UNION COLLEGE

Financial Statements

June 30, 2010 and 2009

(With Independent Auditors' Report Thereon)

UNION COLLEGE

Table of Contents

KPMG LLP
515 Broadway
Albany, NY 12207-2974

Independent Auditors' Report

The Board of Trustees
Union College:

We have audited the accompanying statements of financial position of Union College (College) as of June 30, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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 College's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide 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 Union College as of June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

KPMG LLP

December 3, 2010

UNION COLLEGE

Statements of Financial Position

June 30, 2010 and 2009

Assets		**2010**	**2009**
Cash and cash equivalents	$	19,006,589	13,038,484
Accrued investment income		126,193	352,262
Due from Union Graduate College		180	184,880
Inventories		1,028,097	937,973
Prepaid expenses and deferred charges		588,467	787,109
Pledges receivable, net		12,303,132	11,642,839
Notes and accounts receivable, net		11,645,276	10,743,982
Deposits with bond trustees		3,205,797	4,048,067
Investments		300,535,888	299,519,871
Due from broker		9,000,000	3,300,000
Irrevocable trusts		6,107,229	5,646,348
Land, buildings, and equipment, net		136,579,847	127,618,688
Other assets		2,004,232	1,771,455
Total assets	$	502,130,927	479,591,958
Liabilities and Net Assets			
Accounts payable and accrued expenses	$	10,986,658	9,582,467
Construction costs payable		1,382,603	690,810
Student and other deposits		627,805	648,226
Deferred income		910,152	1,227,687
Long-term debt		65,643,704	65,266,208
Pooled life income and charitable gift annuities payable		5,747,774	6,363,275
Asset retirement obligations		1,729,500	1,729,500
Federal student loan funds		2,547,396	2,606,169
Accrued postretirement benefits		10,595,486	9,871,330
Total liabilities		100,171,078	97,985,672
Net assets:			
Unrestricted		248,710,433	233,510,820
Temporarily restricted		16,942,585	14,149,753
Permanently restricted		136,306,831	133,945,713
Total net assets		401,959,849	381,606,286
Total liabilities and net assets	$	502,130,927	479,591,958

See accompanying notes to financial statements.

UNION COLLEGE

Statement of Activities

Year ended June 30, 2010
(with summarized information for the year ended June 30, 2009)

	2010 Unrestricted	2010 Temporarily restricted	2010 Permanently restricted	2010 Total	2009 Total
Operating and other net assets:					
Revenue and reclassifications:					
Tuition and fees	$ 85,217,375	—	—	85,217,375	84,287,845
Room and board	18,470,192	—	—	18,470,192	18,961,333
Less student aid	(33,019,953)	—	—	(33,019,953)	(30,956,814)
Net tuition, fees, room, and board	70,667,614	—	—	70,667,614	72,292,364
Investment return:					
Investment income	2,997,748	—	—	2,997,748	4,655,095
Endowment gains used to meet spending policy	17,995,240	—	—	17,995,240	15,912,971
Government grants	2,705,441	—	—	2,705,441	1,517,715
Private gifts and grants	5,009,105	5,414,161	—	10,423,266	12,520,234
Intercollegiate athletics and other sources	4,163,064	—	—	4,163,064	3,135,020
Auxiliary enterprises	5,035,095	—	—	5,035,095	5,495,985
Net assets released from restrictions	2,651,624	(2,651,624)	—	—	—
Total revenue and reclassifications	111,224,931	2,762,537	—	113,987,468	115,529,384
Expenses:					
Instructional and departmental research	39,104,938	—	—	39,104,938	38,330,083
Sponsored research programs	1,633,199	—	—	1,633,199	830,664
Academic support	9,082,001	—	—	9,082,001	8,502,196
Student services	7,623,412	—	—	7,623,412	7,263,431
Institutional support	19,893,901	—	—	19,893,901	19,256,914
Intercollegiate athletics	9,053,138	—	—	9,053,138	8,861,365
Auxiliaries operations	21,413,971	—	—	21,413,971	22,843,753
Other	444,198	—	—	444,198	1,187,836
Total expenses	108,248,758	—	—	108,248,758	107,076,242
Increase in operating and other net assets	2,976,173	2,762,537	—	5,738,710	8,453,142
Endowment and other net assets:					
Investment return	31,269,756	—	—	31,269,756	(98,613,216)
Endowment gains used to meet spending policy	(17,995,240)	—	—	(17,995,240)	(15,912,971)
Private gifts and grants	449,156	108,700	2,361,118	2,918,974	3,580,387
Other	(1,578,637)	—	—	(1,578,637)	(1,755,713)
Net assets released from restrictions	78,405	(78,405)	—	—	—
Increase (decrease) in endowment and other net assets	12,223,440	30,295	2,361,118	14,614,853	(112,701,513)
Net increase (decrease) in net assets	15,199,613	2,792,832	2,361,118	20,353,563	(104,248,371)
Net assets at beginning of year	233,510,820	14,149,753	133,945,713	381,606,286	485,854,657
Net assets at end of year	$ 248,710,433	16,942,585	136,306,831	401,959,849	381,606,286

See accompanying notes to financial statements.

