEE STATEMENT 9	8	
9	Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on the Schedule D filed with your return (see instructions)	9	

Part II **Ordinary Gains and Losses** (see instructions)

10 Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less):

11	Loss, if any, from line 7	11	<18,443.>
12	Gain, if any, from line 7 or amount from line 8, if applicable	12	
13	Gain, if any, from line 31	13	
14	Net gain or (loss) from Form 4684, lines 35 and 42a	14	
15	Ordinary gain from installment sales from Form 6252, line 25 or 36	15	
16	Ordinary gain or (loss) from like-kind exchanges from Form 8824	16	
17	Combine lines 10 through 16	17	<18,443.>

18 For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip lines a and b below. For individual returns, complete lines a and b below:

a	If the loss on line 11 includes a loss from Form 4684, line 39, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 28, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 23. Identify as from "Form 4797, line 18a." See instructions	18a	
b	Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040, line 14	18b	

LHA For Paperwork Reduction Act Notice, see separate instructions.

Part III **Gain From Disposition of Property Under Sections 1245, 1250, 1252, 1254, and 1255** (see instructions)

	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)
19 (a) Description of section 1245, 1250, 1252, 1254, or 1255 property:		
A		
B		
C		
D		

These columns relate to the properties on lines 19A through 19D.	▶	Property A	Property B	Property C	Property D
20 Gross sales price (**Note:** See line 1 before completing.)	20				
21 Cost or other basis plus expense of sale	21				
22 Depreciation (or depletion) allowed or allowable	22				
23 Adjusted basis. Subtract line 22 from line 21	23				
24 Total gain. Subtract line 23 from line 20	24				
25 **If section 1245 property:**					
a Depreciation allowed or allowable from line 22	25a				
b Enter the smaller of line 24 or 25a	25b				
26 **If section 1250 property:** If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291.					
a Additional depreciation after 1975 (see instructions)	26a				
b Applicable percentage multiplied by the smaller of line 24 or line 26a (see instructions)	26b				
c Subtract line 26a from line 24. If residential rental property or line 24 is not more than line 26a, skip lines 26d and 26e	26c				
d Additional depreciation after 1969 and before 1976	26d				
e Enter the smaller of line 26c or 26d	26e				
f Section 291 amount (corporations only)	26f				
g Add lines 26b, 26e, and 26f	26g				
27 **If section 1252 property:** Skip this section if you did not dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership).					
a Soil, water, and land clearing expenses	27a				
b Line 27a multiplied by applicable percentage	27b				
c Enter the smaller of line 24 or 27b	27c				
28 **If section 1254 property:**					
a Intangible drilling and development costs, expenditures for development of mines and other natural deposits, mining exploration costs, and depletion (see instructions)	28a				
b Enter the smaller of line 24 or 28a	28b				
29 **If section 1255 property:**					
a Applicable percentage of payments excluded from income under section 126 (see instructions)	29a				
b Enter the smaller of line 24 or 29a (see instructions)	29b				

Summary of Part III Gains. Complete property columns A through D through line 29b before going to line 30.

30 Total gains for all properties. Add property columns A through D, line 24	30	
31 Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b. Enter here and on line 13	31	
32 Subtract line 31 from line 30. Enter the portion from casualty or theft on Form 4684, line 37. Enter the portion from other than casualty or theft on Form 4797, line 6	32	

Part IV **Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less** (see instructions)

		(a) Section 179	(b) Section 280F(b)(2)
33 Section 179 expense deduction or depreciation allowable in prior years	33		
34 Recomputed depreciation (see instructions)	34		
35 Recapture amount. Subtract line 34 from line 33. See the instructions for where to report	35		

PRINCETON THEOLOGICAL SEMINARY 21-0635010

FORM 990-T INCOME (LOSS) FROM PARTNERSHIPS STATEMENT 1

DESCRIPTION	AMOUNT
ORDINARY INCOME:	
AG REALTY FUND VII (TE), LP	<21,196.>
BAUPOST VALUE PARTNERS, LP IV	25,864.
BLACKSTONE CAPITAL PARTNERS (CAYMAN) V-NQ L.P.	<347.>
BLACKSTONE CAPITAL PARTNERS V USS FEEDER LP	<19,670.>
BLACKSTONE ECC CAPITAL PARTNERS IV, LP	<94.>
BLACKSTONE ECC COMMUNICATIONS PARTNERS, LP	<608.>
BLACKSTONE PB CAPITAL PARTNERS V LP	<1,017.>
BLACKSTONE REAL ESTATE PARTNERS (DC) IV TE.2, LP	<47,586.>
BLACKSTONE REAL ESTATE PARTNERS II TE 1, LP	<580.>
BLACKSTONE REAL ESTATE PARTNERS III TE.3, LP	<27,406.>
BLACKSTONE REAL ESTATE PARTNERS IV TE 2 LP	<139,063.>
BLACKSTONE REAL ESTATE PARTNERS IV TE 2 (DC)-NQ LP	<30,660.>
BLACKSTONE REAL ESTATE PARTNERS V TE 2 LP	<26,188.>
BLACKSTONE REAL ESTATE PARTNERS V TE.2-NQ, LP	<68,329.>
BLACKSTONE RGIS CAPITAL PARTNERS V LP	47,847.
BLACKSTONE SGP CAPITAL PARTNERS (CAYMAN) IV, LP	<9,518.>
DORCHESTER CAPITAL PARTNERS, LP	38,524.
FIRST RESERVE FUND XI, LP	<113,020.>
FIRST RESERVE FUND XII, L.P.	9,904.
FR XII CHARLIE AIV, LP	9,904.
GREENFIELD ACQUISITION PARTNERS V, LP	<417,366.>
K[illegible]LBERG INVESTORS VI, LP	<154,202.>
LINDSAY GOLDBERG & BESSEMER II AIV, LP	<79,912.>
NEW MOUNTAIN PARTNERS III (TIER I), LP	<9,376.>
PROVIDENCE EQUITY PARTNERS VI (UMBRELLA US) LP	<81,267.>
PROVIDENCE EQUITY PARTNERS VI, LP	<13,539.>
TIFF REAL ESTATE PARTNERS II, LLC	<28,381.>
TPG BLUEGRASS V - AIV 2, LP	267.
TIFF SECONDARY PARTNERS I	<2,537.>
TPG V VE-AIV 2, L.P.	<958.>
TPG VI OG AIV I, L.P.	393.
TPG VI VE-AIV 2, L.P.	<1,410.>
THE VARDE FUND IX, LP	265.
PORTFOLIO INCOME:	
BLACKSTONE CAPITAL PARTNERS (CAYMAN II) V LP	6,966.
BLACKSTONE CAPITAL PARTNERS V USS FEEDER, LP	2,622.
BLACKSTONE RGIS CAPITAL PARTNERS V, LP	54.
FR XI-E ONSHORE AIV, LP	39,647.
FIRST RESERVE FUND XI, LP	28.
GREENFIELD ACQUISITION PARTNERS V, LP	61,881.
LINDSAY GOLDBERG & BESSEMER II AIV L.P.	1,941.
HAMILTON LANE SECONDARY FUND II L.P.	2,016.
NEW MOUNTAIN GUARDIAN AIV LP	7,744.
PROVIDENCE EQUITY PARTNERS VI (UMBRELLA US) LP	53,625.
ROARK CAPITAL PARTNERS II, LP	1,255.

TPG BLUEGRASS V-AIV 2, L.P.	512.
TPG PARTNERS VI LP	1,378.
T VI OG AIV I, L.P.	752.
TOTAL TO FORM 990-T, PAGE 1, LINE 5	<980,841.>

FORM 990-T — INTEREST PAID — STATEMENT 2

DESCRIPTION	AMOUNT
INVESTMENT INTEREST EXPENSE:	
BLACKSTONE CAPITAL PARTNERS (CAYMAN II) V LP	3,308.
BLACKSTONE CAPITAL PARTNERS V USS FEEDER, LP	1,209.
LACKSTONE PB CAPITAL PARTNERS V L.P.	6.
FR XI-E ONSHORE AIV, LP	14,521.
GREENFIELD ACQUISITION PARTNERS V, LP	1,825.
HAMILTON LANE SECONDARY FUND II L.P.	211.
NEW MOUNTAIN GUARDIAN AIV, L.P.	850.
PROVIDENCE EQUITY PARTNERS VI (UMBRELLA US) LP	26,193.
TPG BLUEGRASS V-AIV 2, L.P.	72.
TPG PARTNERS VI LP	1,767.
TPG VI OG AIV I, L.P.	105.
T AL TO FORM 990-T, PAGE 1, LINE 18	50,067.

FORM 990-T — CHARITABLE CONTRIBUTION CARRYFORWARD — STATEMENT 3

DESCRIPTION/KIND OF PROPERTY	AMOUNT
PASSTHROUGH FROM PARTNERSHIPS:	
BLACKSTONE PB CAPITAL PARTNERS V LP	6.
BLACKSTONE REAL ESTATE PARTNERS (DC) IV.TE.2 L.P.	30.
BLACKSTONE REAL ESTATE PARTNERS III, T.E. 3 L.P.	96.
BLACKSTONE REAL ESTATE PARTNERS IV. TE.2 (DC)-NQ L.P.	473.
BLACKSTONE REAL ESTATE PARTNERS V TE.2, LP	11.
BLACKSTONE REAL ESTATE PARTNERS V.TE.2-NQ L.P.	206.
BLACKSTONE RGIS CAPITAL PARTNERS V LP	158.
BLACKSTONE SGP CAPITAL RTNERS (CAYMAN) IV, LP	37.

FIRST RESERVE FUND XI, LP	N/A	7.
FIRST RESERVE FUND XII, LP	N/A	11.
F XII CHARLIE AI V, LP	N/A	11.
PROVIDENCE EQUITY PARTNERS VI (UMBRELLA US) LP	N/A	7.
PROVIDENCE EQUITY PARTNERS VI LP	N/A	6.
TIFF REAL ESTATE PARTNERS II LLC	N/A	10.
	N/A	
CONTRIBUTION CARRYOVER FROM PRIOR YEARS	N/A	123.
CONTRIBUTION CARRYOVER FROM 2007	N/A	732.
CONTRIBUTION CARRYOVER FROM 2008	N/A	483.
CHARITABLE CONTRIBUTION CARRYFORWARD TO 06/30/11		2,407.

FORM 990-T OTHER DEDUCTIONS STATEMENT 4

DESCRIPTION	AMOUNT
TAX PREPARATION FEES	17,000.
EXPENSES RELATED TO PORTFOLIO INCOME:	
BAUPOST VALUE PARTNERS, L.P.-IV	7,183.
BLACKSTONE CAPITAL PARTNERS V USS FEEDER LP	189.
BLACKSTONE RGIS CAPITAL PARTNERS V, LP	30,078.
FIRST RESERVE FUND XI, LP	236,198.
FIRST RESERVE FUND XII, LP	59,133.
FR XI-E ONSHORE AIV, LP	5,619.
FR XII CHARLIE AI V, LP	59,133.
GREENFIELD ACQUISITION PARTNERS V, LP	32,105.
HAMILTON LANE SECONDARY FUND II L.P.	720.
NEW MOUNTAIN GUARDIAN AIV, L.P.	1,335.
TPG BLUEGRASS V-AIV 2, L.P.	358.
TPG PARTNERS V, LP	514.
TPG PARTNERS VI, L.P.	174.
TPG VI OG AIV I, L.P.	528.
TOTAL TO FORM 990-T, PAGE 1, LINE 28	450,267.

PRINCETON THEOLOGICAL SEMINARY 21-0635010

SCHEDULE D SHORT-TERM CAPITAL GAINS AND LOSSES STATEMENT 5

(A) PROPERTY DESCRIPTION	(B) DATE ACQUIRED	(C) DATE SOLD	(D) SALES PRICE	(E) COST OR OTHER BASIS	(F) GAIN (LOSS) (D) MINUS (E)
DORCHESTER CAPITAL PARTNERS, L.P.	VARIOUS	VARIOUS	0.	0.	<7,028.>
FIRST RESERVE FUND XI, LP	VARIOUS	VARIOUS	0.	0.	<11,040.>
FR XI-E ONSHORE AI V, LP	VARIOUS	VARIOUS	0.	0.	<327.>
GREENFIELD ACQUISITION PARTNERS V, LP	VARIOUS	VARIOUS	0.	0.	9,252.
HAMILTON LANE SECONDARY FUND II L.P.	VARIOUS	VARIOUS	0.	0.	<321.>
NEW MOUNTAIN GUARDIAN AIV, L.P.	VARIOUS	VARIOUS	0.	0.	12,177.
TPG BLUEGRASS V-AIV 2, L.P.	VARIOUS	VARIOUS	0.	0.	39.
TPG VI OG AIV I, L.P.	VARIOUS	VARIOUS	0.	0.	57.
TOTAL TO SCHEDULE D, LINE 1			0.	0.	2,809.

HEDULE D LONG-TERM CAPITAL GAINS AND LOSSES STATEMENT 6

(A) PROPERTY DESCRIPTION	(B) DATE ACQUIRED	(C) DATE SOLD	(D) SALES PRICE	(E) COST OR OTHER BASIS	(F) GAIN (LOSS) (D) MINUS (E)
BLACKSTONE CAPITAL PARTNERS V USS FEEDER LP	VARIOUS	VARIOUS	0.	0.	<3,096.>
BLACKSTONE ECC CAPITAL PARTNERS IV L.P.	VARIOUS	VARIOUS	0.	0.	<1,792.>
BLACKSTONE ECC COMMUNICATIONS PARTNERS L.P.	VARIOUS	VARIOUS	0.	0.	<11,623.>
DORCHESTER CAPITAL PARTNERS, L.P.	VARIOUS	VARIOUS	0.	0.	23,298.
FIRST RESERVE FUND XI, LP	VARIOUS	VARIOUS	0.	0.	<509.>
FR XI-E ONSHORE AI V, LP	VARIOUS	VARIOUS	0.	0.	<5,780.>
HAMILTON LANE SECONDARY FUND II L.P.	VARIOUS	VARIOUS	0.	0.	13.
TPG V VE-AIV 2, L.P.	VARIOUS	VARIOUS	0.	0.	<2.>
TPG VI VE-AIV 2, L.P.	VARIOUS	VARIOUS	0.	0.	<3.>
OTAL TO SCHEDULE D, LINE 6			0.	0.	506.

SCHEDULE D CAPITAL LOSS CARRYOVER STATEMENT 7

LOSS YEAR	ORIGINAL LOSS SUSTAINED	LOSS PREVIOUSLY APPLIED	LOSS REMAINING
2004			
2005			
2006			
2007			
2008	413,306		413,306
CAPITAL LOSS CARRYOVER TO CURRENT TAXABLE YEAR			413,306

FORM 4797 PROPERTY HELD MORE THAN ONE YEAR STATEMENT 8

DESCRIPTION	DATE ACQUIRED	DATE SOLD	SALES PRICE	DEPR.	COST OR BASIS	GAIN OR LOSS
BLACKSTONE RGIS CAPITAL PARTNERS V.P.	VARIOUS	VARIOUS				<118.>
FIRST RESERVE FUND XI, LP	VARIOUS	VARIOUS				<5,123.>
LINDSAY GOLDBERG & BESSEMER II AIV L.P.	VARIOUS	VARIOUS				<13,202.>
TOTAL TO 4797, PART I, LINE 2						<18,443.>

FORM 4797 NONRECAPTURED NET SECTION 1231 LOSSES FROM PRIOR YEARS STATEMENT 9

TAX YEAR	SECTION 1231 LOSSES	SECTION 1231 LOSSES RECAPTURED	NONRECAPTURED SECTION 1231 LOSSES
2004	0.	0.	0.
2005	0.	0.	0.
2006	0.	0.	0.
2007	0.	0.	0.
2008	4,375.	0.	4,375.
TOTAL TO FORM 4797, LINE 8	4,375.	0.	4,375.

FORM 990-T, LINE 19 - TAXES AND LICENSES

	Amount
Arizona	50
District of Columbia	100
Mississippi	25
New Mexico	50
New York	250
North Carolina	35
West Virginia	50
Foreign	1,822
Total Taxes - Line 19	2,382

NET OPERATING LOSS SCHEDULE

TAX YEAR	FEDERAL
6/30/2002	(93,942)
UTILIZED 06/30/03	93,942
6/30/2003	-
6/30/2004	(18,497)
UTILIZED 06/30/03	18,497
6/30/2005	(73,497)
UTILIZED 06/30/03	12,694
UTILIZED 06/30/06	60,803
6/30/2006	-
6/30/2007	(748,713)
UTILIZED 06/30/08	401,784
6/30/2008	-
6/30/2009	(1,769,899)
6/30/2010	(1,502,000)
NOL CARRYFORWARD to 06/30/2011	(3,618,828)

FEDERAL WITHHOLDING

Limited Partnership Investment	EIN	Withholding
DORCHESTER CAPITAL PARTNERS LP See attached K-1, Line 15P - U.S. Withholding Tax	95-4887637	7
	TOTAL	7

Dorchester Capital Partners, L.P.

Princeton Theological Seminary

21-0635010

Supplemental Information

Line Number References are to Form 1065 Schedule K-1

2009

III D Line 15: Credits

Code P: US Taxes Witheld at Source		7
	Total	$7

III E Line 18: Tax-exempt income and non-deductible expenses

Code A: Tax-exempt Interest income		306
	Total	$306

III E Line 18: Tax-exempt income and non-deductible expenses

Code B: Other tax-exempt income		204
	Total	$204

III E Line 18: Tax-exempt income and non-deductible expenses

Code C: Nondeductible Expenses		167
	Total	$167

III F Line 20: Unrelated business taxable income (loss)

Unrelated Business Taxable Income (UBTI) is required to be reported to tax-exempt entities who are partners in the Partnership or pass-through entities which may have tax-exempt partners. Tax-exempt entities may be taxable on UBTI. Please consult your tax advisor as to the taxability of such amounts.

The Partnership incurred interest expense during the year. Accordingly, the Partnership realized income/(loss) from debt-financed property which under the Internal Revenue Code constitutes unrelated business taxable income (UBTI). Additionally, amounts of UBTI from pass-through entities (if applicable) is also included. Your share of UBTI is:

Ordinary Income (Loss) -UBTI		38,524
Short Term Capital Gains (Losses)-UBTI		(7,028)
Long Term Capital Gains (Losses)-UBTI		23,298
	Total	$54,794

Form **990-T**

Department of the Treasury
Internal Revenue Service

Exempt Organization Business Income Tax Return
(and proxy tax under section 6033(e))

For calendar year 2010 or other tax year beginning JUL 1, 2010 , and ending JUN 30, 2011

OMB No. 1545-0687
2010
Open to Public Inspection for 501(c)(3) Organizations Only

A [ ] Check box if address changed

B Exempt under section
[X] 501(C)(3)
[ ] 408(e) [ ] 220(e)
[ ] 408A [ ] 530(a)
[ ] 529(a)

Print or Type

Name of organization ([ ] Check box if name changed and see instructions.)
PRINCETON THEOLOGICAL SEMINARY

Number, street, and room or suite no. If a P.O. box, see instructions.
64 MERCER STREET, P.O. BOX 821

City or town, state, and ZIP code
PRINCETON, NJ 08542-0803

D Employer identification number (Employees' trust, see instructions.)
21-0635010

E Unrelated business activity codes (See instructions.)
525990

C Book value of all assets at end of year
1,120,958,630.

F Group exemption number (See instructions.) ▶

G Check organization type ▶ [X] 501(c) corporation [ ] 501(c) trust [ ] 401(a) trust [ ] Other trust

H Describe the organization's primary unrelated business activity. ▶ INVESTMENT IN LIMITED PARTNERSHIPS

I During the tax year, was the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? ▶ [ ] Yes [X] No

If "Yes," enter the name and identifying number of the parent corporation. ▶

J The books are in care of ▶ BARRY L. GRUVER Telephone number ▶ 609-497-7706

Part I Unrelated Trade or Business Income

			(A) Income	(B) Expenses	(C) Net
1a	Gross receipts or sales				
b	Less returns and allowances c Balance ▶	1c			
2	Cost of goods sold (Schedule A, line 7)	2			
3	Gross profit. Subtract line 2 from line 1c	3			
4a	Capital gain net income (attach Schedule D)	4a			
b	Net gain (loss) (Form 4797, Part II, line 17) (attach Form 4797)	4b	<4,019.>		<4,019.>
c	Capital loss deduction for trusts	4c			
5	Income (loss) from partnerships and S corporations (attach statement)	5	<803,407.>	STMT 1	<803,407.>
6	Rent income (Schedule C)	6			
7	Unrelated debt-financed income (Schedule E)	7			
8	Interest, annuities, royalties, and rents from controlled organizations (Sch. F)	8			
9	Investment income of a section 501(c)(7), (9), or (17) organization (Schedule G)	9			
10	Exploited exempt activity income (Schedule I)	10			
11	Advertising income (Schedule J)	11			
12	Other income (See instructions; attach schedule.)	12			
13	**Total.** Combine lines 3 through 12	13	<807,426.>		<807,426.>

Part II Deductions Not Taken Elsewhere (See instructions for limitations on deductions.)
(Except for contributions, deductions must be directly connected with the unrelated business income.)

14	Compensation of officers, directors, and trustees (Schedule K)	14	
15	Salaries and wages	15	
16	Repairs and maintenance	16	
17	Bad debts	17	
18	Interest (attach schedule) SEE STATEMENT 2	18	43,798.
19	Taxes and licenses SEE STATEMENT 10	19	2,523.
20	Charitable contributions (See instructions for limitation rules.) SEE STATEMENT 3	20	0.
21	Depreciation (attach Form 4562) 21		
22	Less depreciation claimed on Schedule A and elsewhere on return 22a	22b	
23	Depletion	23	
24	Contributions to deferred compensation plans	24	
25	Employee benefit programs	25	
26	Excess exempt expenses (Schedule I)	26	
27	Excess readership costs (Schedule J)	27	
28	Other deductions (attach schedule) SEE STATEMENT 4	28	401,221
29	**Total deductions.** Add lines 14 through 28	29	447,542
30	Unrelated business taxable income before net operating loss deduction. Subtract line 29 from line 13	30	<1254968
31	Net operating loss deduction (limited to the amount on line 30) SEE STATEMENT 11	31	0
32	Unrelated business taxable income before specific deduction. Subtract line 31 from line 30	32	<1254968
33	Specific deduction (Generally $1,000, but see instructions for exceptions.)	33	
34	**Unrelated business taxable income.** Subtract line 33 from line 32. If line 33 is greater than line 32, enter the smaller of zero or line 32	34	<1254968

Form **8868**
(Rev. January 2011)
Department of the Treasury
Internal Revenue Service

Application for Extension of Time To File an Exempt Organization Return

▶ File a separate application for each return.

OMB No. 1545-1709

- If you are filing for an **Automatic 3-Month Extension, complete only Part I** and check this box ▶ [ ]
- If you are filing for an **Additional (Not Automatic) 3-Month Extension, complete only Part II** (on page 2 of this form).

Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868.

Electronic filing (e-file). You can electronically file Form 8868 if you need a 3-month automatic extension of time to file (6 months for a corporation required to file Form 990-T), or an additional (not automatic) 3-month extension of time. You can electronically file Form 8868 to request an extension of time to file any of the forms listed in Part I or Part II with the exception of Form 8870, Information Return for Transfers Associated With Certain Personal Benefit Contracts, which must be sent to the IRS in paper format (see instructions). For more details on the electronic filing of this form, visit *www.irs.gov/efile* and click on *e-file for Charities & Nonprofits.*

Part I Automatic 3-Month Extension of Time. Only submit original (no copies needed).

A corporation required to file Form 990-T and requesting an automatic 6-month extension - check this box and complete Part I only ▶ [X]

All other corporations (including 1120-C filers), partnerships, REMICs, and trusts must use Form 7004 to request an extension of time to file income tax returns.

Type or print

File by the due date for filing your return. See instructions.

Name of exempt organization: PRINCETON THEOLOGICAL SEMINARY

Employer identification number: 21-0635010

Number, street, and room or suite no. If a P.O. box, see instructions.
64 MERCER STREET, P.O. BOX 821

City, town or post office, state, and ZIP code. For a foreign address, see instructions.
PRINCETON, NJ 08542-0803

Enter the Return code for the return that this application is for (file a separate application for each return) 0 7

Application Is For	Return Code	Application Is For	Return Code
Form 990	01	Form 990-T (corporation)	07
Form 990-BL	02	Form 1041-A	08
Form 990-EZ	01	Form 4720	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec. 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

- The books are in the care of ▶ BARRY L. GRUVER - 64 MERCER STREET, P.O. BOX 821 - PRINCETON, NJ 08542-0803
  Telephone No. ▶ 609-497-7706 FAX No. ▶
- If the organization does not have an office or place of business in the United States, check this box ▶ [ ]
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) ____ . If this is for the whole group, check this box ▶ [ ] . If it is for part of the group, check this box ▶ [ ] and attach a list with the names and EINs of all members the extension is for.

1 I request an automatic 3-month (6 months for a corporation required to file Form 990-T) extension of time until MAY 15, 2012 , to file the exempt organization return for the organization named above. The extension is for the organization's return for:
▶ [ ] calendar year ____ or
▶ [X] tax year beginning JUL 1, 2010 , and ending JUN 30, 2011 .

2 If the tax year entered in line 1 is for less than 12 months, check reason: [ ] Initial return [ ] Final return
[ ] Change in accounting period

3a	If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	3a	$ 0.
b	If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit.	3b	$ 0.
c	**Balance due.** Subtract line 3b from line 3a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	3c	$ 0.

Caution. If you are going to make an electronic fund withdrawal with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions.

LHA **For Paperwork Reduction Act Notice, see Instructions.** Form 8868 (Rev. 1-2011)

Part III Tax Computation

35 Organizations Taxable as Corporations. See instructions for tax computation. Controlled group members (sections 1561 and 1563) check here ▶ ☐ See instructions and:

a Enter your share of the $50,000, $25,000, and $9,925,000 taxable income brackets (in that order): (1) $ (2) $ (3) $

b Enter organization's share of: (1) Additional 5% tax (not more than $11,750) $

(2) Additional 3% tax (not more than $100,000) $

c Income tax on the amount on line 34 ▶	35c	0.
36 Trusts Taxable at Trust Rates. See instructions for tax computation. Income tax on the amount on line 34 from: ☐ Tax rate schedule or ☐ Schedule D (Form 1041) ▶	36	
37 Proxy tax. See instructions ▶	37	
38 Alternative minimum tax	38	
39 Total. Add lines 37 and 38 to line 35c or 36, whichever applies	39	0.

