

Additional Report  
on Change of Control  
Andrews University-  
Griggs University

PREPARED FOR

The Higher Learning Commission  
of the North Central Association  
of Colleges and Schools

October 17, 2011



## Introduction

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This report supplements the Andrews University “Application for Institutional Change of Control,” submitted to the Higher Learning Commission of North Central Association of Colleges and Schools, May 11, 2011. The first part of this document will reference progress in the transition of Griggs University to the campus of Andrews University and the resulting financial, structural, and teaching and learning issues impacted by the move. It will also review the next steps of the transition, particularly relating to strategic planning, assessment and the integration of Griggs University programs and locations to Andrews University programs and locations. The second part of the document will reference the Higher Learning Commission eligibility requirements for accreditation and criteria for accreditation, identifying any changes from the original application.

## Part One: The Transition

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### Action in Support of Change of Control

At its June 23–24, 2011, meeting, the Higher Learning Commission Board of Trustees voted to approve the Change of Control of Griggs University to Andrews University. The action also recognized that the full transition would take a period of time as decisions on what programs would be accepted by Andrews University and, thereby moved under Andrews University accreditation, would have to follow a University review process. Similarly those courses that will not be accepted will need to “teach out” under the present DETC accreditation.

Since this action, the last few months have seen significant action on the physical move of Griggs University to Andrews University and the merging of systems, structures and operational processes. The University has also been visited by DETC to approve continued operation of the Griggs programs on the Andrews University campus during this transition. Processes have also been established for what will be the second phase of the transition: evaluation of each program and location where programs are delivered and whether they will be accepted by Andrews University or go into “teach out.” We envision that the second phase of the transition will take three years. After which, we will begin the third and final stage

when we anticipate that all processes, systems and remaining programs will be unified under Andrews University and its accreditations.

#### Physical Move

In July 2011, Griggs University relocated to Andrews University and the new School of Distance Education opened its doors. As outlined in the Change of Control application, Andrews University bought a building already located on the campus of the University for that purpose. Half of the building was renovated for immediate occupation, including extending the campus network structures to provide support for employees in the building. The building was renamed Griggs Hall to maintain the Griggs identity. As envisaged, the building houses Griggs University operations during the transitional period, as well as functions related to the on-campus operation of Andrews University programs and delivery of courses and degrees through technology. All of these functions are managed through the School of Distance Education. The first phase of the move is therefore completed.

Currently, the dean and the associate dean for the School of Distance Education have been meeting with departmental faculties, sharing Griggs program requirements, course materials and teacher credentials. In areas such as business and religion, the review of Griggs materials is fully underway. The On-Campus Programs Committee has initiated the process of reviewing Griggs University's on-campus commitments and a group of Andrews University faculty and administrators recently traveled to the first Griggs University international site. The second phase of the transition is therefore underway.

As outlined above, the third phase of our plan is the full integration of Griggs University into Andrews University. This will be completed after the completion of the full integration of Griggs University systems with the Andrews University systems, and when all Griggs University programs have been transferred and "teach out" of programs not transferred has been completed.

#### Financial Impact of Move

The financial impact of the move has largely been in line with that projected in the Change of Control application.

## Financial Status for Griggs University

Appendix E shows the financial report for Griggs University for the fiscal year ended June 30, 2011. The financial operation for the year was a loss of \$36,907 compared to the prior year's gain of \$106,525. The budget was for a gain of \$10,417. For several years, Griggs University has made a slight gain or loss and the current year was a repeat of that pattern.

The budget for the current year is essentially a break-even plan with a gain for the year 2013. At this time, there is no reason to believe that the budget forecast will not be met.

As outlined in the Change of Control application, a budget of \$1,250,000 was allocated to cover transition costs. As of September 30, 2011, slightly more than \$1,050,000 has been spent for the transition which included \$477,000 for capital items and the remainder for salaries, benefits and general operations expenses. There are some ongoing transitional salaries and fringe benefits expenses and it is expected that the total transition cost will be slightly below the \$1,250,000 allocation.

## Financial Status for Andrews University

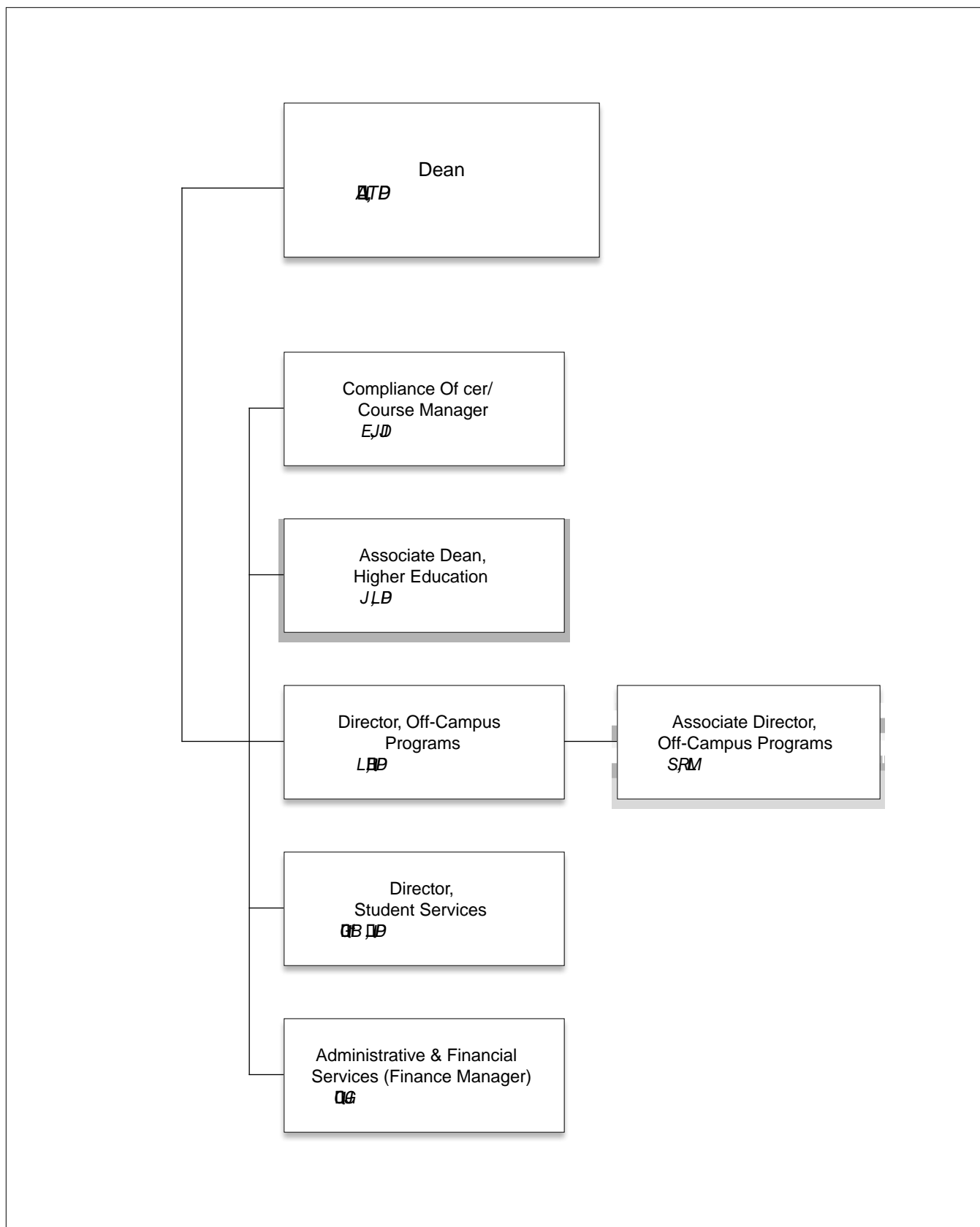
Also enclosed is the Audited Financial Statement for Andrews University for the 12 months ending April 30, 2011 (Appendix F). This statement shows an increase in net assets of \$7,305,000 for the year, of which \$5,308,000 was from unrestricted operations. Andrews University continues to be financially viable. The operating performance for the four months ended August 31, 2011, is \$831,000 better than budget and \$253,000 better than the prior year's four-month period. The enrollment for the current academic year is 3.8% more than budget. All indication at this point is that the University will have a profitable year and will be able to meet its budget.