UNION COLLEGE

Statement of Activities

Year ended June 30, 2009

	2009			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Operating and other net assets:				
Revenue and reclassifications:				
Tuition and fees	$ 84,287,845	—	—	84,287,845
Room and board	18,961,333	—	—	18,961,333
Less student aid	(30,956,814)	—	—	(30,956,814)
Net tuition, fees, room, and board	72,292,364	—	—	72,292,364
Investment return:				
Investment income	4,655,095	—	—	4,655,095
Endowment gains used to meet spending policy	15,912,971	—	—	15,912,971
Government grants	1,517,715	—	—	1,517,715
Private gifts and grants	4,049,599	8,470,635	—	12,520,234
Intercollegiate athletics and other sources	3,135,020	—	—	3,135,020
Auxiliary enterprises	5,495,985	—	—	5,495,985
Net assets released from restrictions	3,549,820	(3,549,820)	—	—
Total revenue and reclassifications	110,608,569	4,920,815	—	115,529,384
Expenses:				
Instructional and departmental research	38,330,083	—	—	38,330,083
Sponsored research programs	830,664	—	—	830,664
Academic support	8,502,196	—	—	8,502,196
Student services	7,263,431	—	—	7,263,431
Institutional support	19,256,914	—	—	19,256,914
Intercollegiate athletics	8,861,365	—	—	8,861,365
Auxiliaries operations	22,843,753	—	—	22,843,753
Other	1,187,836	—	—	1,187,836
Total expenses	107,076,242	—	—	107,076,242
Increase in operating and other net assets	3,532,327	4,920,815	—	8,453,142
Endowment and other net assets:				
Investment return	(98,613,216)	—	—	(98,613,216)
Endowment gains used to meet spending policy	(15,912,971)	—	—	(15,912,971)
Private gifts and grants	223,418	506	3,356,463	3,580,387
Other	(1,755,713)	—	—	(1,755,713)
Net assets released from restrictions	14,406	(14,406)	—	—
Increase (decrease) in endowment and other net assets	(116,044,076)	(13,900)	3,356,463	(112,701,513)
Net increase (decrease) in net assets	(112,511,749)	4,906,915	3,356,463	(104,248,371)
Net assets at beginning of year	346,022,569	9,242,838	130,589,250	485,854,657
Net assets at end of year	$ 233,510,820	14,149,753	133,945,713	381,606,286

See accompanying notes to financial statements.

UNION COLLEGE

Statements of Cash Flows

Years ended June 30, 2010 and 2009

	2010	2009
Cash flows from operating activities:		
Change in net assets	$ 20,353,563	(104,248,371)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	9,797,977	9,655,481
Realized gains and change in unrealized appreciation from investments and deposits with bond trustees, net	(31,269,756)	97,529,441
Gifts of securities	8,633	2,408
Change in present value of pooled life income	(218,456)	179,657
Contributions for endowment or long-lived assets	(4,805,721)	(5,327,179)
Provision for allowance for doubtful notes and accounts receivable	(34,247)	187,468
Loss on disposal of equipment	1,415	5,717
Changes in assets and liabilities that provide (use) cash:		
Notes and accounts receivable	(1,210,553)	38,638
Accrued investment income	226,069	18,895
Inventories	(90,124)	28,107
Prepaid expenses and deferred charges	198,642	372,075
Due to/from Union Graduate College	184,700	(735,016)
Pledges receivable	(660,293)	(4,660,049)
Irrevocable trusts	(460,881)	1,235,986
Other assets	(232,777)	(783,214)
Accounts payable and accrued expenses	1,404,191	52,145
Student and other deposits	(20,421)	(24,458)
Deferred income	(317,535)	(877,298)
Accrued postretirement benefits	724,156	1,351,010
Net cash used in operating activities	(6,421,418)	(5,998,557)
Cash flows from investing activities:		
Purchases of investments, net of due to broker	(156,383,923)	(302,813,731)
Proceeds from the sales and maturities of investments, net of due from broker	180,901,439	313,935,183
Change in deposits with bond trustees	869,860	1,842,055
Change in short-term investments	—	4,600,000
Purchases of land, buildings, and equipment, net of change in construction costs payable	(18,068,758)	(7,631,210)
Student loans issued	(420,090)	(1,066,213)
Proceeds from student loans collections	763,596	744,531
Net cash provided by investing activities	7,662,124	9,610,615
Cash flows from financing activities:		
Decrease (increase) in federal student loan funds	(58,773)	37,782
Payments of long-term debt	(2,792,202)	(2,847,202)
Issuance of new debt	2,969,774	—
Amortization of debt issuance costs and discount/premium of long-term debt, net	199,924	199,923
Contributions for:		
Investment in endowment	3,667,817	3,324,391
Investment in long-lived assets	1,097,354	1,918,120
Investment in life income and charitable gift annuity agreements	40,550	84,668
Change in charitable gift annuities payable	(397,045)	(22,099)
Net cash provided by financing activities	4,727,399	2,695,583
Net increase in cash and cash equivalents	5,968,105	6,307,641
Cash and cash equivalents, beginning of year	13,038,484	6,730,843
Cash and cash equivalents, end of year	$ 19,006,589	13,038,484
Supplemental data:		
Interest paid	$ 2,810,577	2,921,298

See accompanying notes to financial statements.

(1) Summary of Significant Accounting Policies

(a) Organization

Union College (the College) was founded in 1795 and is a coeducational, independent, liberal arts, and engineering college located in Schenectady, New York.

(b) Basis of Presentation

The financial statements of the College have been prepared on the accrual basis of accounting. Permanently restricted net assets are those that are subject to donor-imposed stipulations that they be maintained permanently by the College. Generally, the donors of these assets permit the College to use all or part of the investment return on these assets, generally to support program activities such as financial aid and instruction. Such assets primarily include the College's permanent endowment funds. Temporarily restricted net assets carry specific, donor-imposed stipulations that can be fulfilled by actions of the College pursuant to those stipulations or that expire by the passage of time. Temporarily restricted net assets are generally available for program purposes such as financial aid, specified operating activities, facilities, and equipment. Unrestricted net assets are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the board of trustees or may otherwise be limited by contractual agreements with outside parties.

Unconditional contributions are recognized as contributions receivable at their estimated net present value when pledged. Contributions and investment return with donor-imposed restrictions are reported as permanently or temporarily restricted revenues and net assets. Temporarily restricted net assets are reclassified to unrestricted net assets when the College satisfies the donor-imposed restriction. Temporarily restricted contributions and investment return received and expended for the restricted purpose in the same fiscal year are recorded in unrestricted net assets. Expenses are reported as decreases in unrestricted net assets.

Endowment net assets include permanently restricted net assets and certain unrestricted and temporarily restricted net assets. Endowment net asset activities include realized and unrealized gains on investments not used to support current operations, investment return in excess or deficit of the College's spending policy for the year, and additions to or changes in the value of split-interest arrangements and life income and endowment gifts.

(c) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the fair value of certain nonmarketable investments, carrying amount of land, buildings, and equipment, valuation allowances for receivables and the accrual for postretirement benefits. These estimates and assumptions are based on management's best estimates and judgment. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, which management believes to be reasonable under the circumstances. Management adjusts such estimates and assumptions when facts and circumstances dictate. Illiquid credit markets, unemployment trends, available student financial aid and increasing tuition rates have combined to increase the uncertainty inherent in such estimates and assumptions. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates. Changes in those estimates resulting from continuing changes in the economic environment will be reflected in the financial statements in future periods.

