Consolidated Financial Statements and
Report of Independent Certified Public Accountants

MARIST COLLEGE AND AFFILIATES

For the years ended June 30, 2012 and 2011

MARIST COLLEGE AND AFFILIATES

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees of
Marist College and Affiliates:

We have audited the accompanying consolidated statements of financial position of Marist College and Affiliates as of June 30, 2012 and 2011, and the related consolidated statements of activities and cash flows for the years then ended. These consolidated financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America established by the American Institute of Certified Public Accountants. 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 consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Marist College and Affiliates as of June 30, 2012 and 2011, and the changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Grant Thornton LLP

New York, New York
November 9, 2012

MARIST COLLEGE AND AFFILIATES
Consolidated Statements of Financial Position
As of June 30, 2012 and 2011

	2012	2011
ASSETS		
Cash and cash equivalents	$ 33,046,157	$ 35,702,253
Short-term investments	17,894,765	12,636,821
Restricted cash	963,014	-
Accounts receivable, net	4,449,723	6,057,785
Contributions receivable, net	2,631,703	5,710,303
Deposits with trustees	2,377,076	7,434,658
Other assets	1,337,650	1,337,076
Student loans receivable, net	5,869,738	6,118,119
Assets held in charitable remainder trust	962,435	962,210
Investments	147,102,924	148,903,355
Construction in progress	5,095,635	8,812,274
Land, buildings and equipment, net of accumulated depreciation	243,435,709	230,183,036
Bond issuance costs, net of accumulated amortization	1,573,783	1,963,065
Total assets	$ 466,740,312	$ 465,820,955
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued liabilities	$ 16,342,130	$ 18,924,732
Deferred revenue	6,786,143	6,761,416
Annuities payable	528,684	579,933
Obligations under capital leases	1,157,103	963,026
U.S. government advances refundable	5,264,139	5,495,200
Long-term debt	85,693,657	92,354,573
Accrued post-retirement benefits	8,577,334	26,069,462
Interest rate swap obligations	10,656,908	5,355,956
Total liabilities	135,006,098	156,504,298
COMMITMENTS		
NET ASSETS		
Unrestricted	272,991,419	247,369,717
Temporarily restricted	33,694,436	37,153,116
Permanently restricted	25,048,359	24,793,824
Total net assets	331,734,214	309,316,657
Total liabilities and net assets	$ 466,740,312	$ 465,820,955

The accompanying notes are an integral part of these consolidated financial statements.

MARIST COLLEGE AND AFFILIATES
Consolidated Statement of Activities
For the year ended June 30, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
OPERATING REVENUES				
Tuition and fees	$ 147,943,906	$ -	$ -	$ 147,943,906
Less: scholarships and grants	(40,985,940)	-	-	(40,985,940)
Net tuition and fees	106,957,966	-	-	106,957,966
Government grants and contracts	3,585,875	-	-	3,585,875
Private grants and contracts	1,443,796	-	-	1,443,796
Contributions	2,462,717	555,225	254,207	3,272,149
Interest and dividends	2,280,167	384,723	328	2,665,218
Investment return designated for operations	251,150	934,950	-	1,186,100
Other income	3,221,352	-	-	3,221,352
Auxiliary enterprises	36,462,426	-	-	36,462,426
Net assets released from restrictions	2,886,351	(2,886,351)	-	-
Total operating revenues	159,551,800	(1,011,453)	254,535	158,794,882
OPERATING EXPENSES				
Instructional	54,341,003	-	-	54,341,003
Research	533,457	-	-	533,457
Public service	1,214,297	-	-	1,214,297
Academic support	12,866,637	-	-	12,866,637
Student services	27,206,249	-	-	27,206,249
Institutional support	14,634,243	-	-	14,634,243
Scholarships and fellowships	98,533	-	-	98,533
Auxiliary enterprises	29,722,741	-	-	29,722,741
Total operating expenses	140,617,160	-	-	140,617,160
Change in net assets from operating activities	18,934,640	(1,011,453)	254,535	18,177,722
NONOPERATING ACTIVITIES				
Net loss on disposal of fixed assets	(578,614)	-	-	(578,614)
Net realized and unrealized losses on investments	(4,312,066)	(2,447,227)	-	(6,759,293)
Net loss on redemption of bonds	(704,991)	-	-	(704,991)
Change in fair value of interest rate swap obligation	(5,300,952)	-	-	(5,300,952)
Pension and post-retirement related changes other than net periodic pension and benefit costs	17,583,685	-	-	17,583,685
Change in net assets from nonoperating activities	6,687,062	(2,447,227)	-	4,239,835
Increase (decrease) in net assets	25,621,702	(3,458,680)	254,535	22,417,557
Net assets, beginning of year	247,369,717	37,153,116	24,793,824	309,316,657
Net assets, end of year	$ 272,991,419	$ 33,694,436	$ 25,048,359	$ 331,734,214

The accompanying notes are an integral part of this consolidated financial statement.

MARIST COLLEGE AND AFFILIATES
Consolidated Statement of Activities
For the year ended June 30, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
OPERATING REVENUES				
Tuition and fees	$ 142,257,800	$ -	$ -	$ 142,257,800
Less: scholarships and grants	(38,168,159)	-	-	(38,168,159)
Net tuition and fees	104,089,641	-	-	104,089,641
Government grants and contracts	3,316,890	-	-	3,316,890
Private grants and contracts	1,326,570	-	-	1,326,570
Contributions	2,074,882	1,707,706	752,818	4,535,406
Interest and dividends	2,156,410	270,697	255	2,427,362
Investment return designated for operations	242,507	945,874	-	1,188,381
Other income	2,877,267	-	-	2,877,267
Auxiliary enterprises	35,375,408	-	-	35,375,408
Net assets released from restrictions	1,023,490	(1,023,490)	-	-
Total operating revenues	152,483,065	1,900,787	753,073	155,136,925
OPERATING EXPENSES				
Instructional	53,789,826	-	-	53,789,826
Research	265,502	-	-	265,502
Public service	803,985	-	-	803,985
Academic support	14,765,627	-	-	14,765,627
Student services	25,452,949	-	-	25,452,949
Institutional support	14,899,962	-	-	14,899,962
Scholarships and fellowships	86,981	-	-	86,981
Auxiliary enterprises	27,988,432	-	-	27,988,432
Total operating expenses	138,053,264	-	-	138,053,264
Change in net assets from operating activities	14,429,801	1,900,787	753,073	17,083,661
NONOPERATING ACTIVITIES				
Net loss on disposal of fixed assets	(441,120)	-	-	(441,120)
Net realized and unrealized gains on investments	20,664,675	2,713,071	-	23,377,746
Change in fair value of interest rate swap obligation	1,224,261	-	-	1,224,261
Pension and post retirement related changes other than net periodic pension and benefit costs	(1,417,772)	-	-	(1,417,772)
Change in net assets from nonoperating activities	20,030,044	2,713,071	-	22,743,115
Increase in net assets	34,459,845	4,613,858	753,073	39,826,776
Net assets, beginning of year	212,909,872	32,539,258	24,040,751	269,489,881
Net assets, end of year	$ 247,369,717	$ 37,153,116	$ 24,793,824	$ 309,316,657

The accompanying notes are an integral part of this consolidated financial statement.