Part IV Tax and Payments

40a Foreign tax credit (corporations attach Form 1118; trusts attach Form 1116)	40a			
b Other credits (see instructions)	40b			
c General business credit. Attach Form 3800	40c			
d Credit for prior year minimum tax (attach Form 8801 or 8827)	40d			
e Total credits. Add lines 40a through 40d			40e	
41 Subtract line 40e from line 39			41	0.
42 Other taxes. Check if from: ☐ Form 4255 ☐ Form 8611 ☐ Form 8697 ☐ Form 8866 ☐ Other (attach schedule)			42	
43 Total tax. Add lines 41 and 42			43	0.
44a Payments: A 2009 overpayment credited to 2010	44a	11,007.		
b 2010 estimated tax payments	44b			
c Tax deposited with Form 8868	44c			
d Foreign organizations: Tax paid or withheld at source (see instructions)	44d			
e Backup withholding (see instructions)	44e			
f Credit for small employer health insurance premiums (Attach Form 8941)	44f			
g Other credits and payments: ☐ Form 2439 ______ ☐ Form 4136 ______ ☐ Other ______ Total ▶	44g			
45 Total payments. Add lines 44a through 44g			45	11,007.
46 Estimated tax penalty (see instructions). Check if Form 2220 is attached ▶ ☐			46	
47 Tax due. If line 45 is less than the total of lines 43 and 46, enter amount owed ▶			47	
48 Overpayment. If line 45 is larger than the total of lines 43 and 46, enter amount overpaid ▶			48	11,007.
49 Enter the amount of line 48 you want: Credited to 2011 estimated tax ▶ 11,007. Refunded ▶			49	0.

Part V Statements Regarding Certain Activities and Other Information (see instructions)

	Yes	No
1 At any time during the 2010 calendar year, did the organization have an interest in or a signature or other authority over a financial account (bank, securities, or other) in a foreign country? If YES, the organization may have to file Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts. If YES, enter the name of the foreign country here ▶		X
2 During the tax year, did the organization receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If YES, see instructions for other forms the organization may have to file.		X
3 Enter the amount of tax-exempt interest received or accrued during the tax year ▶ $		

Schedule A - Cost of Goods Sold. Enter method of inventory valuation ▶ N/A

1 Inventory at beginning of year	1		6 Inventory at end of year	6	
2 Purchases	2		7 Cost of goods sold. Subtract line 6 from line 5. Enter here and in Part I, line 2	7	
3 Cost of labor	3		8 Do the rules of section 263A (with respect to property produced or acquired for resale) apply to the organization?	Yes	No: X
4a Additional section 263A costs	4a				
b Other costs (attach schedule)	4b				
5 Total. Add lines 1 through 4b	5				

Sign Here Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

▶ Signature of officer Date ▶ Title

May the IRS discuss this return with the preparer shown below (see instructions)? [X] Yes ☐ No

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
GARRETT HIGGINS				P00543209

Firm's name ▶ O'CONNOR DAVIES MUNNS AND DOBBINS, LLP Firm's EIN ▶ 13-3385019

Firm's address ▶ 60 EAST 42ND STREET, 36TH FL NEW YORK, NY 10165-3698 Phone no. (212)286-2600

Schedule C - Rent Income (From Real Property and Personal Property Leased With Real Property) (see instructions)

1. Description of property

(1)
(2)
(3)
(4)

	2. Rent received or accrued		3(a) Deductions directly connected with the income in columns 2(a) and 2(b) (attach schedule)
	(a) From personal property (if the percentage of rent for personal property is more than 10% but not more than 50%)	(b) From real and personal property (if the percentage of rent for personal property exceeds 50% or if the rent is based on profit or income)	
(1)			
(2)			
(3)			
(4)			
Total	0.	Total 0.	

(c) Total income. Add totals of columns 2(a) and 2(b). Enter here and on page 1, Part I, line 6, column (A) ▶ 0.

(b) Total deductions. Enter here and on page 1, Part I, line 6, column (B) ▶ 0.

Schedule E - Unrelated Debt-Financed Income (see instructions)

1. Description of debt-financed property	2. Gross income from or allocable to debt-financed property	3. Deductions directly connected with or allocable to debt-financed property: (a) Straight line depreciation (attach schedule)	(b) Other deductions (attach schedule)
(1)			
(2)			
(3)			
(4)			

	4. Amount of average acquisition debt on or allocable to debt-financed property (attach schedule)	5. Average adjusted basis of or allocable to debt-financed property (attach schedule)	6. Column 4 divided by column 5	7. Gross income reportable (column 2 x column 6)	8. Allocable deductions (column 6 x total of columns 3(a) and 3(b))
(1)			%		
(2)			%		
(3)			%		
(4)			%		
				Enter here and on page 1, Part I, line 7, column (A).	Enter here and on page 1, Part I, line 7, column (B).
Totals ▶				0.	0.
Total dividends-received deductions included in column 8 ▶					0.

Schedule F - Interest, Annuities, Royalties, and Rents From Controlled Organizations (see instructions)

1. Name of controlled organization	2. Employer identification number	Exempt Controlled Organizations: 3. Net unrelated income (loss) (see instructions)	4. Total of specified payments made	5. Part of column 4 that is included in the controlling organization's gross income	6. Deductions directly connected with income in column 5
(1)					
(2)					
(3)					
(4)					

Nonexempt Controlled Organizations

7. Taxable Income	8. Net unrelated income (loss) (see instructions)	9. Total of specified payments made	10. Part of column 9 that is included in the controlling organization's gross income	11. Deductions directly connected with income in column 10
(1)				
(2)				
(3)				
(4)				
			Add columns 5 and 10. Enter here and on page 1, Part I, line 8, column (A).	Add columns 6 and 11. Enter here and on page 1, Part I, line 8, column (B).
Totals ▶			0.	0.

Schedule G - Investment Income of a Section 501(c)(7), (9), or (17) Organization
(see instructions)

1. Description of income	2. Amount of income	3. Deductions directly connected (attach schedule)	4. Set-asides (attach schedule)	5. Total deductions and set-asides (col. 3 plus col. 4)
(1)				
(2)				
(3)				
(4)				
Totals ▶	Enter here and on page 1, Part I, line 9, column (A). 0.			Enter here and on page 1, Part I, line 9, column (B). 0.

Schedule I - Exploited Exempt Activity Income, Other Than Advertising Income
(see instructions)

1. Description of exploited activity	2. Gross unrelated business income from trade or business	3. Expenses directly connected with production of unrelated business income	4. Net income (loss) from unrelated trade or business (column 2 minus column 3). If a gain, compute cols. 5 through 7.	5. Gross income from activity that is not unrelated business income	6. Expenses attributable to column 5	7. Excess exempt expenses (column 6 minus column 5, but not more than column 4).
(1)						
(2)						
(3)						
(4)						
Totals ▶	Enter here and on page 1, Part I, line 10, col. (A). 0.	Enter here and on page 1, Part I, line 10, col. (B). 0.				Enter here and on page 1, Part II, line 26. 0.

Schedule J - Advertising Income (see instructions)

Part I Income From Periodicals Reported on a Consolidated Basis

1. Name of periodical	2. Gross advertising income	3. Direct advertising costs	4. Advertising gain or (loss) (col. 2 minus col. 3). If a gain, compute cols. 5 through 7.	5. Circulation income	6. Readership costs	7. Excess readership costs (column 6 minus column 5, but not more than column 4).
(1)						
(2)						
(3)						
(4)						
Totals (carry to Part II, line (5)) ▶	0.	0.				0.

Part II Income From Periodicals Reported on a Separate Basis (For each periodical listed in Part II, fill in columns 2 through 7 on a line-by-line basis.)

1. Name of periodical	2. Gross advertising income	3. Direct advertising costs	4. Advertising gain or (loss) (col. 2 minus col. 3). If a gain, compute cols. 5 through 7.	5. Circulation income	6. Readership costs	7. Excess readership costs (column 6 minus column 5, but not more than column 4).
(1)						
(2)						
(3)						
(4)						
(5) Totals from Part I	0.	0.				0.
Totals, Part II (lines 1-5) ▶	Enter here and on page 1, Part I, line 11, col. (A). 0.	Enter here and on page 1, Part I, line 11, col. (B). 0.				Enter here and on page 1, Part II, line 27. 0.

Schedule K - Compensation of Officers, Directors, and Trustees (see instructions)

1. Name	2. Title	3. Percent of time devoted to business	4. Compensation attributable to unrelated business
(1)		%	
(2)		%	
(3)		%	
(4)		%	
Total. Enter here and on page 1, Part II, line 14 ▶			0.

Form 990-T (2010)

023731
03-03-11

SCHEDULE D (Form 1120)

Department of the Treasury Internal Revenue Service

Capital Gains and Losses

▶ Attach to Form 1120, 1120-C, 1120-F, 1120-FSC, 1120-H, 1120-IC-DISC, 1120-L, 1120-ND, 1120-PC, 1120-POL, 1120-REIT, 1120-RIC, 1120-SF, or certain Forms 990-T.
▶ See separate instructions.

OMB No. 1545-0123

2010

Name: PRINCETON THEOLOGICAL SEMINARY

Employer identification number: 21-0635010

Part I Short-Term Capital Gains and Losses - Assets Held One Year or Less

(a) Description of property (Example: 100 shares of Z Co.)	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Sales price (see instructions)	(e) Cost or other basis (see instructions)	(f) Gain or (loss) (Subtract (e) from (d))
1					
SEE STATEMENT 5					82,007.

2 Short-term capital gain from installment sales from Form 6252, line 26 or 37	2	
3 Short-term gain or (loss) from like-kind exchanges from Form 8824	3	
4 Unused capital loss carryover (attach computation) SEE STATEMENT 7	4	(409,991.)
5 Net short-term capital gain or (loss). Combine lines 1 through 4	5	<327,984.>

Part II Long-Term Capital Gains and Losses - Assets Held More Than One Year

(a)	(b)	(c)	(d)	(e)	(f)
6					
SEE STATEMENT 6					54,051.

7 Enter gain from Form 4797, line 7 or 9	7	
8 Long-term capital gain from installment sales from Form 6252, line 26 or 37	8	
9 Long-term gain or (loss) from like-kind exchanges from Form 8824	9	
10 Capital gain distributions (see instructions)	10	
11 Net long-term capital gain or (loss). Combine lines 6 through 10	11	54,051.

Part III Summary of Parts I and II

12 Enter excess of net short-term capital gain (line 5) over net long-term capital loss (line 11)	12	
13 Net capital gain. Enter excess of net long-term capital gain (line 11) over net short-term capital loss (line 5)	13	
14 Add lines 12 and 13. Enter here and on Form 1120, page 1, line 8, or the proper line on other returns	14	0.

Note. If losses exceed gains, see Capital losses in the instructions.

Form **4797**

Department of the Treasury Internal Revenue Service (99)

Sales of Business Property

(Also Involuntary Conversions and Recapture Amounts Under Sections 179 and 280F(b)(2))

▶ Attach to your tax return. ▶ See separate instructions.

OMB No. 1545-0184

2010

Attachment Sequence No. 27

Name(s) shown on return: PRINCETON THEOLOGICAL SEMINARY

Identifying number: 21-0635010

1 Enter the gross proceeds from sales or exchanges reported to you for 2010 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 1

Part I **Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft-Most Property Held More Than 1 Year** (see instructions)

(a) Description of property	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)
2						
SEE STATEMENT 8						<4,019.>

3	Gain, if any, from Form 4684, line 42	3	
4	Section 1231 gain from installment sales from Form 6252, line 26 or 37	4	
5	Section 1231 gain or (loss) from like-kind exchanges from Form 8824	5	
6	Gain, if any, from line 32, from other than casualty or theft	6	
7	Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows:	7	<4,019.>

Partnerships (except electing large partnerships) and S corporations. Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below.

Individuals, partners, S corporation shareholders, and all others. If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below.

8	Nonrecaptured net section 1231 losses from prior years (see instructions) .... SEE STATEMENT 9	8	
9	Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on the Schedule D filed with your return (see instructions)	9	

Part II **Ordinary Gains and Losses** (see instructions)

10 Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less):

11	Loss, if any, from line 7	11	<4,019.>
12	Gain, if any, from line 7 or amount from line 8, if applicable	12	
13	Gain, if any, from line 31	13	
14	Net gain or (loss) from Form 4684, lines 34 and 41a	14	
15	Ordinary gain from installment sales from Form 6252, line 25 or 36	15	
16	Ordinary gain or (loss) from like-kind exchanges from Form 8824	16	
17	Combine lines 10 through 16	17	<4,019.>
18	For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip lines a and b below. For individual returns, complete lines a and b below:		
a	If the loss on line 11 includes a loss from Form 4684, line 38, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 28, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 23. Identify as from "Form 4797, line 18a." See instructions	18a	
b	Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040, line 14	18b	

Part III Gain From Disposition of Property Under Sections 1245, 1250, 1252, 1254, and 1255 (see instructions)

19 (a) Description of section 1245, 1250, 1252, 1254, or 1255 property:	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)
A		
B		
C		
D		

These columns relate to the properties on lines 19A through 19D.	▶	Property A	Property B	Property C	Property D
20 Gross sales price (**Note:** See line 1 before completing.)	20				
21 Cost or other basis plus expense of sale	21				
22 Depreciation (or depletion) allowed or allowable	22				
23 Adjusted basis. Subtract line 22 from line 21	23				
24 Total gain. Subtract line 23 from line 20	24				
25 **If section 1245 property:**					
a Depreciation allowed or allowable from line 22	25a				
b Enter the smaller of line 24 or 25a	25b				
26 **If section 1250 property:** If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291.					
a Additional depreciation after 1975 (see instructions)	26a				
b Applicable percentage multiplied by the smaller of line 24 or line 26a (see instructions)	26b				
c Subtract line 26a from line 24. If residential rental property or line 24 is not more than line 26a, skip lines 26d and 26e	26c				
d Additional depreciation after 1969 and before 1976	26d				
e Enter the smaller of line 26c or 26d	26e				
f Section 291 amount (corporations only)	26f				
g Add lines 26b, 26e, and 26f	26g				
27 If section 1252 property: Skip this section if you did not dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership).					
a Soil, water, and land clearing expenses	27a				
b Line 27a multiplied by applicable percentage	27b				
c Enter the smaller of line 24 or 27b	27c				
28 **If section 1254 property:**					
a Intangible drilling and development costs, expenditures for development of mines and other natural deposits, mining exploration costs, and depletion (see instructions)	28a				
b Enter the smaller of line 24 or 28a	28b				
29 **If section 1255 property:**					
a Applicable percentage of payments excluded from income under section 126 (see instructions)	29a				
b Enter the smaller of line 24 or 29a (see instructions)	29b				

Summary of Part III Gains. Complete property columns A through D through line 29b before going to line 30.

30 Total gains for all properties. Add property columns A through D, line 24	30	
31 Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b. Enter here and on line 13	31	
32 Subtract line 31 from line 30. Enter the portion from casualty or theft on Form 4684, line 36. Enter the portion from other than casualty or theft on Form 4797, line 6	32	

Part IV Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less (see instructions)

		(a) Section 179	(b) Section 280F(b)(2)
33 Section 179 expense deduction or depreciation allowable in prior years	33		
34 Recomputed depreciation (see instructions)	34		
35 Recapture amount. Subtract line 34 from line 33. See the instructions for where to report	35		

FORM 990-T INCOME (LOSS) FROM PARTNERSHIPS STATEMENT 1

DESCRIPTION	AMOUNT
ORDINARY INCOME:	
AG REALTY FUND VII (TE), LP	<43,333.
BAUPOST VALUE PARTNERS, LP IV	17,780.
BLACKSTONE CAPITAL PARTNERS (CAYMAN II) V-NQ LP	<977.
BLACKSTONE CAPITAL PARTNERS (CAYMAN) V-NQ L.P.	<6,322.
BLACKSTONE CAPITAL PARTNERS V USS FEEDER LP	<65,340.
BLACKSTONE PB CAPITAL PARTNERS V LP	<214.
BLACKSTONE RGIS CAPITAL PARTNERS V LP	33,674.
BLACKSTONE SGP CAPITAL PARTNERS (CAYMAN) IV, LP	<41,753.
FIRST RESERVE FUND XI, LP	65,233.
FR XII CHARLIE AIV, LP	44,276.
FR XII PBF AIV LP	<364.
GREENFIELD ACQUISITION PARTNERS V, LP	<253,168.
HAMILTON LANE SECONDARY FUND II L.P.	737.
KOHLBERG INVESTORS VI, LP	96,921.
LINDSAY GOLDBERG & BESSEMER II AIV, LP	<633,906.
NEW MOUNTAIN PARTNERS III (TIER I), LP	<22,798.
PROVIDENCE EQUITY PARTNERS VI (UMBRELLA US) LP	<28,424.
PROVIDENCE EQUITY PARTNERS VI, LP	<10,091.
SPARK CAPITAL II (AIV I), LP	<1,462.
TIFF REAL ESTATE PARTNERS II, LLC	<37,639.
TPG BLUEGRASS V - AIV 2, LP	609.
TIFF SECONDARY PARTNERS I	<545.
TPG V VE-AIV 2, L.P.	<26,272.
TPG VI DE AIV II, LP	472.
TPG VI OG AIV I, L.P.	15,430.
TPG VI VE-AIV 2, L.P.	<38,659.
THE VARDE FUND IX, LP	<16,827.
PORTFOLIO INCOME:	
BLACKSTONE CAPITAL PARTNERS (CAYMAN II) V LP	13,373
BLACKSTONE CAPITAL PARTNERS (CAYMAN) V-A LP	630
BLACKSTONE CAPITAL PARTNERS (CAYMAN) V-NQ LP	122
BLACKSTONE CAPITAL PARTNERS V USS FEEDER, LP	2,497
BLACKSTONE REAL ESTATE PARTNERS (DC) IV.TE.2 LP	4,708
BLACKSTONE REAL ESTATE PARTNERS V.TE.2 LP	101
BLACKSTONE RGIS CAPITAL PARTNERS V, LP	55
FR XI-E ONSHORE AIV, LP	40,146
FIRST RESERVE FUND XI, LP	34,946
GREENFIELD ACQUISITION PARTNERS V, LP	19,689
LINDSAY GOLDBERG & BESSEMER II AIV L.P.	<2,981
HAMILTON LANE SECONDARY FUND II L.P.	1,408
KOHLBERG INVESTORS VI, LP	4,427
NEW MOUNTAIN GUARDIAN AIV LP	20,171
PROVIDENCE EQUITY PARTNERS VI (UMBRELLA US) LP	2,117
ROARK CAPITAL PARTNERS II, LP	1,011
TIFF REAL ESTATE PARTNERS II, LLC	190

TPG BLUEGRASS V-AIV 2, L.P.	2,284.
TPG PARTNERS VI LP	1,303.
TPG VI OG AIV I, L.P.	3,358.
TOTAL TO FORM 990-T, PAGE 1, LINE 5	<803,407.

FORM 990-T INTEREST PAID STATEMENT 2

DESCRIPTION	AMOUNT
INVESTMENT INTEREST EXPENSE:	
BLACKSTONE CAPITAL PARTNERS (CAYMAN II) V LP	1,232.
BLACKSTONE CAPITAL PARTNERS (CAYMAN) V-NQ LP	647.
BLACKSTONE CAPITAL PARTNERS V USS FEEDER, LP	1,234.
BLACKSTONE REAL ESTATE PARTNERS V.TE.2 LP	1,264.
FR XI-E ONSHORE AIV, LP	10,310.
GREENFIELD ACQUISITION PARTNERS V, LP	277.
HAMILTON LANE SECONDARY FUND II L.P.	346.
NEW MOUNTAIN GUARDIAN AIV, L.P.	2,518.
PROVIDENCE EQUITY PARTNERS VI (UMBRELLA US) LP	23,535.
TPG BLUEGRASS V-AIV 2, L.P.	268.
TPG PARTNERS VI LP	1,773.
TPG VI OG AIV I, L.P.	394.
TOTAL TO FORM 990-T, PAGE 1, LINE 18	43,798.

FORM 990-T **CHARITABLE CONTRIBUTION CARRYFORWARD** STATEMENT 3

DESCRIPTION/KIND OF PROPERTY	METHOD USED TO DETERMINE FMV	AMOUNT
PASSTHROUGH FROM PARTNERSHIPS:		
BAUPOST VALUE PARTNERS, LP - IV	N/A	9.
BLACKSTONE CAPITAL PARTNERS (CAYMAN) V-NQ LP	N/A	49.
BLACKSTONE PB CAPITAL PARTNERS V LP	N/A	22.
BLACKSTONE REAL ESTATE PARTNERS V TE.2, LP	N/A	43.
BLACKSTONE RGIS CAPITAL PARTNERS V LP	N/A	177.
BLACKSTONE SGP CAPITAL PARTNERS (CAYMAN) IV, LP	N/A	113.
FIRST RESERVE FUND XI, LP	N/A	178.
FR XII CHARLIE AIV, LP	N/A	25

FR XII PBF AIV, LP	N/A	18.
GREENFIELD ACQUISTION PARTNERS V, LP	N/A	118.
HAMILTON LANE SECONDARY FUND II LP	N/A	8.
LINDSAY GOLDBERG & BESSERMER II AIV L.P.	N/A	247.
PROVIDENCE EQUITY PARTNERS VI LP	N/A	2.
THE VARDE FUND IX, LP	N/A	2.
TIFF REAL ESTATE PARTNERS II LLC	N/A	14.
	N/A	
CONTRIBUTION CARRYOVER FROM PRIOR YEARS	N/A	123.
CONTRIBUTION CARRYOVER FROM 2007	N/A	732.
CONTRIBUTION CARRYOVER FROM 2008	N/A	483.
CONTRIBUTION CARRYOVER FROM 2009	N/A	1,069.
TOTAL TO FORM 990-T, PAGE 1, LINE 20		3,432.

FORM 990-T OTHER DEDUCTIONS STATEMENT

DESCRIPTION	AMOUNT
TAX PREPARATION FEES	18,500
EXPENSES RELATED TO PORTFOLIO INCOME:	
BAUPOST VALUE PARTNERS, L.P.-IV	20,836
BLACKSTONE CAPITAL PARTNERS (CAYMAN II) V LP	171
BLACKSTONE RGIS CAPITAL PARTNERS V, LP	31,547
FIRST RESERVE FUND XI, LP	178,079
FR XI-E ONSHORE AIV, LP	5,561
FR XII CHARLIE AIV, LP	121,883
GREENFIELD ACQUISITION PARTNERS V, LP	12,309
HAMILTON LANE SECONDARY FUND II L.P.	2,519
KOHLBERG INVESTORS VI, LP	4,780
LINDSAY GOLDBERG & BESSERMER II AIV, LP	260
NEW MOUNTAIN GUARDIAN AIV, L.P.	1,323
NEW MOUNTAIN PARTNERS III (TIER I), L.P.	269
PROVIDENCE EQUITY PARTNERS VI, LP	204
TPG BLUEGRASS V-AIV 2, L.P.	728
TPG PARTNERS V, LP	508
TPG PARTNERS VI, L.P.	149
TPG VI DE AIV II, L.P.	522
TPG VI OG AIV I, L.P.	1,073
TOTAL TO FORM 990-T, PAGE 1, LINE 28	401,221

SCHEDULE D SHORT-TERM CAPITAL GAINS AND LOSSES STATEMENT 5

(A) PROPERTY DESCRIPTION	(B) DATE ACQUIRED	(C) DATE SOLD	(D) SALES PRICE	(E) COST OR OTHER BASIS	(F) GAIN (LOSS) (D) MINUS (E)
BLACKSTONE CAPITAL PARTNERS (CAYMAN II) V LP	VARIOUS	VARIOUS	0.	0.	495.
BLACKSTONE CAPITAL PARTNERS (CAYMAN II) V-NQ LP	VARIOUS	VARIOUS	0.	0.	<67.>
BLACKSTONE RGIS CAPITAL PARTNERS V LP	VARIOUS	VARIOUS	0.	0.	<9.>
FIRST RESERVE FUND XI LP	VARIOUS	VARIOUS	0.	0.	27,137.
FR XI-E ONSHORE AIV, LP	VARIOUS	VARIOUS	0.	0.	6,314.
HAMILTON LANE SECONDARY FUND II, LP	VARIOUS	VARIOUS	0.	0.	708.
NEW MOUNTAIN GUARDIAN AIV LP	VARIOUS	VARIOUS	0.	0.	41,037.
TPG BLUEGRASS V AIV 2, LP	VARIOUS	VARIOUS	0.	0.	2,587.
TPG VI OG AIV I, LP	VARIOUS	VARIOUS	0.	0.	3,805.
TOTAL TO SCHEDULE D, LINE 1			0.	0.	82,007.

SCHEDULE D LONG-TERM CAPITAL GAINS AND LOSSES STATEMENT 6

(A) PROPERTY DESCRIPTION	(B) DATE ACQUIRED	(C) DATE SOLD	(D) SALES PRICE	(E) COST OR OTHER BASIS	(F) GAIN (LOSS) (D) MINUS (E)
BLACKSTONE CAPITAL PARTNERS (CAYMAN II) V LP	VARIOUS	VARIOUS	0.	0.	462.
FIRST RESERVE FUND XI LP	VARIOUS	VARIOUS	0.	0.	40,621.
FR XI-E ONSHORE AIV, LP	VARIOUS	VARIOUS	0.	0.	3,413.
HAMILTON LANE SECONDARY FUND II, LP	VARIOUS	VARIOUS	0.	0.	<235.>
NEW MOUNTAIN GUARDIAN AIV LP	VARIOUS	VARIOUS	0.	0.	4,486.
TPG BLUEGRASS V AIV 2, LP	VARIOUS	VARIOUS	0.	0.	2,147.
TPG VI OG AIV I, LP	VARIOUS	VARIOUS	0.	0.	3,157.
TOTAL TO SCHEDULE D, LINE 6			0.	0.	54,051.

SCHEDULE D CAPITAL LOSS CARRYOVER STATEMENT 7

LOSS YEAR	ORIGINAL LOSS SUSTAINED	LOSS PREVIOUSLY APPLIED	LOSS REMAINING
2005			
2006			
2007			
2008	413,306	3,315	409,991
2009			
CAPITAL LOSS CARRYOVER TO CURRENT TAXABLE YEAR			409,991

FORM 4797 PROPERTY HELD MORE THAN ONE YEAR STATEMENT 8

DESCRIPTION	DATE ACQUIRED	DATE SOLD	SALES PRICE	DEPR.	COST OR BASIS	GAIN OR LOSS
BAUPOST VALUE PARTNERS, LP-IV	VARIOUS	VARIOUS				6.
BLACKSTONE CAPITAL PARTNERS (CAYMAN II) V-NQ	VARIOUS	VARIOUS				<46.>
BLACKSTONE CAPITAL PARTNERS (CAYMAN) V-NQ LP	VARIOUS	VARIOUS				103.
BLACKSTONE RGIS CAPITAL PARTNERS V LP	VARIOUS	VARIOUS				<11.>
FIRST RESERVE FUND XI LP	VARIOUS	VARIOUS				<3,293.>
FR XII CHARLIE AIV, LP	VARIOUS	VARIOUS				<2.>
HAMILTON LANE SECONDARY FUND II, LP	VARIOUS	VARIOUS				<100.>
LINDSAY GOLDBERG & BESSERMER II AIV LP	VARIOUS	VARIOUS				<676.>
TOTAL TO 4797, PART I, LINE 2						<4,019.>

FORM 4797 NONRECAPTURED NET SECTION 1231 LOSSES FROM PRIOR YEARS STATEMENT 9

TAX YEAR	SECTION 1231 LOSSES	SECTION 1231 LOSSES RECAPTURED	NONRECAPTURED SECTION 1231 LOSSES
2005	0.	0.	0.
2006	0.	0.	0.
2007	0.	0.	0.
2008	4,375.	0.	4,375.
2009	18,443.	0.	18,443.
TOTAL TO FORM 4797, LINE 8	22,818.	0.	22,818.