(d) Cash and Cash Equivalents

Cash and cash equivalents, representing operating funds, include investments with an original maturity of three months or less.

(e) Inventories

Inventories are stated at the lower of cost or market, based upon the first-in, first-out method.

(f) Investments

Investments are reported in the financial statements at fair value. Investment income includes interest and dividends, realized gains (losses), and the change in unrealized appreciation (depreciation). The average cost of investment securities sold is used to determine the basis for computing realized gains or losses, and the College accounts for investments on a trade-date basis. The due from/to broker represents net amounts receivable or payable on unsettled sales and purchases.

The fair value of fixed income and publicly traded equity securities is based upon quoted market prices obtained from active markets. Shares in mutual funds are based on share values reported by the funds as of the last business day of the fiscal year. Limited partnership interests, private equity and venture capital, as well as other nonmarketable investments, including hedge funds, for which a readily determinable fair value does not exist, are carried at fair values provided by the investment managers. Such alternative investment funds may hold securities or other financial instruments for which a ready market exists and are priced accordingly. In addition, such funds may hold assets which require the estimation of fair values in the absence of readily determinable market values. Such valuations are determined by fund managers and consider variables such as financial performance of investments, including comparison of comparable companies' earnings multiples, cash flows analysis, recent sales prices of investments, and other pertinent information and may reflect discounts for the illiquid nature of certain investments held. Because of the inherent uncertainty of valuation for these investments, the investment manager's estimate may differ from the values that would have been used had a ready market existed. The College reviews and evaluates the values provided by the investment managers and agrees with the valuation methods and assumptions used in determining the fair value of the alternative investments.

The College utilized the net asset value (NAV) reported by each of the alternative investment funds, if available, as a practical expedient for determining the fair value of the investment. These investments are redeemable at NAV under the original terms of the subscription agreements and operations of the underlying funds. However, it is possible that these redemption rights may be restricted or eliminated by the funds in the future in accordance with the underlying fund agreements. Due to the nature of the investments held by these funds, changes in market conditions and the economic environment may significantly impact the NAV of the funds and, consequently, the fair value of the College's interests in the funds. Furthermore, changes to the liquidity provisions of the funds may significantly impact the fair value of the College's interest in the funds. Additionally, although certain investments may be sold in a secondary market transaction, subject to meeting certain requirements of the governing documents of the funds, the secondary market is not active and individual transactions are not necessarily observable. It is therefore reasonably possible that if the College were to sell a fund in the secondary market, the sale could occur at an amount different than the reported value, and the difference could be material.

Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Major U.S. and foreign equity and fixed income indices have experienced volatility and, in some cases, significant declines. Management is monitoring investment market conditions and the impact such declines are having on the College's investment portfolio. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

(g) Irrevocable Trusts

Several donors have established irrevocable trusts whereby the College is a beneficiary, but not the trustee. The present value of the portion of the trusts estimated to be distributable to the College upon the termination of the trusts is recorded as an asset of the College.

(h) Land, Buildings, and Equipment

Land, buildings, and equipment are recorded at cost, including interest on funds borrowed to finance construction, at the date of acquisition or estimated fair value at the date of donation. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets, which range from 3 to 40 years.

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets.

(i) Deferred Income

Deferred income consists primarily of student fees related to the summer session.

(j) Federal Student Loan Funds

This liability represents Perkins loan funds provided to students by the federal government through the College. The College is required to collect the loans on behalf of the federal government. The amount due from the students is reported in the College's financial statements as a component of notes receivable.

(Continued)

(k) Pooled Life Income and Charitable Gift Annuities Payable

The liability for the present value of the deferred gifts is based upon estimates of the life expectancy of donors and beneficiaries and discount rates. Circumstances affecting these estimates can change the estimate of the liability in future periods.

(l) Derivative Instruments and Hedging Activities

The College accounts for derivative investments in accordance with ASC 815, *Derivatives and Hedging*, which requires that all derivative instruments be recognized in the financial statements and measured at fair value regardless of the purpose or intent for holding them. The College currently has an interest rate swap that is being adjusted to fair value, based upon information provided by a financial institution, through net assets. Additionally, the College has hedged its natural gas and energy future purchases by locking into a specified price for specific quantities of energy, to be delivered through 2012.

(m) Revenue Recognition

Tuition and fees and certain auxiliary enterprise revenues are earned over the academic year as services are provided. Funds received in advance of services provided are included in student and other deposits.

(n) Sponsored Research and Programs

Sponsored activities include various research and instructional programs funded by external parties including the federal government, state governments, and private foundations.

(o) Auxiliary Operations

Auxiliary operations include dining services, residence halls, the College bookstore, ice hockey rink, and telecommunications office.

(p) Functional Expenses

Depreciation, operations and maintenance costs, interest expense, and employee benefits are allocated to the functional expense categories reported within the operating section of the statements of activities. Depreciation and operations and maintenance costs are allocated based upon the estimated use of facilities and equipment. Interest expense is allocated based on specific identification of the use of debt proceeds. Employee benefits are allocated in relation to salary expense.

(q) Tax Status

The College is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from income tax on related income.

The College recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

(Continued)

(r) Commitments and Contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, and other sources are recorded when it is possible that a liability has been incurred and the amount can be reasonably estimated. Legal costs associated with loss contingencies are expensed as incurred.

The College is subject to legal proceedings and claims that arise in the ordinary course of its business. In the opinion of management, the amount of any ultimate liability with respect to those actions will not materially affect the College's financial statements.

The College recognizes a liability for the fair value of conditional asset retirement obligations if their fair values can be reasonably estimated. This liability is initially recorded as an increase to the associated asset and depreciated over the remaining useful life of the asset. The College has identified asbestos abatement as a conditional asset retirement obligation. Asbestos abatement costs are estimated using a per square foot estimate for each impacted location. As of June 30, 2010 and 2009, the College has recorded a liability of $1,729,500 representing the fair value of these conditional asset retirement obligations.