MARIST COLLEGE AND AFFILIATES
Consolidated Statements of Cash Flows
For the years ended June 30, 2012 and 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ 22,417,557	$ 39,826,776
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Nonoperating items:		
Contributions restricted for long-term investments	-	(1,876,991)
Contributions restricted for investment in endowment	(3,076,631)	(3,067,423)
Gifts of stock	(318,082)	(269,909)
Interest and dividends restricted for endowment	(384,723)	(270,697)
Net realized gains on investments	(3,217,447)	(4,297,769)
Net realized gains on short-term investments	(1,657)	(104,401)
Net investment income on assets held in charitable remainder trust	(225)	(1,304)
Noncash items:		
Depreciation	10,553,309	10,124,347
Amortization	63,814	90,302
Bad debt expense	179,674	55,155
Net unrealized loss (gain) on investments	8,751,625	(20,307,695)
Net unrealized loss on short-term investments	40,672	143,738
Net loss (gain) on interest rate swap obligations	5,300,952	(1,224,261)
Non-cash contributions	(6,413)	(83,658)
Loss on disposal of fixed assets	578,614	388,164
Loss on redemption of bond	704,991	-
(Increase) decrease in:		
Accounts receivable	1,409,962	(764,073)
Contributions receivable	3,097,027	3,273,770
Other assets	(574)	(379,148)
Increase (decrease) in		
Accounts payable and accrued liabilities	(3,664,541)	3,097,842
Deferred income	24,727	(493,222)
Annuities payable	(51,249)	(68,336)
Accrued post-retirement benefits	(17,492,128)	5,105,896
Net cash provided by operating activities	24,909,254	28,897,103
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	69,350,425	48,544,184
Purchases of investments	(72,405,661)	(53,827,550)
Purchase of short-term investments	(9,086,886)	(471,138)
Proceeds from sale of short-term investments	3,789,928	-
Proceeds from sale of fixed assets	20,943	14,844
Purchase of property and equipment	(20,034,091)	(25,096,115)
Disbursements of loans to students	(593,652)	(415,884)
Repayments on student loans	842,033	819,373
Net cash used in investing activities	(28,116,961)	(30,432,286)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of principal on indebtedness	(3,366,426)	(3,364,846)
Proceeds from issuance of bonds	15,330,510	-
Extinguishment of bonds payable	(18,625,000)	-
Cash held as collateral by swap counterparties	(963,014)	-
Repayments of principal on capital lease obligations	(343,395)	(174,982)
Change in deposits with trustees related to construction financing	5,057,582	(448)
Interest and dividends restricted for endowment	384,723	270,697
Contributions restricted for long-term investment	-	1,876,991
Contributions restricted for investment in endowment	3,076,631	3,067,423
Net cash provided by financing activities	551,611	1,674,835
Net (decrease) increase in cash and cash equivalents	(2,656,096)	139,652
Cash and cash equivalents, beginning of year	35,702,253	35,562,601
Cash and cash equivalents, end of year	$ 33,046,157	$ 35,702,253
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid during the year for interest	$ 3,187,964	$ 3,707,162
Equipment acquired under capital leases	$ 537,473	$ 1,138,008

The accompanying notes are an integral part of these consolidated financial statements.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Marist College (the "College") is an independent, comprehensive institution located on a 180 acre main campus in the Hudson River Valley of New York, a branch campus in Florence, Italy, extension centers throughout New York, and educational offerings around the world through its online and study abroad programs. Marist is dedicated to helping students develop the intellect, character and skills required for enlightened, ethical, and productive lives in the global community of the 21st century.

The consolidated financial statements of the College have been prepared using the accrual basis of accounting, and include the accounts of the College's wholly owned subsidiaries, Marist Real Property Service, Inc., Marist Real Property Service II, Inc., and VAYU, LLC. All significant intercompany transactions have been eliminated. Marist Real Property Services, Inc. and Marist Real Property Services II, Inc. are corporations that were formed by the College to purchase and hold real estate for the benefit and use of the College. The College is the single member of VAYU, LLC which holds real and personal property. The real and personal property has been used for a limited number of activities to date as of June 30, 2012 and the College plans to expand operations at these facilities in the next several years.

Basis of Presentation

Resources are reported for accounting purposes in separate classes of net assets based on the existence or absence of donor-imposed restrictions. In the accompanying consolidated financial statements, net assets that have similar characteristics have been combined into the following categories:

Unrestricted Net Assets
Unrestricted net assets are net assets that 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 (see also Note 17).

Temporarily Restricted Net Assets
Temporarily restricted net assets are net assets subject to donor-imposed stipulations that will be met either by actions of the College and/or the passage of time. The College reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends and/or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions. Temporarily restricted net assets also include earnings on permanently restricted endowment funds that have not yet been appropriated by the College's Board of Trustees for expenditure.

Permanently Restricted Net Assets
Permanently restricted net assets result from donors who stipulate that their donated resources be maintained in perpetuity by the College. Generally, the College is permitted to expend part or all of the income and gains derived from these donated assets, restricted only by donors' stipulations.

Fair Value Measurements

The College follows guidance that provides a consistent definition of fair value which focuses on an exit price between market participants in an orderly transaction.

The guidance also prioritizes, within the measurement of fair value, the use of market-based information over entity-specific information and establishes a three-level hierarchy for fair value measurements based on the transparency of information used in the valuation of the respective asset or liability as of the measurement date.

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 - Quoted prices are available in active markets for identical investments as of the reporting date. The types of investments in Level 1 include listed equities held in the name of the College, and exclude listed equities and other securities held indirectly through commingled funds.

Level 2 - Pricing inputs, including broker quotes, are generally those other than exchange quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Also included in Level 2 are investments measured using a net asset value ("NAV") per share, or its equivalent, that may be redeemed at that NAV at the date of the consolidated statement of financial position or in the near term, which the College has generally considered to be within 90 days.

Level 3 - Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs used in the determination of fair value require significant management judgment or estimation. Investments that are included in this category generally include privately held investments, partnerships and similar interests. Also included in Level 3 are investments measured using a NAV per share, or its equivalent, that can never be redeemed at NAV or for which redemption at NAV is uncertain due to lockup periods or other investment restrictions.

As of June 30, 2012 and 2011, the carrying value of the College's cash and cash equivalents, receivables, accounts payable and accrued liabilities, deferred income, annuities payable and long-term debt approximate their fair values. A reasonable estimate of the fair value of loans to students under government loan programs cannot be made because the loans are not saleable and can only be assigned to the U.S. Government or its designees.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments consisting of demand deposits accounts, money market funds, and debt instruments with original maturities of three months or less at the time of purchase. Cash and cash equivalents held in the investment portfolio are excluded as a result of the College's intent to segregate these designated funds from cash available for current operations.