FORM 990-T, LINE 19 - TAXES AND LICENSES

	Amount
Arizona	50
District of Columbia	100
Indiana	456
Mississippi	25
Montana	50
New Mexico	50
New York	250
North Carolina	35
Vermont	250
West Virginia	50
Foreign	1,207
Total Taxes - Line 19	2,523

NET OPERATING LOSS SCHEDULE

TAX YEAR	FEDERAL
6/30/2002	(93,942)
UTILIZED 06/30/03	93,942
6/30/2003	-
6/30/2004	(18,497)
UTILIZED 06/30/03	18,497
6/30/2005	(73,497)
UTILIZED 06/30/03	12,694
UTILIZED 06/30/06	60,803
6/30/2006	-
6/30/2007	(748,713)
UTILIZED 06/30/08	401,784
6/30/2008	-
6/30/2009	(1,769,899)
6/30/2010	(1,502,000)
6/30/2011	(1,254,968)
NOL CARRYFORWARD to 06/30/2011	(4,873,798)

STATEMENT 11

Form **990-T**

Department of the Treasury
Internal Revenue Service

Exempt Organization Business Income Tax Return
(and proxy tax under section 6033(e))

For calendar year 2011 or other tax year beginning JUL 1, 2011 , and ending JUN 30, 2012

OMB No. 1545-0687
2011
Open to Public Inspection for 501(c)(3) Organizations Only

A [ ] Check box if address changed

B Exempt under section
[X] 501(C)(3)
[ ] 408(e) [ ] 220(e)
[ ] 408A [ ] 530(a)
[ ] 529(a)

C Book value of all assets at end of year
1,102,395,802.

Print or Type

Name of organization ([ ] Check box if name changed and see instructions.)
PRINCETON THEOLOGICAL SEMINARY

Number, street, and room or suite no. If a P.O. box, see instructions.
64 MERCER STREET, P.O. BOX 821

City or town, state, and ZIP code
PRINCETON, NJ 08542-0803

D Employer identification number (Employees' trust, see instructions.)
21-0635010

E Unrelated business activity code (See instructions.)
525990

F Group exemption number (See instructions.) ▶

G Check organization type ▶ [X] 501(c) corporation [ ] 501(c) trust [ ] 401(a) trust [ ] Other trust

H Describe the organization's primary unrelated business activity. ▶ INVESTMENT IN LIMITED PARTNERSHIPS

I During the tax year, was the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? ▶ [ ] Yes [X] No

If 'Yes,' enter the name and identifying number of the parent corporation. ▶

J The books are in care of ▶ JIM MORGAN Telephone number ▶ 609-497-7712

Part I Unrelated Trade or Business Income

			(A) Income	(B) Expenses	(C) Net
1 a	Gross receipts or sales				
b	Less returns and allowances c Balance ▶	1c			
2	Cost of goods sold (Schedule A, line 7)	2			
3	Gross profit. Subtract line 2 from line 1c	3			
4 a	Capital gain net income (attach Schedule D)	4a			
b	Net gain (loss) (Form 4797, Part II, line 17) (attach Form 4797)	4b	26,837.		26,837
c	Capital loss deduction for trusts	4c			
5	Income (loss) from partnerships and S corporations (attach statement)	5	<1706384.>	STMT 1	<1706384
6	Rent income (Schedule C)	6			
7	Unrelated debt-financed income (Schedule E)	7			
8	Interest, annuities, royalties, and rents from controlled organizations (Sch. F)	8			
9	Investment income of a section 501(c)(7), (9), or (17) organization (Schedule G)	9			
10	Exploited exempt activity income (Schedule I)	10			
11	Advertising income (Schedule J)	11			
12	Other income (See instructions; attach schedule.)	12			
13	**Total.** Combine lines 3 through 12	13	<1679547.>		<1679547

Part II Deductions Not Taken Elsewhere
(See instructions for limitations on deductions.)
(Except for contributions, deductions must be directly connected with the unrelated business income.)

14	Compensation of officers, directors, and trustees (Schedule K)	14	
15	Salaries and wages	15	
16	Repairs and maintenance	16	
17	Bad debts	17	
18	Interest (attach schedule) SEE STATEMENT 2	18	54,19
19	Taxes and licenses SEE STATEMENT 10	19	5,03
20	Charitable contributions (See instructions for limitation rules.) SEE STATEMENT 3	20	(
21	Depreciation (attach Form 4562) 21		
22	Less depreciation claimed on Schedule A and elsewhere on return 22a	22b	
23	Depletion	23	
24	Contributions to deferred compensation plans	24	
25	Employee benefit programs	25	
26	Excess exempt expenses (Schedule I)	26	
27	Excess readership costs (Schedule J)	27	
28	Other deductions (attach schedule) SEE STATEMENT 4	28	749,37
29	**Total deductions.** Add lines 14 through 28	29	808,60
30	Unrelated business taxable income before net operating loss deduction. Subtract line 29 from line 13	30	<248814
31	Net operating loss deduction (limited to the amount on line 30) SEE STATEMENT 11	31	(
32	Unrelated business taxable income before specific deduction. Subtract line 31 from line 30	32	<248814
33	Specific deduction (Generally $1,000, but see instructions for exceptions.)	33	
34	**Unrelated business taxable income.** Subtract line 33 from line 32. If line 33 is greater than line 32, enter the smaller of zero or line 32	34	<248814

Form **8868**
(Rev. January 2012)
Department of the Treasury
Internal Revenue Service

Application for Extension of Time To File an Exempt Organization Return

OMB No. 1545-1709

▶ File a separate application for each return.

- If you are filing for an **Automatic 3-Month Extension, complete only Part I** and check this box . . . . ▶ [ ]
- If you are filing for an **Additional (Not Automatic) 3-Month Extension, complete only Part II** (on page 2 of this form).

Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868.

Electronic filing (*e-file*). You can electronically file Form 8868 if you need a 3-month automatic extension of time to file (6 months for a corporation required to file Form 990-T), or an additional (not automatic) 3-month extension of time. You can electronically file Form 8868 to request an extension of time to file any of the forms listed in Part I or Part II with the exception of Form 8870, Information Return for Transfers Associated With Certain Personal Benefit Contracts, which must be sent to the IRS in paper format (see instructions). For more details on the electronic filing of this form, visit *www.irs.gov/efile* and click on *e-file for Charities & Nonprofits.*

Part I **Automatic 3-Month Extension of Time.** Only submit original (no copies needed).

A corporation required to file Form 990-T and requesting an automatic 6-month extension - check this box and complete Part I only . . . . ▶ [X]

All other corporations (including 1120-C filers), partnerships, REMICs, and trusts must use Form 7004 to request an extension of time to file income tax returns.

Enter filer's identifying number, see instructions

Type or print

File by the due date for filing your return. See instructions.

Name of exempt organization or other filer, see instructions.
PRINCETON THEOLOGICAL SEMINARY

Employer identification number (EIN) or
[X] 21-0635010

Number, street, and room or suite no. If a P.O. box, see instructions.
64 MERCER STREET, P.O. BOX 821

Social security number (SSN)
[ ]

City, town or post office, state, and ZIP code. For a foreign address, see instructions.
PRINCETON, NJ 08542

Enter the Return code for the return that this application is for (file a separate application for each return) . . . . [0 7]

Application Is For	Return Code	Application Is For	Return Code
Form 990	01	Form 990-T (corporation)	07
Form 990-BL	02	Form 1041-A	08
Form 990-EZ	01	Form 4720	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec. 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

- The books are in the care of ▶ BARRY L. GRUVER - 64 MERCER STREET, P.O. BOX 821
PPRINCETON, NJ 08542

Telephone No. ▶ 609-497-7706 FAX No. ▶

- If the organization does not have an office or place of business in the United States, check this box . . . . ▶ [ ]
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) ________ . If this is for the whole group, check this box . . . . . . ▶ [ ] . If it is for part of the group, check this box . . . . ▶ [ ] and attach a list with the names and EINs of all members the extension is for.

1 I request an automatic 3-month (6 months for a corporation required to file Form 990-T) extension of time until MAY 15 , 20 13 , to file the exempt organization return for the organization named above. The extension is for the organization's return for:
▶ [ ] calendar year 20 ____ or
▶ [X] tax year beginning JULY 1 , 20 11 , and ending JUNE 30 , 20 12 .

2 If the tax year entered in line 1 is for less than 12 months, check reason: [ ] Initial return [ ] Final return
[ ] Change in accounting period

3a	If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	3a	$ 0.0(
b	If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit.	3b	$ 11,007.0(
c	**Balance due.** Subtract line 3b from line 3a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	3c	$ 0.0(

Caution. If you are going to make an electronic fund withdrawal with this Form 8868, see Form 8453-EO and Form 8879-EO fc payment instructions.

Part III Tax Computation

35 Organizations Taxable as Corporations. See instructions for tax computation.
Controlled group members (sections 1561 and 1563) check here ▶ [ ] See instructions and:
a Enter your share of the $50,000, $25,000, and $9,925,000 taxable income brackets (in that order):
(1) $ (2) $ (3) $
b Enter organization's share of: (1) Additional 5% tax (not more than $11,750) $
(2) Additional 3% tax (not more than $100,000) $

c	Income tax on the amount on line 34 ▶	35c	0.
36	Trusts Taxable at Trust Rates. See instructions for tax computation. Income tax on the amount on line 34 from: [ ] Tax rate schedule or [ ] Schedule D (Form 1041) ▶	36	
37	Proxy tax. See instructions ▶	37	
38	Alternative minimum tax	38	
39	Total. Add lines 37 and 38 to line 35c or 36, whichever applies	39	0.

Part IV Tax and Payments

40a	Foreign tax credit (corporations attach Form 1118; trusts attach Form 1116)	40a			
b	Other credits (see instructions)	40b			
c	General business credit. Attach Form 3800	40c			
d	Credit for prior year minimum tax (attach Form 8801 or 8827)	40d			
e	Total credits. Add lines 40a through 40d			40e	
41	Subtract line 40e from line 39			41	0.
42	Other taxes. Check if from: [ ] Form 4255 [ ] Form 8611 [ ] Form 8697 [ ] Form 8866 [ ] Other (attach schedule)			42	
43	Total tax. Add lines 41 and 42			43	0.
44a	Payments: A 2010 overpayment credited to 2011	44a	11,007.		
b	2011 estimated tax payments	44b			
c	Tax deposited with Form 8868	44c			
d	Foreign organizations: Tax paid or withheld at source (see instructions)	44d			
e	Backup withholding (see instructions)	44e			
f	Credit for small employer health insurance premiums (Attach Form 8941)	44f			
g	Other credits and payments: [ ] Form 2439 [ ] Form 4136 [ ] Other Total ▶	44g			
45	Total payments. Add lines 44a through 44g			45	11,007.
46	Estimated tax penalty (see instructions). Check if Form 2220 is attached ▶ [ ]			46	
47	Tax due. If line 45 is less than the total of lines 43 and 46, enter amount owed ▶			47	
48	Overpayment. If line 45 is larger than the total of lines 43 and 46, enter amount overpaid ▶			48	11,007.
49	Enter the amount of line 48 you want: Credited to 2012 estimated tax ▶ 11,007. Refunded ▶			49	0.

Part V Statements Regarding Certain Activities and Other Information (see instructions)

		Yes	No
1	At any time during the 2011 calendar year, did the organization have an interest in or a signature or other authority over a financial account (bank, securities, or other) in a foreign country? If YES, the organization may have to file Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts. If YES, enter the name of the foreign country here ▶		X
2	During the tax year, did the organization receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If YES, see instructions for other forms the organization may have to file.		X
3	Enter the amount of tax-exempt interest received or accrued during the tax year ▶ $		

Schedule A - Cost of Goods Sold. Enter method of inventory valuation ▶ N/A

1	Inventory at beginning of year	1		6	Inventory at end of year	6	
2	Purchases	2		7	Cost of goods sold. Subtract line 6 from line 5. Enter here and in Part I, line 2	7	
3	Cost of labor	3		8	Do the rules of section 263A (with respect to property produced or acquired for resale) apply to the organization?	Yes	No
4a	Additional section 263A costs	4a					
b	Other costs (attach schedule)	4b					
5	Total. Add lines 1 through 4b	5					

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

▶ Signature of officer Date ▶ Title

May the IRS discuss this return with the preparer shown below (see instructions)? [X] Yes [ ] No

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check [ ] if self-employed	PTIN
GARRETT M. HIGGINS	Garrett M. Higgins CPA	5.7.13		P00543209

Firm's name ▶ O'CONNOR DAVIES, LLP Firm's EIN ▶ 27-1728945
Firm's address ▶ 665 FIFTH AVENUE NEW YORK, NY 10022 Phone no. (212)286-2600

Schedule C - Rent Income (From Real Property and Personal Property Leased With Real Property) (see instructions)

1. Description of property

(1)
(2)
(3)
(4)

2. Rent received or accrued		3(a) Deductions directly connected with the income in columns 2(a) and 2(b) (attach schedule)
(a) From personal property (if the percentage of rent for personal property is more than 10% but not more than 50%)	(b) From real and personal property (if the percentage of rent for personal property exceeds 50% or if the rent is based on profit or income)	
(1)		
(2)		
(3)		
(4)		
Total 0.	Total 0.	
(c) Total income. Add totals of columns 2(a) and 2(b). Enter here and on page 1, Part I, line 6, column (A) ▶	0.	(b) Total deductions. Enter here and on page 1, Part I, line 6, column (B) ▶ 0.

Schedule E - Unrelated Debt-Financed Income (see instructions)

1. Description of debt-financed property	2. Gross income from or allocable to debt-financed property	3. Deductions directly connected with or allocable to debt-financed property (a) Straight line depreciation (attach schedule)	(b) Other deductions (attach schedule)
(1)			
(2)			
(3)			
(4)			

	4. Amount of average acquisition debt on or allocable to debt-financed property (attach schedule)	5. Average adjusted basis of or allocable to debt-financed property (attach schedule)	6. Column 4 divided by column 5	7. Gross income reportable (column 2 x column 6)	8. Allocable deductions (column 6 x total of columns 3(a) and 3(b))
(1)			%		
(2)			%		
(3)			%		
(4)			%		
				Enter here and on page 1, Part I, line 7, column (A).	Enter here and on page 1, Part I, line 7, column (B).
Totals ▶				0.	0.
Total dividends-received deductions included in column 8 ▶					0.

Schedule F - Interest, Annuities, Royalties, and Rents From Controlled Organizations (see instructions)

Exempt Controlled Organizations

1. Name of controlled organization	2. Employer identification number	3. Net unrelated income (loss) (see instructions)	4. Total of specified payments made	5. Part of column 4 that is included in the controlling organization's gross income	6. Deductions directly connected with income in column 5
(1)					
(2)					
(3)					
(4)					

Nonexempt Controlled Organizations

	7. Taxable income	8. Net unrelated income (loss) (see instructions)	9. Total of specified payments made	10. Part of column 9 that is included in the controlling organization's gross income	11. Deductions directly connected with income in column 10
(1)					
(2)					
(3)					
(4)					
				Add columns 5 and 10. Enter here and on page 1, Part I, line 8, column (A)	Add columns 6 and 11. Enter here and on page 1, Part I, line 8, column (B).
Totals ▶				0.	0.

Schedule G - Investment Income of a Section 501(c)(7), (9), or (17) Organization
(see instructions)

1. Description of income	2. Amount of income	3. Deductions directly connected (attach schedule)	4. Set-asides (attach schedule)	5. Total deductions and set-asides (col. 3 plus col. 4)
(1)				
(2)				
(3)				
(4)				
	Enter here and on page 1, Part I, line 9, column (A).			Enter here and on page 1, Part I, line 9, column (B).
Totals	0.			0.

Schedule I - Exploited Exempt Activity Income, Other Than Advertising Income
(see instructions)

1. Description of exploited activity	2. Gross unrelated business income from trade or business	3. Expenses directly connected with production of unrelated business income	4. Net income (loss) from unrelated trade or business (column 2 minus column 3). If a gain, compute cols. 5 through 7.	5. Gross income from activity that is not unrelated business income	6. Expenses attributable to column 5	7. Excess exempt expenses (column 6 minus column 5, but not more than column 4).
(1)						
(2)						
(3)						
(4)						
	Enter here and on page 1, Part I, line 10, col. (A).	Enter here and on page 1, Part I, line 10, col. (B).				Enter here and on page 1, Part II, line 26.
Totals	0.	0.				0.

Schedule J - Advertising Income (see instructions)

Part I Income From Periodicals Reported on a Consolidated Basis

1. Name of periodical	2. Gross advertising income	3. Direct advertising costs	4. Advertising gain or (loss) (col. 2 minus col. 3). If a gain, compute cols. 5 through 7.	5. Circulation income	6. Readership costs	7. Excess readership costs (column 6 minus column 5, but not more than column 4).
(1)						
(2)						
(3)						
(4)						
Totals (carry to Part II, line (5))	0.	0.				0.

Part II Income From Periodicals Reported on a Separate Basis (For each periodical listed in Part II, fill in columns 2 through 7 on a line-by-line basis.)

1. Name of periodical	2. Gross advertising income	3. Direct advertising costs	4. Advertising gain or (loss) (col. 2 minus col. 3). If a gain, compute cols. 5 through 7.	5. Circulation income	6. Readership costs	7. Excess readership costs (column 6 minus column 5, but not more than column 4).
(1)						
(2)						
(3)						
(4)						
(5) Totals from Part I	0.	0.				0.
	Enter here and on page 1, Part I, line 11, col. (A).	Enter here and on page 1, Part I, line 11, col. (B).				Enter here and on page 1, Part II, line 27.
Totals, Part II (lines 1-5)	0.	0.				0.

Schedule K - Compensation of Officers, Directors, and Trustees (see instructions)

1. Name	2. Title	3. Percent of time devoted to business	4. Compensation attributable to unrelated business
(1)		%	
(2)		%	
(3)		%	
(4)		%	
Total. Enter here and on page 1, Part II, line 14			0.

SCHEDULE D (Form 1120)

Department of the Treasury Internal Revenue Service

Capital Gains and Losses

▶ Attach to Form 1120, 1120-C, 1120-F, 1120-FSC, 1120-H, 1120-IC-DISC, 1120-L, 1120-ND, 1120-PC, 1120-POL, 1120-REIT, 1120-RIC, 1120-SF, or certain Forms 990-T.
▶ See separate instructions.

OMB No. 1545-0123

2011

Name: PRINCETON THEOLOGICAL SEMINARY

Employer identification number: 21-0635010

Part I Short-Term Capital Gains and Losses - Assets Held One Year or Less

(a) Description of property (Example: 100 shares of Z Co.)	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Sales price (see instructions)	(e) Cost or other basis (see instructions)	(f) Gain or (loss) (Subtract (e) from (d))
1					
SEE STATEMENT 5					30,516.

2	Short-term capital gain from installment sales from Form 6252, line 26 or 37	2	
3	Short-term gain or (loss) from like-kind exchanges from Form 8824	3	
4	Unused capital loss carryover (attach computation) SEE STATEMENT 7	4	(409,991.)
5	Net short-term capital gain or (loss). Combine lines 1 through 4	5	<379,475.>

Part II Long-Term Capital Gains and Losses - Assets Held More Than One Year

(a)	(b)	(c)	(d)	(e)	(f)
6					
SEE STATEMENT 6					32,760.

7	Enter gain from Form 4797, line 7 or 9	7	53,367.
8	Long-term capital gain from installment sales from Form 6252, line 26 or 37	8	
9	Long-term gain or (loss) from like-kind exchanges from Form 8824	9	
10	Capital gain distributions (see instructions)	10	
11	Net long-term capital gain or (loss). Combine lines 6 through 10	11	86,127.

Part III Summary of Parts I and II

12	Enter excess of net short-term capital gain (line 5) over net long-term capital loss (line 11)	12	
13	Net capital gain. Enter excess of net long-term capital gain (line 11) over net short-term capital loss (line 5)	13	
14	Add lines 12 and 13. Enter here and on Form 1120, page 1, line 8, or the proper line on other returns	14	0.

Note. If losses exceed gains, see Capital losses in the instructions.

Form **4797**

Department of the Treasury
Internal Revenue Service (99)

Sales of Business Property

(Also Involuntary Conversions and Recapture Amounts Under Sections 179 and 280F(b)(2))

▶ Attach to your tax return. ▶ See separate instructions.

OMB No. 1545-0184

2011

Attachment Sequence No. 27

Name(s) shown on return: PRINCETON THEOLOGICAL SEMINARY

Identifying number: 21-0635010

1 Enter the gross proceeds from sales or exchanges reported to you for 2011 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 1

Part I **Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft-Most Property Held More Than 1 Year** (see instructions)

	(a) Description of property	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)
2							
	SEE STATEMENT 8						80,204.

3	Gain, if any, from Form 4684, line 39	3	
4	Section 1231 gain from installment sales from Form 6252, line 26 or 37	4	
5	Section 1231 gain or (loss) from like-kind exchanges from Form 8824	5	
6	Gain, if any, from line 32, from other than casualty or theft	6	
7	Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows:	7	80,204.

Partnerships (except electing large partnerships) and S corporations. Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below.

Individuals, partners, S corporation shareholders, and all others. If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below.

8	Nonrecaptured net section 1231 losses from prior years (see instructions) SEE STATEMENT 9	8	26,837.
9	Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on the Schedule D filed with your return (see instructions)	9	53,367.

Part II **Ordinary Gains and Losses** (see instructions)

10 Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less):

11	Loss, if any, from line 7	11	
12	Gain, if any, from line 7 or amount from line 8, if applicable	12	26,837.
13	Gain, if any, from line 31	13	
14	Net gain or (loss) from Form 4684, lines 31 and 38a	14	
15	Ordinary gain from installment sales from Form 6252, line 25 or 36	15	
16	Ordinary gain or (loss) from like-kind exchanges from Form 8824	16	
17	Combine lines 10 through 16	17	26,837.
18	For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip lines a and b below. For individual returns, complete lines a and b below:		
a	If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 28, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 23. Identify as from "Form 4797, line 18a." See instructions	18a	
b	Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040, line 14	18b	

Part III Gain From Disposition of Property Under Sections 1245, 1250, 1252, 1254, and 1255 (see instructions)

19 (a) Description of section 1245, 1250, 1252, 1254, or 1255 property:	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)
A		
B		
C		
D		

These columns relate to the properties on lines 19A through 19D.	▶	Property A	Property B	Property C	Property D
20 Gross sales price (**Note:** See line 1 before completing.)	20				
21 Cost or other basis plus expense of sale	21				
22 Depreciation (or depletion) allowed or allowable	22				
23 Adjusted basis. Subtract line 22 from line 21	23				
24 Total gain. Subtract line 23 from line 20	24				
25 **If section 1245 property:**					
a Depreciation allowed or allowable from line 22	25a				
b Enter the smaller of line 24 or 25a	25b				
26 **If section 1250 property:** If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291.					
a Additional depreciation after 1975 (see instructions)	26a				
b Applicable percentage multiplied by the **smaller** of line 24 or line 26a (see instructions)	26b				
c Subtract line 26a from line 24. If residential rental property or line 24 is not more than line 26a, skip lines 26d and 26e	26c				
d Additional depreciation after 1969 and before 1976	26d				
e Enter the **smaller** of line 26c or 26d	26e				
f Section 291 amount (corporations only)	26f				
g Add lines 26b, 26e, and 26f	26g				
27 **If section 1252 property:** Skip this section if you did not dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership).					
a Soil, water, and land clearing expenses	27a				
b Line 27a multiplied by applicable percentage	27b				
c Enter the smaller of line 24 or 27b	27c				
28 **If section 1254 property:**					
a Intangible drilling and development costs, expenditures for development of mines and other natural deposits, mining exploration costs, and depletion (see instructions)	28a				
b Enter the smaller of line 24 or 28a	28b				
29 **If section 1255 property:**					
a Applicable percentage of payments excluded from income under section 126 (see instructions)	29a				
b Enter the smaller of line 24 or 29a (see instructions)	29b				

Summary of Part III Gains. Complete property columns A through D through line 29b before going to line 30.