Other conditional asset retirement obligations exist that are not estimable until a triggering event occurs (e.g., building sold) due to the absence or range of potential settlement dates. Presently, the College does not have sufficient information to estimate the fair value of these obligations but does not believe these items are material to the College's financial statements.

(2) Due to/from Union Graduate College

The College and Union Graduate College (UGC), two separate not-for-profit organizations as described in Section 501(c)(3) of the Internal Revenue Code, operated under Memorandums of Understanding (MOU) regarding the initial establishment of UGC and future commitments of both the College and UGC. The MOU stipulated that the College provide certain administrative services to UGC. During 2010, UGC moved off campus to its own building and effective July 1, 2010, Union College released its temporary control of the UGC board of trustees. This completes a multi-year transition during which UGC assumed responsibility for providing its own administrative services and employee benefits. The two institutions continue to provide shared teaching arrangements and course cross-registration.

(3) Notes and Accounts Receivable

The College extends credit, primarily to students, in the form of notes and accounts receivable for educational expenses. The students are primarily from the Northeastern United States. Notes receivable for student loans are expected to be collected within 15 years and interest rates average 8%.

Otherwise, notes receivable pertain to employee housing programs, which are expected to be collected within 30 years with interest rates averaging approximately 5.50%.

Notes receivable are recorded at their current unpaid principal balance and associated interest income is accrued based on the principal amount outstanding and applicable interest rates. An allowance for doubtful accounts is recorded, which represents the amount which, in the opinion of management of the College, is necessary to account for probable losses related to current notes receivable. This allowance is determined based upon numerous considerations, including economic conditions, the specific composition of the notes receivable balance, as well as trends of delinquencies and write-offs. On a periodic basis, these factors are considered and the allowance for doubtful accounts is adjusted accordingly with a corresponding adjustment to the provision for allowance for doubtful notes and accounts receivable.

Notes and accounts receivable consist of the following at June 30:

	2010	2009
Notes receivable	$ 9,041,146	9,522,443
Accounts receivable	5,392,366	4,044,023
	14,433,512	13,566,466
Less allowance for doubtful accounts	2,788,236	2,822,484
	$ 11,645,276	10,743,982

(4) Pledges Receivable

Pledges receivable are expected to be collected as follows at June 30:

	2010	2009
In one year or less	$ 5,165,409	3,435,919
Between one year and five years	7,267,006	7,506,973
Greater than five years	213,225	1,524,000
	12,645,640	12,466,892
Less:		
Present value discount (1.79% – 6.18%)	316,477	781,478
Allowance for doubtful pledges	26,031	42,575
	$ 12,303,132	11,642,839

As of June 30, 2010 and 2009, the College has not received any conditional promises.

(5) Investments and Fair Value

The fair value and cost of investments by type are as follows at June 30:

	2010		2009	
	Fair value	Cost	Fair value	Cost
Cash and cash equivalents	$ 19,007,618	19,007,618	39,998,648	39,998,648
Common stocks and mutual funds	58,133,351	53,207,579	66,627,859	70,592,686
Fixed income – bonds	61,509,893	56,578,154	54,580,545	52,768,416
High yield bank loans	—	—	7,042,702	6,200,000
International private equity	1,572,264	752,908	1,398,473	814,396
Venture capital	2,507,045	2,497,874	2,030,438	2,258,452
Private equity	18,482,810	18,402,694	13,265,029	14,542,900
Mortgages and other	961,445	1,025,778	264,912	278,893
Absolute return funds	736,209	530,480	3,783,330	4,819,283
Hedged equity funds	90,882,283	82,837,168	78,501,060	72,271,206
Emerging markets funds	16,598,841	21,790,325	13,693,563	21,506,821
Distressed debt	30,144,129	25,939,609	18,333,312	18,236,071
	$ 300,535,888	282,570,187	299,519,871	304,287,772

Included in common stocks and mutual funds are investments in foreign equities with fair values of approximately $15 million and $14 million at June 30, 2010 and 2009, respectively.

The College utilizes an endowment spending policy, which emphasizes total return. Total return consists of current yield (primarily interest and dividends) as well as the realized and unrealized gains and losses of pooled investments. The College's board of trustees designates a portion of the College's total investment return for support of current operations; the remainder is retained to support operations of future years and to offset potential market declines. The pooled endowment total return for the years ended June 30, 2010 and 2009 was 11.1% and (23.7%), respectively.

The following schedule summarizes the investment return and its classification in the statement of activities:

	2010	2009
Interest income and dividends	$ 2,997,748	3,571,320
Net realized and unrealized gains (losses)	31,269,756	(97,529,441)
Total return on investments	34,267,504	(93,958,121)
Investment return designated for current operations	20,992,988	20,568,066
Investment return net of amounts designated for current operations	$ 13,274,516	(114,526,187)

Investment management fees were approximately $4,850,000 and $3,239,000 in 2010 and 2009, respectively. In 2010, fees paid of approximately $1,076,000 were netted against interest income and dividends. The remaining fees are netted against endowment returns.

Fair Value Hierarchy

The College adopted ASC 820 on July 1, 2008 for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active market for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- *Level 1 inputs* are quoted prices (unadjusted) in active markets for identical assets or liabilities that the College has the ability to access at the measurement date.
- *Level 2 inputs* are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- *Level 3 inputs* are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

A summary of investments, measured at fair value on a recurring basis as of June 30, 2010 and 2009 is as follows:

	2010					
	Total	**Level 1**	**Level 2**	**Level 3**	**Redemption frequency**	**Days notice**
Assets:						
Cash and cash equivalents	$ 19,007,618	19,007,618	—	—	Daily	1
Common stocks and mutual funds:						
US	43,325,581	43,225,583	99,998	—	Daily	1
International	14,807,770	—	14,807,770	—	Monthly	15
Fixed income – bonds	61,509,893	61,509,893	—	—	Daily	1
High yield bank loans	—	—	—	—	Daily	1
International private equity	1,572,264	—	—	1,572,264	Not applicable	
Venture capital	2,507,045	—	—	2,507,045	Not applicable	
Private equity	18,482,810	—	—	18,482,810	Not applicable	
Mortgages and other	961,445	959,930	1,515	—	Daily	1
Multi-strategy funds	736,209	—	—	736,209	Not applicable	
Hedged equity funds	90,882,283	—	68,525,910	22,356,373	Quarterly to Rolling 5 years	
Emerging markets funds	16,598,841	—	16,598,841	—	Not applicable	
Distressed debt	30,144,129	—	—	30,144,129	Quarterly to Annual	
Total investments	300,535,888	124,703,024	100,034,034	75,798,830		
Deposits with bond trustees	3,205,797	3,205,797	—	—		
Due from broker	9,000,000	9,000,000	—	—		
Total assets	$ 312,741,685	136,908,821	100,034,034	75,798,830		
Liabilities:						
Interest rate swap	$ 118,955	118,955	—	—		
Natural gas and electricity forward contracts	305,111	305,111	—	—		
	$ 424,066	424,066	—	—		