Included within its cash and cash equivalents, is $1 million that the College is required to maintain on deposit to have an ATM machine on campus.

Restricted Cash

The College had $963,014 of restricted cash held in custody by Morgan Stanley Capital Services, Inc. (the "Counterparty") as of June 30, 2012. The restricted cash serves as collateral when the market value of the swap liability exceeds a threshold of $10 million for its interest rate swap agreement with the Counterparty. The cash is restricted as to withdrawal or use. The College did not have any restricted cash as of June 30, 2011.

Accounts Receivable

Accounts receivable include student accounts receivable, grants receivable and other receivables and are reported net of allowance for doubtful accounts. The College provides for potentially uncollectible amounts through a provision for bad debts and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts.

Contributions

Contributions or gifts, including unconditional promises to give, are recognized as revenue when received. Non-cash gifts are recorded at fair value at the date of donation.

Contributions and investment return with donor-imposed restrictions are reported as temporarily restricted revenues and are released to unrestricted net assets when donor-imposed restrictions are satisfied.

Contributions restricted for the acquisition of land, buildings and equipment are reported as temporarily restricted revenues. These contributions are released to unrestricted net assets upon acquisition of the assets.

The College has capitalized its collections since its inception. If purchased, items accessioned into the collection are capitalized at cost, and if donated, they are capitalized at their fair value on the accession date. Gains or losses on the deaccession of collection items are classified on the consolidated statement of activities as unrestricted or temporarily restricted support depending on donor restrictions, if any, placed on the item at the time of accession.

Student Loans Receivable and U.S. Government Advances Refundable

Student loans receivable are carried at unpaid principal balances, which represent net realizable value. These loans have mandated interest rates and repayment terms subject to significant restrictions as to their transfer and disposition. Amounts received from the federal government to fund a portion of the student loans are ultimately refundable to the federal government and are classified as U.S. government advances refundable in the consolidated statement of financial position.

Investments

The estimated fair value of investments is based on quoted market prices, except for certain investments, principally limited partnerships and similar interests, for which quoted market prices are not available. The estimated fair value of limited partnerships and similar investments is based on valuations provided by external investment managers as of the measurement date. Because alternative investments are not readily marketable, their estimated value is subject to uncertainty and therefore may differ from the value that would have been used had a ready market for such investments existed. Such differences could be material.

Investment securities are exposed to various risks, such as interest rate, market, economic conditions, world affairs and credit risks. Due to the level of risk associated with certain investment securities, it is possible that changes in their values could occur in the near term and such changes could materially affect the reported amounts in the accompanying consolidated financial statements.

Deposits with Trustees

Deposits with trustees represent funds held by designated bond trustees for debt service payments. During the year ended June 30, 2012, the College refinanced a portion of its long-term debt and approximately $4 million of deposits were released from the respective trustee and used to pay off the College's Series 2003-A bonds (see Note 13).

Land, Buildings and Equipment

Land, buildings and equipment purchased in excess of $5,000 are recorded at cost or, if donated, at fair value at the date of the donation. Depreciation is computed on a straight-line basis, using the half year convention, over the estimated useful lives of the related assets as follows:

	Years
Buildings and building improvements	20 - 45
Ground improvements	15 - 20
Equipment, furniture and fixtures	5 - 7
Library books	5
Vehicles	5

Works of art, historical treasures and similar assets have been recognized at their estimated fair value based upon appraisals or similar valuations at the date of acquisition or donation. Works of art, historical treasures and similar assets are not depreciated.

Bond Issuance Costs

Bond issuance costs are amortized over the lives of the bonds and are reported net of amortization expense.

Deferred Income

Deferred income primarily consists of tuition and matriculation deposits and other payments for upcoming semesters that were received prior to the fiscal year-end.

Interest Rate Swap Obligations

The College makes limited use of derivative financial instruments, specifically an interest rate swap, for the purpose of managing interest rate risks associated with its variable rate debt obligations. An interest rate swap agreement is used to mitigate the variability of future changes in net assets and cash flows caused by movement in interest rates. The differentials paid or received on the interest rate swap agreement are recognized as adjustments to interest expense.

Revenue Recognition

Tuition revenues for the fall and spring terms are recognized in the academic semester to which they relate. Revenues and expenses relating to summer session activities are recognized as earned. The carrying value of student receivables has been reduced by an appropriate allowance for uncollectible accounts, based on historical collection experience and therefore approximates net realizable value. Receivables are written-off in the period in which they are deemed uncollectible.

Other income consists principally of revenue from student club activities and athletic events among others, and is recorded when earned on the consolidated statements of activities.

Functional Expenses

Operation and maintenance expenses, depreciation of plant assets and interest on long-term debt are allocated to program and supporting activities based on the primary use of the facilities.

Conditional Asset Retirement Obligation

Under accounting principles generally accepted in the United States of America, the College is required to recognize the costs associated with the eventual remediation and abatement of asbestos located within the construction of certain of its buildings. However, based on the results of surveys performed by independent environmental consultants, the College concludes that the cost of remediation is immaterial to the accompanying consolidated financial statements, and accordingly, has not recognized a liability for this obligation as of June 30, 2012 and 2011.

Income Taxes

Tax effects from an uncertain tax position are recognized in the consolidated financial statements only if the position is “more-likely-than-not” to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged. The College is exempt from income tax under IRC Section 501(c)(3), though it is subject to tax on income unrelated to its exempt purposes, unless that income is otherwise excluded by the Code. The tax years ending June 30, 2009, 2010, 2011, and 2012 are still open to audit for both federal and state purposes.

Advertising

Advertising costs are expensed as incurred. Advertising expense amounted to $995,935 and $652,484 for the years ended June 30, 2012 and 2011, respectively.

Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. In addition, estimates and assumptions are used to determine disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates are used in the determination of depreciation, post-retirement benefits, allowance for doubtful accounts, contributions receivable, certain accrued liabilities and certain overhead allocations, among others.

Concentrations of Credit Risk

The College maintains its cash and money market funds with high credit quality financial institutions, which at times may exceed federally insured limits. At June 30, 2012 and 2011, amounts in excess of the insurable limits established by the Federal Deposit Insurance Corporation ("FDIC") were $22,574,654 and $22,599,720, respectively. The College has not experienced any losses in these accounts and does not believe it is exposed to any significant credit risk.

Measure of Operations

The accompanying consolidated statements of activities present the changes in net assets distinguishing between operating and nonoperating activities. Operating activities principally include all revenues and expenses that relate to the College's educational programs, research, training and supporting activities. Operating revenues include investment return pursuant to the College's spending rate policy earned on long-term investments held for endowment and similar purposes.

The College has defined nonoperating activities principally to include investment income earned, and gains and losses on investments held for long-term purposes and gift revenue restricted or designated for long-term investment or capital expenditures, net of amounts distributed to support operations in accordance with the endowment spending policy; gains or losses on interest rate swap obligations; and activity related to pension and post-retirement benefit plans. Certain other gains and losses considered to be of a more unusual or non-recurring nature are also included as part of nonoperating activities.