30 Total gains for all properties. Add property columns A through D, line 24	30	
31 Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b. Enter here and on line 13	31	
32 Subtract line 31 from line 30. Enter the portion from casualty or theft on Form 4684, line 33. Enter the portion from other than casualty or theft on Form 4797, line 6	32	

Part IV Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less (see instructions)

		(a) Section 179	(b) Section 280F(b)(2)
33 Section 179 expense deduction or depreciation allowable in prior years	33		
34 Recomputed depreciation (see instructions)	34		
35 Recapture amount. Subtract line 34 from line 33. See the instructions for where to report	35		

FORM 990-T INCOME (LOSS) FROM PARTNERSHIPS STATEMENT

DESCRIPTION	AMOUNT
ORDINARY INCOME:	
AG REALTY FUND VII (TE), LP	<130,54
BAUPOST VALUE PARTNERS, LP IV	127,30
BLACKSTONE CAPITAL PARTNERS (CAYMAN) V-NQ L.P.	<37,86
BLACKSTONE CAPITAL PARTNERS V USS FEEDER LP	<68,32
BLACKSTONE GS CAPITAL PARTNERS V L.P.	30,96
BLACKSTONE PB CAPITAL PARTNERS V LP	<71,16
BLACKSTONE REAL ESTATE PARTNERS (DC) IV.TE.2 LP	<47,60
BLACKSTONE REAL ESTATE PARTNERS III. TE.3 LP	<9,45
BLACKSTONE REAL ESTATE PARTNERS IV TE.2 LP	
BLACKSTONE REAL ESTATE PARTNERS V TE.2 LP	<36,19
BLACKSTONE RGIS CAPITAL PARTNERS V LP	2,22
BLACKSTONE SGP CAPITAL PARTNERS (CAYMAN) IV, LP	<23,47
FIRST RESERVE FUND XI, LP	<992,81
FR XI ONSHORE AIV II, LP	<25,54
FR XII BRAVO AIV, LP	<8,15
FR XII CHARLIE AIV, LP	101,93
FR XII PBF AIV LP	<189,96
GREENFIELD ACQUISITION PARTNERS V, LP	<319,94
HAMILTON LANE SECONDARY FUND II L.P.	163,23
KOHLBERG INVESTORS VI, LP	20,43
LINDSAY GOLDBERG & BESSEMER II AIV, LP	35,49
MARATHON STRUCTURED FINANCE FUND, LP	73
NEW MOUNTAIN PARTNERS III (AIV-C), LP	37
NEW MOUNTAIN PARTNERS III (TIER I), LP	<13,99
PROVIDENCE EQUITY PARTNERS VI (UMBRELLA US) LP	<21,83
PROVIDENCE EQUITY PARTNERS VI, LP	<22,79
SPARK CAPITAL II (AIV I), LP	<2,17
TIFF REAL ESTATE PARTNERS II, LLC	<107,54
TPG BLUEGRASS V - AIV 2, LP	3,09
TIFF SECONDARY PARTNERS I	<13
TPG V VE-AIV 2, L.P.	<27,55
TPG VI DE AIV II, LP	20,80
TPG VI OG AIV I, L.P.	37,78
TPG VI VE-AIV 2, L.P.	<40,54
THE VARDE FUND IX, LP	1,90
PORTFOLIO INCOME:	
BLACKSTONE CAPITAL PARTNERS (CAYMAN) V-NQ LP	63
BLACKSTONE CAPITAL PARTNERS V USS FEEDER, LP	1,93
BLACKSTONE PB CAPITAL PARTNERS V LP	14
FR XI-E ONSHORE AIV, LP	44,24
FR XII CHARLIE AIV, LP	<86
FIRST RESERVE FUND XI, LP	<123,69
GREENFIELD ACQUISITION PARTNERS V, LP	22,44
LINDSAY GOLDBERG & BESSEMER II AIV L.P.	86
HAMILTON LANE SECONDARY FUND II L.P.	3,21

KOHLBERG INVESTORS VI, LP	<15,74
MARATHON STRUCTURED FINANCE FUND, LP	15
MASON CAPITAL, LP	27
NEW MOUNTAIN GUARDIAN AIV LP	6,16
NEW MOUNTAIN PARTNERS III (AIV-C), LP	<7,92
PROVIDENCE EQUITY PARTNERS VI (UMBRELLA US) LP	2,52
ROARK CAPITAL PARTNERS II, LP	1,28
TIFF REAL ESTATE PARTNERS II, LLC	22
TPG BLUEGRASS V-AIV 2, L.P.	2,81
TPG PARTNERS V LP	84
TPG PARTNERS VI LP	1,29
TPG VI OG AIV I, L.P.	4,13
TOTAL TO FORM 990-T, PAGE 1, LINE 5	<1,706,38

FORM 990-T INTEREST PAID STATEMENT

DESCRIPTION	AMOUNT
INVESTMENT INTEREST EXPENSE:	
BAUPOST VALUE PARTNERS, LP - IV	1,35
BLACKSTONE CAPITAL PARTNERS V USS FEEDER, LP	1,64
BLACKSTONE PB CAPITAL PARTNERS V, LP	1,97
FIRST RESERVE FUND XI, LP	
FR XI-E ONSHORE AIV, LP	10,00
GREENFIELD ACQUISITION PARTNERS V, LP	43
HAMILTON LANE SECONDARY FUND II L.P.	2,06
MASON CAPITAL, LP	78
NEW MOUNTAIN GUARDIAN AIV, L.P.	65
PROVIDENCE EQUITY PARTNERS VI (UMBRELLA US) LP	30,26
ROARK CAPITAL PARTNERS II, LP	1,28
TIFF REAL ESTATE PARTNERS II, LLC	
TPG BLUEGRASS V-AIV 2, L.P.	26
TPG PARTNERS V LP	1,21
TPG PARTNERS VI LP	1,86
TPG VI OG AIV I, L.P.	39
TOTAL TO FORM 990-T, PAGE 1, LINE 18	54,19

FORM 990-T CHARITABLE CONTRIBUTION CARRYFORWARD STATEMENT

DESCRIPTION/KIND OF PROPERTY	METHOD USED TO DETERMINE FMV	AMOUNT
PASSTHROUGH FROM PARTNERSHIPS:	N/A	
BAUPOST VALUE PARTNERS, LP - IV	N/A	39
BLACKSTONE CAPITAL PARTNERS (CAYMAN) V-NQ LP	N/A	86
BLACKSTONE CAPITAL PARTNERS V USS FEEDER LP	N/A	2
BLACKSTONE REAL ESTATE PARTNERS V TE.2, LP	N/A	55
BLACKSTONE REAL ESTATE PARTNERS (DC) IV. TE.2, LP	N/A	230
BLACKSTONE RGIS CAPITAL PARTNERS V LP	N/A	17
FIRST RESERVE FUND XI, LP	N/A	20
FR XI ONSHORE AIV II, LP	N/A	3
FR XII PBF AIV, LP	N/A	18
GREENFIELD ACQUISTION PARTNERS V, LP	N/A	16
HAMILTON LANE SECONDARY FUND II LP	N/A	12
KOHLBERG INVESTORS VI, LP	N/A	3
LINDSAY GOLDBERG & BESSERMER II AIV L.P.	N/A	21
NEW MOUNTAIN PARTNERS III (AIV-C), LP	N/A	3
PROVIDENCE EQUITY PARTNERS VI (UMBRELLA US) LP	N/A	1
PROVIDENCE EQUITY PARTNERS VI LP	N/A	1
TPG BLUEGRASS V-AIV 2, LP	N/A	
TPG V VE-AIV 2, LP	N/A	3
TPG VI DE AIV II, LP	N/A	1
TPG VI VE-AIV 2, LP	N/A	
	N/A	
CONTRIBUTION CARRYOVER FROM 2010	N/A	1,02
CONTRIBUTION CARRYOVER FROM PRIOR YEARS	N/A	2,40
TOTAL TO FORM 990-T, PAGE 1, LINE 20		5,10

FORM 990-T	OTHER DEDUCTIONS	STATEMENT

DESCRIPTION	AMOUNT
TAX PREPARATION FEES	19,60
EXPENSES RELATED TO PORTFOLIO INCOME:	
BAUPOST VALUE PARTNERS, L.P.-IV	5,05
BLACKSTONE CAPITAL PARTNERS (CAYMAN) V-NQ LP	3,10
BLACKSTONE GS CAPITAL PARTNERS V LP	64,22
BLACKSTONE RGIS CAPITAL PARTNERS V, LP	1,27
FIRST RESERVE FUND XI, LP	200,16
FR XI-E ONSHORE AIV, LP	5,60
FR XII CHARLIE AIV, LP	163,93
GREENFIELD ACQUISITION PARTNERS V, LP	9,57
HAMILTON LANE SECONDARY FUND II L.P.	228,95
KOHLBERG INVESTORS VI, LP	39,34
NEW MOUNTAIN GUARDIAN AIV, L.P.	73
NEW MOUNTAIN PARTNERS III (TIER I), L.P.	24
TIFF REAL ESTATE PARTNERS II, LLC	64
TPG BLUEGRASS V-AIV 2, L.P.	52
TPG PARTNERS V, LP	4
TPG PARTNERS VI, L.P.	6
TPG VI DE AIV II, L.P.	5,52
TPG VI OG AIV I, L.P.	76
TOTAL TO FORM 990-T, PAGE 1, LINE 28	749,37

SCHEDULE D — SHORT-TERM CAPITAL GAINS AND LOSSES — STATEMENT 5

(A) PROPERTY DESCRIPTION	(B) DATE ACQUIRED	(C) DATE SOLD	(D) SALES PRICE	(E) COST OR OTHER BASIS	(F) GAIN (LOSS) (D) MINUS (E)
FIRST RESERVE FUND XI LP	VARIOUS	VARIOUS	0.	0.	4,120.
FR XI-E ONSHORE AIV, LP	VARIOUS	VARIOUS	0.	0.	1,447.
GREENFIELD ACQUISITION PARTNERS V, LP	VARIOUS	VARIOUS	0.	0.	1.
HAMILTON LANE SECONDARY FUND II, LP	VARIOUS	VARIOUS	0.	0.	39.
MARATHON STRUCTURED FINANCE FUND, LP	VARIOUS	VARIOUS	0.	0.	12,841.
MASON CAPITAL, LP	VARIOUS	VARIOUS	0.	0.	588.
NEW MOUNTAIN GUARDIAN AIV LP	VARIOUS	VARIOUS	0.	0.	11,480.
TOTAL TO SCHEDULE D, LINE 1			0.	0.	30,516.

SCHEDULE D — LONG-TERM CAPITAL GAINS AND LOSSES — STATEMENT 6

(A) PROPERTY DESCRIPTION	(B) DATE ACQUIRED	(C) DATE SOLD	(D) SALES PRICE	(E) COST OR OTHER BASIS	(F) GAIN (LOSS) (D) MINUS (E)
BAUPOST VALUE PARTNERS, LP IV	VARIOUS	VARIOUS	0.	0.	2,156.
FIRST RESERVE FUND XI LP	VARIOUS	VARIOUS	0.	0.	<489.
FR XI-E ONSHORE AIV, LP	VARIOUS	VARIOUS	0.	0.	4,374.
GREENFIELD ACQUISITION PARTNERS V, LP	VARIOUS	VARIOUS	0.	0.	<768.
HAMILTON LANE SECONDARY FUND II, LP	VARIOUS	VARIOUS	0.	0.	13,566.
MASON CAPITAL, LP	VARIOUS	VARIOUS	0.	0.	882
NEW MOUNTAIN GUARDIAN AIV LP	VARIOUS	VARIOUS	0.	0.	3,283
TPG BLUEGRASS V-AIV 2, L.P.	VARIOUS	VARIOUS	0.	0.	3,948
TPG VI OG AIV I, L.P.	VARIOUS	VARIOUS	0.	0.	5,808
TOTAL TO SCHEDULE D, LINE 6			0.	0.	32,760

SCHEDULE D CAPITAL LOSS CARRYOVER STATEMENT 7

LOSS YEAR	ORIGINAL LOSS SUSTAINED	LOSS PREVIOUSLY APPLIED	LOSS REMAINING
2006			
2007			
2008	413,306	3,315	409,991
2009			
2010			
CAPITAL LOSS CARRYOVER TO CURRENT TAXABLE YEAR			409,991

FORM 4797 PROPERTY HELD MORE THAN ONE YEAR STATEMENT 8

DESCRIPTION	DATE ACQUIRED	DATE SOLD	SALES PRICE	DEPR.	COST OR BASIS	GAIN OR LOSS
BAUPOST VALUE PARTNERS, LP IV	VARIOUS	VARIOUS				3,975.
BLACKSTONE CAPITAL PARTNERS (CAYMAN) V-NQ	VARIOUS	VARIOUS				<977.>
BLACKSTONE PB CAPITAL PARTNERS V LP	VARIOUS	VARIOUS				<32.>
BLACKSTONE RGIS CAPITAL PARTNERS V LP	VARIOUS	VARIOUS				<12.>
FIRST RESERVE FUND XI, LP	VARIOUS	VARIOUS				<684.>
FR XII CHARLIE AIV, LP	VARIOUS	VARIOUS				1.
FR XII PBF AIV LP	VARIOUS	VARIOUS				<63.>
HAMILTON LANE SECONDARY FUND II, LP	VARIOUS	VARIOUS				26.
LINDSAY GOLDBERG & BESSEMER II AIV, LP	VARIOUS	VARIOUS				77,970.
TOTAL TO 4797, PART I, LINE 2						80,204.

FORM 4797 NONRECAPTURED NET SECTION 1231 LOSSES FROM PRIOR YEARS STATEMENT 9

TAX YEAR	SECTION 1231 LOSSES	SECTION 1231 LOSSES RECAPTURED	NONRECAPTURED SECTION 1231 LOSSES
2006	0.	0.	0.
2007	0.	0.	0.
2008	4,375.	0.	4,375.
2009	18,443.	0.	18,443.
2010	4,019.	0.	4,019.
TOTAL TO FORM 4797, LINE 8	26,837.	0.	26,837.

FORM 990-T, LINE 19 - TAXES AND LICENSES

	Amount
Arizona	50
District of Columbia	250
Mississippi	25
Montana	50
New Hampshire	112
New Mexico	50
New York	250
North Carolina	35
Vermont	250
West Virginia	50
Foreign	3,908
Total Taxes - Line 19	5,030

NET OPERATING LOSS SCHEDULE

TAX YEAR	FEDERAL
6/30/2002	(93,942)
UTILIZED 06/30/03	93,942
6/30/2003	-
6/30/2004	(18,497)
UTILIZED 06/30/03	18,497
6/30/2005	(73,497)
UTILIZED 06/30/03	12,694
UTILIZED 06/30/06	60,803
6/30/2006	-
6/30/2007	(748,713)
UTILIZED 06/30/08	401,784
6/30/2008	-
6/30/2009	(1,769,899)
6/30/2010	(1,502,000)
6/30/2011	(1,254,968)
6/30/2012	(2,488,149)
NOL CARRYFORWARD to 06/30/2013	(7,361,945)

Princeton Theological Seminary

Financial Statements and
OMB Circular A-133 Financial Report Together with
Independent Auditors' Report

June 30, 2012

Princeton Theological Seminary

Financial Statements and OMB Circular A-133
Financial Report Together with Independent Auditors' Report

June 30, 2012

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O'CONNOR DAVIES

PKF

Independent Auditors' Report

Board of Trustees
Princeton Theological Seminary

We have audited the accompanying statements of financial position of Princeton Theological Seminary (the "Seminary") as of June 30, 2012, and the related statements of activities and cash flows for the year then ended These financial statements are the responsibility of the Seminary's management Our responsibility is to express an opinion on these financial statements based on our audit The prior year summarized comparative information has been derived from the Seminary's 2011 financial statements and, in our report dated October 17, 2011, we expressed an unqualified opinion on those financial statements

We conducted our audit 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Seminary's internal control over financial reporting Accordingly, we express no such opinion An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements An audit also includes assessing the accounting principles used and the 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 financial statements referred to above present fairly, in all material respects, the financial position of Princeton Theological Seminary as of June 30, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America

In accordance with *Government Auditing Standards,* we have also issued our report dated October 26, 2012 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* and should be considered in assessing the results of our audit

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Board of Trustees
Princeton Theological Seminary
Page 2

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Seminary as a whole The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U S Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements 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.

O'Connor Davies, LLP

Paramus, New Jersey
October 26, 2012

Princeton Theological Seminary

Statements of Financial Position
June 30, 2012
(with comparative amounts as of June 30, 2011)

	2012	2011
ASSETS		
Cash and cash equivalents	$ 7,709,050	$ 13,071,590
Interest and dividends receivable	741,581	840,228
Contributions and grants receivable (notes 2 and 3)	4,870,421	4,903,108
Student loans receivable, less allowance of $259,284	1,892,521	1,816,395
Investments (notes 2, 4, 14 and 15)	869,951,132	910,131,696
Advance subscription for investment	-	9,797,684
Due from funding source (notes 4 and 14)	9,920,317	-
Funds held in trust by others	8,986,082	9,375,086
Other assets	1,211,378	1,270,232
Amounts held by bond trustees (note 6)	6,004,766	41,981,483
Deferred bond issuance costs, net (note 2)	596,313	634,538
Grounds, buildings, and equipment, net (notes 5 and 10)	190,512,241	127,136,590
Total Assets	$ 1,102,395,802	$ 1,120,958,630
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 14,092,486	$ 12,644,210
Interest payable	2,384,766	2,439,791
Due to brokers (notes 4 and 14)	6,367,425	-
Deferred revenues	419,292	264,360
Accrued retirement incentive (note 9)	239,995	349,779
Annuities payable	1,828,693	1,735,952
U S Government grants refundable	1,522,239	1,521,336
Asset retirement obligation (note 2)	707,123	2,031,862
Pension and postretirement benefits liabilities (note 7)	43,071,402	32,851,774
Notes payable (note 6)	25,845,681	-
Bonds payable (note 6)	111,183,092	115,133,883
Total Liabilities	207,662,194	168,972,947
Net Assets		
Unrestricted	566,709,514	610,306,993
Temporarily restricted (note 12)	249,300,091	263,338,501
Permanently restricted (note 12)	78,724,003	78,340,189
Total Net Assets	894,733,608	951,985,683
Total Liabilities and Net Assets	$ 1,102,395,802	$ 1,120,958,630

See notes to financial statements

Princeton Theological Seminary

Statements of Activities
Year Ended June 30, 2012
(with summarized totals for the year ended June 30, 2011)

	2012 Unrestricted	2012 Temporarily Restricted	2012 Permanently Restricted	2012 Total	2011 Total
REVENUES AND OTHER SUPPORT					
Educational and General					
Student tuition and fees, net of scholarships and awards of $4,753,673 and $4,186,092	$ 2,148,617	$ -	$ -	$ 2,148,617	$ 2,233,819
Government grants	21,845	90,724	-	112,569	95,098
Contributions, net	1,069,077	2,963,019	390,253	4,422,349	7,403,696
Interest and dividends, net of investment expenses of $3,174,074 and $3,127,453	6,798,852	(2,582,526)	381,337	4,597,663	7,190,208
Other revenues	343,253	-	-	343,253	401,176
Total Educational and General	10,381,644	471,217	771,590	11,624,451	17,323,997
Auxiliary enterprises, net of scholarships and awards of $694,051 and $902,395	3,771,535	-	-	3,771,535	3,536,354
Net assets released from restrictions	10,215,366	(10,215,366)	-	-	-
Total Revenues and Other Support	24,368,545	(9,744,149)	771,590	15,395,986	20,860,351
EXPENSES					
Educational and General					
Instruction	10,569,092	-	-	10,569,092	11,330,204
Academic support	10,154,894	-	-	10,154,894	11,748,048
Student services	5,509,691	-	-	5,509,691	5,817,465
Institutional support	14,400,163	-	-	14,400,163	13,391,737
Student aid	585,217	-	-	585,217	580,605
Total Educational and General	41,219,057	-	-	41,219,057	42,868,059
Auxiliary enterprises	9,313,467	-	-	9,313,467	10,167,515
Total Expenses	50,532,524	-	-	50,532,524	53,035,574
(Deficiency) Excess of Revenues and Other Support Over Expenses	(26,163,979)	(9,744,149)	771,590	(35,136,538)	(32,175,223)
Net (depreciation) appreciation in fair value of investments	(9,197,896)	(4,294,261)	(387,776)	(13,879,933)	148,403,310
(Decrease) increase in Net Assets before Other Changes in Net Assets	(35,361,875)	(14,038,410)	383,814	(49,016,471)	116,228,087
Pension and postretirement related changes other than net periodic benefit costs (note 7)	(8,235,604)	-	-	(8,235,604)	2,171,142
Loss on disposal of assets	-	-	-	-	(259,303)
Change in Net Assets	(43,597,479)	(14,038,410)	383,814	(57,252,075)	118,139,926
NET ASSETS					
Beginning of year	610,306,993	263,338,501	78,340,189	951,985,683	833,845,757
End of year	$ 566,709,514	$ 249,300,091	$ 78,724,003	$ 894,733,608	$ 951,985,683

See notes to financial statements

Princeton Theological Seminary

Statements of Cash Flows
Year Ended June 30, 2012
(with comparative amounts for the year ended June 30, 2011)

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (57,252,075)	$ 118,139,926
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation expense	5,140,489	4,261,323
Net decrease in asset retirement obligation	(1,324,739)	(383,803)
Amortization of bond (premium), discount and issuance costs - net	(402,666)	(402,565)
Loss on disposal of assets	1,402	259,303
Contributions, net - restricted for permanent investment	390,253	3,287,930
Realized and unrealized depreciation (appreciation) of investments	13,879,933	(148,403,310)
Pension and postretirement changes other than net periodic benefit costs (note 7)	8,235,604	(2,171,142)
Changes in operating assets and liabilities		
Interest and dividends receivable	98,647	70,747
Grant and contributions receivable	32,687	2,007,269
Student loans receivable	903	21,231
Advance subscription for investment	9,797,684	(9,797,684)
Due from funding source	(9,920,317)	-
Other assets	59,234	188,260
Accounts payable and accrued expenses	1,448,276	6,122,963
Interest payable	(55,025)	323,300
Due to brokers	6,367,425	-
Deferred revenues	154,932	4,476
Accrued retirement incentive	(109,784)	(104,264)
Pension and postretirement benefits liabilities	1,984,024	2,234,292
Net Cash from Operating Activities	(21,473,013)	(24,341,548)
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) decrease in student loans receivable - net	(76,126)	124,603
Proceeds from sales of investments	525,114,693	768,553,886
Purchase of investments	(498,424,959)	(726,676,857)
Proceeds from amounts held by bond trustees	35,976,717	33,272,178
Purchases of grounds, buildings, and equipment	(68,517,921)	(49,926,285)
Net Cash from Investing Activities	(5,927,696)	25,347,525
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions, net - restricted for permanent investment	(390,253)	(3,287,930)
Increase (decrease) in annuities payable	92,741	(1,401,148)
Borrowings from notes payable	25,845,681	-
Principal and escrow payments of bonds payable	(3,510,000)	(925,000)
Net Cash from Financing Activities	22,038,169	(5,614,078)
Net Change in Cash and Cash Equivalents	(5,362,540)	(4,608,101)
CASH AND CASH EQUIVALENTS		
Beginning of year	13,071,590	17,679,691
End of year	$ 7,709,050	$ 13,071,590
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	$ 4,899,238	$ 4,556,283

See notes to financial statements

Princeton Theological Seminary

Notes to Financial Statements
June 30, 2012 and 2011

1. Organization

Princeton Theological Seminary (the "Seminary"), established in 1812 by the Presbyterian Church, is a privately endowed coeducational institution of higher education operating exclusively at the post-graduate level It offers professional preparation for persons who contemplate service in religious occupations, including various forms of chaplaincy, in educational settings, and in certain types of social agencies. The Seminary draws its students, faculty, and staff from a wide range of religious traditions Its purpose is not to inculcate a particular denominational perspective, but rather to enable each individual to serve effectively in the tradition and in the form of occupation that he or she has selected

The Seminary is located on 35 6 acres in Princeton, New Jersey. The Seminary also owns 65 acres of land in West Windsor Township, New Jersey, about 4 miles from the main campus. The latter property is the site of a garden apartment complex for married students and a 40-unit apartment building for single students. In addition, a faculty housing development is situated on 55 8 acres in Princeton Township, two miles north of the campus

Although the Seminary operates as a single institution with one faculty responsible for a full range of academic offerings, several distinct programs are available Master of Divinity, Master of Arts, Master of Theology and Doctor of Philosophy. An important component of the academic program is theological research, in which all members of the faculty are expected and encouraged to participate.

The Seminary is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code but does pay taxes on unrelated business income generated by certain investments. Such taxes are reflected in the accompanying financial statements

2. Summary of Significant Accounting Principles

Basis of Presentation

The accompanying financial statements present net assets and revenues, expenses, gains, and losses based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows'

> *Permanently restricted net assets* – net assets subject to donor-imposed stipulations that they 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 related investments for general or specific purposes

Princeton Theological Seminary

Notes to Financial Statements
June 30, 2012 and 2011

2. Summary of Significant Accounting Principles *(continued)*

Basis of Presentation and Use of Estimates (continued)

> *Temporarily restricted net assets* – net assets subject to donor-imposed stipulations that will be met by actions of the Seminary and/or by the passage of time
>
> *Unrestricted net assets* – net assets not subject to donor-imposed stipulations Unrestricted net assets may be designated for specific purposes by action of the board of trustees

Revenues are reported as increases in unrestricted net assets unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets Expiration of donor-imposed stipulations that simultaneously increase unrestricted net assets and decrease temporarily restricted net assets are reported as net assets released from restrictions Temporarily restricted revenues received and expended during the same fiscal year are recorded as unrestricted revenues and expenses in the statement of activities.

Contributions and investment return with donor-imposed restrictions are reported as temporarily restricted and permanently restricted revenues Temporarily restricted gifts are reclassified to unrestricted net assets when an expense is incurred that satisfies the donor-imposed restriction.

Contributions of long-lived assets are reported as unrestricted revenue. Contributions restricted for the acquisition of grounds, buildings, and equipment are reported as temporarily restricted revenues These contributions are reclassified to unrestricted net assets upon acquisition of the assets or when the asset is placed in service.

Changes in fair value of investments are recognized as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations.

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the Unites States of America (U.S GAAP) which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates

Fair Value of Financial Instruments

The Seminary follows Financial Accounting Standards Board "FASB" guidance on *Fair Value Measurements* which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted

Princeton Theological Seminary

Notes to Financial Statements
June 30, 2012 and 2011

2. Summary of Significant Accounting Principles *(continued)*

Fair Value of Financial Instruments (continued)

prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist

Investments Valuation

Investments are carried at fair value The fair value of alternative investments has been estimated using the Net Asset Value ("NAV") as reported by the management of the respective alternative investment fund. FASB guidance provides for the use of NAV as a *"Practical Expedient"* for estimating fair value of alternative investments. NAV reported by each alternative investment fund is used as a practical expedient to estimate the fair value of the Seminary's interest therein and their classification within Level 2 or 3 is based on the Seminary's ability to redeem its interest in the near term.

The availability of observable inputs can vary from asset to asset or liability to liability and is affected by a wide variety of factors, including, for example, the type of instrument, whether it is new and not yet established in the marketplace, the liquidity of markets and other characteristics particular to the investment. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires some degree of judgment. In determining the fair value hierarchy in prior years, the Seminary categorized an investment that could not fully redeem within 30 days of the Seminary's measurement date as Level 3. Effective July 1, 2011, the Seminary has adopted the prevalent industry practice of using 90 days instead of 30 days for this purpose Accordingly, a number of investments totaling $101,550,168 previously classified as Level 3 have been reclassified as Level 2 and the table of assets at fair value on June 30, 2011 has been restated to reflect this change

In certain cases, the inputs used to measure the fair value of an investment may fall into different levels of the fair value hierarchy. In such cases, the entire investment has been assigned the lowest significant level applicable to the valuation of such investment.

Following is a description of the valuation techniques used for Level 1, 2 and 3 assets measured at fair value at June 30, 2012

Cash equivalents – The carrying values of cash equivalents approximate fair value due to their short-term nature Cash and cash equivalents are classified as Level 1.

Equity securities - Bank commingled and common trust funds are classified as Level 2 or Level 3 depending on their contractual terms and liquidity provisions.

Princeton Theological Seminary

Notes to Financial Statements
June 30, 2012 and 2011

2. **Summary of Significant Accounting Principles *(continued)***

Fair Value of Financial Instruments (continued)

Investments Valuation (continued)

Fixed income securities – The Seminary's fixed-income investments are comprised primarily of U.S. Treasury bonds/notes, U.S. mortgage-backed securities, and investment-grade U.S. corporate bonds and notes. U.S. Treasury securities are classified as Level 1. Other fixed income securities are classified as Level 2 because, while highly liquid and readily priced, bonds are generally traded over-the-counter rather than exchange-traded. Most of the Seminary's fixed-income investments are held in separate custodial accounts to which the Seminary has complete access.

Alternative investments – The Seminary allocates a portion of its investments to limited partnerships which consist of private real estate funds, private-equity funds and hedge funds The valuations of these "alternative" structures typically use the net asset valuations and capital balance valuations provided by the underlying alternative investment funds and/or their administrators as a "*Practical Expedient*" for estimating fair value. The Seminary monitors the valuation policies and controls for these funds and only invests in alternative investment funds that provide audited financial statements. However, the year end of underlying funds does not always coincide with the Seminary's year end Because the Seminary's alternative investment funds include private/less-liquid investments, and certain funds have liquidity restrictions, such as initial lockup periods, redemption limits during a redemption period (gates) and illiquid assets in side pockets, the Seminary classifies such alternative investments in Level 3 of the fair value hierarchy.