## Organizational Structure

After the physical move of Griggs University to the campus of Andrews University on July 1, 2011, and the HLC action on Change of Control, the School of Distance Education formally started its operations under its dean, Dr. Alayne Thorpe. As outlined on the following page, the School of Distance Education has assumed responsibility for all the operations and programs that existed under Griggs University, as well

as some responsibilities formally operated by other areas on campus. In particular, and as we proposed

The structure presently in place for the School of Distance Education is outlined below:



The curriculum vitae for the associate dean, the director of off-campus programs and the compliance officer can be found in Appendix A.

The relationships between the School of Distance Education and other campus entities are already strong and strengthening. Key personnel from the School of Distance Education are serving on a range of University committees: for example, General Education, Assessment, Undergraduate and Graduate Councils, Admissions, Spiritual Life, Strategic Planning. In addition, two campus-wide committees are driven from the School of Distance Education: the Off-Campus Programs Committee and the Distance Learning and Technology Committee. Both these committees involve faculty and administrators from



## Strategic Planning

As identified in the Change of Control document, Andrews University is presently reviewing its strategic plan and by May 2012 will be launching a new five-year plan, which will be a five-year rolling plan, revised each year. The School of Distance Education will become central to the plan and is very engaged in the process. The University anticipates that one of the major strategic initiatives will focus on the Andrews University national and international footprint, taking into account the needs of the Seventh-day Adventist Church, the strengths of the University and the expectations from NCA/HLC in operation of such programs. We anticipate that this will be one of the strengths of the University.

## Assessment

Over the past two years Andrews University has placed significant focus on improvement of its assessment processes. Some of the new initiatives were outlined in the Change of Control application. Others are mentioned in Part Two of this report. In relation to Andrews' off-campus programs, the Office of Institutional Assessment is working with departments and the School of Distance Education to determine how best to organize the assessment processes of off-campus programs in Weave, our assessment management program, in order to most efficiently use available personnel. Additionally, work is being done to identify key learning outcomes for each program, and unique variations for degree programs offered in distinct contexts. The director of Institutional Assessment has been meeting weekly with the dean of the School of Distance Education to work out other informational needs and assessment related details for an efficient merger and continued accreditation compliance.

Andrews continues to have a process for the approval of new online courses. A modified review process has been developed to approve existing Griggs courses and programs. Once merged into Andrews' operations, programs will be scheduled for regular program review every seven years along with on-campus programs. Another assessment initiative scheduled for this year is the review and revision of the current course evaluation form, and the selection and purchase of course evaluation software that will allow us to better analyze our courses on- and off-campus.

## Integration of Programs and Locations

While considerable work remains in reviewing Griggs University programs, the process has begun. Currently, the dean for the School of Distance Education and the associate dean for higher education have been meeting with departmental faculties, sharing Griggs program requirements, course materials and teacher credentials. In areas such as business and religion, the review of Griggs materials is now underway. The O -Campus Programs Committee has initiated the process of reviewing Griggs University's o -campus commitments and a group of Andrews University faculty and administrators recently traveled to the first Griggs University international site.

## Part Two: Continued Ful llment of NCA/HLC Accreditation Requirements

Four months after the Higher Learning Commission voted change of control, very little has changed from the information submitted in the Change of Control Self-Study as it relates to continued fulfillment of NCA/HLC accreditation requirements. Each criteria will be identified below along with an indication of whether the status is the same as in the May report, or if there is any additional information to share with the team.

and delivery of the Griggs University programs. Both those that did move to Andrews University and those who are new to both Griggs and Andrews have gone through training on campus. This included orientation to the Andrews University mission as well as training in professional skills. Faculty and administrators joined the Andrews University new faculty orientation for three days in August; this assisted with the integration of faculty largely serving the School of Distance Education with faculty in other campus areas. Focus throughout has been on ensuring that all individuals both understand and support the Andrews University mission.

d. Core Component 1d: *T* . . . . .

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The Andrews University governance and administrative structures have not changed. However, as anticipated in the Change of Control application, the dean of the School of Distance Education now sits on Deans' Council and is fully integrated into the administrative structures of Andrews University. Faculty and staff of the new School of Distance Education are also represented on all relevant committees at undergraduate and graduate levels. The Off-Campus Programs Committee is one example of a committee that is highly collaborative and has been impacted by the Change of Control. The provost now chairs the committee and the executive secretary is the dean of the School of Distance Education. This committee will be responsible for ensuring that all off-campus delivery at Andrews University supports the institutional mission as well as for monitoring quality processes and ensuring all correct approvals are in place. Deans and faculty from across the University are members of the committee. This committee will take a key role in considering the appropriateness of the transfer of existing Griggs University programs to Andrews University, a process that is already underway.

e. Core Component 1e: *T* □

No change.

2.