Subsequent Events

The College evaluated its June 30, 2012 consolidated financial statements for subsequent events through November 9, 2012, the date the consolidated financial statements were issued.

2. SHORT-TERM INVESTMENTS

Short-term investments consist of a short term bond fund comprised mainly of U.S. Government obligations and obligations of government-sponsored entities. The fair value as of June 30, 2012 and 2011 is $17,894,765 and $12,636,821, including $147,369 and $108,354 in unrealized depreciation, respectively.

3. ACCOUNTS RECEIVABLE, NET

Accounts receivable, net, consisted of the following at June 30, 2012 and 2011:

	2012	2011
Student accounts receivable	$ 1,641,140	$ 2,628,901
Less: allowance for doubtful accounts	(275,015)	(250,749)
	1,366,125	2,378,152
Grants and contracts receivable	1,285,200	1,619,089
Other receivables	1,798,398	2,060,544
Accounts receivable, net	$ 4,449,723	$ 6,057,785

4. CONTRIBUTIONS RECEIVABLE, NET

Contributions receivable, net, consisted of unconditional promises to give and are summarized as follows at June 30, 2012 and 2011:

	2012	2011
Unconditional promises to give are expected to be collected in:		
Less than one year	$ 1,087,890	$ 4,490,828
One to five years	1,343,970	1,435,634
More than five years	1,089,000	794,444
	3,520,860	6,720,906
Less:		
Allowance for uncollectible amounts	(345,120)	(363,546)
Discount to present value (with rates ranging from .21% to 4.92%)	(544,037)	(647,057)
Contributions receivable, net	$ 2,631,703	$ 5,710,303

The College had outstanding conditional pledges and bequests of approximately $2,358,000 and $1,399,000 at June 30, 2012 and 2011, respectively, which have not been recorded in the accompanying consolidated financial statements.

5. STUDENT LOANS RECEIVABLE

The College makes uncollateralized loans to students based on financial need. Student loans are funded through federal government loan programs or institutional resources. At June 30, 2012 and 2011, student loans represented 1.26% and 1.31% of total assets and totaled $5,869,738 and $6,118,119, respectively.

The College participates in the Perkins federal revolving loan program. The availability of funds for loans under this program is dependent on reimbursements to the pool from repayments on outstanding loans. Funds advanced by the Federal government of $5,264,139 and $5,495,200 at June 30, 2012 and 2011, respectively, are ultimately refundable to the government and are classified as liabilities in the consolidated statements of financial position. Outstanding loans cancelled under the program result in a reduction of the funds available for loan and a decrease in the liability to the government.

Amounts due under the Perkins loan program are almost fully guaranteed by the government and, therefore, no reserves are placed on any past due balances.

6. INVESTMENTS

The fair value of investments at June 30, 2012 and 2011, is as follows:

	2012	2011
Endowments and other investible funds:		
Cash and cash equivalents	$ 4,084,651	$ 3,871,255
Fixed income securities	29,228,471	28,525,943
Domestic equity securities	64,791,165	60,848,389
International equity securities	31,748,725	36,530,202
Global real estate funds	6,359,118	6,398,505
Hedge funds	10,637,947	10,877,734
Total pooled investments	146,850,077	147,052,028
Operating and other investments:		
Cash and cash equivalents	12,527	10,560
Domestic equity securities	98,198	98,083
Investment in TIAA-CREF annuities and mutual funds	142,122	1,742,684
Total operating and other investments	252,847	1,851,327
Total investments	$ 147,102,924	$ 148,903,355

Investment returns (losses) on short-term and long-term investments and the classification in the consolidated statements of activities for the years ended June 30, 2012 and 2011 is as follows:

	2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowments and other investible funds:				
Dividends and interest	$ 1,761,218	$ 384,723	$ 328	$ 2,146,269
Realized gains	3,169,153	-	-	3,169,153
Unrealized depreciation	(7,163,179)	(1,512,277)	-	(8,675,456)
Total return on pooled investments	(2,232,808)	(1,127,554)	328	(3,360,034)
Operating and other investments:				
Dividends and interest	518,949	-	-	518,949
Realized losses	(27,364)	-	-	(27,364)
Unrealized depreciation	(39,526)	-	-	(39,526)
Net investment income	$ (1,780,749)	$ (1,127,554)	$ 328	$ (2,907,975)

	2011			
	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Endowments and other investible funds:				
Dividends and interest	$ 1,585,451	$ 270,697	$ 255	$ 1,856,403
Realized gains	4,292,000	-	-	4,292,000
Unrealized appreciation	16,501,986	3,658,945	-	20,160,931
Total return on pooled investments	22,379,437	3,929,642	255	26,309,334
Operating and other investments:				
Dividends and interest	570,959	-	-	570,959
Realized gains	110,170	-	-	110,170
Unrealized appreciation	3,026	-	-	3,026
Net investment income	$ 23,063,592	$ 3,929,642	$ 255	$ 26,993,489

7. CONSTRUCTION IN PROGRESS

Construction in progress consisted of the following at June 30, 2012 and 2011:

	2012	**2011**
Lowell Thomas renovation project	$ 2,739,831	$ -
Multi-purpose academic building/Student center renovation	1,819,716	-
Campus landscape initiatives	205,835	268,406
Other projects	120,063	428,676
Campus master plan	98,315	-
Library archive renovations	71,056	-
Fire inspection upgrades	40,819	-
McCann addition	-	5,594,311
Pedestrian walkway	-	1,831,839
Kem cards demolition/Landscape project	-	309,513
National Science Foundation ARRA research lab	-	379,529
Total	$ 5,095,635	$ 8,812,274

The College is constructing a 24,000 square foot multi-purpose academic building and renovating the adjoining student center. The multi-purpose academic building will house the music department and related programs with a band rehearsal hall, a choral recital hall, and music library. The adjoining student center renovation will enhance and expand the entire building and completely renovate the dining hall. The estimated costs to complete the multi-purpose academic building/student center renovation project total approximately $30 million and are expected to be completed by Fall 2013. The estimated costs to be incurred in fiscal 2013 to complete other renovations and projects at the College total approximately $9 million, which includes approximately $4 million of construction commitments for the Lowell Thomas renovation project.

8. LAND, BUILDINGS AND EQUIPMENT

Land, buildings, and equipment consisted of the following at June 30, 2012 and 2011:

	2012	2011
Buildings and building improvements	$ 309,363,206	$ 290,892,434
Equipment, furniture and fixtures	51,814,263	49,219,651
Equipment acquired under capital leases	1,675,480	1,138,008
	362,852,949	341,250,093
Less: Accumulated depreciation	(137,817,569)	(129,152,917)
	225,035,380	212,097,176
Land	13,672,974	13,371,917
Art work and collectibles	4,727,355	4,713,943
Land, buildings, and equipment, net	$ 243,435,709	$ 230,183,036

Depreciation expense for the years ended June 30, 2012 and 2011 totaled $10,553,309 and $10,124,347, respectively, and is allocated to functional expense categories on the accompanying consolidated statements of activities.