While the Seminary believes its valuation methods are appropriate and consistent with those of other market participants, the methods described above may produce a fair-value calculation that is greater or less than the net realizable value of the investments had they been liquidated as of the measurement date

Cash Equivalents

Cash equivalents include all cash and highly liquid debt instruments with a maturity of 90 days or less at the time of purchase.

Funds Held in Trust by Others

Funds held in trust by others are administered by outside trustees, with the Seminary deriving income and/or a residual interest from the assets of such funds. Funds held in trust by others are classified as Level 3 because the assets represent resources neither in possession nor under the control of the Seminary.

Princeton Theological Seminary

Notes to Financial Statements
June 30, 2012 and 2011

2. Summary of Significant Accounting Principles ***(continued)***

Amounts Held by Bond Trustees

Amounts held by bond trustees represent monies in various trust accounts associated with the Seminary's bond issues. These assets are primarily invested in U S Government securities.

Monies for debt service payments are released by the trustee semi-annually on January 1 and July 1 to pay bond holders based upon payment notices issued by the New Jersey Educational Facilities Authority Monies in the construction fund were released to the Seminary for reimbursement of project costs based upon its submissions to the Authority of requisitions for payment All construction funds have been utilized as of June 30, 2012.

Deferred Bond Issuance Costs

Deferred bond issuance costs paid in connection with the Seminary's long-term debt issued through the New Jersey Educational Facilities Authority are being amortized on a straight-line basis over the lives of the bonds Accumulated amortization amounted to $238,890 and $200,665 as of June 30, 2012 and 2011, respectively

Grounds, Buildings, and Equipment

Grounds, buildings, and equipment are stated at historical cost if purchased or constructed Donated capital assets are recorded at estimated fair market value at the date of donation. Depreciation on physical plant and equipment is calculated using the straight-line method over periods from 3 to 50 years

Annuities Payable

Annuities payable are created when assets are contributed to the Seminary on condition that the Seminary obligates itself to pay stipulated amounts periodically to designated beneficiaries. Annuities payable are recorded at the present value of the expected future cash payments to the beneficiaries.

Endowment Spending Rate

The Seminary's endowment spending policy is designed to stabilize annual spending levels and to preserve the real value of the endowment portfolio over time. The policy, which was originally developed by and for Yale University, provides for a spending rate equal to 70 percent of spending in the previous year, adjusted by an inflationary index, plus 30 percent of the current market value of endowment assets multiplied by the Seminary's long-term spending rate The board of trustees may approve the expenditure of additional endowment return for current operations as deemed necessary.

Princeton Theological Seminary

Notes to Financial Statements
June 30, 2012 and 2011

2. Summary of Significant Accounting Principles *(continued)*

Contributions and Pledges Receivable

Contributions are recognized as revenues when received. Unconditional promises are recognized at the estimated net present value of their future cash flows, net of allowances Such present value discount is amortized into contribution income over the anticipated collection period. Promises of noncash assets are recorded at their fair value. Conditional promises to give are recorded when the conditions on which they depend are substantially met.

Contributions from split interest gifts are composed of current year gifts, net changes in legally required reserves and net appreciation or depreciation of invested assets

Fund Raising Expenses

Fund raising expenses incurred by the Seminary represent the total departmental cost of the Seminary Relations Department and amounted to $2,340,385 and $1,936,343 for the years ended June 30, 2012 and 2011, respectively. These amounts are included in institutional support in the accompanying statement of activities

Functional Allocation of Expenses

The costs of providing services of the Seminary have been summarized on a functional basis in the statement of activities. Accordingly, certain operating costs have been allocated among the functional categories.

Expenses are reported in the statement of activities in categories recommended by the National Association of College and University Business Officers. The Seminary's primary program service is instruction. Expenses reported as academic support, student services, student aid and auxiliary enterprises (center for children, food service and housing) are related to this primary program service. Supporting services include expenses reported as institutional support.

Asset Retirement Obligation

Costs related to legal obligations to perform certain activities in connection with the retirement, disposal, or abandonment of assets are required to be accrued. The Seminary has identified asbestos abatement as a conditional asset retirement obligation ("ARO"). Asbestos abatement costs were originally recorded based upon management's review of surveys and estimates received from an environmental engineering firm. Costs related to the Mackay Center are reviewed and adjusted periodically and the expense related to the remaining 18 student apartment buildings at West Windsor has been adjusted as of June 30, 2012 based on a quoted price from a contractor to remove the asbestos from these buildings. Asset retirement obligations totaled $707,123 and $2,031,862 as of June 30, 2012 and 2011 Accretion expense amounted to a credit of $1,279,269 (due to a credit adjustment of $1,331,947 for the remaining 18 buildings at West Windsor) and $810,521 for 2012 and 2011, respectively. The Seminary incurred $1,565,539 of additional costs above the ARO for the demolition of Speer Library and 7 apartment buildings at West Windsor for the year ended June 30, 2011.

Princeton Theological Seminary

Notes to Financial Statements
June 30, 2012 and 2011

2. **Summary of Significant Accounting Principles** *(continued)*

Prior Year Summarized Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not by itself include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America Accordingly, such information should be read in conjunction with the Seminary's financial statements for the year ended June 30, 2011, from which the summarized information was derived.

Accounting for Uncertainty in Income Taxes

The Seminary recognizes the effect of income tax positions only if those positions are more likely than not to be sustained Management has determined that the Seminary had no uncertain tax positions that would require financial statement recognition or disclosure. The Seminary is no longer subject to examinations by the applicable taxing jurisdictions for the periods prior to 2009

Reclassification

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

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is October 26, 2012

Princeton Theological Seminary

Notes to Financial Statements
June 30, 2012 and 2011

3. Contributions Receivable

Contributions due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 1.76% for the years ended June 30, 2012 and 2011. The discount is amortized into contributions income over the life of the pledge.

Contributions receivable at June 30 are as follows

	2012	2011
Receivable in less than one year	$ 1,679,758	$ 1,446,813
Receivable in more than one year but within five years	3,520,257	3,868,027
Receivable in more than five years	220,833	210,833
	5,420,848	5,525,673
Less allowance for doubtful accounts	(401,676)	(454,546)
Less discounts to net present value	(148,751)	(168,019)
Net Unconditional Promises to Give	$ 4,870,421	$ 4,903,108

Net unconditional promises to give at June 30 consist of the following

	2012	2011
Temporarily restricted for new library and student housing	$ 4,870,421	$ 4,903,108

4. Investments

Investments at fair value as of June 30 are comprised of the following

	2012	2011
U.S. equity securities and funds	$ 123,807,802	$ 145,843,695
International equity securities and funds	148,705,960	166,945,111
Global equity funds	21,388,198	10,680,108
Fixed income obligations	128,336,366	130,769,284
Alternative Investments		
Hedge funds	222,934,528	249,558,265
Private equity funds	146,771,383	131,213,543
Real estate funds	78,006,895	75,121,690
Total Alternative Investments	447,712,806	455,893,498
	$ 869,951,132	$ 910,131,696

Princeton Theological Seminary

Notes to Financial Statements
June 30, 2012 and 2011

4. Investments *(continued)*

The above includes investments related to split-interest agreements with fair values amounting to $4,323,122 and $4,158,221 as of June 30, 2012 and 2011, respectively

At June 30, 2012, the Seminary had several transactions in process including the purchase of two positions in international equity Exchange Traded Funds totaling $6,367,425 which are shown in the statement of financial position as "Due to brokers". In addition, three positions in other funds totaling $9,920,317 were in process of being redeemed This amount is reflected in the statement of financial position as "Due from funding source" These items are also included as separate items in the fair value data in Note 14

5. Grounds, Buildings, and Equipment

Grounds, buildings, and equipment consist of the following as of June 30, 2012 and 2011·

	2012	2011
Land and improvements	$ 19,839,191	$ 7,726,210
Buildings and Improvements	160,279,957	116,661,693
Equipment	17,120,954	15,524,229
Furniture and fixtures	4,070,516	4,106,352
Construction in progress	71,674,702	61,077,536
	272,985,320	205,096,020
Less accumulated depreciation	(82,473,079)	(77,959,430)
	$ 190,512,241	$ 127,136,590

Construction in progress includes costs incurred in connection with the construction of the new library and student apartments and depreciation will commence when the assets are placed into service. During 2012, the Seminary capitalized interest expense of $2,139,383, offset by interest income of $6,665, into construction in progress

Princeton Theological Seminary

Notes to Financial Statements
June 30, 2012 and 2011

6. Bonds and Notes Payable and Amounts Held by Bond Trustees

Bonds Payable

The Seminary is obligated under certain revenue bonds issued by the New Jersey Educational Facilities Authority ("the Authority") related to various construction projects, including a parking facility, replacement of a student housing complex and a library and to refund earlier bond issues These loans are general obligations of the Seminary The following principal payments were outstanding at June 30

	Interest Rate	2012	2011
NJ Educational Facilities Authority			
Revenue Bonds:			
Series 2002 G, due serially to 2032	2.00% to 5 00%	$ 25,360,000	$ 25,465,000
Series 2009 B, due serially to 2022	3 00% to 5.00%	12,655,000	13,505,000
Series 2010 A, due serially to 2030	2.50% to 5.00%	66,230,000	68,785,000
		104,245,000	107,755,000
Plus bond premium		6,996,084	7,439,774
Less bond discount		(57,992)	(60,891)
		$111,183,092	$ 115,133,883

On February 11, 2010, the New Jersey Educational Facilities Authority (the Authority) issued $68,785,000 of Higher Education Facilities Revenue Bonds, Princeton Theological Seminary Issue, 2010 Series A (the Series A Bonds) The proceeds were loaned to the Seminary under a loan agreement dated February 1, 2010 and were used to cover the bond issuance costs with the balance to be used to replace 200 student apartments and related auxiliary facilities. A subsequent resolution also allowed for the use of proceeds for the replacement of a library. The loan is a general obligation of the Seminary

The Series A Bonds were issued as serial bonds in the amount of $68,785,000 with maturity dates ranging from July 1, 2011 through 2030 and with interest rates ranging from 2.5% in 2010 to 5% in 2030 Bonds maturing on or after July 1, 2021 are subject to redemption at the option of the Authority with the consent of the Seminary, in whole or in part at any time on or after July 1, 2020, at 100% of the principal amount together with accrued interest to the date of redemption.

The Series B Bonds maturing on or after July 1, 2020 are subject to optional redemption, in whole or in part at any time on or after July 1, 2019, at 100% of the principal amount to be redeemed.

Princeton Theological Seminary

Notes to Financial Statements
June 30, 2012 and 2011

6. Bonds and Notes Payable and Amounts Held by Bond Trustees *(continued)*

Bonds Payable (continued)

Series 2002G bonds maturing on or before July 1, 2013 are subject to redemption prior to maturity solely under the provisions of "extraordinary optional redemption", that would become operational only if the parking facility were to incur substantial damage thereby rendering it unsuitable for its intended purpose

Series G bonds maturing after July 1, 2013 are subject to redemption prior to maturity beginning on or after July 1, 2013, at the option of the Authority or by operation of the redemption fund, in whole or in part at any time or from time to time, at a redemption price equal to 100% of the principal amount, together with accrued interest to the date of redemption.

Under the terms of all of the bond agreements, the Seminary is obligated to make repayments to the Authority in amounts sufficient to pay debt service on the bonds, to establish various funds pursuant to resolutions, and to cover all other costs incurred in connection with the issues

Total interest expense on the bonds amounted to $2,261,141 and $1,853,514 for the years ended June 30, 2012 and 2011, respectively.

The fair values of the 2002 Series G, 2009 Series B, and 2010 Series A bonds payable approximate the carrying value of the bonds.

Principal payments for the next five years ending June 30 and thereafter are payable as follows

	Amount
Year Ending June 30	
2013	$ 3,620,000
2014	3,750,000
2015	3,880,000
2016	4,025,000
2017	4,185,000
Thereafter	84,785,000
	$104,245,000

Princeton Theological Seminary

Notes to Financial Statements
June 30, 2012 and 2011

6. Bonds and Notes Payable and Amounts Held by Bond Trustees *(continued)*

Amounts Held by Bond Trustees

Amounts held by bond trustees as of June 30, 2012 and 2011 are summarized as follow

	2012	2011
Series 2002 G Debt Service Fund	$ 711,416	$ 708,254
Series 2009 B Debt Service Fund	1,190,750	1,167,000
Series 2010 A Debt Service Fund	4,102,600	4,074,537
Series 2010 A Construction Project Fund	-	36,031,692
	$ 6,004,766	$ 41,981,483

Notes Payable

In December 2011, the Seminary established an unsecured $60 million revolving line of credit with Wells Fargo Bank to finance the Seminary's working capital requirements. The Seminary may borrow from time to time up to and including December 15, 2014, cumulative amounts not to exceed at any time the aggregate principal amount of $60 million. The Seminary may borrow, partially or wholly repay and reborrow, subject to all limitations, terms and conditions contained in the note provided the total outstanding borrowings shall at no time exceed $60,000,000

Interest on the outstanding principal balance is set at the LIBOR rate plus 29 basis points and is computed on a 365 day year. In addition, the Seminary is required to pay a commitment fee for any unused amount of the line of credit. The fee is computed on a 365 day year at 7.5 basis points per annum and is calculated quarterly commencing March 31, 2012

The outstanding balance on the line of credit with Wells Fargo amounted to $25,813,000 as of June 30, 2012.

The Seminary also entered into a non-interest bearing note payable with Kubota Credit Corporation for the purchase of a wheel loader. The note is payable in monthly installments of $726 and is secured by the equipment. The outstanding balance of $32,681 at June 30, 2012 represents the remaining 45 monthly payments due

Princeton Theological Seminary

Notes to Financial Statements
June 30, 2012 and 2011

7. Employee Benefit Plans

Faculty and administrative employees of the Seminary are covered under a defined contribution money-purchase retirement plan whereby Seminary contributions are made directly to each individual participant's account maintained by the Teachers Insurance and Annuity Association – College Retirement Equities Fund (TIAA-CREF) The cost of the plan is funded as accrued. The Seminary makes contributions equal to 15% of eligible gross earnings of participants

Maintenance and clerical employees hired prior to July 1, 2007 are covered under the Princeton Theological Seminary Employees' Pension Plan (the Pension Plan), which is a defined benefit plan As of July 1, 2007, the Pension Plan was closed to new employees Staff employees hired after June 30, 2007 are covered under a new defined contribution plan Participants in the defined benefit Pension Plan as of June 30, 2007 were given the opportunity to elect to participate prospectively in the defined contribution plan.

Pension expense for the years ended June 30, 2012 and 2011 was $1,877,710 and $1,886,278, respectively, for the defined contribution plans

In addition to providing pension benefits, the Seminary provides postretirement health and dental care benefits (the Postretirement Benefits Plan) to all vested employees hired before July 1, 2006 and their spouses Spouses of employees hired after June 30, 2006 are not eligible for these benefits. Employees become eligible for these benefits if they meet minimum age and service requirements and if they agree to contribute a portion of the cost when applicable No postretirement health and dental care benefits are provided to employees hired after June 30, 2012

Princeton Theological Seminary

Notes to Financial Statements
June 30, 2012 and 2011

7. Employee Benefit Plans *(continued)*

Obligations and Funded Status

The following table provides a reconciliation of the changes in the plans' benefit obligations and fair values of assets and the funded status of the plans for the years ended June 30:

	Pension Benefits		Other Postretirement Benefits	
	2012	2011	2012	2011
Changes in Projected Benefit Obligations				
Beginning of year	$ 22,859,170	$ 21,977,152	$ 24,140,780	$ 22,784,729
Service cost	694,318	734,977	1,162,310	1,209,313
Change in actuarial assumptions	-	-	5,255,808	-
Interest cost	1,219,274	1,171,136	1,257,540	1,215,383
Plan participants' contributions	-	-	45,342	42,198
Benefits paid	(701,492)	(786,843)	(606,882)	(608,800)
Actuarial (gain) loss	2,928,616	(237,252)	(1,097,035)	(502,043)
End of year	$ 26,999,886	$ 22,859,170	$ 30,157,863	$ 24,140,780
Changes in Fair Value of Plan Assets				
Beginning of year	$ 14,148,176	$ 11,973,257	$ -	$ -
Actual return on plan assets	90,453	2,261,330	-	-
Participant contributions	-	-	45,342	42,198
Employer contributions	549,210	700,432	561,540	566,602
Benefits paid	(701,492)	(786,843)	(606,882)	(608,800)
End of year	$ 14,086,347	$ 14,148,176	$ -	$ -
Funded Status	$ (12,913,539)	$ (8,710,994)	$ (30,157,863)	$ (24,140,780)

The accumulated benefit obligation for the pension plan as of June 30, 2012 and 2011 was $24,027,742 and $19,082,809, respectively.

The change in actuarial assumptions results from the recognition of the depressed economic climate and the reflection of actual historical compensation practices at the Seminary. The changes from 2011 to 2012 include decreases as follows discount rate from 5.5% to 4.2%; expected return on plan assets from 8 0% to 7.75%, and average rate of increase in compensation from 4 5% to 3.0%.

Princeton Theological Seminary

Notes to Financial Statements
June 30, 2012 and 2011

7. Employee Benefit Plans *(continued)*

Net periodic pension and postretirement benefits costs for the years ended June 30 are as follows

	Pension Benefits		Other Postretirement Benefits	
	2012	2011	2012	2011
Service cost	$ 694,318	$ 734,977	$ 1,162,310	$ 1,209,313
Interest cost	1,219,274	1,171,136	1,257,540	1,215,383
Expected return on plan assets	(1,123,630)	(956,913)	-	-
Amortization of prior service cost	24,033	24,033	-	-
Recognized net actuarial (gain)/loss	135,560	283,017	(274,631)	(179,620)
Net Benefit Cost	$ 949,555	$ 1,256,250	$ 2,145,219	$ 2,245,076

Amounts recognized as other changes in net assets for the years ended June 30 are as follows

	Pension Benefits		Other Postretirement Benefits	
	2012	2011	2012	2011
Amortization of (gain) loss	$ (135,560)	$ (283,017)	$ 274,631	$ 179,620
Amortization of prior service cost	(24,033)	(24,033)	-	-
Net actuarial (gain) loss	3,961,793	(1,541,669)	4,158,773	(502,043)
Total	$ 3,802,200	$ (1,848,719)	$ 4,433,404	$ (322,423)

The amounts included in unrestricted net assets that have not yet been recognized as components of net periodic benefit cost at June 30, 2012 and 2011 are as follows

	Pension Benefits		Other Postretirement Benefits	
	2012	2011	2012	2011
Net actuarial loss (gain)	$ 7,885,006	$ 4,058,773	$ 174,307	$ (4,259,097)
Net prior service cost	5,222	29,255	-	-
Total	$ 7,890,228	$ 4,088,028	$ 174,307	$ (4,259,097)

Princeton Theological Seminary

Notes to Financial Statements
June 30, 2012 and 2011

7. Employee Benefit Plans *(continued)*

The amounts expected to be recognized as components of net periodic benefit costs over the next year are shown below

	Pension Benefits	Other Postretirement Benefits
Amortization of		
Net actuarial (gain) loss	$ 452,050	$ -
Net prior service cost	(2,613)	-
Total	$ 449,437	$ -

Plan Assets

The Seminary's overall goal is to maintain a level of pension plan assets, through a combination of Seminary cash contributions and investment returns, sufficient to cover plan liabilities as determined by an independent actuary

The Seminary's investment policy for plan assets provides that such assets are to be diversified in order to minimize the impact of large losses in individual investments A broad array of asset classes and multiple investment funds are selected to further that end.

The expected long-term rate of return for the pension plan's total assets is based on both the Seminary's historical rate of return and the expected rate of return on the Seminary's asset classes, weighted based on target allocations for each class The current targeted mix includes 57% for total-return assets, 10% for inflation hedges and 33% for all-purpose hedges

The Seminary's pension plan weighted-average asset allocations as of June 30, 2012 and 2011 by asset category were as follows.

	Plan Assets as of June 30	
Asset Category	2012	2011
Equity securities	47 5%	40.1%
Fixed income securities	39.8%	47.5%
Hedge funds	12 7%	12 4%
	100 0%	100.0%

Princeton Theological Seminary

Notes to Financial Statements
June 30, 2012 and 2011

7. Employee Benefit Plans *(continued)*

Plan Assets (continued)

The fair value of the Seminary's pension plan assets are invested in the TIFF Multi Asset Fund at June 30, 2012 and 2011 and were valued using Level 2 inputs.

Assumptions

Weighted average assumptions used to determine benefit obligations as of June 30, 2012 and 2011 were as follows

	Pension Benefits		Other Postretirement Benefits	
	2012	2011	2012	2011
Discount rate	4.20%	5.50%	4.20%	5 50%
Expected long-term return on plan assets	7.75	8 00	N/A	N/A
Average rate of increase in compensation	3 00	4 50	N/A	N/A

Weighted average assumptions used to determine net periodic benefit cost for the years ended June 30, 2012 and 2011 were as follows

	Pension Benefits		Other Postretirement Benefits	
	2012	2011	2012	2011
Discount rate	5 50%	5.50%	5.50%	5 50%
Expected long-term return on plan assets	8 00	8 00	N/A	N/A
Average rate of increase in compensation	4.50	4 50	N/A	N/A

The discount rate is based on the Moody's Corporate Bond Indexes and is selected between the Baa and Aaa indexes reflecting the trend in interest rates from June 2011 to June 2012. The long-term rate of return is consistent with the valuation funding assumption and represents expectations of future earnings

Princeton Theological Seminary

Notes to Financial Statements
June 30, 2012 and 2011

7. Employee Benefit Plans *(continued)*

For measurement purposes in 2012, an 8% pre-65 and post-65 trend rate was used for health care costs, with the rate decreasing by 1% per year until 4% is reached. For dental costs, a trend rate of 8% was used, decreasing by 1% per year until 4% is reached.

For measurement purposes in 2011, a 9% pre-65 and post-65 trend rate was used for health care costs, with the rate decreasing by 1% per year until 4% is reached For dental costs, a trend rate of 9% was used, decreasing by 1% per year until 4% is reached.

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plan A one-percentage-point change in assumed health care cost trend rates would have the following effects:

	One-Percentage-Point Increase	One-Percentage-Point Decrease
Increase (decrease) in total of service and interest cost components	$ 455,697	$ (364,902)
Increase (decrease) in accumulated post-retirement benefit obligation	5,367,576	(4,319,966)

Cash Flows

The Seminary expects to contribute approximately $750,000 to the Pension Plan and $862,151 for benefits provided under its other postretirement plan during the year ending June 30, 2013.

Benefit payments, which reflect expected future service as appropriate, are expected to be paid as follows.

	Pension Benefits	Other Postretirement Benefits
Year Ending June 30		
2013	$ 896,752	$ 862,151
2014	963,226	959,254
2015	986,897	1,059,847
2016	1,035,087	1,175,697
2017	1,092,857	1,294,749
2018-2022	6,262,235	8,467,561
	$11,237,054	$13,819,259

Princeton Theological Seminary

Notes to Financial Statements
June 30, 2012 and 2011

7. Employee Benefit Plans *(continued)*

In December 2003, the Medicare Prescription Drug Improvement and Modernization Act of 2003 (Medicare Act) became law As part of that law, a new Medicare Part D prescription drug program took effect in 2006 intended to cover 28% of actual drug costs between $250 and $5,000 for eligible individuals As of June 30, 2012 and 2011, the Seminary has determined that the benefits provided by its postretirement plan are actuarially equivalent to Medicare Part D under the Medicare Act

8. Deferred Compensation

The Seminary has deferred compensation arrangements for certain active and retired administrators which provide for payments upon retirement, death or termination of employment Total deferred compensation liabilities were $2,421,327 and $2,130,112 as of June 30, 2012 and 2011 and are included in accounts payable and accrued expenses on the statement of financial position. Deferred compensation commitments payable for the next five years are as follows

Year Ending June 30,	
2013	$ 533,829
2014	540,919
2015	548,383
2016	399,100
2017	399,096
	$2,421,327

9. Accrued Retirement Incentive

The Seminary has at various times offered retirement enablement incentives to certain employees. Payments of these retirement obligations are made in either a lump sum payment or monthly installments including interest All remaining payments of these accrued retirement incentives will be completed over the next three years as follows

Year Ending June 30,	
2013	$96,767
2014	69,116
2015	74,112
	$239,995

Princeton Theological Seminary

Notes to Financial Statements
June 30, 2012 and 2011

10. Commitments and Contingencies

Leases

The Seminary has various noncancelable equipment operating leases that expire through 2017. Rental expense for the years ended June 30, 2012 and 2011 was $96,762 and $81,737, respectively

Operating lease commitments over the next five years, representing all such commitments, approximate the following

Year Ending June 30	
2013	$ 80,922
2014	72,943
2015	62,974
2016	43,236
2017	11,986
	$272,061

Construction and Purchase Commitments

As of June 30, 2012, the Seminary has outstanding commitments of approximately $31,411,452 relating to various projects. As of that date, the Seminary had two major ongoing capital projects - construction of 200 student apartments and related auxiliary facilities, and a new library. These multi-year projects have an estimated total cost of $155 million. Initial costs of the construction were funded by the issuance of tax exempt bonds (Note 6). The Seminary is in the midst of a $100 million capital campaign to provide long-term funding for these projects

Other

The Seminary receives funding from governmental agencies for various activities that are subject to audit. Although such audits may result in disallowance of certain expenditures, which would be absorbed by the Seminary, in managements' opinion the ultimate outcome of such audits would not have a significant effect on the financial condition of the Seminary

Princeton Theological Seminary

Notes to Financial Statements
June 30, 2012 and 2011

11. Concentration of Risk

The Seminary maintains a significant and diverse investment portfolio, as detailed in Note 4 The Seminary continually monitors the performance and risks associated with these investments and believes its credit risk is limited. As the Seminary is dependent on investment return to fund a significant portion of its operations, a significant decrease in investment return may have a material impact on the financial position, changes in net assets and cash flows of the Seminary.

12. Net Assets

Temporarily Restricted Net Assets

Temporarily restricted net assets are restricted for the following purposes as of June 30, 2012 and 2011

	2012	2011
Accumulated investment return and unexpended gifts primarily for scholarships and instruction	$ 238,489,594	$ 254,707,685
Amounts for the acquisition of property and equipment	10,643,577	8,518,041
Other	166,920	112,775
	$ 249,300,091	$ 263,338,501

Net assets released from restrictions for scholarships, instruction and academic support amounted to $10,215,366 for the year ended June 30, 2012.

Permanently Restricted Net Assets

As of June 30, 2012 and 2011, permanently restricted net assets consist of endowment gifts received and pledged from donors with income to be used for donor specified purposes, as follows:

	2012	2011
Instruction	$ 26,007,598	$ 25,527,909
Financial aid	43,417,939	43,838,512
Academic support	1,096,319	1,130,500
Other	8,202,147	7,843,268
	$ 78,724,003	$ 78,340,189

Princeton Theological Seminary

Notes to Financial Statements
June 30, 2012 and 2011

13. Endowment Funds

The Seminary currently maintains various donor-restricted endowment funds whose purpose is to provide long term support for the programs of Princeton Theological Seminary In classifying such funds for financial statement purposes as either permanently restricted, temporarily restricted or unrestricted net assets, the Board of Trustees looks to the explicit directions of the donor or the Seminary's Board where applicable and the provisions of the laws of the State of New Jersey.