4. Criterion Four: Acquisition, Discovery, and Application of Knowledge

- a. Core Component 4a: T , , ,  
 , □ □ □ □

One of the major strategic initiatives in our next strategic plan will be on Andrews University becoming a “re ective learning community.”

- b. Core Component 4b: T □  
□ □ □ □

No change.

- c. Core Component 4c: T □ □ □  
□ □

No change.

- d. Core Component 4d: T □ , □  
 , , □ □ □

No change.

5. Criterion Five: Engagement and Service

- a. Core Component 5a: T □ □ □

Andrews University seeks to listen to its various constituencies. One signi cant group is the Seventh-day Adventist world church leaders. In the rst week of October, the president and provost met with 15 of the key leaders from each part of the world where Andrews University offers programs and where Griggs University programs have operated. They were asked to interact on what was happening and how they would like Andrews University to be involved in their future. Their responses will play an important part in the review of what Griggs University programs transfer to Andrews University. This is an example of the communication between the University and its constituencies that impacts the transition.

- b. Core Component 5b: T  
f

As identi ed in the rst part of this report, the School of Distance Education has been staffed with a range of professionals with particular experience in working internationally and using distance technologies. This will considerably strengthen the capacity of Andrews University to engage with its off-campus communities, which will in turn support the longstanding commitment of Andrews University to international education.

- c. Core Component 5c: T

No change.

d. Core Component 5d:

No change.

Continuation of Meeting Eligibility Requirements for Accreditation

This document and the Change of Control application together provide evidence that with this change of control Andrews will continue to meet the Eligibility Requirements and Criteria for Accreditation. The mission remains consistent with the operation of the University. Financial viability has been maintained. Andrews' policies and processes will continue to manage the change, the remaining transition and any changeover of ownership of programs. Through the management of the change process, some of the challenges identified during the most recent NCA/HLC visit will be addressed, in particular the increased oversight of on-campus programs, standing for affiliations and extensions, and the expansion of online programming. In addition, the increased focus on assessment throughout the campus will include a more structured and unified approach to assessment and planning for on-campus delivery of degrees.







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(484) 948-5717

## PROFESSIONAL EXPERIENCE

**Andrews University, School of Distance Education**

*Compliance Officer; Course Manager*

*Compliance Officer:*

Ensure compliance with constitutional and statutory requirements pertaining to online and

**Berrien Springs, Michigan**

*August 2011–present*

Review media data for potential copyright infringement and violation of terms of use;  
Obtain copyright clearances;  
Assist in policy creation.

**SAP, Americas**

*Legal Intern*

**Newtown Square, Pennsylvania**

*August 2009–February 2010*

Gained transactional and IP litigation experience as an intern for the legal department of a global software corporation with more than 47,000 employees in 50 countries.

Researched and drafted memos on a wide variety of topics, including analysis of the impact on company policy of recent Supreme Court rulings regarding patents and the interplay between indemnification clauses and patent infringement under Pennsylvania state regulations;

Drafted and revised live software and service licensing agreements and settlement letters;

Observed negotiation meetings with clients, as well as committee meetings and depositions.

**Pennsylvanians for Modern Courts**

*Legal Intern*

**Philadelphia, Pennsylvania**

*June 2008–November 2008*



























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## OBJECTIVE

Well-qualified to make a contribution as:

- Professor in traditional & nontraditional learning environments
- Instructor to adult learners, particularly retirees and lifelong learners
- Senior administrator for education and nonprofit organizations
- Leader/promoter/trainer of people, projects, and programs

## EXPERIENCE

### BARFIELDS EDUCATION CONSULTING

Offerings:

Designs and leads workshops/seminars in leadership, organizational behavior, budgeting, hiring/training faculty & staff, marketing, enrollment management, philanthropy, quality management, government & external relations, & philosophy of church-related schools

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COLUMBIA UNION COLLEGE

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PROFESSIONAL QUALIFICATIONS & CAREER INTERESTS

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Administration of higher education; with a focus on life-long learning programs.  
Adult development and adult education; especially over 50s and retirees.  
Philanthropy in theory and practice and fundraising for non-profit organizations.  
Continuous quality management, organizational structure, and strategic planning.  
Marketing and enrollment services.  
Online Learning; administration, design, delivery and assessment  
Teaching and professional presentations

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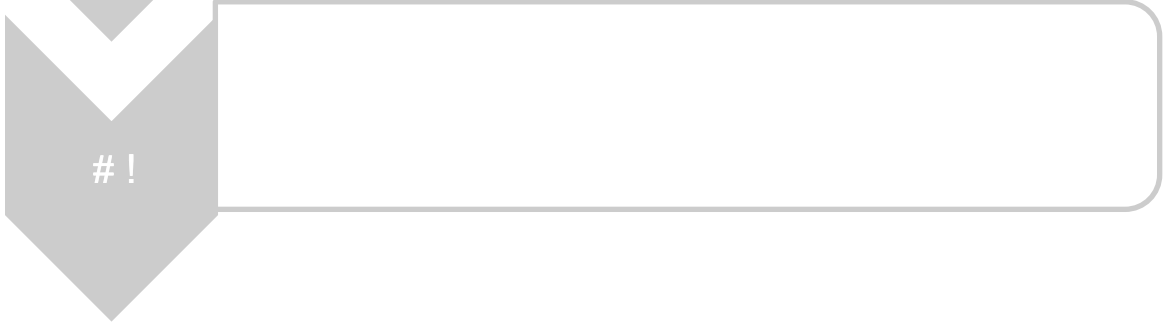
REFERENCES