	2009					
	Total	**Level 1**	**Level 2**	**Level 3**	**Redemption frequency**	**Days notice**
Assets:						
Cash and cash equivalents	$ 39,998,648	39,998,648	—	—	Daily	1
Common stocks and mutual funds:						
US	52,721,354	52,571,357	149,997	—	Daily	1
International	13,906,505	—	13,906,505	—	Monthly	15
Fixed income – bonds	54,580,545	54,580,545	—	—	Daily	1
High yield bank loans	7,042,702	—	7,042,702	—	Daily	1
International private equity	1,398,473	—	—	1,398,473	Not applicable	
Venture capital	2,030,438	—	—	2,030,438	Not applicable	
Private equity	13,265,029	—	—	13,265,029	Not applicable	
Mortgages and other	264,912	264,912	—	—	Daily	1
Multi-strategy funds	3,783,330	—	—	3,783,330	Not applicable	
Hedged equity funds	78,501,060	—	58,639,778	19,861,282	Quarterly to Rolling 5 years	
Emerging markets funds	13,693,563		13,693,563	—	Not applicable	
Distressed debt	18,333,312	—	—	18,333,312	Quarterly to Annual	
Total investments	299,519,871	147,415,462	93,432,545	58,671,864		
Deposits with bond trustees	4,048,067	4,048,067	—	—		
Due from broker	3,300,000	3,300,000	—	—		
Total assets	$ 306,867,938	154,763,529	93,432,545	58,671,864		
Liabilities:						
Interest rate swap	$ 133,495	133,495	—	—		
Natural gas and electricity forward contracts	404,710	404,710	—	—		
	$ 538,205	538,205	—	—		

Changes to reported investments measured at fair value using unobservable (Level 3) inputs as of June 30, 2010 and 2009 are as follows:

		International private equity	Venture capital	Private equity	Absolute return funds	Hedged equity funds	Distressed debt	Total
Fair value, June 30, 2008	$	1,820,529	2,144,333	12,974,446	30,782,947	16,240,870	6,561,168	70,524,293
Net purchases, sales, settlements		40,000	344,750	3,161,566	(18,341,506)	5,139,233	12,039,796	2,383,839
Realized and unrealized gains/losses		(462,056)	(458,645)	(2,814,575)	(8,658,111)	(1,518,821)	(267,652)	(14,179,860)
Net interest dividends and fees		—	—	(56,408)	—	—	—	(56,408)
Fair value, June 30, 2009		1,398,473	2,030,438	13,265,029	3,783,330	19,861,282	18,333,312	58,671,864
Net purchases, sales, settlements		(61,488)	239,422	3,960,290	(4,288,803)	—	7,703,539	7,552,960
Realized and unrealized gains/losses		235,279	237,185	1,357,984	1,235,515	2,495,092	4,107,277	9,668,332
Net interest dividends and fees		—	—	(100,493)	6,167	—	—	(94,326)
Fair value, June 30, 2010	$	1,572,264	2,507,045	18,482,810	736,209	22,356,374	30,144,128	75,798,830

Liquidity

The limitations and restrictions on the College's ability to redeem or sell these investments vary by investment and range from required notice periods (generally 30 to 180 days after initial lock up periods) for certain limited partnership and hedge funds, to specified terms at inception (generally 10 years) associated with private equity and venture capital interests. Based upon the terms and conditions in effect at June 30, 2010, the College's investment funds can be redeemed or sold as follows:

Investments redemption period:		
Daily	$	137,317,750
Monthly		15,359,797
Quarterly		47,731,077
Semi-annual		10,523,805
Annual		25,270,418
3 yrs		25,966,250
5 yrs		12,191,251
Lock up until liquidated		26,175,540
Suspended		—
Total	$	300,535,888

Investment funds that are in the lock up until liquidation category are primarily related to private equity and venture capital investments. The period of time until liquidation is not necessarily determinable by management, as liquidation terms are at the discretion of the applicable fund's investment manager subject to market conditions and the underlying complexities of the individual investments. These liquidity restrictions have been in effect since the initial purchase of the applicable funds, which date back as far as 2001.

Under the terms of certain limited partnership agreements, the College is obligated periodically to advance additional funding for certain funds that the College is invested in. At June 30, 2010, the College had commitments of approximately $6 million for which capital calls had not been exercised. Such commitments generally have fixed expiration dates or other termination clauses. The College maintains sufficient liquidity in its investment portfolio to cover such calls.

(6) Endowment

The College's endowment and similar funds consist of gifts restricted by donors, unrestricted net assets designated by management and the Board of Trustees for long-term support of the College's activities, and the accumulated investment return on these gifts and designated assets. Accumulated investment return consists of total endowment net investment return that has not been appropriated by the Board of Trustees for expenditures to support the operating and nonoperating activities of the College. Generally, only a portion of accumulated net investment return is made available for spending each year in accordance with an endowment utilization policy approved by the Board of Trustees and in accordance with the State of New York law.

Certain donor restricted endowment funds allow for the expenditure of principal. College designated endowment funds are unrestricted net assets that may be re-designated for authorized expenditures. At June 30, 2010 and 2009, endowment and similar funds balances are approximately $297,100,000 and $291,300,000, respectively, which includes pooled endowment net assets of approximately $267,800,000 and $261,100,000, respectively.