The Uniform Prudent Management of Institutional Funds Act (UPMIFA) as enacted in New Jersey does not establish a level below which an endowment fund may not fall Instead, UPMIFA requires that endowment fund investment and spending policies be designed with the aim of preserving that amount of each endowment fund which is prudent for the uses, benefits, purposes and duration for which each endowment fund was established For accounting purposes only and without any implication for the Seminary's legal obligations for administrating its endowment funds, the Seminary has classified as permanently restricted net assets the following (a) the original value of gifts donated to its endowment funds, (b) the original value of subsequent gifts to such endowment funds, and (c) accumulations to such endowment funds made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of a donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Seminary through the Board of Trustee's approval of the annual budget, which is inclusive of the amount withdrawn from its endowment funds pursuant to the Seminary's spending policy. The Board has determined that, absent donor stipulations to the contrary, the provisions of State law do not impose either a permanent or temporary restriction on the income or capital appreciation derived from the original gift and/or additional gifts.

Unless otherwise specified by the donor, the Board utilizes a spending rate (as defined in Note 2) to determine distributions from the endowment. In most cases, a required minimum balance for each endowment must be achieved before a distribution can be made.

Princeton Theological Seminary

Notes to Financial Statements
June 30, 2012 and 2011

13. Endowment Funds *(continued)*

The following is a reconciliation of the activity in the Endowment funds:

	2012		
	Temporarily Restricted	Permanently Restricted	Total
Balance, July 1, 2011	$ 253,114,611	$ 76,573,226	$ 329,687,837
Contributions	65,000	215,154	280,154
Investment income	(4,294,261)	(6,439)	(4,300,700)
Appropriated for program expenses	(11,970,774)	-	(11,970,774)
Balance, June 30, 2012	$ 236,914,576	$ 76,781,941	$ 313,696,517
Comprised of the following:			
Donor restricted funds	$ 236,914,576	$ 76,781,941	$ 313,696,517
Reconciliation to net assets.			
Donor restricted funds	$ 236,914,576	$ 76,781,941	$ 313,696,517
Annuity funds	165,840	1,942,062	2,107,902
Other temporarily restricted gifts	12,219,675	-	12,219,675
Total	$ 249,300,091	$ 78,724,003	$ 328,024,094

Princeton Theological Seminary

Notes to Financial Statements
June 30, 2012 and 2011

13. Endowment Funds *(continued)*

	2011		
	Temporarily Restricted	Permanently Restricted	Total
Balance, July 1, 2010	$ 218,239,067	$ 71,547,289	$ 289,786,356
Contributions	-	3,388,445	3,388,445
Investment income	46,750,254	1,637,492	48,387,746
Appropriated for program expenses	(11,874,710)	-	(11,874,710)
Balance, June 30, 2011	$ 253,114,611	$ 76,573,226	$ 329,687,837
Comprised of the following			
Donor restricted funds	$ 253,114,611	$ 76,573,226	$ 329,687,837
Reconciliation to net assets:			
Donor restricted funds	$ 253,114,611	$ 76,573,226	$ 329,687,837
Annuity funds	155,601	1,766,963	1,922,564
Other temporarily restricted gifts	10,068,289	-	10,068,289
Total	$ 263,338,501	$ 78,340,189	$ 341,678,690

Certain of the Seminary's donor restricted endowments have experienced losses due to market fluctuations U S GAAP requires excess losses be absorbed by the temporarily restricted or unrestricted net assets of the Seminary and that future gains be allocated to unrestricted net asset categories until such losses have been restored. At June 30, 2012 and 2011, no cumulative losses were absorbed by unrestricted net assets.

Princeton Theological Seminary

Notes to Financial Statements
June 30, 2012 and 2011

14. Fair Value Measurements

The Seminary's assets recorded at fair value have been categorized based upon the FASB fair value hierarchy See Note 2 for a description of the Seminary's fair value measurement accounting policies.

The tables below present the balances of assets measured at fair value on a recurring basis as of June 30, 2012 and 2011·

	2012			
	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Balances as of June 30, 2012
Assets				
Investments				
Equity investments				
U.S equities	$ 47,706,438	$ 76,101,364	$ -	$ 123,807,802
International equities	24,068,806	124,637,154	-	148,705,960
Global equities	-	10,312,721	11,075,477	21,388,198
Fixed income securities	126,714,399	1,621,967	-	128,336,366
Alternative investments				
Hedge funds	-	47,458,820	175,475,708	222,934,528
Private equity funds	-	-	146,771,383	146,771,383
Real estate funds	-	-	78,006,895	78,006,895
Total investments	198,489,643	260,132,026	411,329,463	869,951,132
Funds held in trust by others	-	-	8,986,082	8,986,082
Amounts held by bond trustees	6,004,766	-	-	6,004,766
	$ 204,494,409	$ 260,132,026	$ 420,315,545	884,941,980
Cash and cash equivalents				7,709,050
Amount due from funding source				9,920,317
Liabilities				
Due to brokers				(6,367,425)
Total				$ 896,203,922

Princeton Theological Seminary

Notes to Financial Statements
June 30, 2012 and 2011

14. Fair Value Measurements *(continued)*

	2011			
	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Balances as of June 30, 2011
Assets				
Investments				
Equity investments				
U S equities	$ 30,728,381	$ 115,115,314	$ -	$ 145,843,695
International equities	11,290,133	155,654,978	-	166,945,111
Global equities	-	201,510	10,478,598	10,680,108
Fixed income securities	129,528,627	1,240,657	-	130,769,284
Alternative investments				
Hedge funds	-	58,706,901	190,851,364	249,558,265
Private equity funds	-	-	131,213,543	131,213,543
Real estate funds	-	-	75,121,690	75,121,690
Total investments	171,547,141	330,919,360	407,665,195	910,131,696
Funds held in trust by others	-	-	9,375,086	9,375,086
Amounts held by bond trustees	41,981,483	-	-	41,981,483
	$ 213,528,624	$ 330,919,360	$ 417,040,281	961,488,265
Cash and cash equivalents				13,071,590
Advance subscription for investment				9,797,684
Total				$ 984,357,539

Transfers into and out of each level of the fair value hierarchy for assets measured at fair value for the year ended June 30, 2012 were as follows

Description	Transfers into Level 1	Transfers (out) of Level 1	Transfers into Level 2	Transfers (out) of Level 2	Transfers into Level 3	Transfers (out) of Level 3
Investments						
Equity investments						
U S equities	$ -	$ -	$ -	$ -	$ -	$ -
International equities	-	-	-	-	-	-
Global equities	-	-	-	-	-	-
Fixed income securities	-	-	-	-	-	-
Alternative investments						
Hedge funds	-	-	2,456,172	-	-	(2,456,172)
Private equity funds	-	-	-	-	-	-
Real estate funds	-	-	-	-	-	-
	$ -	$ -	$ 2,456,172	$ -	$ -	$ (2,456,172)

The transfers were made due to the expiration of redemption restrictions

Princeton Theological Seminary

Notes to Financial Statements
June 30, 2012 and 2011

14. Fair Value Measurements *(continued)*

The following is a reconciliation of the beginning and ending balances for Level 3 investments during the periods ended June 30, 2012 and 2011

	Balance July 1, 2011	Total Realized and Unrealized Gains (Losses)	Purchases	Sales	Net Transfers In/Out of Level 3	Balance June 30, 2012
Global Equities	$ 10,478,598	$ 597,508	$ -	$ (629)	$ -	$ 11,075,477
Hedge Funds	190,851,364	45,050	14,695,645	(27,660,179)	(2,456,172)	175,475,708
Private Equity Funds	131,213,543	7,716,620	27,162,049	(19,320,829)	-	146,771,383
Real Estate Funds	75,121,690	5,676,085	12,659,421	(15,450,301)	-	78,006,895
Funds Held By Others	9,375,086	(389,004)	-	-	-	8,986,082
	$ 417,040,281	$ 13,646,259	$ 54,517,115	$ (62,431,938)	$ (2,456,172) (1)	$ 420,315,545

	Balance July 1, 2010	Total Realized and Unrealized Gains (Losses)	Purchases, Sales and Settlements, Net	Net Transfers In/Out of Level 3	Balance June 30, 2011
US Equities	$ 42,641,176	$ 14,001,201	$ (6,022,133)	$ (50,620,244)	$ -
International Equities	35,751,885	9,377,547	(12,450,179)	(32,679,253)	-
Global Equities	7,963,827	2,515,073	(302)	-	10,478,598
Hedge Funds	229,980,564	15,727,802	3,849,899	(58,706,901)	190,851,364
Private Equity Funds	99,140,203	21,792,062	10,281,278	-	131,213,543
Real Estate Funds	50,276,249	18,400,402	6,445,039	-	75,121,690
Funds Held By Others	8,114,798	1,260,288	-	-	9,375,086
	$ 473,868,702	$ 83,074,375	$ 2,103,602	$ (142,006,398) (1)	$ 417,040,281

(1) The transfers were made due to the expiration of redemption restrictions

The changes in unrealized gains (losses) for Level 3 investments still held at June 30, 2012 and 2011 amounted to gains of $4,432,566 and $63,755,136, respectively, which are included in "Net appreciation in fair value of investments" in the Statements of Activities.

Princeton Theological Seminary

Notes to Financial Statements
June 30, 2012 and 2011

14. Fair Value Measurements *(continued)*

The following table summarizes liquidity arrangements and unfunded commitments for investments valued at NAV using the practical expedient at June 30, 2012

	See Note	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Long-only equity funds with restrictions					
U S equity funds					
- Daily liquidity		$ 39,379,817	$ -	Daily	1-2 days
- Quarterly share class		36,721,547		Quarterly	60 days
Total U.S equity funds		76,101,364			
Fixed income funds		1,621,967		Daily	1-2 days
Global equity funds	A				
- Daily liquidity		7,439		Daily	1-2 days
- Quarterly share class		10,305,274		Quarterly	30 days
- 3-year share class		11,075,485		Lock expires 12/31/14	30 days
Total global equity funds		21,388,198			
International equity funds					
- Daily liquidity		60,749,937		Daily	3 days
- Twice/month		63,674,476		Mid-month & month-end	2 days
- Holdbacks/liquidating positions		212,741		Manager controlled	N/A
Total international equity funds		124,637,154			
Total Long-Only Equity Funds With Restrictions		223,748,683			
Hedge funds					
Monthly liquidity		4,568,254		Monthly	65 days
Quarterly liquidity		38,114,617		Quarterly	30-60 days
Semi-annual liquidity		12,755,268		Semi-annually	45-65 days
Annual liquidity		84,259,131		Annually	45-180 days
Full liquidity within 1 year		19,103,564		Less than or equal to 1 year	45-90 days
Greater than 1 year lock-up		60,038,698		Varies from 1 to 3 years	45-180 days
Side-pocket investments/holdbacks	B	4,094,996		Manager controlled	N/A
Total hedge funds	C	222,934,528			
Real estate funds	D	78,006,895	39,100,000	Held until realized	N/A
Private equity / venture capital	D	146,771,383	51,400,000	Held until realized	N/A
Funds held in trust by others		8,986,082	-	No liquidity	N/A
Total with restricted liquidity		$ 680,447,571	$ 90,500,000		

Princeton Theological Seminary

Notes to Financial Statements
June 30, 2012 and 2011

14. Fair Value of Financial Instruments *(continued)*

Note A - The global equity fund is an actively managed commingled fund whose share classes have different terms.

Note B – Proceeds totaling approximately $2.5 million at June 30, 2012 are expected to be received from side-pocketed investments during the 2012-13 fiscal year. The remaining balance will be distributed as/when the investments are liquidated.

Note C - Hedge funds employ a variety of investment strategies with varying net/gross exposure levels. The fair values of the investments in this category are those reported by the fund administrators at June 30, 2012. Liquidity terms vary by fund, with some offering flexible terms. Some funds also allow investors to redeem prior to the end of their normal term upon payment of a redemption penalty.

Note D - Private equity and real estate funds call capital when new investments are made and return capital when investments are sold. While the timing of capital calls and distributions is at the discretion of the fund managers, management reports that both portfolios are approaching a steady state wherein capital calls are offset by distributions received, with future investments replenishing the portfolio to maintain exposure to the asset classes. Remaining commitments to existing private equity and real estate funds totaled approximately $52 million and $39 million, respectively. These amounts are expected to be called over a period of at least 10 years.

15. Investment Agreement

Under an Investment Agreement (the "Agreement") with the Center of Theological Inquiry (CTI), a not-for-profit institution of which less than a majority of its trustees are also trustees of the Seminary, CTI invests side-by-side with the Seminary in its endowment (the "Investment Pool"). The pro-rata ownership percentages of the Investment Pool are approximately 98% and 2% for the Seminary and CTI, respectively. The Investment Pool consists of assets contributed by the Seminary and CTI which have been commingled and are held by the Custodian in a trust. The Custodian recalculates the relative percentage interests of the parties in the Investment Pool as of the last business day of each month, taking into account additions to and/or withdrawals from the Investment Pool by CTI and/or the Seminary during such month. CTI has agreed that it will under no circumstances hold the Seminary responsible or liable, or seek reimbursement from the Seminary, for any reason pertaining to the Agreement, including without limitation the performance of the Investment Pool, the execution of the Seminary Investment Program or the administration of the trust agreement with the Custodian. For financial reporting purposes, the Seminary reports its net pro-rata ownership in the Investment Pool and related investment revenues and expenses.

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Princeton Theological Seminary

Appendices
June 30, 2012

Princeton Theological Seminary

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012

Federal Grantor / Pass through Grantor / Program or Cluster Title	CFDA Number	Federal Expenditures
Major Programs		
U.S. Department of Education		
Student Financial Assistance Cluster.		
Federal Direct Student Loans	84.268	$ 3,080,907
Federal Perkins Loan Program (including administrative cost allowance of $21,845)	84 038	300,000
Federal Work-Study Program	84 033	136,906
Total Expenditures of Federal Awards		**$ 3,517,813**

See independent auditors' report and notes to schedule of expenditures of Federal awards

Princeton Theological Seminary

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes federal grant activity of Princeton Theological Seminary (the Seminary), and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of U.S. Office of Management and Budget Circular A-133, *Audits of State, 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.

2. Federal Direct Student Loan Program

The Seminary is responsible only for the performance of certain administrative duties with respect to the Federal Direct Student Loan Program and, accordingly, these loans are not included in the Seminary's basic financial statements. It is not practical to determine the balance of loans outstanding to students of the Seminary under this program as of June 30, 2012

3. Federal Perkins Loan Program

The Seminary administers and accounts for certain aspects of the Federal Perkins Loan Program The Seminary's basic financial statements include the program's net assets and transactions. The gross balance of loans outstanding under this program as of June 30, 2012 was $1,795,481.

O'CONNOR DAVIES

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Board of Trustees
Princeton Theological Seminary

We have audited the financial statements of Princeton Theological Seminary (the "Seminary") as of and for the year ended June 30, 2012, and have issued our report thereon dated October 26, 2012 We conducted our audit 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

Internal Control Over Financial Reporting

Management of the Seminary is responsible for establishing and maintaining effective internal control over financial reporting In planning and performing our audit, we considered the Seminary's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting Accordingly, we do not express an opinion on the effectiveness of the Seminary's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above

O'CONNOR DAVIES, LLP
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Board of Trustees
Princeton Theological Seminary
Page 2

Compliance and Other Matters

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

We noted certain matters that we reported to management of Princeton Theological Seminary in a separate letter dated October 26, 2012.

This report is intended solely for the information and use of the Board of Trustees and management of the Seminary and the U.S. Department of Education, and is not intended to be and should not be used by anyone other than these specified parties

O'Connor Davies, LLP

Paramus, New Jersey
October 26, 2012

O'CONNOR DAVIES

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Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

Independent Auditors' Report

Board of Trustees
Princeton Theological Seminary

Compliance

We have audited Princeton 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, 2012 The Seminary's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Seminary's management Our responsibility is to express an opinion on the Seminary's compliance based on our audit

We did not audit the Seminary's compliance with requirements governing maintaining contact with borrowers and billing and collection procedures in accordance with the requirements of the Student Financial Assistance Cluster Federal Perkins Loan program as described in the Compliance Supplement Those requirements govern functions performed by Campus Partners, the Seminary's loan servicer Since we did not apply auditing procedures to satisfy ourselves as to compliance with those requirements, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on compliance with those requirements Campus Partners' compliance with the requirements governing the functions that it performs for the Seminary for the year ended June 30, 2012 was examined by other accountants in accordance with the U S Department of Education's Audit Guide, *Audits of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers* Our report does not include the results of the other accountants' examination of Campus Partners' compliance with such requirements

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 Our audit does not provide a legal determination of the Seminary's compliance with those requirements

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Board of Trustees
Princeton Theological Seminary
Page 2

In our opinion, Princeton Theological Seminary complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012

Internal Control Over Compliance

Management of Princeton Theological Seminary is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs In planning and performing our audit, we considered the Seminary's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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

Requirements governing maintaining contact with borrowers and billing and collection procedures in the Student Financial Assistance Cluster, Federal Perkins Loan program as described in the A-133 Compliance Supplement are performed by Campus Partners. Internal control over compliance related to such functions for the year ended June 30, 2012 was reported on by other accountants in accordance with the U S Department of Education's Audit Guide, *Audits of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers* Our report does not include the results of the other accountants' testing of Campus Partners' internal control over compliance related to such functions

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

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Trustees and management of the Seminary and the U S Department of Education, and is not intended to be and should not be used by anyone other than these specified parties.

O'Connor Davies, LLP

Paramus, New Jersey
October 26, 2012

Princeton Theological Seminary

Schedule of Findings and Questioned Costs
Year Ended June 30, 2012

Section I - Summary of Auditors' Results

Financial Statement

Type of auditors' report issued — Unqualified

Internal control over financial reporting

- Material weakness(es) identified? — ____ Yes __✓__ No
- Significant deficiency(ies) identified? — ____ Yes __✓__ None reported

Noncompliance material to financial statements noted? — ____ Yes __✓__ No

Federal Awards

Internal control over major programs

- Material weakness(es) identified? — ____ Yes __✓__ No
- Significant deficiency(ies) identified? — ____ Yes __✓__ None reported

Type of auditors' report issued on compliance for major programs — Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? — ____ Yes __✓__ No

Identification of major programs

CFDA Number(s)	Name of Federal Program or Cluster
	Student Financial Assistance Cluster.
84 268	Federal Direct Student Loans
84 038	Federal Perkins Loan Program
84 033	Federal Work-Study Program

Princeton Theological Seminary

Schedule of Findings and Questioned Costs
Year Ended June 30, 2012
(Continued)

Dollar threshold used to distinguish between Type A and Type B programs	$300,000
Auditee qualified as low-risk auditee?	✓ Yes ____ No

Section II – Financial Statement Findings

None noted

Section III – Federal Award Findings and Questioned Costs

None noted.

PRINCETON
THEOLOGICAL SEMINARY

October 26, 2012

O'Connor Davies, LLP
15 Essex Road, Suite 503
Paramus, NJ 07652

Gentlemen,

We are providing this letter in connection with your audits of the statements of financial position of Princeton Theological Seminary (the "Seminary") as of June 30, 2012 and 2011 and the related statements of activities, and cash flows for the years then ended for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, changes in net assets, and cash flows of Princeton Theological Seminary in conformity with U.S. generally accepted accounting principles. We confirm that we are responsible for the fair presentation in the financial statements of financial position, changes in net assets, and cash flows in conformity with generally accepted accounting principles. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control over financial reporting, and preventing and detecting fraud.

We confirm, to the best of our knowledge and belief the following representations made to you during your audits.

1) The financial statements referred to above are fairly presented in conformity with U.S. generally accepted accounting principles and include all assets and liabilities under the Seminary's control

2) We have made available to you all—

   a. Financial records and related data and all audit or relevant monitoring reports, if any, received from funding sources.

   b. Minutes of the meetings of Board of Trustees or summaries of actions of recent meetings for which minutes have not yet been prepared.

3) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices

4) There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements or the schedule of expenditures of federal awards.

5) We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud

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6) We have no knowledge of any fraud or suspected fraud affecting the Seminary involving-

a. Management,

b. Employees who have significant roles in internal control, or

c Others where the fraud could have a material effect on the financial statements.

7) We have no knowledge of any allegations of fraud or suspected fraud affecting the Seminary received in communications from employees, former employees, grantors, regulators, or others.

8) The Seminary has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or net asset balances

9) The following, if any, have been properly recorded or disclosed in the financial statements:

a Related party transactions, including revenues, expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.

b. Guarantees, whether written or oral, under which the Seminary is contingently liable

c. Significant estimates and material concentrations known to management that are required to be disclosed in accordance with *FASB Accounting Standards Codification 275, Risks and Uncertainties.*

10) We have disclosed to you the valuation techniques used by the Seminary in measuring fair value, including any changes to the valuation techniques used in prior periods. We have also disclosed to you the types of inputs used in the valuation techniques. The valuation techniques used have maximized the use of observable inputs and minimized the use of unobservable inputs. Unobservable inputs used in valuation techniques reflect management's own assumptions about the assumptions that market participants would use in pricing the asset or liability based on the best information reasonably available in the circumstances without undue cost and effort. The valuation techniques and related assumptions for the Seminary's investments are appropriate and have been consistently applied and their fair values are reasonable and supported by documentation. The disclosures related to the Seminary's investments, including disclosures relating to the fair value hierarchy and valuation techniques, are complete and adequate. The prior year disclosures have been appropriately reclassified to reflect the Seminary's change in accounting policy from 30 to 90 day liquidity or less for classification of alternative investments as Level 2 of the fair value hierarchy.

11) All Seminary investments are stated at fair value as determined by management in accordance with the valuation methods set forth in the organizational documents. All Seminary investments during the period of the financial statements were made in accordance with the investment policies, strategies, or objectives stated in the organizational documents.

12) Except as disclosed in the financial statements, there are no restrictions on selling or transferring investments, including cash equivalents, held by the Fund as of June 30, 2012.

13) The methods and significant assumptions used to determine the fair value of the Fund's Level 2 and Level 3 investments are as set forth in the footnotes of the financial statements for the year ending June 30, 2012.

14) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.

15) Princeton Theological Seminary is an exempt organization under Section 501(c)(3) of the Internal Revenue Code Any activities of which we are aware that would jeopardize the Seminary's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up to date

16) There are no—

a. Violations or possible violations of laws and regulations and provisions of contracts and grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, or for reporting on noncompliance.

b. Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with *FASB Accounting Standards Codification 450, Contingencies.*

c Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by *FASB Accounting Standards Codification 450, Contingencies*

d. Designations of net assets disclosed to you that were not properly authorized and approved, or reclassifications of net assets that have not been properly reflected in the financial statements.

17) The Seminary has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral except as disclosed in the financial statements and footnotes.

18) We have complied with all restrictions on resources (including donor restrictions) and all aspects of contractual and grant agreements that would have a material effect on the financial statements in the event of noncompliance. This includes complying with donor requirements to maintain a specific asset composition necessary to satisfy their restrictions

19) With respect to federal award programs.

a. We are responsible for understanding and complying with, and have complied with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, including requirements relating to preparation of the schedule of expenditures of federal awards

b. We have prepared the schedule of expenditures of federal awards in accordance with OMB Circular A-133 and have identified and disclosed in the schedule expenditures made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance

c. We acknowledge our responsibility for presenting the schedule of expenditures of federal awards (SEFA) in accordance with the requirements of OMB Circular A-133 §310.b, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Circular. The methods of measurement and presentation of the SEFA have not changed from those used in the prior period, and we have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the SEFA.

d. If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

e We have identified and disclosed to you all of our government programs and related activities subject to OMB Circular A-133.

f. We are responsible for understanding and complying with the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal programs and have identified and disclosed to you the requirements of laws, regulations and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major program.

g. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance requirements applicable to federal programs that provides reasonable assurance that we are managing our federal awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended. Also, no changes have been made in internal control over compliance and other factors to the date of this letter that might significantly affect internal control, including any corrective action taken with regard to control deficiencies reported in the schedule of findings and questioned costs

h. We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relating to federal programs and related activities.

i. We have received no requests from a federal agency to audit one or more specific programs as a major program.

j. We have complied with the direct and material compliance requirements, including when applicable, those set forth in the *OMB Circular A-133 Compliance Supplement*, relating to federal awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal awards.

k. We have disclosed any communications from grantors and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.

l We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.

m. Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB Circular A-122, *Cost Principles for Nonprofit Organizations*, and Subpart C, *Cost Sharing and Matching*, of OMB Circular A-110, *Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations.*

n. We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.

o. We have charged costs to federal awards in accordance with applicable cost principles

p. We have made available to you all documentation related to the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.

q. We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.

r. There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.

s. No changes have been made in internal control over compliance or other factors that might significantly affect internal control have occurred subsequent to the date as of which compliance was audited.

t. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared.

u. The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.

v. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by OMB Circular A-133, and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.

w. We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by OMB Circular A-133.

x. We are responsible for preparing and implementing a corrective action plan for each audit finding.

y. We have disclosed to you all contracts or other agreements with service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations.

We have evaluated and classified any subsequent events as recognized or nonrecognized and disclosed the date through which this determination was made. No events, including instances of noncompliance, have occurred subsequent to the statement of financial position date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements or in the schedule of findings and questioned costs

Signed: ______________________ Signed: ______________________

Title: President Title: Senior Vice President and C.O.O.

Signed: ______________________ Signed: ______________________

Title: Controller Title: Director of Admissions and Financial Aid

O'CONNOR DAVIES

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Board of Trustees of
Princeton Theological Seminary

In planning and performing our audit of the financial statements of Princeton Theological Seminary (the "Seminary") as of and for the year ended June 30, 2012 in accordance with auditing standards generally accepted in the United States of America, we considered Princeton Theological Seminary's internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the Seminary's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Seminary's financial statements that is more than inconsequential will not be prevented or detected by the Seminary's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Seminary's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control presented in the attached exhibit to this letter to be other matters.

This communication is intended solely for the information and use of management, Board of Trustees, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

O'Connor Davies, LLP

Paramus, New Jersey
October 26, 2012

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Auditors' Observations	Significant Deficiency	Material Weakness
Competitive Bids	No	No

At present, PTS does not have a policy to obtain competitive bids from several suppliers as a prerequisite to making purchases Competitive bidding procedures decrease the risk that the Seminary is not obtaining the best price or quality for goods and services. To reduce these risks, we recommend that a policy be established requiring the purchasing agent to obtain competitive bids from several suppliers for single purchases over a specified dollar amount or ongoing purchases that are expected to aggregate to a specified amount The agent should compare the bids and recommend one based on factors such as cost, quality, delivery, customer support, etc The recommendation should then be approved by management based on a review of the various bids and information supporting the recommendation.