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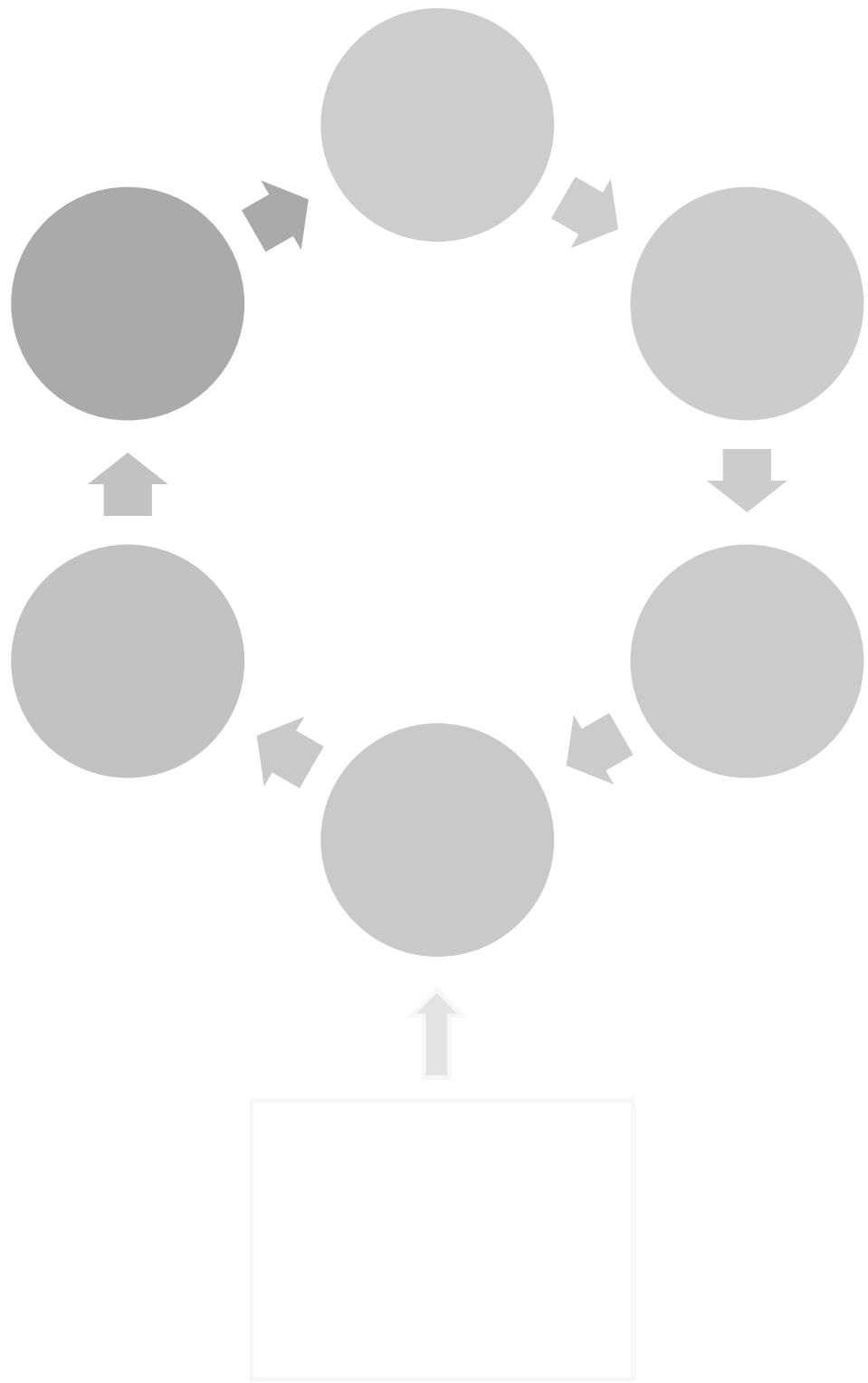
Available on request

















Andrews University  
Proposed Assessment Policies  
Final Draft

Assessment Validation Process

The University's assessment processes are linked to the mission and goals of the University. Assessment plans of programs across the University are periodically ~~eval~~ evaluated for relevance to the University mission, as well as for reliability, validity and usability, by the Committee for Institutional Assessment. Assessment plans of academic programs are also evaluated through ~~the~~ the routine academic program review process ~~fac~~ facilitated by the Program Development and Review Committee. Proposals for new programs are submitted to the same committee, and are required to include an assessment plan. These committees include faculty from across the University at both the undergraduate and graduate levels. In addition, the Committee for Institutional Assessment ~~in~~ includes representatives from ~~A~~ Administration, Student Life, and other support services. TT

external accreditation requirements. Follow-up studies gather information on job placement and the attainment of University goals, as well as information related to program quality.

#### Assessment of Unit Operations

Three different entities are responsible for managing the assessment of unit operations: the provost, the school deans, and the director of Human Resources. The provost is responsible for managing the processes related to evaluation of the deans and directors of academic support units or programs. The official records for the relevant administrator Performance Reviews are kept in the Office of the Provost. The school deans are responsible for managing the processes related to budget accountability and chair evaluations. Department chairs are responsible for managing the processes related to faculty evaluations. Official budget records and the Faculty Annual Report documentation for chairs and faculty are kept in the offices of the school deans. The director of Human Resources is responsible for managing the processes related to support staff evaluations. Official records of support staff evaluations are kept in the Office of Human Resources.

The deans are also responsible for monitoring the assessment of unit operations that relate to overall program quality in their schools. The assessment director, in cooperation with the deans, assists department chairs and program coordinators in developing and refining program assessment plans, and reviewing results. The assessment director monitors assessment activity and makes regular reports to the deans regarding the progress of each of the programs in their schools. Department chairs in the Department of (b) (5) - (D) - 2 (e) - 1 (c) - 1 (b) - 1 (l) 5 (e) 3 (or) 3 (m) - Tc 17Th-1(e) ]TJ 0 T.)Tj 0.





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GRIGGS UNIVERSITY  
 COMPARATIVE VIEW OF KEY ITEMS  
 JUNE 30, 2011 AND 2010

	CODE ON GRAPH	2011	2010
CASH AND BANK BALANCES	CASH	1,181,913.60	1,178,487.69
CURRENT LIABILITIES	CURR LIAB	1,119,947.94	1,313,183.47
OPERATING INCOME	INCOME	2,331,303.48	3,034,929.53
OPERATING EXPENSES	EXPENSE	3,400,688.98	3,897,924.92
NET PROFIT OR (LOSS)	PROFIT/LOSS	(36,907.04)	106,524.65
APPROPRIATION FROM GEN CONF	G C APPROP	1,032,478.46	969,520.04
NET WORTH	NET WORTH	920,787.41	957,694.45
WORKING CAPITAL IN \$\$	WORK CAP	592,914.22	691,090.00
WORKING CAPITAL AS A PERCENTAGE OF REQUIREMENT		87.18%	88.65%
PERCENTAGE OF LIQUIDITY		105.53%	89.74%

4,000,000.00 -

3,500,000.00 -

3,000,000.00 -

2,500,000.00 -

2,000,000.00 -

1,500,000.00 -

1,000,000.00 -

500,000.00 -

0.00 -

(500,000.00) -

CASH      CURR LIAB      INCOME      EXPENSE      PROFIT/LOSS      G C APPROP      NET WORTH      WORK CAP

GRIGGS UNIVERSITY  
 STATEMENT OF FINANCIAL POSITION  
 JUNE 30, 2011 AND 2010

	2011	2010
ASSETS		
<u>CURRENT ASSETS</u>		
CASH AND CHECKING ACCOUNTS	329,564.25	379,756.39
GENERAL CONFERENCE INVESTMENT FUND	852,349.35	798,731.30
ACCOUNTS RECEIVABLE (NOTE 3)	223,872.36	418,879.00
INVENTORIES	276,086.05	377,701.56
PREPAID EXPENSES	30,990.15	29,205.22
 TOTAL CURRENT ASSETS	 1,712,862.16	 2,004,273.47