9. BOND ISSUANCE COSTS

Bond issuance costs consisted of the following at June 30, 2012 and 2011:

	2012	2011
Bond issuance costs	$ 2,145,212	$ 2,709,044
Accumulated amortization	(571,429)	(745,979)
Bond issuance costs, net	$ 1,573,783	$ 1,963,065

Amortization expense for the years ended June 30, 2012 and 2011 amounted to $63,814 and $90,302, respectively.

10. PENSION PLANS

Defined Contribution Plans

The College has a defined contribution pension plan for all eligible employees as defined in the “Retirement Resolution.” Pension obligations under the plan are funded monthly by the College as they become due. Contributions are applied to annuities for each participant by Teachers Insurance and Annuity Association (“TIAA”) and/or College Retirement Equities Fund (“CREF”). College contributions are dependent upon employee contributions in accordance with a schedule of percentages in the plan agreement. Employee contributions are normally made on a pre-tax basis unless an after tax agreement is so authorized by the employee. The College’s contributions for the years ended June 30, 2012 and 2011 totaled $4,152,183 and $4,068,429, respectively.

The College funds a pension plan for all eligible employees in the SEIU Local 200 Union by participating in the pension plan provided by the 1199 Health Care Employees Pension Fund. The College's contribution is a fixed percentage of monthly gross wages for all employees covered under the agreement. The College's contributions for the years ended June 30, 2012 and 2011 were $383,285 and $348,172, respectively.

Deferred Compensation Plan

The College has a deferred compensation plan for an employee based on years of service, which provides for cash payments at the end of the employment contract which are not guaranteed. The cost of the plan is being accrued over the period of active employment from the contract date. The liability under the agreement is determined based on the contributions required by the plan. The plan requires annual contributions of $25,000 for seven years and coincides with the end of the employee's contract on June 30, 2014. The plan requires that the contributions be deposited in an investment account. The assets related to this plan are maintained at TIAA-CREF. The obligation related to this plan at June 30, 2012 and 2011 was $142,122 and $118,643, respectively. Contributions to this plan for the years ended June 30, 2012 and 2011 was $25,000 each year. The value of the assets related to the plan was $142,122 and $118,643 as of June 30, 2012 and 2011, respectively.

Defined Benefit Plan

The College has a non-qualified supplemental retirement plan for the President based on years of service, which provides for cash payments after retirement which are not guaranteed. The cost of the plan is being accrued over the period of active employment from the contract date. The College's obligation under the agreement is determined actuarially. The benefit obligation of $74,663 as of June 30, 2012 is included in the consolidated statement of financial position as part of accounts payable and accrued liabilities. The plan expires on June 30, 2016.

During the year ended June 30, 2011, the College had a similar non-qualified supplemental retirement plan for the President. There were no employer contributions, plan participant contributions or benefits paid during the year ended June 30, 2011. Even though the plan had not been funded at June 30, 2011, the College had set assets aside for the plan. These assets were owned by the College and maintained at TIAA-CREF. The value of the assets amounted to $1,624,042 as of June 30, 2011. The benefit obligation of $1,935,935 under the previous plan was paid in September 2012.

11. CHARITABLE REMAINDER TRUST

A donor has established and funded a trust under which the College serves as the custodian and trustee. Assets held in this trust are stated separately in the consolidated statements of financial position. The value of the assets at June 30, 2012 and 2011 was $962,435 and $962,210, respectively. Specified distributions are to be made to a designated beneficiary over the trust's term. Upon termination of the trust, the College receives the assets remaining in the trust. The trust is recorded as an increase to net assets at the fair value of trust assets, less the present value of the estimated future payments to be made under the specific terms of the trust and is revalued at the end of each fiscal year.

12. OBLIGATIONS UNDER CAPITAL LEASES

During the years ended June 30, 2012 and 2011, the College leased equipment under agreements that meet the criteria for capital lease treatment. The cost of the equipment under these capital leases totaled $1,675,480 and $1,138,008 and is included in the consolidated statements of financial position as part of land, buildings and equipment at June 30, 2012 and 2011, respectively. Accumulated depreciation of the equipment was $628,646 and $183,571 at June 30, 2012 and 2011, respectively. Amortization of assets under the capital leases is included within depreciation expense.

The future minimum lease payments required under these capital leases and the present value of the net minimum lease payments as of June 30, 2012, are as follows:

Fiscal year ending June 30,	Amount
2013	$ 536,571
2014	536,571
2015	289,199
2016	37,113
Total future minimum lease payments	1,399,454
Less: amount representing interest	(242,351)
Present value of net minimum lease payments	$ 1,157,103

13. LONG-TERM DEBT

Long-term debt consisted of the following at June 30, 2012 and 2011:

June 30, 2012	Maturity Date	Interest Rate*	Total	
Dutchess County Industrial Development Agency:				
Series 1998-A Variable Rate Demand Bonds	July 1, 2028	0.19%/0.14%	$ 7,150,000	A
Series 1999-A Variable Rate Demand Bonds	July 1, 2028	0.19%/0.14%	10,850,000	B
Series 2000-A Variable Rate Demand Bonds	July 1, 2031	0.16%/0.13%	15,970,000	C
Series 2003-A Refunding Bonds	July 1, 2022	4.86 %	-	D
Series 2005-A Variable Rate Demand Bonds	July 1, 2035	0.19%/0.14%	17,550,000	E
Series 2008-A Variable Rate Demand Bonds	July 1, 2038	0.16%/0.11%	18,820,000	F
Dutchess County Local Development Corp.				
Series 2012-A Refunding Bonds	July 1, 2021	4.00 %	15,330,510	G
Note Payable — Marist Brothers	June 1, 2013	8.00 %	23,147	H
Total long-term debt			$ 85,693,657	

June 30, 2011	Maturity Date	Interest Rate*	Total	
Dutchess County Industrial Development Agency:				
Series 1998-A Variable Rate Demand Bonds	July 1, 2028	0.09%/0.25%	$ 7,450,000	A
Series 1999-A Variable Rate Demand Bonds	July 1, 2028	0.09%/0.25%	11,280,000	B
Series 2000-A Variable Rate Demand Bonds	July 1, 2031	0.08%/0.24%	16,455,000	C
Series 2003-A Refunding Bonds	July 1, 2022	4.86 %	19,899,992	D
Series 2005-A Variable Rate Demand Bonds	July 1, 2035	0.09%/0.25%	18,000,000	E
Series 2008-A Variable Rate Demand Bonds	July 1, 2038	0.09%/0.25%	19,225,000	F
Note Payable — Marist Brothers	June 1, 2013	8.00 %	44,581	H
Total long-term debt			$ 92,354,573	

*The variable interest rate is the interest rate which, in the best judgment of the remarketing agent, is the lowest rate of interest which would permit the remarketing agent to sell such bonds in a secondary market at par plus accrued interest. Amounts shown represent the rate in effect as of June 30, 2012 and 2011 and the average rate for the twelve months then ended.