Management's Response

Management agrees that development of a formal competitive bid policy will be helpful In drafting the policy, we will attempt to arrive at a practical solution that will take into account the costs of implementation in relation to potential benefits to be derived. Major expenditures (such as for construction projects and related furnishings/equipment/wiring, utilities and property and casualty insurance) are currently incurred only after competitive bids are obtained. The Seminary enjoys many long-term relationships with vendors, and it is anticipated that the competitive bid policy that is developed will permit repeat business with such vendors provided periodic, rather than constant, testing of pricing is undertaken and provided it is confirmed that the long-term vendors' pricing is competitive The value provided by consortiums in obtaining competitive services and the importance of knowledge gained from neighboring institutions of higher education will also be considered as the policy is developed.

Auditors' Observations	Significant Deficiency	Material Weakness
Purchase Orders	No	No

During the audit we observed that Princeton Theological Seminary maintains a suggested purchase order policy on purchases of more than $5,000 Department heads and individuals are encouraged to use purchase orders and have them approved by the Senior Vice President In several instances, purchase orders were not used when employees made purchases greater than $5,000 through the use of purchase cards We recommend that Princeton Theological Seminary establish a formal purchase order policy that is followed throughout the Organization.

Management's Response

The existing purchase card policy is clear that purchase cards are not to be used in lieu of the accounts payable function to circumvent existing internal control and other institutional procedures. We will revise the purchase card policy to make clear that a purchase order must be issued in conjunction with the use of a card for a purchase of more than $5,000. As provided in the current policy, those who do not abide with the policy are subject to having their cards revoked

PART B

PROJECT DUE DILIGENCE REQUEST AND TAX QUESTIONNAIRE

Each Institution must also provide a complete set of responses to Part B **for each Project** that was awarded a Grant (w/o regard to funding by each Program). Provide 1 original and copies on 4 CDs or flash drives.

Information with Respect to the Project:

i. Name of the College and the Project, as shown in the chart accompanying the cover memo.

ii. If there have been any changes in the proposed sources and uses of Grant amounts and other moneys for the Project since the submission of your application, please complete Schedule A . *N/A*

iii. Other than as provided in your application, resolutions of the Board of Directors/Trustees of the Grantee (i) approving the Project, (ii) approving any reimbursements from Bond proceeds and (iii) authorizing any bridge or interim loans. NOTE: Should the Grantee wish to reimburse itself from Grant proceeds for expenditures incurred after April 29, 2013 and prior to the date the Bonds are issued, there must be a "reimbursement resolution" adopted by the Authority, the State or the Grantee reflecting such intent not later than 60 days after the date of the expenditures to be reimbursed. The Authority adopted such resolutions on July 23, 2013. Please provide any earlier ones adopted by the Grantee.

iv. Provide any changes regarding applicable State and municipal approvals, permits, planning, zoning or environmental matters from those described in your application. *N/A*

College Princeton Theological Seminary
Project Enhanced IT Infrastructure for Renovated Luce Library

TAX QUESTIONNAIRE

This questionnaire attempts to address many of the issues relating to the tax exemption of bonds issued to finance facilities for Public Colleges and Private Colleges that are 501(c)(3) organizations. Some of the questions will apply to all Colleges and some will apply to only to Public Colleges or Private Colleges. The questionnaire is not exhaustive however, and further information may be required from you concerning areas covered by the questionnaire, issues raised by your responses to the questionnaire, or other matters relating to the tax exemption of the Bonds. Your responses in this questionnaire will form the basis of tax certificates which may be required by Bond Counsel..

The following general tax requirements apply in order for Projects of **all Colleges** to qualify:

- Certain private business use and payment limitations
- Management or service contracts may not result in "private business use" (described herein)
- Research contracts generally may not result in "private business use" (described herein)
- Average maturity of Bonds cannot exceed 120% of average life of financed assets
- Debt service cannot be Federally guaranteed.
- Arbitrage limitations, including yield restrictions and rebate requirements.
- IRS Reporting Requirements on Form 8038 or Form 8038-G

The following general tax requirements apply in order for Projects of **Public Colleges** to qualify:

- Grantee/user must be a governmental entity.
- Not more than 10% of the Grant financed Project may be used by non-State or local governmental, nonprofit or for-profit entities. If the use is unrelated or disproportionate to the College use, this limit is reduced to 5%. Thus use by for-profit entities, nonprofit or the US Government must be closely scrutinized.

The following general tax requirements apply in order for Projects of **Private Colleges** to qualify:

- Grantee/user must be a 501(c)(3) organization.
- All bond financed property must be owned by a governmental entity or 501(c)(3) organization.
- Not more than 5% of the Grant Financed Project) may be used by nongovernmental or for-profit entities. Thus use by for-profit entities or the US Government must be closely scrutinized.
- Costs of issuance financed by Bonds is limited to 2% of proceeds of the Bonds; balance must be paid by Grantee.
- $150 million limit for tax exempt bonds for "test period beneficiaries" unless Project is a new capital project.
- TEFRA Approval required by Governor after public hearing, preceded by newspaper publication of a notice of hearing at least 14 days in advance.

In the event that additional space is needed for any responses, please feel free to elaborate on separate sheets which you attach to the questionnaire.

I. Use of Bond Proceeds

Private Business Use/Payments

Public Colleges

The Internal Revenue Code of 1986, as amended (the "Code") includes numerous requirements relating to the tax exemption of bonds used to finance facilities for Public Colleges. One of the requirements necessary to establish that bonds are governmental bonds is that no more than 10% of the proceeds of the bonds are to be used for any "private business use." Not more that 10% or of the debt service on the Bonds can be payable by or secured by property used by private business users. If the private business use is unrelated or disproportionate to the governmental use, these limits are reduced to 5%.

"**Private business use**" includes any use directly or indirectly in a trade or business carried on by any person other than a governmental entity or use by the Public College in an activity that is unrelated to its educational activities. A private use can occur pursuant to a lease, a special arrangement, a management or services contract, certain research arrangements or by any arrangement where a private business is using the financed property in a manner different than the general public. For these purposes, any use by a person other than a natural person is treated as a use in trade or business. Use, however, as a member of the general public is not taken into account. "Governmental Unit" means any state or political subdivisions thereof (i.e., a state or division of state with a substantial amount of sovereign powers) or instrumentality of a state and does not include the United States or any agency or instrumentality of the United States. Typical arrangements that may result in private business use for a college include food service and bookstore contracts, parking management contracts, research contracts, rental or lease of facilities and summer camp programs which are run by unaffiliated entities. Private business use can also arise in the case of a project that is a leasehold improvement on land owned by a nongovernmental entity.

Private Colleges

Section 145 of the Code provides numerous additional requirements relating to the tax exemption of bonds used to finance facilities for Private Colleges. Bonds which satisfy the requirements of Section 145 of the Code shall be referred to as "Qualified 501(c)(3) Bonds". One of the requirements necessary to establish that bonds are Qualified 501(c)(3) Bonds is that no more than 5% of the "net proceeds" of the bonds are to be used for any "private business use."

In the context of Qualified 501(c)(3) Bonds, net proceeds used in any private business use includes costs of issuance of the bonds and any use directly or indirectly in a trade or business carried on by any person other than an "Exempt Person". Exempt Person means (i) a Governmental Unit, or (ii) a 501(c)(3) organization (to the extent used in an activity which does not constitute an "unrelated trade or business" ("Unrelated Trade or Business") determined by applying Section 512(a) of the Code). Private business use includes any lease, management or service contract and certain other rights given to a non-Exempt Person. For these purposes, any use by a person other than a natural person is treated as a use in trade or business. Use, however, as a member of the general public is not taken into account. "Governmental Unit" means any state or political subdivisions thereof (i.e., a state or division of state with a substantial amount of sovereign powers) or instrumentality of a state and does not include the United States or any agency or instrumentality of the United States. Typical uses that must be considered by a college include food service and bookstore contracts, parking management contracts and summer camp contracts.

The questions which follow in this section are designed to elicit information regarding compliance with the private use and certain related limitations.

All Colleges

1. Will there be any private business use of the Project or a direct or indirect loan or grant of the proceeds of the Grant to any other person or entity (including, in the case of Public Colleges, a nonprofit corporation) at any time while the Bonds are outstanding?

   ☐ Yes ☒ No

   If yes, please explain (attach documents, if necessary). If there is any special entitlement (e.g., right to use any portion of the Project different from the general public) that "may" result in a private business use, please describe it.

2. Are the facilities being financed expected to be used by the College during the entire time period the Bonds may be outstanding? (CIF – 30 years, HEFT – 15 years, HETI – 15 years, ELF – 10 years and GO – 35 years)

   ☐ Yes ☒ No

   If no, please explain.
   We applied for the HETI grant to fund technology infrastructure. Most of the components of the project are electronics, and have a planned useful life of 5-8 years. Cabling (fiber and copper) is expected to last 10-15 years. The actual structures housing the equipment are expected to be in use well beyond 15 years. Refer to Schedule B, attached, for details on expected lifespan of project components.

3. To the extent any facilities will be made available on a rental basis or constitute a trade or business activity, please explain the scope of such activities and the amount of such uses by individuals or other entities. If any type of restaurant facilities, arenas, cafeterias or bookstores will be financed, please explain the anticipated use by employees, patrons and others.

4. Will the name of any private business be used in connection with any part of the Project (i.e., are naming rights being provided in exchange for any payment or contribution)? ☐ Yes ☒ No. If yes, describe in detail and provide any relevant agreements.

5. Will any portion of the Project be leased by the Public College or be the subject of a possessory interest or license, formal or informal, given by the Public College? ☐ Yes ☒ No.

6. Will there be any non-college summer uses of the Project (i.e, sports camps)? ☐ Yes ☒ No. If yes, please describe.

7. Are all those, who are or will be lessees, licensees, or persons with a possessory interest in the Project, a State or Local Governmental Unit (and in the case of Private Colleges, a 501(c)(3) corporation which is using the Project for its charitable purpose)? ☒ Yes ☐ No If no, please describe.

8. If the Project includes parking facilities, is the general public, not on College business, permitted to use the parking facility? ☐ Yes ☐ No ☒ N/A

   Are long term parking licenses to be provided? ☐ Yes ☐ No ☒ N/A. If yes, please explain the nature of the licenses and their permitted duration and terms

   Does the College manage the parking facilities? ☐ Yes ☐ No ☒ N/A. Please provide a copy of any management contracts.

9. Will any portion of the Project serve persons other than students, visitors or employees of the College? ☐Yes ☒ No. If yes, please discuss.

10. Will any portion of the Project include privately owned solar panels, cell towers or be subject to a power purchase agreement of any type?

    ☐Yes ☒ No. If yes, please discuss.

11. Will any portion of the Project (i.e., bookstore, food service, parking) (i) be managed by a person other than the College and its employees or (ii) be a

subject to service contracts with a third party? ☐Yes ☒ No. If no, please skip to question 12. Otherwise, please provide a copy of the contracts.

12 Are there or will there be any cooperative research agreements with, or funded by, non-Exempt Persons which will involve use of any portion of the Project?

☐Yes ☒ No. If yes, describe in detail and attach a copy of any existing or proposed contract.

13. Will there be any research agreements if research is conducted on the premises of any portion of the Project facilities. ☐Yes ☒ No. If no, skip to next question. If there are any research contracts with a nongovernmental entity, please provide copies thereof.

14. Is any portion of the Project an "output-type facility" (e.g., utility)?

☐Yes ☒ No. If yes, please describe and provide copies of any contracts

Will any of the output from the facility be used to service facilities used in the trade or business of persons other than Exempt Person?
☐Yes ☐No *N/A*.

Will any of the output from such facility be sold? ☐Yes ☐No. If so, please identify the purchaser(s) and supply the purchase contract(s). *N/A*

In the event any output from such facility will be sold, were any other tax-exempt obligations used to finance such facility? ☐Yes ☐No. If so, please indicate the aggregate principal amount of such obligations and the issuer of such obligations. *N/A*

Was any of the property nongovernmental output property (i.e. previously owned by a nongovernmental person) ☐Yes ☐No. *N/A*

15. Will any of the proceeds of the Bonds be loaned or granted to any person or entity by the College? ☐Yes ☒ No. If yes, please identify.

16. Is there or will there be any current or proposed fundraising activities expected with respect to any portion of the Project? ☐**Yes** ☒ **No.** If yes, please provide copies of all solicitation materials, including a sample donor card/letter, and indicate the goals and expectations of the fundraising campaign.

Private Colleges Only

1. TEFRA - Please indicate the specific street address of the Project (or lots and blocks or near by streets, if there are no street addresses).

   Princeton Theological Seminary Library, 25 Library Place,

   Princeton, NJ 08540

2. Will any portion of the Project be used by the Grantee in any activity constituting an Unrelated Trade of Business? ☐ Yes ☒ No. If yes, please describe. (Note: the lack of "unrelated business" taxable income from an activity by virtue of the definitions or modifications to income contained in Section 512 of the Code is not determinative of whether an Unrelated Trade or Business activity is being carried on within the meaning of Section 513 of the Code).

3. Will any portion of the Grant be used to provide any airplane, sky box, or other luxury box, facility used primarily for gambling, or store the principal purpose of which is the sale of alcoholic beverages for consumption off premises?
   ☐ Yes ☒ No. If yes, describe in detail.

4. Will any portion of the Project be used to provide residential rental housing? Yes ☒ No. If yes, please discuss in detail and describe the scope of facilities offered within such housing.

   Will such housing be available to the general public? ☐Yes ☐No. *N/A*

College <u>Princeton Theological Seminary</u>
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Is the housing new or existing? ☐New ☐Existing *N/A*

5. Will there be any religious use of or religious instruction in any of the Project Facilities? ☐Yes ☒No. If yes, please explain.

6. $150 Million Limitation

   Another requirement imposed under Section 145 of the Code for certain bonds to be Qualified 501(c)(3) Bonds is compliance with the $150 million limitation. The $150 million limitation restricts the amount of tax-exempt bonds outstanding at any one time which may be issued for the benefit of any 501(c)(3) organization or related persons to $150 million excluding bonds issued after August 5, 1997, as part of an issue 95% or more of the proceeds of which are used to finance capital expenditures incurred after such date.

   Will 95% or more of the proceeds of the Grant be used to finance capital expenditures?

   ☒ Yes ☐ No.

7. What happens to the assets of the Grantee upon its dissolution?

   As stated in the Grantee's Certificate of Incorporation, any assets of the Corporation dissolved shall be disposed of by the Board in a manner that it deems consistent with the purpose of the Corporation, which is to provide graduate, graduate professional, and continuing education programs in fields and disciplines of Christian ministry and theological scholarship.

8. Are the year-end excesses of revenues over expenses of the Grantee used for future operations? ☒ Yes ☐ No. If not, for what purpose are such funds used?

II. Expected Economic Life of the Financed Projects and its Components

Please provide the expected economic life of the components of the Project. being financed with the proceeds of the Grant on Schedule B.

III. Arbitrage Limitations

College Princeton Theological Seminary
Project Enhanced IT Infrastructure for Renovated Luce Library

A. General

1. Have binding contracts obligating the expenditure in excess of 5% of the Grant been entered into by the Grantee or will such contracts be entered into by the Grantee within 6 months of October 1, 2013, to commence construction or acquisition of the portion of the Project financed with the Grant?

   ☒Yes ☐No. If yes, date met or expected to be met. January 1, 2014

2. Has or will construction or acquisition of the portion of the Project financed with the Grant commence by the date of funding?

   ☒ Yes ☐No. If no, when will it occur?

3. When do you expect the portion of the Project funded with the proceeds of the Grant to be completed?
   Project is expected to be fully completed by June 2014.

   Please update the drawdown schedule of the proceeds of the Grant to reflect any changes from the schedule you previously provided in your application (please note that another updated schedule may be required in conjunction with the sale of EFA and/or state bonds in the future).

   ☐Yes ☐No.
   We did not previously submit a drawdown schedule with our HETI grant application. However, we expect to request reimbursement for the full funded amount within 6 weeks after the completion of the project.

Drawdown Date Estimate	**HETI Funded Amount**
July 2014	$241,722

4. Will all costs of the Project constitute capital expenditures for federal income tax purposes?

   ☒ Yes ☐ No. If no, please discuss.

5. Does any portion of the Project constitute "investment type" property, i.e. property held as a passive vehicle for the production of income?

☐Yes ☒ No. If yes, please explain.

6. Will the proceeds of the Grant or investment earnings thereon be used as a substitute for (i) any donations which were raised for any portion of the Project, or (ii) any other funds which were earmarked for the construction or acquisition of any portion of the Project? ☐Yes ☒No. If yes, please discuss.

If the answer above was yes, will any of the replaced funds be invested?

☐Yes ☐No. If yes, please discuss. *N/A*

7. Do you anticipate the sale of any governmental obligations for your institution between now and June 2014?

☐Yes ☒ No. If yes, please discuss.

B. Reimbursement Bonds

The Grantees may spend their own money on the Project from their own non bond financed funds (the "Costs of the Project") after adoption of a reimbursement resolution or some other declaration of intent but prior to the date of issue of the Bonds with the expectation of being reimbursed from the proceeds thereof.

Do you expect to be reimbursed from proceeds of the Bonds for expenditures previously paid by you from other moneys?

☒Yes ☐No

If yes, please continue. If no, skip to the next category.

ALL OF THE FOLLOWING REQUIREMENTS MUST BE SATISFIED FOR THE PROCEEDS TO BE DEEMED SPENT ON THE DATE OF THE

REIMBURSEMENT. REIMBURSEMENT INFORMATION MUST BE UPDATED AS OF EACH CLOSING DATE.

(a) All allocations of the proceeds of the Bonds to the reimbursement of expenditures for Costs of the Project incurred prior to the issuance of the Bonds must satisfy the criteria set forth in either or a combination of clauses (i), (ii), or (iii) (Please check box next to criteria that apply):

☒ (i) The Costs of the Project to be reimbursed were incurred by the Grantee either after declarations of official intent by the Grantee on or after April 29, 2013 (the date that the Secretary of Higher Education of New Jersey (the "Secretary") certified the list of approved Projects and award amounts) or incurred after such date and paid by the Grantee after May 24, 2013 (the date that is 60 days before the date of the Authority's reimbursement resolutions).

(ii) The Costs of the Project to be reimbursed were incurred on or after April 29, 2013 and paid by the Grantee for "preliminary expenditures", including architectural, engineering, surveying, soil testing, reimbursement bond issuance and similar costs that were incurred prior to commencement of construction, rehabilitation or acquisition of the Project, which do not exceed 20 percent of the issue price of the Bonds that finances the Project, other than land acquisition, site preparation and similar costs incident to the commencement of construction; or

(iii) The Costs of the Project to be reimbursed were incurred on or after April 29, 2013 and represent (1) costs of issuance of any bond or note or (2) an amount not in excess of the lesser of $100,000 or 5% of the proceeds of the issue.

(b) On the dates of the Declarations of Official Intent, such Declarations of Official Intent to reimburse expenditures were "reasonable".

(c) Except for those expenditures described in paragraph (a)(ii) and (iii) above (i.e, preliminary and de minimis expenditures), all allocations of the proceeds of the Bonds to the reimbursement of expenditures for Costs of the Project made prior to the issuance of the Bonds i.e., the closing for the Bonds and the reimbursement allocation reflected on the issuer's books and records will occur not later than 18 months after the later of (i) the date on which the expenditure was paid, or (ii) the date on which the property was placed in service or abandoned, and in no event more than 3 years after the original expenditure was made.

(d) All allocations of the proceeds of the Bonds to the reimbursement of expenditures for Costs of the Project made prior to the issuance of the Bonds are expenditures which were capital expenditures.

(e) No action or inaction of the issuer with respect to any allocation of the proceeds of the Bonds to the reimbursement of expenditures for Costs of the Project is or will be an abusive arbitrage device or to avoid arbitrage restrictions or other restrictions of the Code.

(f) The proceeds of the Bonds allocated to the reimbursement of expenditures will not, but for the allocation, be used directly or indirectly within 1 year of the date of the reimbursement allocation, to create "replacement proceeds" with respect to any obligation (other than amounts deposited to a bona fide debt service fund).

The foregoing rules focus on the date of the prior expenditure from the Grantee's own funds, not from another financing. The official intent may be several years old, but if the expenditure was incurred subsequent to or no earlier than 60 days prior to the Declaration of Official Intent but within the 18 month or 3 year period, it may be reimbursable. An analysis of the expenditure date and placed in service date is needed. (Please use the Reimbursement Schedule on Schedule C attached to complete information necessary for us to make the determination.) Any expenditures that fall within any of the exceptions, such as preliminary expenditures (20% limitation), de minimis expenditures (maximum of $100,000 per issue) and costs of issuance would be added to the expenditures that meet the rules. Any amounts that cannot be reimbursed under these rules will be considered to be unspent proceeds until they are otherwise allocated to an expenditure (i.e., spent on a future capital project) under the arbitrage rules.

If the allocation of Bonds is treated as a reimbursement under state law, but fails the tax requirements (i.e., the proceeds are not deemed spent), the College will still have unspent proceeds that will ultimately be subject to yield limitations and that may be subject to rebate until spent.

Reimbursed Costs Paid with Funds Not Debt Financed

1. Are Bond proceeds or projected investment earnings to be used to reimburse the Grantee or any related party for any costs of the Project paid by the Grantee or an affiliate prior to the issuance of the proposed bonds? ☒Yes ☐No.

2. Were any such costs of the Project to be reimbursed paid with equity of the Grantee or an affiliate (and not financed with taxable debt)?

   ☒Yes ☐No. If yes, please answer the questions below with respect to such costs.

   (a) Was a declaration of official intent of the Grantee, in accordance with Treasury Regulations Section 1.150-2, made prior to or within 60 days following payment of such costs? ☒Yes ☐No. If yes, please attach it.

   (b) How will the proceeds of the Bonds used to reimburse the Grantee or affiliate for Project costs be used?
   They will be deposited to the Grantee's operating account.

Financing of Taxable Debt Used to Reimburse Costs

(a) Are the proceeds of the Bonds to be used to repay any taxable debt of the Grantee? ☐Yes ☒No.

If yes, describe principal amount of loan, date of borrowing and purpose.

(b) Was a declaration of official intent of the Grantee, in accordance with Treasury Regulations Section 1.150-2, made prior to or within 60 days following payment of such costs? ☐Yes ☐No. If yes, please attach it. *N/A*

(c) Were all proceeds of the taxable debt used for solely for costs of the Project which were paid after issuance of the taxable debt and after April 29, 2013? Any amounts paid for interest or costs of issuance cannot be reimbursed. ☐Yes ☐No. *N/A*

If no, so that proceeds of the taxable debt were used in whole or in part to reimburse the Grantee for costs of the Project paid prior to the issuance of the taxable debt, please describe the date such costs were first paid and overall amounts.

(d) How were the reimbursed amounts used by the Grantee? *N/A*

IV. Form 8038 Requirements – Private Colleges

In order for governmental obligations to be tax-exempt, a Form 8038 or 8038-G must be completed by the issuer and filed with the Internal Revenue Service within the prescribed time period. The questions below are designed to facilitate the completion of Form 8038 with respect to the proposed Bonds for Private Colleges. Responses to the questions below should be completed prior to the issuance of the proposed bonds.

1. Please indicate below the North American Industrial Classification System Code(s) (previously Standard Industrial Classifications (SIC)) for the facilities financed with the proceeds of the Bonds.

NAICS Code 611310, Colleges & Universities

2. Please classify on Schedule D the costs of the portion of the Project financed with the proceeds of the Grant.

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Project Enhanced IT Infrastructure for Renovated Luce Library

The answers and information provided in response to this questionnaire are, to the best of my knowledge and belief, true, correct, and complete. I understand that Bond Counsel, the Authority and the State will rely on the answers and information provided herein for the purposes set forth above.

Princeton Theological Seminary
College Name

Date: October 25, 2013

By: ______________________
Name: John Gilmore
Title: Senior Vice President, COO, Treasurer

College Princeton Theological Seminary
Project Enhanced IT Infrastructure for Renovated Luce Library

SCHEDULE A –

N/A No changes since original submission.

SOURCES:	
BOND PROCEEDS FROM THE PROGRAM	$________
OTHER BONDS (EFA or otherwise)	$________
EQUITY CONTRIBUTION	$________
TOTAL	$________
USES:	
CONSTRUCTION OR RENOVATION	$________
PURCHASE OF EQUIPMENT	$________
OTHER (LIST)	$________
TOTAL	$________

College Princeton Theological Seminary
Project Enhanced IT Infrastructure for Renovated Luce Library

SCHEDULE B

Certificate with Respect to Economic Life of the Project

The reasonably expected economic life of the Project financed with the proceeds of the Bonds equals at least 9.43 years, determined as follows:

Asset Financed	Amount of grant	Est useful life	Period from-to in service date (+/-)	Life from Issue date	Cost-years
Luce Internal Cabling	62,500.00	10	1	11	687,500.00
Outdoor Fiber Cabling	35,722.19	15	1	16	571,555.04
Luce Library Data Network	36,000.00	8	1	9	324,000.00
Cisco IP Phones	17,500.00	8	1	9	157,500.00
Cisco Call Manager Upgrade	30,000.00	5	1	6	180,000.00
Library Digitization and Storage	60,000.00	5	1	6	360,000.00
Total	241,722.19				2,280,555.04

Average life
(Cost Years / Costs Financed) 9.43

10/25/13 10:44AM

Economic Life of an asset is the longer of (a) the reasonably expected economic life of the asset, based on facts and circumstances; or (b) the "midpoint life of the asset under the Asset Depreciation Rename ("ADR") system, as established under Rev. Proc. 83-35, 83-1 C.B. 745, where applicable, or the guideline life for the asset under Rev. Proc. 62-21, 1962-2 C.B. 418, in the case of structures. Land shall not be taken into account for purposes of this certificate unless 25 percent or more of the net proceeds of the Bonds (including investment earnings) is to be used to finance land. Land taken into account pursuant to the preceding sentence shall be treated as having an economic life of 30 years. Interest during construction financed with the Bonds (chargeable to capital account with a proper election under Section 266 of the Code) shall be treated as having an economic life equal to that of the asset to which is relates. Any interest subsequent to construction financed with the Bonds shall be assigned a zero economic life.

If the asset has previously been placed in service by the Grantee or a Related Person, the period of time (expressed in years or portion thereof, as applicable) from the date the asset was placed in service to the date hereof.

If the asset has not yet been placed in service by the Grantee or a Related Person, the period of time (expressed in years or portion thereof, as applicable) from the date hereof to the date such asset is expected to be placed in service. For purposes hereof, the term "placed in condition or state of readiness and availability for a specifically assigned function within the meaning of Treasury Regulation Section 1.46-3(d).

The Adjusted Economic Life of the asset shall be its Economic Life reduced by the Period Since In-Service Data or increased by the Period to In-Service Date, as the case may be.

College Princeton Theological Seminary
Project Enhanced IT Infrastructure for Renovated Luce Library

SCHEDULE C

Reimbursement Schedule

A	B	C	D	E	F	G
Form of Official intent and date adopted (EFA or College Reso)	Projects financed	Amount	Date each expenditure paid	Date project placed in service	18 months after later of D or E	Preliminary expense (y/n)
PTS Resolution 3/8/2013	Enhanced IT Infrastructure for Renovated Luce Library	$241,722	*No expenditures to date.*			

REIMBURSEMENT INFORMATION MUST BE UPDATED AS OF EACH CLOSING DATE.