PROPERTY, PLANT AND EQUIPMENT (NOTE 4)

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GRIGGS UNIVERSITY  
 STATEMENT OF CHANGES IN FUND BALANCES  
 FOR 12 MONTHS ENDED JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
UNRESTRICTED FUND BALANCE		
BALANCE JULY 01	957,694.45	851,169.80
NET INCOME/(LOSS) FROM OPERATING	(36,907.04)	106,524.65
NET TRANSFERS IN/(OUT) OF TEMPORARILY RESTRICTED FUNDS		
BALANCE, JUN 30	<u>920,787.41</u>	<u>957,694.45</u>

TEMPORARILY RESTRICTED FUND BALANCE

DONOR RESTRICTED FUND:	BAL JUL 01	NET RECEIPTS- DISBURSEMENT	CURRENT BALANCE	LAST YEAR BALANCE
WORTHY STUDENT FUND	131.32	34.64	165.96	131.32
RESERVE FOR AFRICAN STUDENTS	2,332.50	(2,332.50)	0.00	2,332.50
RESERVE FOR TANZANIA	7,228.02	(6,650.00)	578.02	7,228.02
RESERVE:GC SPECIAL PROJECT FUNDS	450,626.43	(102,449.24)	348,177.19	450,626.43
RESERVE:NEW ELEM CURRICULUM (see detail below)	77,354.30	20,000.00	97,354.30	77,354.30
RESERVE:VARIOUS PROJECTS	400.00	0.00	400.00	400.00
RESERVE FOR TECHNOLOGY PROJECT	0.00	0.00	0.00	0.00
RESERVE FOR CHINA PROJECT	2,425.00	0.00	2,425.00	2,425.00
TOTAL TEMPORARILY RESTRICTED FUNDS	<u>540,497.57</u>	<u>(91,397.10)</u>	<u>449,100.47</u>	<u>540,497.57</u>

ELEMENTARY COURSE DEVELOPMENT PROJECT

RECEIVED		
BALANCE FROM LAST YEAR	77,354.30	142,354.30
RECEIVED THIS YEAR	20,000.00	35,000.00
TOTAL FUNDS AVAILABLE	<u>97,354.30</u>	<u>177,354.30</u>

USED	0.00	100,000.00
BALANCE	<u>97,354.30</u>	<u>77,354.30</u>

DEFERRED INCOME

STUDENT TUITION	637,974.50	704,051.45
AFFILIATION FEES	5,400.00	164,400.00
GC SPECIAL APPROPRIATION	0.00	11,556.96
TOTAL	<u>643,374.50</u>	<u>880,008.41</u>

GRIGGS UNIVERSITY  
STATEMENT OF FINANCIAL ACTIVITY  
FOR 12 MONTHS ENDED JUNE 30, 2011 AND 2010

	2011		2010	
<b>INCOME</b>				
<u>REGULAR OPERATING INCOME</u>				
NET TUITION INCOME	1,241,380.81	53.2484%	1,233,453.36	40.6419%
SALE OF STUDENT SUP (NOTE 7)	19,324.85	0.8289%	60,718.87	2.0007%
TOTAL ENROLLMENT INCOME	1,260,705.66	54.0773%	1,294,172.23	42.6426%
INVESTMENT INCOME--BANK DEPOSITS	1,618.05	0.0694%	1,554.95	0.0512%
INVESTMENT INCOME--GC PLANT FUND	17,956.93	0.7703%	17,919.16	0.5904%
GC SUBSIDIES IN KIND--RENT & PHONE	0.00	0.0000%	0.00	0.0000%
MISCELLANEOUS INCOME	3,649.64	0.1565%	7,379.32	0.2431%
OTHER INCOME/(EXPENSE) (NOTE 13)	1,047,373.20	44.9265%	1,713,903.87	56.4726%
TOTAL REGULAR OPERATING INCOME	2,331,303.48	100.0000%	3,034,929.53	100.0000%
<b>EXPENSE</b>				
<u>REGULAR OPERATING EXPENSE</u>				
SALARIES AND ALLOW (NOTE 8)	1,533,875.86	65.7948%	1,718,570.31	56.6264%
EMPLOYEE RELATED EXPENSE	357,078.81	15.3167%	378,103.51	12.4584%
TEACHERS, GRADING + EXPENSE	180,800.50	7.7553%	168,072.87	5.5379%
COURSE DEVELOPMENT	55,459.29	2.3789%	63,849.18	2.1038%
SHIPPING AND POSTAGE	52,692.79	2.2602%	49,500.75	1.6310%
DEPRECIATION	32,445.27	1.3917%	48,306.20	1.5917%
OFFICE RENT AND EQUIP MAINTENANCE	459,737.93	19.7202%	462,403.16	15.2360%
TELEPHONE	13,208.10	0.5666%	25,280.25	0.8330%
DATA PROCESSING	12,891.65	0.5530%	26,618.88	0.8771%
AUDITING COST	14,988.00	0.6429%	14,852.00	0.4894%
OFFICE SUPPLIES	79,427.46	3.4070%	61,227.63	2.0174%
MARKETING	181,385.76	7.7804%	242,715.59	7.9974%
GENERAL	311,811.56	13.3750%	427,524.65	14.0868%
PRINTSHOP EXPENSE	215,304.66	9.2354%	350,827.78	11.5597%
LESS: TO ELIMINATE DUPLICATIONS	(100,418.66)	-4.3074%	(139,927.84)	-4.6106%
TOTAL REGULAR OPERATING EXPENSE	3,400,688.98	145.8707%	3,897,924.92	128.4354%
INCREASE (DECREASE) BEFORE APPROP	(1,069,385.50)	-45.8707%	(862,995.39)	-28.4354%
GC APPROPRIATIONS: TITHE & NON TITHE	310,302.00	13.3102%	265,276.00	8.7408%
: SPECIAL	280,395.46	12.0274%	260,004.04	8.5671%
: RENT	441,781.00	18.9500%	444,240.00	14.6376%
Total Appropriations	1,032,478.46		969,520.04	
INCREASE (DECREASE) FROM OPERATIONS	(36,907.04)	-1.5831%	106,524.65	3.5100%
<b>TRANSITION RELATED EXPENSE</b>				
EXPENSE	102,449.24		0.00	
FUNDS FROM GC SPECIAL RESERVE	(102,449.24)		0.00	