The following is a summary of the changes in the endowment net assets for the years ended June 30, 2010 and 2009:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Pooled endowment net assets, June 30, 2009	$ 147,654,008	364,971	113,037,207	261,056,186
Gifts and other additions:				
Contributions (excluding pledges)	449,156	102,029	2,995,038	3,546,223
Investment income added to principal	155,650	—	—	155,650
Other transfers	2,679,566	—	92,140	2,771,706
Subtotal	3,284,372	102,029	3,087,178	6,473,579
Investment income:				
Interest and dividends	2,291,221	—	—	2,291,221
Realized gain/(loss) on sale of securities	8,207,564	—	—	8,207,564
Change in unrealized appreciation	20,486,632	—	—	20,486,632
Subtotal	30,985,417	—	—	30,985,417
Income distributed for operating purposes:				
Cash and accrued interest and dividends	2,291,221	—	—	2,291,221
Gains used to meet endowment spending	17,995,267	—	—	17,995,267
Other transfers	10,453,757	—	—	10,453,757
Subtotal	30,740,245	—	—	30,740,245
Pooled endowment net assets, June 30, 2010	151,183,552	467,000	116,124,385	267,774,937
Other endowment and similar net assets, June 30, 2009	9,207,543	3,845,185	17,196,206	30,248,934
Investment income	262,730	—	—	262,730
Realized gain (loss) on sale of securities	99,296	—	—	99,296
Change in unrealized appreciation	1,047,239	—	—	1,047,239
Contributions (excluding pledges)	—	6,671	155,473	162,144
Actuarial adjustments	627,533	—	—	627,533
Other changes	(2,475,568)	(78,405)	(590,309)	(3,144,282)
Other endowment and similar net assets, June 30, 2010	8,768,773	3,773,451	16,761,370	29,303,594
Total endowment and similar net assets, June 30, 2010	$ 159,952,325	4,240,451	132,885,755	297,078,531

(Continued)

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Pooled endowment net assets, June 30, 2008	$ 253,922,406	364,465	109,895,906	364,182,777
Gifts and other additions:				
Contributions (excluding pledges)	182,584	506	3,141,301	3,324,391
Investment income added to principal	210,397	—	—	210,397
Other transfers	2,709,397	—	—	2,709,397
Subtotal	3,102,378	506	3,141,301	6,244,185
Investment income:				
Interest and dividends	3,452,878	—	—	3,452,878
Realized gain/(loss) on sale of securities	(25,803,179)	—	—	(25,803,179)
Change in unrealized appreciation	(67,654,626)	—	—	(67,654,626)
Subtotal	(90,004,927)	—	—	(90,004,927)
Income distributed for operating purposes:				
Cash and accrued interest and dividends	3,452,878	—	—	3,452,878
Gains used to meeting endowment spending	15,912,971	—	—	15,912,971
Other transfers	—	—	—	—
Subtotal	19,365,849	—	—	19,365,849
Pooled endowment net assets, June 30, 2009	$ 147,654,008	364,971	113,037,207	261,056,186
Other endowment and similar net assets, June 30, 2008	14,063,741	3,859,591	17,432,757	35,356,089
Investment income	338,240	—	—	338,240
Realized gain (loss) on sale of securities	(1,270,220)	—	—	(1,270,220)
Change in unrealized appreciation	(1,260,630)	—	—	(1,260,630)
Contributions (excluding pledges)	—	—	84,668	84,668
Actuarial adjustments	(1,048,519)	—	—	(1,048,519)
Other changes	(1,615,069)	(14,406)	(321,219)	(1,950,694)
Other endowment and similar net assets, June 30, 2009	9,207,543	3,845,185	17,196,206	30,248,934
Total endowment and similar net assets, June 30, 2009	$ 156,861,551	4,210,156	130,233,413	291,305,120

Endowment net assets are classified as follows at June 30:

		2010	2009
Unrestricted	$	159,952,325	156,861,551
Temporarily restricted		4,240,451	4,210,156
Permanently restricted		132,885,755	130,233,413
	$	297,078,531	291,305,120

Net unrealized depreciation on endowment funds are recognized in the unrestricted net asset category as donor restrictions do not address depreciation/appreciation.

Spending Policy

The College has a policy of appropriating for distribution to the budget each year a percentage of its pooled endowment fund based on the fund's three year average market value as of June 30, with a two-year lag. For the year ended June 30, 2010, the three fiscal years used in the calculation are the fiscal years ended June 30, 2006, 2007, and 2008. For the year ended June 30, 2009, the three fiscal years used in the calculation are the fiscal years ended June 30, 2005, 2006, and 2007.

The total pooled endowment spending was 5.54% and 5.83% for the fiscal years ended June 30, 2010 and 2009, respectively. This rate includes the base spending rate of 5.22% and 5.40% for the fiscal years ended June 30, 2010 and 2009, respectively, as well as additional spending that was undertaken to launch the College's Minerva Houses (the U2K initiative). The Board of Trustees approved in 2001 additional endowment spending to cover the debt service and other costs associated with the Minerva House System project, one of the College's most important academic initiatives.

As described in the College's Strategic Plan, the College plans to reduce total spending to 5.60% gradually over the next 5 – 7 years. The goal of reducing the spending rate has prompted measures including the dedication of a significant segment of the current capital campaign to endowment support, in order to provide income to support the College's operating budget and reinvestment of a significant portion of recent variances from budget into the endowment.

Return Objectives and Risk Parameters

Investment objectives focus on generating a high return to cover the spending rate, inflation, and preserving the purchasing power of the endowment while minimizing investment risk in the portfolio. The College is committed to a long-term investment policy that is based on balancing principles of strong growth over time, diversity of the portfolio, liquidity for the annual draw, and benchmarking against market indices and appropriate peer schools. Growth in the endowment depends on contributions to the endowment from capital campaigns, the success of investment management, and the rate at which income is withdrawn from the endowment in support of the College's operating budget. The Investment Committee meets quarterly to discuss various issues such as investment performance, market outlook, liquidity needs.

Funds with Deficiencies

As a result of the decline in endowment performance as of June 30, 2010, for certain endowment funds the current market value per share is less than the original market value per share at the time of gift. Where normal investment performance has driven the endowment fund below the historic dollar value, the account is commonly termed "underwater". For underwater accounts, the spending amount from these accounts is limited to the current income (interest and dividends) only. There are no available gains from prior years' investing against which to apply the total return spending formula. This limitation only pertains to permanently restricted true endowments, not quasi endowments.