A. *Series 1998-A*

On August 12, 1998, the College entered into an agreement with the Dutchess County Industrial Development Agency (“IDA”) and BNY Capital Markets to issue variable rate demand civic facility revenue bonds in the amount of $10,500,000. Proceeds were used to finance construction of student housing on West Cedar Street in Poughkeepsie, New York. Interest is payable semiannually based upon a variable rate not to exceed 12% per annum, which is adjusted weekly. Principal payments will be made annually through July 1, 2028 based upon a predetermined schedule. The initial principal payment was $190,000 and gradually increases to $610,000 in the final year. The collateral on the bonds is a mortgage on the Lower West Cedar Townhouses as well as all related furniture, fixtures and equipment. A letter of credit issued by JP Morgan Chase provides a liquidity facility for the bonds that expires in June 2013.

B. *Series 1999-A*

On January 7, 1999, the College entered into an agreement with the Dutchess County IDA and BNY Capital Markets to issue variable rate demand bonds in the amount of $15,000,000. Proceeds were used to finance construction of the College library and the humanities building. Interest is payable semiannually based upon a variable rate not to exceed 12% per annum, which is adjusted weekly. Principal payments will be made annually through July 1, 2028 based upon a predetermined schedule. The initial principal payment was $270,000 and gradually increases to $870,000 in the final year. The collateral on the bonds is a mortgage on the Cannavino Library and Fontaine Hall, as well as all related furniture, fixtures and equipment. A letter of credit issued by JP Morgan Chase provides a liquidity facility for the bonds that expires in June 2013.

C. *Series 2000-A*

On November 1, 2000, the College entered into an agreement with the Dutchess County IDA and BNY Capital Markets to issue variable rate demand bonds in the amount of $20,000,000. Proceeds were used to finance construction of additional student townhouses on West Cedar Street in Poughkeepsie, New York and to make renovations to three existing dormitories. Interest is payable monthly based upon a variable rate not to exceed 12% per annum, which is adjusted weekly. Principal payments will be made annually through July 1, 2031 based upon a predetermined schedule. The initial principal payment was $330,000 and gradually increases to $1,175,000 in the final year. The collateral on the bonds is a mortgage on the Upper West Cedar Townhouses, Leo Hall, Sheahan Hall, Champagnat Hall, as well as all related furniture, fixtures and equipment. A letter of credit issued by TD Bank provides a liquidity facility for the bonds that expires in March 2015.

D. Series 2003-A

On March 3, 2003, the College entered into an agreement with the Dutchess County IDA and BNY Capital Markets to issue variable rate demand bonds in the amount of $37,080,000. Proceeds were used to refund Series 1990 and 1992 bonds issued by the Dormitory Authority of the State of New York. Interest was payable semiannually based upon predetermined interest rates starting at 3.8% in the initial year, increasing to 5.15% in 2017, and dropping back down to 5% from 2020 to 2022. Principal payments were to be made annually through July 1, 2012 based upon a predetermined schedule ranging from $1,855,000 to $6,205,000. The collateral on the bonds was a mortgage on the Dyson Center, the Lowell Thomas Communications Center, the Midrise and Student Center, and all related furniture, fixtures and equipment. The College was required to maintain a Debt Service Reserve Fund of $3,468,215. Funds held by BNY Capital Markets totaled $4,008,143 as of June 30, 2011. On May 17, 2012, the College issued additional debt to redeem the Series 2003-A bonds (see G below).

E. Series 2005-A

On March 22, 2005, the College entered into an agreement with the Dutchess County IDA and BNY Capital Markets to issue variable rate demand bonds in the amount of $20,000,000. Proceeds were used to finance construction of additional student townhouses, parking and a pedestrian walkway on Fulton Street in Poughkeepsie, New York. Interest is payable monthly based upon a variable rate not to exceed 12% per annum, which is adjusted weekly. Principal payments will be made annually through July 1, 2035 based upon a predetermined schedule. The initial principal payment was $370,000 and gradually increases to $1,085,000 in the final year. The collateral on the bonds is a mortgage on the Upper Fulton Townhouses, 6 Terminal Road Parking Lot, as well as all related furniture, fixtures and equipment. A letter of credit issued by JP Morgan Chase provides a liquidity facility for the bonds that expires in June 2013.

F. Series 2008-A

On January 1, 2008, the College entered into an agreement with the Dutchess County IDA and Morgan Stanley & Company to issue variable rate demand bonds in the amount of $20,000,000. Proceeds were used to finance construction of additional student townhouses, parking lots and roadways on Fulton Street in Poughkeepsie, New York. Interest is payable monthly based upon a variable rate not to exceed 12% per annum, which is adjusted weekly. Principal payments will be made annually through July 1, 2038 based upon a predetermined schedule. The initial principal payment was $380,000 and gradually increases to $1,065,000 in the final year. The bonds have a springing lien on Lower Fulton Townhouses, as well as all related furniture, fixtures and equipment. A letter of credit issued by TD Bank provides a liquidity facility for the bonds that expires in January 2015.

G. Series 2012-A

On May 17, 2012, the College entered into an agreement with the Dutchess County Local Development Corporation and RBC Capital Markets to issue fixed rate serial bonds in the par amount of $13,420,000. The College also recorded a premium amount on the bond of $1,995,962. Proceeds were used to refund the

Series 2003 bonds issued by the Dutchess County Industrial Development Agency. Accordingly, the College recognized a loss on the accompanying 2012 consolidated statement of activities for this refinancing. The Series 2003 bonds were issued to refund the Series 1990 and 1992 bonds issued by the Dormitory Authority of the State of New York. Interest is payable semiannually based on predetermined interest rates starting at 4.0% in the initial year and increasing to 5.0% in 2017. Principal payments will be made annually through July 1, 2021 based upon a predetermined schedule ranging from $850,000 to $2,070,000. There is no collateral on the bonds. Debt covenants include a debt service coverage ratio of at least 1.0.

H. Note Payable -Marist Brothers

A note payable to the Marist Brothers is related to the original purchase of the assets of Marist College by the Marist College Corporation. Payments are due in equal annual installments of $25,000 including interest at 8%. The final payment is due during the fiscal year ending June 30, 2013. The note is an unsecured obligation of the College.

At June 30, 2012 and 2011, interest expense related to long-term debt was $1,486,139 and $1,629,709, respectively.

The letters of credit issued by JP Morgan Chase and TD Bank require the College to meet certain financial and reporting covenants. The College is in compliance, or has obtained waivers to all required loan covenants at June 30, 2012 and 2011. The College's debt rating (as affirmed by Moody's in April 2012) as of June 30, 2012 and 2011 was A2 with a stable outlook.

Based on current rates and credit qualities, the fair value of long-term debt approximates carrying amounts.