GRIGGS UNIVERSITY  
STATEMENT OF CASH FLOW  
FOR 12 MONTHS ENDED JUNE 30, 2011 AND 2010

PAGE 05 OF 09

2011                      2010

FINANCIAL RESOURCES WERE PROVIDED (USED) BY:

OPERATING ACTIVITY:

NET GAIN (LOSS)	(36,907.04)	106,524.65
ADJUSTMENTS NOT AFFECTING CASH:		

NOTE 01 - NATURE OF ORGANIZATION

HOME STUDY INTERNATIONAL (HSI) IS A NOT FOR PROFIT CORPORATION AFFILIATED WITH THE GENERAL CONFERENCE OF THE SEVENTH DAY ADVENTIST CHURCH, PROVIDING GUIDED INDEPENDENT STUDY AND DISTANCE EDUCATION PROGRAMS IN THE WHOLE WORLD. IT ALSO OPERATES A PRINTING PRESS TO PRODUCE MATERIAL FOR ITS OWN EDUCATION PROGRAM, AS WELL AS PRODUCING MATERIAL FOR ITS AFFILIATES. ITS PRINCIPAL OFFICES ARE LOCATED IN SILVER SPRING, MARYLAND, USA.

NOTE 02 - SUMMARY OF SIGNIFICANT ACCOUNT POLICIES

NOTE 05 - ACCOUNTS PAYABLE

	<u>2011</u>	<u>2010</u>
TRADE ACCOUNTS PAYABLE (VENDORS & STUDENTS)	119,812.11	112,681.60
ACCRUED SALARIES, TEACHERS' WAGES, AND TAXES	72,494.45	65,277.94
ACCRUED VACATION PAY	100,248.22	100,248.22
RETIREMENT ALLOWANCE PAYABLE	130,951.98	125,269.02
GENERAL CONFERENCE		
MISCELLANEOUS	53,066.68	29,698.28
TOTAL ACCOUNTS PAYABLE	<u>476,573.44</u>	<u>433,175.06</u>

NOTE 06 - NOTES PAYABLE

INTEREST BEARING NOTE FROM XEROX CORPORATION	0.00	0.00
TOTAL NOTES PAYABLE	<u>0.00</u>	<u>0.00</u>

NOTE 07 - SALE OF STUDENT SUPPLIES

NET SALES	245,172.15	283,603.68
LESS: COSTS OF SALES	225,847.30	222,884.81
GROSS PROFITS	<u>19,324.85</u>	<u>60,718.87</u>

NOTE 08 - SALARIES AND ALLOWANCES

INCLUDED IN OPERATING EXPENSE	1,536,725.86	1,725,377.08
LESS: SALARY AND ALLOWANCES REBATE	2,850.00	6,806.77
SUBTOTAL	<u>1,533,875.86</u>	<u>1,718,570.31</u>
PRODUCTION SALARY (INCLUDED IN OTHER INCOME & EXPENSE)	39,665.41	56,056.95
NET SALARY AND ALLOWANCES	<u>1,573,541.27</u>	<u>1,774,627.26</u>

NOTE 09 - INCOME TAX STATUS

HOME STUDY INTERNATIONAL IS A NON-PROFIT, EDUCATIONAL ORGANIZATION OF THE SEVENTH-DAY ADVENTIST CHURCH AND IS EXEMPT FROM FEDERAL, STATE, AND LOCAL INCOME TAXES UNDER PROVISIONS OF SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE.





NOTE 12 - RETIREMENT PLAN

STARTING JANUARY 2000, HOME STUDY INTERNATIONAL PARTICIPATES IN A MULTI-EMPLOYER, CONTRIBUTORY DEFINED CONTRIBUTION PENSION PLAN, KNOWN AS THE SEVENTH-DAY ADVENTIST RETIREMENT PLAN OF NORTH AMERICA. THIS PLAN, WHICH COVERS SUBSTANTIALLY ALL EMPLOYEES, IS ADMINISTERED BY THE GENERAL CONFERENCE OF SEVENTH-DAY ADVENTISTS IN WASHINGTON, D. C. AND IS EXEMPT FROM THE EMPLOYEE REITREMENT INCOME SECURITY ACT OF 1974 (ERISA) AS A PLAN OF A CHURCH RELATED AGENCY.

	<u>2011</u>	<u>2010</u>
<u>NOTE 13 - OTHER INCOME AND EXPENSE</u>		
CONTRIBUTIONS:UNRESTRICTED	3,480.00	3,330.76
CONTRIBUTIONS: RELEASED FROM TEMPORARY RESTRICTIONS	13,450.00	211,028.88
CONTRACTUAL WORK	0.00	0.00
MISCELLANEOUS OTHER GRANTS	3,000.00	2,750.00
ACADEMIC SERVICES FEE	919,642.80	1,213,685.00
NET OTHER NON CREDIT SALES	0.00	0.00
PRINTSHOP INCOME (SEE NOTE 14)	107,800.40	283,109.23
GAIN/(LOSS) ON EQUIP & INVENTORY	0.00	0.00
NET TOTAL OTHER INCOME AND EXPENSE	<u>1,047,373.20</u>	<u>1,713,903.87</u>

NOTE 14 - PRINTING DEPARTMENT OPERATIONS

PRINTING INCOME	<u>107,800.40</u>	<u>283,109.23</u>
EXPENSE:		
SALARY AND ALLOWANCES	38,869.54	55,418.61
MEDICAL ALLOWANCE	795.87	638.34
SOCIAL SECURITY EXPENSE	2,957.14	3,776.18
RETIREMENT FUND	4,645.27	6,787.89
WAGE RELATED EXPENSE	90.29	151.01
MEDICAL INSURANCE	1,240.04	1,861.41
SURVIOR INSURANCE	118.65	208.50
OFFICE SUPPLIES	0.00	0.00
EQUIP MAINT REPAIR	0.00	23.00
SUPPLIES & OTHER EXP	76,016.46	155,458.33
TELEPHONE	400.00	3,600.00
INTEREST ON LOAN	0.00	0.00
EQUIPMENT DEPRECIATION	613.33	920.00
MISCELLANEOUS EXPENSE	0.00	0.00
RENT	73,558.07	73,984.51
ADMINISTRATIVE OVERHEAD	16,000.00	48,000.00
TOTAL EXPENSE	<u>215,304.66</u>	<u>350,827.78</u>
NET GAIN/(LOSS)	<u>(107,504.26)</u>	<u>(67,718.55)</u>