For funds that are underwater, the gap between the current income and the spending formula is covered through appropriations from other quasi endowments/accumulated quasi realized gains or other unrestricted funds. At June 30, 2010, approximately 285 endowment accounts (approximately 27% of the total number of pooled endowment accounts), totaling approximately $44 million, were underwater with total market value less than book of approximately $7 million. A total of approximately $1.9 million was transferred from accumulated quasi endowment gains to cover the shortfall between current income and the total return spending formula at June 30, 2010.

(7) Land, Buildings, and Equipment

The following is a summary of land, buildings, and equipment at June 30:

	2010	2009
Land	$ 101	101
Buildings	132,797,936	132,776,053
Equipment	75,875,628	73,786,491
Improvements	50,687,812	47,137,558
Library contents	32,806,323	31,503,183
Construction in progress	19,037,812	7,664,329
	311,205,612	292,867,715
Less accumulated depreciation	(174,625,765)	(165,249,027)
	$ 136,579,847	127,618,688

Capitalized interest was $204,612 and $135,034 during the years ended June 30, 2010 and 2009, respectively. Depreciation expense was $9,797,977 and $9,655,481 for the years ended June 30, 2010 and 2009, respectively. For the years ended June 30, 2010 and 2009, fixed assets (original cost) disposed were $421,237 and $439,183, respectively.

At June 30, 2010, the College has outstanding contracts totaling approximately $7,609,000 for the purchase and renovation of certain properties. Completion of these projects will occur within the next two years.

(8) Long-Term Debt

The following is a summary of long-term debt:

	Maturity date	Interest rate	Outstanding at June 30 2010	2009
NYS Dormitory Authority Bonds:				
1992 Issue – Family Loan	2010	—	$ 190,000	243,506
1995 Issue – Family Loan	2014	—	1,990,939	2,577,422
1965 Dormitory Bonds:				
Fox and Davidson	2015	3.00%	750,000	865,000
Industrial Development Agency Bonds:				
2001 Issue – Industrial Development Agency	2023	4.5 – 5.25%	6,876,402	8,220,741
2003 Issue – Industrial Development Agency	2034	3.75 – 5.00%	15,892,204	15,870,421
2005 Issue – Industrial Development Agency	2016	3.595% fixed portion and variable portion	4,411,526	4,885,648
2006 Issue – Industrial Development Agency	2032	4.00% – 5.00%	32,562,858	32,603,470
2010 Bank of America Line of credit	2011	one-month LIBOR +0.75%	2,969,775	—
Total debt			$ 65,643,704	65,266,208

Interest expense on the above long-term debt was $2,758,404 and $2,939,277 for 2010 and 2009, respectively.

The face value of the long-term debt was $63,034,792 and $65,771,994 at June 30, 2010 and 2009, respectively. The fair value of long term debt is based on rates currently available to the College for debt with similar terms and maturities. The estimated fair value of long term debt at June 30, 2010 and 2009 is approximately $57,796,547 and $63,125,979, respectively.

Proceeds of long-term debt have been used by the College to finance building and construction programs, as well as student loan programs. The Family Loan issues are collateralized by the repayment of student loans receivable. The College is required to maintain various reserve accounts in conjunction with the debt agreements that are reported as deposits with bond trustees in the statements of financial position. Certain debt is collateralized by municipal bond insurance.

The College has an interest rate swap related to the 2005 issue which requires the College to pay a fixed rate of interest (3.595%) and receive variable rates of interest based on fluctuations in the one-month LIBOR rate. The notional amount of this interest rate swap is $3,630,149 and decreases as the associated outstanding borrowings amount decreases. The swap agreement matures on July 1, 2015. The counterparty to the swap arrangement is a major financial institution with which the College also has other financial relationships. The College may be exposed to credit loss in the event of nonperformance by the counterparty. However, the College does not anticipate nonperformance by the counterparty.

Principal payments of long-term debt are as follows:

Year ending June 30:		
2011	$	2,437,202
2012		1,332,202
2013		2,042,202
2014		1,574,435
2015		2,281,667
Thereafter		53,367,084
	$	63,034,792

Line of Credit

The College has an unsecured line of credit in the amount of $6,000,000 with Bank of America, which expires March 23, 2011. Each advance under the line of credit will carry one of two interest rates; a variable rate equal to the Bank of America prime rate or a fixed rate equal to the one-month LIBOR rate plus 0.75% (adjusted each month). At June 30, 2010, $2,969,775 was drawn down to cover the first year of expenses of the ten-year Facilities Renewal Plan. The amount drawn down will be rolled into a long term borrowing in 2010 – 11. An unused commitment fee will be calculated at 0.15% per year.

(9) Benefit Plans

(a) Retirement Plan

The College has a defined contribution retirement plan under arrangements with Teachers' Insurance and Annuity Association and College Retirement Equities Fund (TIAA-CREF) and Fidelity, which provide for purchases of annuities and investments for all of its faculty members and nonacademic employees.

The College's policy is to fund pension costs, which were $4,596,198 and $4,346,362 for the years ended June 30, 2010 and 2009, respectively.

(b) Postretirement Healthcare Plan

The College has also elected to pay for a portion of healthcare benefits for retired employees based upon years of service at retirement date. The College recognizes the cost of healthcare benefits on an accrual basis over the working lifetime of employees.

The College provides health insurance benefits for eligible employees upon retirement and applies the provisions of ASC 715, *Compensation – Retirement Benefits*, which requires an employer to recognize the overfunded or underfunded status of a defined benefit post retirement plan (the Plan) as an asset or liability and to recognize changes in that funded status in the year they occur. The College uses a June 30 measurement date for the Plan.

(Continued)

The Plan's funded status, amounts recognized, significant assumptions used, contributions made, and benefits paid included in the College's financial statements as of June 30, 2010 and 2009 are as follows:

		2010	2009
Change in benefit obligations:			
Benefit obligation at beginning of year	$	9,871,330	8,520,320
Service cost		281,889	290,817
Interest cost		530,284	587,068
Plan amendments		(269,969)	—
Actuarial loss		581,100	908,676
Benefits paid		(399,148)	(435,551)
Benefit obligation at end of year	$	10,595,486	9,871,330

		2010	2009
Accrued benefit cost:			
Funded status	$	(10,595,486)	(9,871,330)
Weighted average assumptions as of June 30:			
Discount rate		5.09%	6.21%

For measurement purposes, a 8% annual rate of increase in the per capital cost of covered healthcare benefits was assumed for 2010. The rate was assumed to decrease to 7% in 2011, to 6% in 2012, and then remain constant at 5% for 2013 and thereafter.