10/25/13 10:44AM

College Princeton Theological Seminary
Project Enhanced IT Infrastructure for Renovated Luce Library

SCHEDULE D

Form 8038 Allocation Schedule

Private Colleges only

	Item Financed	Amount
a.	Land.	*N/A*
b.	Buildings and structures (including equipment which for federal income tax purposes is regarded as part of a building or structure.)	*N/A*
c.	Equipment with an Accelerated Cost Recovery System (ACRS) life of more than 5 years.	$ 98,222.19
d.	Equipment with an ACRS life of 5 years or less.	$143,500.00
e.	Other:	*N/A*

10/25/13 10:44AM

College Princeton Theological Seminary
Project Revamped Cooper Conference Room

PART B

PROJECT DUE DILIGENCE REQUEST
AND
TAX QUESTIONNAIRE

Each Institution must also provide a complete set of responses to Part B **for each Project** that was awarded a Grant (w/o regard to funding by each Program). Provide 1 original and copies on 4 CDs or flash drives.

Information with Respect to the Project:

i. Name of the College and the Project, as shown in the chart accompanying the cover memo.

ii. If there have been any changes in the proposed sources and uses of Grant amounts and other moneys for the Project since the submission of your application, please complete Schedule A . *N/A*

iii. Other than as provided in your application, resolutions of the Board of Directors/Trustees of the Grantee (i) approving the Project, (ii) approving any reimbursements from Bond proceeds and (iii) authorizing any bridge or interim loans. NOTE: Should the Grantee wish to reimburse itself from Grant proceeds for expenditures incurred after April 29, 2013 and prior to the date the Bonds are issued, there must be a "reimbursement resolution" adopted by the Authority, the State or the Grantee reflecting such intent not later than 60 days after the date of the expenditures to be reimbursed. The Authority adopted such resolutions on July 23, 2013. Please provide any earlier ones adopted by the Grantee.

iv. Provide any changes regarding applicable State and municipal approvals, permits, planning, zoning or environmental matters from those described in your application. *N/A*

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TAX QUESTIONNAIRE

This questionnaire attempts to address many of the issues relating to the tax exemption of bonds issued to finance facilities for Public Colleges and Private Colleges that are 501(c)(3) organizations. Some of the questions will apply to all Colleges and some will apply to only to Public Colleges or Private Colleges. The questionnaire is not exhaustive however, and further information may be required from you concerning areas covered by the questionnaire, issues raised by your responses to the questionnaire, or other matters relating to the tax exemption of the Bonds. Your responses in this questionnaire will form the basis of tax certificates which may be required by Bond Counsel..

The following general tax requirements apply in order for Projects of **all Colleges** to qualify:

- Certain private business use and payment limitations
- Management or service contracts may not result in "private business use" (described herein)
- Research contracts generally may not result in "private business use" (described herein)
- Average maturity of Bonds cannot exceed 120% of average life of financed assets
- Debt service cannot be Federally guaranteed.
- Arbitrage limitations, including yield restrictions and rebate requirements.
- IRS Reporting Requirements on Form 8038 or Form 8038-G

The following general tax requirements apply in order for Projects of **Public Colleges** to qualify:

- Grantee/user must be a governmental entity.
- Not more than 10% of the Grant financed Project may be used by non-State or local governmental, nonprofit or for-profit entities. If the use is unrelated or disproportionate to the College use, this limit is reduced to 5%. Thus use by for-profit entities, nonprofit or the US Government must be closely scrutinized.

The following general tax requirements apply in order for Projects of **Private Colleges** to qualify:

- Grantee/user must be a 501(c)(3) organization.
- All bond financed property must be owned by a governmental entity or 501(c)(3) organization.
- Not more than 5% of the Grant Financed Project) may be used by nongovernmental or for-profit entities. Thus use by for-profit entities or the US Government must be closely scrutinized.
- Costs of issuance financed by Bonds is limited to 2% of proceeds of the Bonds; balance must be paid by Grantee.
- $150 million limit for tax exempt bonds for "test period beneficiaries" unless Project is a new capital project.
- TEFRA Approval required by Governor after public hearing, preceded by newspaper publication of a notice of hearing at least 14 days in advance.

In the event that additional space is needed for any responses, please feel free to elaborate on separate sheets which you attach to the questionnaire.

I. Use of Bond Proceeds

Private Business Use/Payments

Public Colleges

The Internal Revenue Code of 1986, as amended (the "Code") includes numerous requirements relating to the tax exemption of bonds used to finance facilities for Public Colleges. One of the requirements necessary to establish that bonds are governmental bonds is that no more than 10% of the proceeds of the bonds are to be used for any "private business use." Not more that 10% or of the debt service on the Bonds can be payable by or secured by property used by private business users. If the private business use is unrelated or disproportionate to the governmental use, these limits are reduced to 5%.

"**Private business use**" includes any use directly or indirectly in a trade or business carried on by any person other than a governmental entity or use by the Public College in an activity that is unrelated to its educational activities. A private use can occur pursuant to a lease, a special arrangement, a management or services contract, certain research arrangements or by any arrangement where a private business is using the financed property in a manner different than the general public. For these purposes, any use by a person other than a natural person is treated as a use in trade or business. Use, however, as a member of the general public is not taken into account. "Governmental Unit" means any state or political subdivisions thereof (i.e., a state or division of state with a substantial amount of sovereign powers) or instrumentality of a state and does not include the United States or any agency or instrumentality of the United States. Typical arrangements that may result in private business use for a college include food service and bookstore contracts, parking management contracts, research contracts, rental or lease of facilities and summer camp programs which are run by unaffiliated entities. Private business use can also arise in the case of a project that is a leasehold improvement on land owned by a nongovernmental entity.

Private Colleges

Section 145 of the Code provides numerous additional requirements relating to the tax exemption of bonds used to finance facilities for Private Colleges. Bonds which satisfy the requirements of Section 145 of the Code shall be referred to as "Qualified 501(c)(3) Bonds". One of the requirements necessary to establish that bonds are Qualified 501(c)(3) Bonds is that no more than 5% of the "net proceeds" of the bonds are to be used for any "private business use."

In the context of Qualified 501(c)(3) Bonds, net proceeds used in any private business use includes costs of issuance of the bonds and any use directly or indirectly in a trade or business carried on by any person other than an "Exempt Person". Exempt Person means (i) a Governmental Unit, or (ii) a 501(c)(3) organization (to the extent used in an activity which does not constitute an "unrelated trade or business" ("Unrelated Trade or Business") determined by applying Section 512(a) of the Code). Private business use includes any lease, management or service contract and certain other rights given to a non-Exempt Person. For these purposes, any use by a person other than a natural person is treated as a use in trade or business. Use, however, as a member of the general public is not taken into account. "Governmental Unit" means any state or political subdivisions thereof (i.e., a state or division of state with a substantial amount of sovereign powers) or instrumentality of a state and does not include the United States or any agency or instrumentality of the United States. Typical uses that must be considered by a college include food service and bookstore contracts, parking management contracts and summer camp contracts.

The questions which follow in this section are designed to elicit information regarding compliance with the private use and certain related limitations.

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Project Revamped Cooper Conference Room

All Colleges

1. Will there be any private business use of the Project or a direct or indirect loan or grant of the proceeds of the Grant to any other person or entity (including, in the case of Public Colleges, a nonprofit corporation) at any time while the Bonds are outstanding?

   ☐ Yes ☒ No

   If yes, please explain (attach documents, if necessary). If there is any special entitlement (e.g., right to use any portion of the Project different from the general public) that "may" result in a private business use, please describe it.

2. Are the facilities being financed expected to be used by the College during the entire time period the Bonds may be outstanding? (CIF – 30 years, HEFT – 15 years, HETI – 15 years, ELF – 10 years and GO – 35 years)

   ☐ Yes ☒ No

   If no, please explain.
   We applied for the HETI grant to fund technology infrastructure. Most of the components of the project are electronics, and have a planned useful life of 5-8 years. Cabling (fiber and copper) is expected to last 10-15 years. The actual structures housing the equipment are expected to be in use well beyond 15 years. Refer to Schedule B, attached, for details on expected lifespan of project components.

3. To the extent any facilities will be made available on a rental basis or constitute a trade or business activity, please explain the scope of such activities and the amount of such uses by individuals or other entities. If any type of restaurant facilities, arenas, cafeterias or bookstores will be financed, please explain the anticipated use by employees, patrons and others.

   The vast number of rentals will be rented to tax exempt organizations or entities, although on vary rare occasions the facility may be rented to a taxable entity.

4. Will the name of any private business be used in connection with any part of the Project (i.e., are naming rights being provided in exchange for any payment

or contribution)? ☐ Yes ☒ No. If yes, describe in detail and provide any relevant agreements.

5. Will any portion of the Project be leased by the Public College or be the subject of a possessory interest or license, formal or informal, given by the Public College? ☐ Yes ☒ No.

6. Will there be any non-college summer uses of the Project (i.e, sports camps)? ☒ Yes ☐ No. If yes, please describe.

   The same uses as noted in item 3 above.

7. Are all those, who are or will be lessees, licensees, or persons with a possessory interest in the Project, a State or Local Governmental Unit (and in the case of Private Colleges, a 501(c)(3) corporation which is using the Project for its charitable purpose)? ☒ Yes ☐ No If no, please describe.

8. If the Project includes parking facilities, is the general public, not on College business, permitted to use the parking facility? ☐ Yes ☐ No ☒ N/A

   Are long term parking licenses to be provided? ☐ Yes ☐ No ☒ N/A. If yes, please explain the nature of the licenses and their permitted duration and terms

   Does the College manage the parking facilities? ☐ Yes ☐ No ☒ N/A. Please provide a copy of any management contracts.

9. Will any portion of the Project serve persons other than students, visitors or employees of the College? ☐Yes ☒ No. If yes, please discuss.

10. Will any portion of the Project include privately owned solar panels, cell towers or be subject to a power purchase agreement of any type?

    ☐Yes ☒ No. If yes, please discuss.

11. Will any portion of the Project (i.e., bookstore, food service, parking) (i) be managed by a person other than the College and its employees or (ii) be a subject to service contracts with a third party? ☐Yes ☒ No. If no, please skip to question 12. Otherwise, please provide a copy of the contracts.

12 Are there or will there be any cooperative research agreements with, or funded by, non-Exempt Persons which will involve use of any portion of the Project?

☐Yes ☒ No. If yes, describe in detail and attach a copy of any existing or proposed contract.

13. Will there be any research agreements if research is conducted on the premises of any portion of the Project facilities. ☐Yes ☒ No. If no, skip to next question. If there are any research contracts with a nongovernmental entity, please provide copies thereof.

14. Is any portion of the Project an "output-type facility" (e.g., utility)?

☐Yes ☒ No. If yes, please describe and provide copies of any contracts

Will any of the output from the facility be used to service facilities used in the trade or business of persons other than Exempt Person?
☐Yes ☐No *N/A*.

Will any of the output from such facility be sold? ☐Yes ☐No. If so, please identify the purchaser(s) and supply the purchase contract(s). *N/A*

In the event any output from such facility will be sold, were any other tax-exempt obligations used to finance such facility? ☐Yes ☐No. If so, please indicate the aggregate principal amount of such obligations and the issuer of such obligations. *N/A*

Was any of the property nongovernmental output property (i.e. previously owned by a nongovernmental person) ☐Yes ☐No. *N/A*

15. Will any of the proceeds of the Bonds be loaned or granted to any person or entity by the College? ☐Yes ☒ No. If yes, please identify.

16. Is there or will there be any current or proposed fundraising activities expected with respect to any portion of the Project? ☐**Yes** ☒ **No.** If yes, please provide copies of all solicitation materials, including a sample donor card/letter, and indicate the goals and expectations of the fundraising campaign.

College Princeton Theological Seminary
Project Revamped Cooper Conference Room

Private Colleges Only

1. TEFRA - Please indicate the specific street address of the Project (or lots and blocks or near by streets, if there are no street addresses).

   Cooper: Erdman Conference Center, 20 Library Place, Princeton, NJ 08540

2. Will any portion of the Project be used by the Grantee in any activity constituting an Unrelated Trade of Business? ☐ Yes ☒ No. If yes, please describe. (Note: the lack of "unrelated business" taxable income from an activity by virtue of the definitions or modifications to income contained in Section 512 of the Code is not determinative of whether an Unrelated Trade or Business activity is being carried on within the meaning of Section 513 of the Code).

3. Will any portion of the Grant be used to provide any airplane, sky box, or other luxury box, facility used primarily for gambling, or store the principal purpose of which is the sale of alcoholic beverages for consumption off premises?
   ☐ Yes ☒ No. If yes, describe in detail.

4. Will any portion of the Project be used to provide residential rental housing? Yes ☒ No. If yes, please discuss in detail and describe the scope of facilities offered within such housing.

   Will such housing be available to the general public? ☐Yes ☐No. *N/A*

   Is the housing new or existing? ☐New ☐Existing *N/A*

5. Will there be any religious use of or religious instruction in any of the Project Facilities? ☒ Yes ☐ No. If yes, please explain.

The grantee will not use the project facilities for religious services. Lectures or religious education topics will be given or made available from certain of the project facility.

6. $150 Million Limitation

Another requirement imposed under Section 145 of the Code for certain bonds to be Qualified 501(c)(3) Bonds is compliance with the $150 million limitation. The $150 million limitation restricts the amount of tax-exempt bonds outstanding at any one time which may be issued for the benefit of any 501(c)(3) organization or related persons to $150 million excluding bonds issued after August 5, 1997, as part of an issue 95% or more of the proceeds of which are used to finance capital expenditures incurred after such date.

Will 95% or more of the proceeds of the Grant be used to finance capital expenditures?

☒ Yes ☐ No.

7. What happens to the assets of the Grantee upon its dissolution?

As stated in the Grantee's Certificate of Incorporation, any assets of the Corporation dissolved shall be disposed of by the Board in a manner that it deems consistent with the purpose of the Corporation, which is to provide graduate, graduate professional, and continuing education programs in such fields and disciplines of Christian ministry and theological scholarship.

8. Are the year-end excesses of revenues over expenses of the Grantee used for future operations? ☒ Yes ☐ No. If not, for what purpose are such funds used?

II. Expected Economic Life of the Financed Projects and its Components

Please provide the expected economic life of the components of the Project, being financed with the proceeds of the Grant on Schedule B.

III. Arbitrage Limitations

A. General

College Princeton Theological Seminary
Project Revamped Cooper Conference Room

1. Have binding contracts obligating the expenditure in excess of 5% of the Grant been entered into by the Grantee or will such contracts be entered into by the Grantee within 6 months of October 1, 2013, to commence construction or acquisition of the portion of the Project financed with the Grant?

   ☐Yes ☒No. If yes, date met or expected to be met. January 1, 2014

2. Has or will construction or acquisition of the portion of the Project financed with the Grant commence by the date of funding?

   ☐ Yes ☒No. If no, when will it occur? Soon after grant is funded.

3. When do you expect the portion of the Project funded with the proceeds of the Grant to be completed?
   Within one year of availability of grant money

   Please update the drawdown schedule of the proceeds of the Grant to reflect any changes from the schedule you previously provided in your application (please note that another updated schedule may be required in conjunction with the sale of EFA and/or state bonds in the future).

   ☐Yes ☐No.
   We did not previously submit a drawdown schedule with our HETI grant application. However, we expect to request reimbursement for the full funded amount within 6 weeks after the completion of the project.

Drawdown Date Estimate	HETI Funded Amount
September 2014	$289,889

4. Will all costs of the Project constitute capital expenditures for federal income tax purposes?

   ☒ Yes ☐ No. If no, please discuss.

5. Does any portion of the Project constitute "investment type" property, i.e. property held as a passive vehicle for the production of income?

   ☐Yes ☒ No. If yes, please explain.

6. Will the proceeds of the Grant or investment earnings thereon be used as a substitute for (i) any donations which were raised for any portion of the Project, or (ii) any other funds which were earmarked for the construction or acquisition of any portion of the Project? ☐Yes ☒No. If yes, please discuss.

   If the answer above was yes, will any of the replaced funds be invested?

   ☐Yes ☐No. If yes, please discuss. *N/A*

7. Do you anticipate the sale of any governmental obligations for your institution between now and June 2014?

   ☐Yes ☒ No. If yes, please discuss.

B. Reimbursement Bonds

The Grantees may spend their own money on the Project from their own non bond financed funds (the "Costs of the Project") after adoption of a reimbursement resolution or some other declaration of intent but prior to the date of issue of the Bonds with the expectation of being reimbursed from the proceeds thereof.

Do you expect to be reimbursed from proceeds of the Bonds for expenditures previously paid by you from other moneys?

☒Yes ☐No

If yes, please continue. If no, skip to the next category.

ALL OF THE FOLLOWING REQUIREMENTS MUST BE SATISFIED FOR THE PROCEEDS TO BE DEEMED SPENT ON THE DATE OF THE REIMBURSEMENT. REIMBURSEMENT INFORMATION MUST BE UPDATED AS OF EACH CLOSING DATE.

(a) All allocations of the proceeds of the Bonds to the reimbursement of expenditures for Costs of the Project incurred prior to the issuance of the Bonds must satisfy the criteria set forth in either or a combination of clauses (i), (ii), or (iii) (Please check box next to criteria that apply):

☒ (i) The Costs of the Project to be reimbursed were incurred by the Grantee either after declarations of official intent by the Grantee on or after April 29, 2013 (the date that the Secretary of Higher Education of New Jersey (the "Secretary") certified the list of approved Projects and award amounts) or incurred after such date and paid by the Grantee after May 24, 2013 (the date that is 60 days before the date of the Authority's reimbursement resolutions).

(ii) The Costs of the Project to be reimbursed were incurred on or after April 29, 2013 and paid by the Grantee for "preliminary expenditures", including architectural, engineering, surveying, soil testing, reimbursement bond issuance and similar costs that were incurred prior to commencement of construction, rehabilitation or acquisition of the Project, which do not exceed 20 percent of the issue price of the Bonds that finances the Project, other than land acquisition, site preparation and similar costs incident to the commencement of construction; or

(iii) The Costs of the Project to be reimbursed were incurred on or after April 29, 2013 and represent (1) costs of issuance of any bond or note or (2) an amount not in excess of the lesser of $100,000 or 5% of the proceeds of the issue.

(b) On the dates of the Declarations of Official Intent, such Declarations of Official Intent to reimburse expenditures were "reasonable".

(c) Except for those expenditures described in paragraph (a)(ii) and (iii) above (i.e, preliminary and de minimis expenditures), all allocations of the proceeds of the Bonds to the reimbursement of expenditures for Costs of the Project made prior to the issuance of the Bonds i.e., the closing for the Bonds and the reimbursement allocation reflected on the issuer's books and records will occur not later than 18 months after the later of (i) the date on which the expenditure was paid, or (ii) the date on which the property was placed in service or abandoned, and in no event more than 3 years after the original expenditure was made.

(d) All allocations of the proceeds of the Bonds to the reimbursement of expenditures for Costs of the Project made prior to the issuance of the Bonds are expenditures which were capital expenditures.

(e) No action or inaction of the issuer with respect to any allocation of the proceeds of the Bonds to the reimbursement of expenditures for Costs of the Project is or will be an abusive arbitrage device or to avoid arbitrage restrictions or other restrictions of the Code.

(f) The proceeds of the Bonds allocated to the reimbursement of expenditures will not, but for the allocation, be used directly or indirectly within 1 year of the date of the reimbursement allocation, to create "replacement proceeds" with respect to any obligation (other than amounts deposited to a bona fide debt service fund).

The foregoing rules focus on the date of the prior expenditure from the Grantee's own funds, not from another financing. The official intent may be several years old, but if the expenditure was incurred subsequent to or no earlier than 60 days prior to the Declaration of Official Intent but within the 18 month or 3 year period, it may be reimbursable. An analysis of the expenditure date and placed in service date is needed. (Please use the Reimbursement Schedule on Schedule C attached to complete information necessary for us to make the determination.) Any expenditures that fall within any of the exceptions, such as preliminary expenditures (20% limitation), de minimis expenditures (maximum of $100,000 per issue) and costs of issuance would be added to the expenditures that meet the rules. Any amounts that cannot be reimbursed under these rules will be considered to be unspent proceeds until they are otherwise allocated to an expenditure (i.e., spent on a future capital project) under the arbitrage rules.

If the allocation of Bonds is treated as a reimbursement under state law, but fails the tax requirements (i.e., the proceeds are not deemed spent), the College will still have unspent proceeds that will ultimately be subject to yield limitations and that may be subject to rebate until spent.

Reimbursed Costs Paid with Funds Not Debt Financed

1. Are Bond proceeds or projected investment earnings to be used to reimburse the Grantee or any related party for any costs of the Project paid by the Grantee or an affiliate prior to the issuance of the proposed bonds? ☒Yes ☐No.

2. Were any such costs of the Project to be reimbursed paid with equity of the Grantee or an affiliate (and not financed with taxable debt)?

   ☒Yes ☐No. If yes, please answer the questions below with respect to such costs.

   (a) Was a declaration of official intent of the Grantee, in accordance with Treasury Regulations Section 1.150-2, made prior to or within 60 days following payment of such costs? ☒Yes ☐No. If yes, please attach it.

   (b) How will the proceeds of the Bonds used to reimburse the Grantee or affiliate for Project costs be used?
   They will be deposited to the Grantee's operating account.

Financing of Taxable Debt Used to Reimburse Costs

(a) Are the proceeds of the Bonds to be used to repay any taxable debt of the Grantee? ☐Yes ☒No.

If yes, describe principal amount of loan, date of borrowing and purpose.

(b) Was a declaration of official intent of the Grantee, in accordance with Treasury Regulations Section 1.150-2, made prior to or within 60 days following payment of such costs? ☐Yes ☐No. If yes, please attach it. *N/A*

(c) Were all proceeds of the taxable debt used for solely for costs of the Project which were paid after issuance of the taxable debt and after April 29, 2013? Any amounts paid for interest or costs of issuance cannot be reimbursed. ☐Yes ☐No. *N/A*

If no, so that proceeds of the taxable debt were used in whole or in part to reimburse the Grantee for costs of the Project paid prior to the issuance of the taxable debt, please describe the date such costs were first paid and overall amounts.

(d) How were the reimbursed amounts used by the Grantee? *N/A*

IV. Form 8038 Requirements – Private Colleges

In order for governmental obligations to be tax-exempt, a Form 8038 or 8038-G must be completed by the issuer and filed with the Internal Revenue Service within the prescribed time period. The questions below are designed to facilitate the completion of Form 8038 with respect to the proposed Bonds for Private Colleges. Responses to the questions below should be completed prior to the issuance of the proposed bonds.

1. Please indicate below the North American Industrial Classification System Code(s) (previously Standard Industrial Classifications (SIC)) for the facilities financed with the proceeds of the Bonds.

NAICS Code 611310, Colleges & Universities

2. Please classify on Schedule D the costs of the portion of the Project financed with the proceeds of the Grant.

College Princeton Theological Seminary
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The answers and information provided in response to this questionnaire are, to the best of my knowledge and belief, true, correct, and complete. I understand that Bond Counsel, the Authority and the State will rely on the answers and information provided herein for the purposes set forth above.

Princeton Theological Seminary
College Name

Date: October 25, 2013

By: ______________________
Name: John Gilmore
Title: Senior Vice President, COO, Treasurer

College Princeton Theological Seminary
Project Revamped Cooper Conference Room

SCHEDULE A –

N/A No changes since original submission.

SOURCES:

BOND PROCEEDS FROM THE PROGRAM	$
OTHER BONDS (EFA or otherwise)	$
EQUITY CONTRIBUTION	$
TOTAL	$

USES:

CONSTRUCTION OR RENOVATION	$
PURCHASE OF EQUIPMENT	$
OTHER (LIST)	$
TOTAL	$

College Princeton Theological Seminary
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SCHEDULE B

Certificate with Respect to Economic Life of the Project

The reasonably expected economic life of the Project financed with the proceeds of the Bonds equals at least 6.00 years, determined as follows:

Asset Financed	Amount of grant	Est useful life	Period from-to in service date (+/-)	Life from Issue date	Cost-years
Equipment	199,899.00	5	1	6	1,199,394.00
Installation	90,000.00	5	1	6	540,000.00
Total	289,899.00				1,739,394.00

Average life
(Cost Years / Costs Financed) 6.00

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Economic Life of an asset is the longer of (a) the reasonably expected economic life of the asset, based on facts and circumstances; or (b) the "midpoint life of the asset under the Asset Depreciation Rename ("ADR") system, as established under Rev. Proc. 83-35, 83-1 C.B. 745, where applicable, or the guideline life for the asset under Rev. Proc. 62-21, 1962-2 C.B. 418, in the case of structures. Land shall not be taken into account for purposes of this certificate unless 25 percent or more of the net proceeds of the Bonds (including investment earnings) is to be used to finance land. Land taken into account pursuant to the preceding sentence shall be treated as having an economic life of 30 years. Interest during construction financed with the Bonds (chargeable to capital account with a proper election under Section 266 of the Code) shall be treated as having an economic life equal to that of the asset to which is relates. Any interest subsequent to construction financed with the Bonds shall be assigned a zero economic life.

If the asset has previously been placed in service by the Grantee or a Related Person, the period of time (expressed in years or portion thereof, as applicable) from the date the asset was placed in service to the date hereof.

If the asset has not yet been placed in service by the Grantee or a Related Person, the period of time (expressed in years or portion thereof, as applicable) from the date hereof to the date such asset is expected to be placed in service. For purposes hereof, the term "placed in condition or state of readiness and availability for a specifically assigned function within the meaning of Treasury Regulation Section 1.46-3(d).

The Adjusted Economic Life of the asset shall be its Economic Life reduced by the Period Since In-Service Data or increased by the Period to In-Service Date, as the case may be.

College Princeton Theological Seminary
Project Revamped Cooper Conference Room

SCHEDULE C

Reimbursement Schedule

A	B	C	D	E	F	G
Form of Official intent and date adopted (EFA or College Reso)	Projects financed	Amount	Date each expenditure paid	Date project placed in service	18 months after later of D or E	Preliminary expense (y/n)
PTS Resolution 3/8/2013	Revamped Cooper Conference Room	$289,889	*No expenditures to date*			

REIMBURSEMENT INFORMATION MUST BE UPDATED AS OF EACH CLOSING DATE.

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College Princeton Theological Seminary
Project Revamped Cooper Conference Room

SCHEDULE D

Form 8038 Allocation Schedule

Private Colleges only

	Item Financed	Amount
a.	Land.	*N/A*
b.	Buildings and structures (including equipment which for federal income tax purposes is regarded as part of a building or structure.)	*N/A*
c.	Equipment with an Accelerated Cost Recovery System (ACRS) life of more than 5 years.	$ 3,670.00
d.	Equipment with an ACRS life of 5 years or less.	$286,219.00
e.	Other:	*N/A*

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