GRIGGS UNIVERSITY  
NOTES TO FINANCIAL STATEMENTS

**GRIGGS UNIVERSITY**  
BUDGET COMPARISON WITH CURRENT OPERATIONS  
For 12 Months Ended Jun 30, 2011

Total Budget      Total Actual      Elementary      Junior High



**GRIGGS UNIVERSITY**  
BUDGET COMPARISON WITH CURRENT OPERATIONS  
For 12 Months Ended Jun 30, 2011

Operating Income Details

Total Budget	Total Actual	Elementary	Junior High	High School	College	Graduate
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Elementary

	actual	budget
EXPENSE		
SALARY AND ALLOWANCES	99,106.07	107,889.00
MEDICAL ALLOWANCES	26,353.66	3,810.00
SOCIAL SECURITY EXPENSE	7,490.76	8,254.00
RETIREMENT FUND	12,683.08	16,467.00
MEDICAL INSURANCE	1,848.47	2,556.00
SURVIVOR INSURANCE	203.40	236.00
WAGE RELATED EXPENSE	265.17	239.00
LESSONS GRADING	0.00	0.00
COURSE DEVELOPMENT EXP	89,948.75	43,923.00
ACADEMIC SUPPORT	51,648.78	47,247.00
FINANCIAL MANAGEMENT	10,114.93	10,633.00
DEVELOPMENT & PR	0.00	5,912.00
DATA PROCESSING (COMPU)	13,664.36	15,677.00
MARKETING	18,673.57	23,068.00
ADMINISTRATIVE OVERHEAD	39,156.99	48,437.00
SHIPPING COSTS	5,595.39	6,742.00
MISC SUPPLIES & EXPENSE	0.00	0.00
<b>TOTAL</b>	<b>376,753.38</b>	<b>341,090.00</b>

Grades 7 and 8

	actual	budget
EXPENSE		
SALARY AND ALLOWANCES	0.00	0.00
MEDICAL ALLOWANCES	0.00	0.00
SOCIAL SECURITY EXPENSE	0.00	0.00
RETIREMENT FUND	0.00	0.00
MEDICAL INSURANCE	0.00	0.00
SURVIVOR INSURANCE	0.00	0.00
WAGE RELATED EXPENSE	0.00	0.00
LESSONS GRADING	16,597.49	14,872.00
COURSE DEVELOPMENT EXP	4,653.22	14,641.00
ACADEMIC SUPPORT	103,297.56	94,494.00
FINANCIAL MANAGEMENT	4,499.30	4,988.00
DEVELOPMENT & PR	0.00	2,956.00
DATA PROCESSING (COMPU)	6,078.15	7,355.00
MARKETING	8,306.34	10,822.00
ADMINISTRATIVE OVERHEAD	17,417.73	22,725.00
SHIPPING COSTS	2,488.93	3,163.00
MISC SUPPLIES & EXPENSE	0.00	0.00
<b>TOTAL</b>	<b>163,338.72</b>	<b>176,016.00</b>

Grades9 to 12

	actual	budget
EXPENSE		
SALARY AND ALLOWANCES	95,871.82	101,275.00
MEDICAL ALLOWANCES	1,435.02	1,043.00
SOCIAL SECURITY EXPENSE	7,220.61	7,762.00
RETIREMENT FUND	12,479.86	15,518.00
MEDICAL INSURANCE	1,715.43	410.00
SURVIVOR INSURANCE	223.79	273.00
WAGE RELATED EXPENSE	218.43	218.00
LESSONS GRADING	140,897.83	126,246.00
COURSE DEVELOPMENT EXP	87,725.26	111,638.00
ACADEMIC SUPPORT	180,770.72	165,363.00
FINANCIAL MANAGEMENT	65,638.64	58,415.00
DEVELOPMENT & PR	0.00	2,957.00
DATA PROCESSING (COMPU)	88,671.94	86,128.00
MARKETING	121,178.15	126,730.00
ADMINISTRATIVE OVERHEAD	254,100.90	266,107.00
SHIPPING COSTS	36,310.08	37,040.00
MISC SUPPLIES & EXPENSE	0.00	0.00
<b>TOTAL</b>	<b>1,094,458.48</b>	<b>1,107,123.00</b>

College

	actual	budget
EXPENSE		
SALARY AND ALLOWANCES	64,902.13	95,732.00
MEDICAL ALLOWANCES	2,173.67	5,219.00
SOCIAL SECURITY EXPENSE	4,864.15	7,335.00
RETIREMENT FUND	8,271.18	14,757.00
MEDICAL INSURANCE	961.22	1,994.00
SURVIVOR INSURANCE	105.82	179.00
WAGE RELATED EXPENSE	134.27	189.00
LESSONS GRADING	23,305.18	20,882.00
COURSE DEVELOPMENT EXP	30,159.20	42,093.00
ACADEMIC SUPPORT	180,770.73	165,364.00
FINANCIAL MANAGEMENT	62,355.98	59,177.00
DEVELOPMENT & PR	0.00	2,956.00
DATA PROCESSING (COMPU)	84,237.34	87,251.00
MARKETING	115,117.87	128,382.00
ADMINISTRATIVE OVERHEAD	241,392.98	269,575.00
SHIPPING COSTS	34,494.16	37,523.00
MISC SUPPLIES & EXPENSE	0.00	0.00
TRAVEL EXPENSE	0.00	0.00
<b>TOTAL</b>	<b>853,245.88</b>	<b>938,608.00</b>

Graduate Program

	actual	budget
EXPENSE		
SALARY AND ALLOWANCES	0.00	0.00
MEDICAL ALLOWANCES	0.00	0.00
SOCIAL SECURITY EXPENSE	0.00	0.00
RETIREMENT FUND	0.00	0.00
MEDICAL INSURANCE	0.00	0.00
SURVIVOR INSURANCE	0.00	0.00
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Editorial Department

	actual	budget
EXPENSE		
SALARY AND ALLOWANCES	119,512.89	132,055.00
MEDICAL ALLOWANCES	8,269.78	4,717.00
SOCIAL SECURITY EXPENSE	9,029.28	10,113.00
RETIREMENT FUND	15,515.61	20,253.00
MEDICAL INSURANCE	3,855.92	6,391.00
SURVIVOR INSURANCE	423.75	590.00

Financial

	actual	budget
EXPENSE		
SALARY AND ALLOWANCES	137,590.06	141,478.00
MEDICAL ALLOWANCES	4,911.45	4,178.00
SOCIAL SECURITY EXPENSE	10,407.42	10,836.00
RETIREMENT FUND	17,863.07	21,696.00
MEDICAL INSURANCE	2,366.08	3,272.00
SURVIVOR INSURANCE	260.29	302.00
WAGE RELATED EXPENSE	341.97	292.00
OFFICE SUPPLIES		0.00
AUDITING COST	14,988.00	15,000.00
TRAVEL EXPENSE	2,986.91	2,000.00
MISCELLANEOUS EXPENSE		0.00