At June 30, 2012, aggregate principal maturities of long-term debt for each of the next five years and thereafter are as follows:

Fiscal year ending:	
2013	$ 2,492,021
2014	2,548,874
2015	3,475,572
2016	4,261,157
2017	4,395,726
Thereafter	68,520,307
Total	$ 85,693,657

14. INTEREST RATE SWAP OBLIGATION

The College is a party to an interest rate swap agreement with a Counterparty. The swap agreement is in place for the variable rate debt of the series 1998, 1999, 2000 and 2005 bond issues with a notional principal amount of $51,520,000 and $53,185,000 at June 30, 2012 and 2011, respectively. The swap agreement matures on July 1, 2035. Under the terms of the agreement, the College will continue to pay the bondholders interest at variable rates. The Counterparty will reimburse the College a variable interest rate at 68% of LIBOR (0.3173% and 0.1690% at June 30, 2012 and 2011, respectively) while the College is obligated to pay the Counterparty a fixed rate of 3.42%.

The fair value of this obligation as of June 30, 2012 and 2011 totals $10,656,908 and $5,355,956 and is categorized as Level 2 within the fair value hierarchy. The change in the fair value of this obligation totals $(5,300,952) and $1,224,261 during the years ended June 30, 2012 and 2011, respectively, and is included in the accompanying consolidated statements of activities as change in fair value of interest rate swap obligation.

Additional interest paid by the College related to the swap agreement amounted to approximately $1,613,109 and $1,704,522 during the years ended June 30, 2012 and 2011, respectively.

The swap agreement contains provisions that require the College to meet certain financial covenants. The College was in compliance with these covenants at June 30, 2012 and 2011, respectively. Had the College not been in compliance, additional collateral of $9,693,894 and $5,355,956 would have been required to be deposited with the Counterparty.

15. POST-RETIREMENT HEALTH CARE BENEFITS

The College sponsors three defined benefit post-retirement plans which cover substantially all employees that attain either pre-defined ages and/or years of service, or retirement with a disability benefit. The College offers a medical benefits plan, a dental benefits plan and a life insurance benefits plan. Under the medical plan, eligible retirees have a choice of one indemnity plan and one PPO. Both the indemnity plan and the PPO plan are contributory with retiree contributions adjusted annually. For all active and new employees, only the PPO plan is available. Effective July 1, 2012, the College’s Board of Trustees froze the postretirement plan and it is now closed to new participants.

The following table provides a reconciliation of the changes in the Plans’ benefit obligations and fair value of assets for the years ended June 30, 2012 and 2011:

	2012	2011
Reconciliation of benefit obligation:		
Obligation at beginning of year	$ 26,069,462	$ 20,963,566
Service cost, including expenses	34,740	1,172,963
Interest cost	387,987	1,402,546
Plan participants' contributions	178,549	-
Amendments	(9,467,983)	-
Actuarial (gain) loss	(7,919,119)	3,224,225
Benefits payments and expected expenses	(771,435)	(742,430)
Medicare Part D reimbursements	65,133	48,592
Obligation at end of year	8,577,334	26,069,462
Reconciliation of fair value of plan assets:		
Fair value of plan assets at beginning of year	$ -	$ -
Employer contributions	527,753	693,838
Plan participants' contributions	178,549	-
Benefit payments and actual expenses	(771,435)	(742,430)
Medicare Part D reimbursements	65,133	48,592
Fair value of plan assets at end of year	-	-
Unfunded status at end of year	$ 8,577,334	$ 26,069,462

The effect of a one-percentage-point increase/decrease in the assumed health care cost trend rates for each future year on the accumulated post-retirement benefit obligation for health care benefits and the aggregate on the service and interest cost components of net periodic postretirement health care benefit cost are shown below:

	Accumulated Post-retirement Benefit Obligation	Service Cost Plus Interest Cost
At trend	$ 8,577,334	$ 422,727
At trend + 1%	11,871,028	580,751
Dollar impact	3,293,694	158,024
Percentage impact	38.40 %	37.38 %
At trend - 1%	5,917,852	295,131
Dollar impact	(2,659,482)	(127,596)
Percentage impact	(31.01)%	(30.18)%

The amounts recognized in unrestricted net assets on the consolidated statements of financial position at June 30, 2012 and 2011, consisted of:

	2012	2011
Prior service cost	$ (7,835,294)	$ (700,826)
Actuarial gain (loss)	4,450,882	(12,498,789)
Transition obligation	-	(471,905)
Total	$ (3,384,412)	$ (13,671,520)

Components of net periodic cost and other amounts recognized in unrestricted net assets on the consolidated statements of activities for the years ended June 30, 2012 and 2011 consisted of the following:

	2012	2011
Net periodic benefit cost:		
Service cost	$ 34,740	$ 1,172,963
Interest cost	387,987	1,402,546
Amortization of transition obligation	-	117,978
Amortization of prior service cost	(459,958)	120,715
Amortization of net loss	128,788	737,063
Net periodic benefit cost	$ 91,557	$ 3,551,265

Other amounts recognized in unrestricted net assets for the years ended June 30, 2012 and 2011 were as follows:

	2012	2011
Prior service cost (credit)	$ (9,467,983)	$ -
Net (gain) loss	(7,919,119)	3,224,225
Amortization of transition obligation	-	(117,978)
Amortization of prior service cost	459,958	(120,715)
Amortization of net loss	(128,788)	(737,063)
Total other amounts recognized in unrestricted net assets	$ (17,055,932)	$ 2,248,469

During fiscal 2012, the College determined, in conjunction with its new actuaries, that certain changes to the College's Postretirement Medical Plan, approved by the College's Board of Trustees effective July 1, 1999, were never incorporated into the actuarial valuations performed by the College's former actuaries from fiscal 2000 through 2011. On July 1, 1999, the College approved a $600,000 annual cap on out-of-pocket expenses to limit the College's exposure to the increasing costs of post-retirement benefits. This change resulted in a reduction in the benefit obligation of ($9,467,983) as of June 30, 2012 which will be amortized over the average future service period of active employees' or over the remaining lifetime if the plan primarily covers inactive participants. To that end, prior existing positive prior service costs of $767,207 and existing transition obligations of $471,905 were eliminated and the remaining unamortized prior service cost/(credit) was increased by ($8,228,871) as of June 30, 2012. This credit will be amortized through the annual expense over the average remaining service period until retirement of participants.

The estimated transition obligation, prior service cost, and net loss for the Plan that will be recognized as components of net periodic benefit cost for the year ending June 30, 2013 are $0, $459,958, and $128,788, respectively.