		2010	2009
Components of net periodic benefit cost:			
Service cost	$	281,889	290,817
Interest cost		530,284	587,068
Amortization of loss		159,060	203,387
Amortization of prior service cost		(160,729)	(134,986)
Net periodic postretirement benefit cost	$	810,504	946,286

(Continued)

Amounts recorded in unrestricted net assets as of June 30, 2010 and 2009, not yet amortized as components of net periodic benefit costs are as follows:

		2010	2009
Unamortized prior service costs	$	(1,188,603)	(1,349,332)
Unamortized actuarial loss		3,826,581	3,404,541
Amount recognized as a reduction in unrestricted net assets	$	2,637,978	2,055,209

The amortization of the above items expected to be recognized in net periodic costs for the year ended June 30, 2011 is $103,125.

Assumed healthcare cost trend rates have a significant effect on the amounts reported for the healthcare plans. A one-percentage-point change in the healthcare trend rates would have the following effect:

		2010		2009	
		One percentage point		One percentage point	
		Increase	Decrease	Increase	Decrease
Effect on total of service and interest cost components	$	43,902	(38,640)	50,045	(44,128)
Effect on postretirement benefit obligation		513,006	(452,846)	480,598	(426,548)

The following benefit payments, which reflect expected future service and the impact of the Medicare Part D subsidy, as appropriate, are expected to be paid:

		Postretirement benefits
2011	$	474,578
2012		544,918
2013		594,339
2014		639,020
2015		681,730
2016 – 2020		4,136,496

(10) Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets consist of the following at June 30:

		2010	2009
Pledges for instruction, scholarship, facilities, and other departmental support	$	8,833,080	7,881,563
Capital projects		2,869,054	2,058,034
Pooled term endowments		467,000	364,971
Life income and annuity agreements		2,793,109	2,864,843
Funds in trust		980,342	980,342
Annual restricted scholarships		1,000,000	—
Total	$	16,942,585	14,149,753

Permanently restricted net assets consist of the following at June 30:

		2010	2009
Pledges to endowment for scholarship and other departmental support	$	3,421,075	3,712,300
Pooled endowments		116,124,385	113,037,207
Nonpooled endowments		6,970,137	6,965,137
Life income and annuity agreements		1,401,948	1,711,658
Funds in trust		8,389,286	8,519,411
Total	$	136,306,831	133,945,713

(11) Expenses Prior to Allocation

The following table compares expenses, including student aid, for the years ended June 30, 2010 and 2009, prior to the allocation of operations and maintenance of plant, employee benefits, depreciation, and interest expense:

		2010	2009
Instructional and departmental research	$	25,406,023	25,359,254
Sponsored research programs		1,633,199	830,664
Academic support		5,850,386	5,368,647
Student services		4,829,590	4,578,080
Institutional support		13,605,136	13,231,010
Intercollegiate athletics		4,495,131	4,236,490
Student aid		32,809,978	30,738,123
Auxiliaries operations		11,427,696	12,301,182
Other		444,198	1,187,835
Total expenses prior to allocation		100,501,337	97,831,285
Operations and maintenance of plant		10,165,503	11,990,636
Employee benefits		17,635,993	15,267,739
Depreciation and change in asset retirement obligations		9,797,976	9,655,481
Interest on long-term debt		2,758,402	2,939,277
Amortization of issuance costs		409,500	348,638
Total allocated expenses		40,767,374	40,201,771
Total	$	141,268,711	138,033,056

Included in institutional support are $4,148,911 and $4,031,458 of fund-raising expenses for the years ended June 30, 2010 and 2009, respectively. Costs incurred include expenses related to solicitation activities to obtain gifts and bequests as well as special cultivation events that may result in contributions that will be received in future periods. Additionally, within intercollegiate athletics are $1,003,900 and $937,975 of athletic fund raising expenses for the years ended June 30, 2010 and 2009, respectively. These costs are related to athletic fund raising and cultivation events which occurred during the year.

(12) Collections

The College’s collections are made up of approximately 3,000 objects and their estimated fair value is approximately $14,500,000. The College’s policy is not to capitalize its collections. The College’s collections comprise paintings and portraits, furniture, works on paper, scientific instrumentation, and other objects. During the year one of the collection items was reappraised at a lower value.

The College’s collections are held for educational, research, scientific, and curatorial purposes. Each of the items is cataloged, preserved, and cared for, and activities verifying their existence and assessing their condition are performed periodically. All proceeds resulting from the deaccessioning of objects from the permanent collection are allocated for the benefit of the collections. During the years ended June 30, 2010 and 2009, no objects were deaccessioned.

(13) Subsequent Events

For purposes of determining the effects of subsequent events on these financial statements, management has evaluated events subsequent to June 30, 2010 and through December 3, 2010, the date on which the financial statements were issued.

On September 17, 2010, the State of New York adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA). This legislation amended the Uniform Management Act (UMIFA) enacted in the State of New York in 1978. UPMIFA provides guidance and authority to New York's charitable organizations concerning the management and investment of funds held by those organizations, and imposes additional duties on those who manage and invest charitable funds. The new law replaces the "historic dollar value test", which prevented not for profit organizations from accessing the endowed funds if the market value of those funds decreased below the historical value of the gift, by establishing certain prudent investment criteria, thus allowing not for profit organizations to utilize their endowment funds in furtherance of their created purpose. Additionally, New York UPMIFA includes provisions to ensure that donors can decide whether an institution's ability to use their gifts would continue to be limited by the historic dollar value of those gifts, or whether those gifts should be freed up under UPMIFA to better accomplish their intended purposes. UPMIFA is effective as of September 17, 2010 and applies to endowment funds existing on, or established after the effective date of the article. The College is currently in the process of evaluating the impact of the new legislation to its current investment and appropriation policies.