Marketing

	actual	budget
EXPENSE		
SALARY AND ALLOWANCES	132,350.35	167,677.00
MEDICAL ALLOWANCES	5,900.53	50,659.00
SOCIAL SECURITY EXPENSE	10,009.39	12,773.00
RETIREMENT FUND	17,088.73	25,746.00
MEDICAL INSURANCE	3,696.97	6,324.00
SURVIVOR INSURANCE	406.80	552.00
WAGE RELATED EXPENSE	290.13	391.00
OFFICE SUPPLIES	0.00	0.00
TRAVEL EXPENSE	2,804.56	9,500.00
ADVERTISING EXPENSE	32,771.75	60,000.00
PRINTED MATERIAL	47,768.27	65,000.00
HOME SCHOOL CONVENTIONS	315.00	10,000.00





# GRIGGS UNIVERSITY

## BUDGET COMPARISON WITH CURRENT OPERATIONS FOR 12 MONTHS ENDED JUN 30, 2011

	THRU MAY11	ONLY JUN11	THRU JUN11	% OF ACTUAL OVER BUDGET (100.00% OF YEAR IS EXPIRED)	TOT BUDGET
OPERATING INCOME					
INCOME FROM ENROLLMENTS:					
GROSS TUITION INCOME	1,179,073.16	96,317.75	1,275,390.91	90.7392%	1,405,556.00
LATE FEES & SERVICE CHARGES	11,768.75	(1,250.00)	10,518.75	87.4522%	12,028.00
CANCELLATION FEES	20,605.00	3,115.00	23,720.00	153.9660%	15,406.00
LESS: DISCOUNTS	9,138.85	(830.32)	8,308.53	219.8024%	3,780.00
DEFERRED TUITION	(27,996.99)	(38,079.96)	(66,076.95)	453.7317%	(14,563.00)
UNPAID TUITION		0.00		0.0000%	0.00
VISA/MASTERCARD FEES	20,048.64	2,167.86	22,216.50	98.7312%	22,502.00
PAYMENTS TO CONTRACTORS	92,109.35	11,691.42	103,800.77	101.1703%	102,600.00
NET TUITION INCOME	1,118,147.06	123,233.75	1,241,380.81	94.1388%	1,318,671.00
GROSS STUDENT SUPPLIES	212,993.10	32,179.05	245,172.15	76.6163%	320,000.00
COST OF MATERIAL	179,715.66	46,131.64	225,847.30	88.5676%	255,000.00
NET INCOME SUPPLIES	33,277.44	(13,952.59)	19,324.85	29.7305%	65,000.00
TOTAL INCOME FROM ENROLLMENTS	1,151,424.50	109,281.16	1,260,705.66	91.1131%	1,383,671.00
ACADEMIC SERVICES FEE					

# GRIGGS UNIVERSITY

BUDGET COMPARISON WITH CURRENT OPERATIONS  
FOR 12 MONTHS ENDED JUN 30, 2011

THRU MAY11

ONLY JUN11

THRU JUN11

% OF ACTUAL

# GRIGGS UNIVERSITY

## BUDGET COMPARISON WITH CURRENT OPERATIONS FOR 12 MONTHS ENDED JUN 30, 2011

	THRU MAY11	ONLY JUN11	THRU JUN11	% OF ACTUAL OVER BUDGET	TOT BUDGET
EXPENSE CONTINUED					
MARKETING EXPENSE					
ADVERTISING EXPENSE	24,584.25	8,187.50	32,771.75	54.6196%	60,000.00
PRINTED MATERIAL	38,478.27	9,290.00	47,768.27	73.4896%	65,000.00
HOMESCHOOL CONVENTIONS	315.00	0.00	315.00	3.1500%	10,000.00
WEBSITE DEVELOPEMENT	18,170.00	0.00	18,170.00	121.1333%	15,000.00
MISC MARKETING EXPENSE	73,741.99	8,618.75	82,360.74	823.6074%	10,000.00
TOTAL MARKETING EXPENSE	155,289.51	26,096.25	181,385.76	113.3661%	160,000.00
GENERAL EXPENSE					
ACCREDITATION	2,500.00	187.61	2,687.61	134.3805%	2,000.00
BAD DEBT EXPENSE	0.00	0.00	0.00	0.0000%	5,000.00
DATA PROCESSING SUPPORT	12,891.65	0.00	12,891.65	42.9722%	30,000.00
ENTERTAINMENT	4,009.15	1,184.10	5,193.25	51.9325%	10,000.00
INSERVICE TRAINING	1,905.00	0.00	1,905.00	190.5000%	1,000.00
INSURANCE--GENERAL	23,242.65	2,043.42	25,286.07	97.2541%	26,000.00
AUDITING COST	14,988.00	0.00	14,988.00	99.9200%	15,000.00
MISCELLANEOUS EXPENSE	37,234.86	1,786.60	39,021.46	130.0715%	30,000.00
CONTRCTUAL SERVICES	58,698.97	5,336.27	64,035.24	91.478	

# GRIGGS UNIVERSITY

## BUDGET COMPARISON WITH CURRENT OPERATIONS FOR 12 MONTHS ENDED JUN 30, 2011

NOTES	THRU MAY11	ONLY JUN11	THRU JUN11	% OF ACTUAL OVER BUDGET	TOT BUDGET
NOTE 01 -- PRINTING DEPARTMENT OPERATION					
PRINTING INCOME	107,800.40	0.00	107,800.40	51.3335%	210,000.00
					0.00
LESS: SALARY AND ALLOWANCES	38,869.54	0.00	38,869.54	77.0457%	50,450.00
MEDICAL ALLOWANCES	532.71	263.16	795.87	39.7935%	2,000.00
SOCIAL SECURITY EXPENSE	2,957.14	0.00	2,957.14	76.6098%	3,860.00
RETIREMENT FUND	4,645.27	0.00	4,645.27	68.3128%	6,800.00
WAGE RELATED EXPENSE	90.29	0.00	90.29	18.0580%	500.00
MEDICAL INSURANCE	1,240.04	0.00	1,240.04	44.6861%	2,775.00
SURVIVOR INSURANCE	118.65	0.00	118.65	53.9318%	220.00
OFFICE SUPPLIES	0.00	0.00	0.00	0.0000%	100.00
EQUIP MAINT REPAIR	0.00	0.00	0.00	0.0000%	1,000.00
SUPPLIES & OTHER EXP	76,016.46	0.00	76,016.46	47.5103%	160,000.00