For measurement purposes, all items have been calculated as of June 30, 2012. The annual rate of increase in the Pre-65 medical per capita cost of covered health care benefits was assumed to be 8.5% for the fiscal year June 30, 2013. The Pre-65 medical costs trend rate is assumed to decline gradually over the next 8 years to an ultimate trend rate of 5.0% in 2020. The annual rate of increase in the Post-65 medical per capita cost of covered health care benefits was assumed to be 6.75% for the fiscal year ending June 30, 2013. The Post-65 medical costs trend rate is assumed to decline gradually over the next 7 years to an ultimate trend rate of 5.0% in 2020. The annual rate of increase in the prescription drug per capita cost of covered health care benefits was assumed to be 8.0% for the fiscal year ending June 30, 2013. The prescription drug costs trend rate is assumed to decline gradually over the next 8 years to an ultimate trend rate of 5.0% in 2020. The College will split with the employees any future increases from July 1, 1999 levels. The weighted average of the assumed discount rate used to measure the accumulated post-retirement benefit obligation is 3.87%. The assumed long-term rate of return on plan assets is not applicable, since there are no plan assets.

The following schedule summarizes the benefits to be paid by the Plan in each of the next five years along with the aggregate to be paid for the five years thereafter:

Fiscal year ending June 30th	Net Benefits
2013	$ 656,401
2014	669,701
2015	661,853
2016	647,229
2017	386,265
2018 through 2022	2,199,170
Total	$ 5,220,619

The College's post-retirement benefit plan prescription drug coverage is at least actuarially equivalent to the new Medicare coverage. The disclosure reflects, as of June 30, 2012, the subsidy payments from Medicare that commenced in 2007. The value of the subsidy is reflected as an actuarial gain and reduces the Plan's accumulated post-retirement benefit obligation, service cost and the net periodic post-retirement benefit cost.

16. FAIR VALUE MEASUREMENTS

Assets and liabilities measured at fair value on a recurring basis at June 30, 2012 were as follows:

	Fair Value	Level 1	Level 2	Level 3
ASSETS				
Short-term investments:				
Fixed income securities	$ 17,894,765	$ 17,894,765	$ -	$ -
Assets held in charitable remainder trusts:				
Cash equivalents	962,435	-	962,435	-
Endowments and other investible funds:				
Fixed income securities	29,228,471	29,228,471	-	-
Domestic equity securities	64,791,165	64,791,165	-	-
International equity securities	31,748,725	18,895,629	12,853,096	-
Global real estate funds	6,359,118	6,359,118	-	-
Hedge funds	10,637,947	-	5,197,746	5,440,201
Total pooled investments	142,765,426	119,274,383	18,050,842	5,440,201
Other investments:				
Cash equivalents	12,527	12,527	-	-
Domestic equity securities	98,198	98,198	-	-
Investment in TIAA-CREF annuities and mutual funds	142,122	-	142,122	-
Total assets	$ 161,875,473	$ 137,279,873	$ 19,155,399	$ 5,440,201
LIABILITIES				
Interest rate swap obligation	$ 10,656,908	$ -	$ 10,656,908	$ -

Assets and liabilities measured at fair value on a recurring basis at June 30, 2011 were as follows:

	Fair Value	Level 1	Level 2	Level 3
ASSETS				
Short-term investments:				
Fixed income securities	$ 12,636,821	$ 12,636,821	$ -	$ -
Assets held in charitable remainder trusts:				
Cash equivalents	962,210	-	962,210	-
Endowments and other investible funds:				
Fixed income securities	28,525,943	28,525,943	-	-
Domestic equity securities	60,848,389	60,848,389	-	-
International equity securities	36,530,202	21,410,699	15,119,503	-
Global real estate funds	6,398,505	6,398,505	-	-
Hedge funds	10,877,734	-	5,424,804	5,452,930
Total pooled investments	143,180,773	117,183,536	20,544,307	5,452,930
Other investments:				
Domestic equity securities	98,083	98,083	-	-
Investment in TIAA-CREF annuities and mutual funds	1,742,684	-	1,742,684	-
Total assets	$ 158,620,571	$ 129,918,440	$ 23,249,201	$ 5,452,930
LIABILITIES				
Interest rate swap obligation	$ 5,355,956	$ -	$ 5,355,956	$ -

Fair values of financial instruments measured using Level 3 inputs at June 30, 2012 and 2011 were as follows:

	2012	2011
Fair value, beginning of year	$ 5,452,930	$ 10,021,968
Transfers to level 2	-	(4,946,228)
Investment management fees	(67,363)	(67,369)
Unrealized gains	54,634	444,559
Fair value, end of year	$ 5,440,201	$ 5,452,930

During the year ended June 30, 2011, the College transferred $4,946,228 from Level 3 to Level 2 due to the expiration of lock-up periods and liquidity changes at June 30, 2011 for the Archstone Offshore Fund. No such transfers occurred during fiscal 2012.

The College uses the Net Asset Value per share or its equivalent ("NAV") to determine the fair value of all the underlying investments which (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. The following table lists investments by major category as of June 30, 2012 and 2011:

2012

Fund Strategy	Number of Funds	NAV	Remaining Life	$ Amount of Unfunded Commitments	Timing to Draw Down Commitments	Notice Required	Lockup and Redemption Terms
Multi-Strategy Hedge Fund of Funds	2	$ 10,637,947	N/A	None	N/A	90 - 95 days	1 fund with 90 day liquidity, 1 fund with 180 day liquidity after 90 - 95 days notice
International Equity - Value	1	$ 12,853,096	N/A	None	N/A	30 days	Monthly liquidity

2011							
Fund Strategy	Number of Funds	NAV	Remaining Life	$ Amount of Unfunded Commitments	Timing to Draw Down Commitments	Notice Required	Lockup and Redemption Terms
Multi-Strategy Hedge Fund of Funds	2	$ 10,877,734	N/A	None	N/A	90 - 95 days	1 fund with 90 day liquidity, 1 fund with 180 day liquidity after 90 - 95 days notice
International Equity - Value	1	$ 15,119,503	N/A	None	N/A	30 days	Monthly liquidity

All net unrealized gains (losses) in the table above are reflected in net realized and unrealized gains (losses) in the accompanying consolidated statements of activities.

17. NET ASSETS

Net assets consisted of the following at June 30, 2012 and 2011:

	2012	2011
Unrestricted net assets:		
For general operations	$ 156,987,219	$ 74,266,870
Designated for quasi-endowment	6,998,606	7,349,671
Net investment in plant	109,005,594	165,753,176
	272,991,419	247,369,717
Temporarily restricted net assets:		
Instruction, research and divisional support	4,808,854	3,045,839
Building and construction activities	18,043,703	21,796,316
Scholarships and endowment	10,841,879	12,310,961
	33,694,436	37,153,116
Permanently restricted net assets:		
Endowment funds	25,048,359	24,793,824
Total net assets	$ 331,734,214	$ 309,316,657

18. ENDOWMENT

The College's endowment consists of both donor-restricted endowment funds established for a variety of purposes and funds designated by the Board of Trustees to function as quasi-endowments. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

On September 17, 2010, New York State passed the New York State Prudent Management of Institutional Funds Act ("NYPMIFA"), its version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). All not-for-profit organizations formed in New York must apply this law. The College classifies donor-restricted endowment funds as permanently restricted net assets, unless otherwise stipulated by the donor as follows: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the funds.

From time to time, the fair value of assets associated with an individual donor-restricted endowment fund may fall below the fund's historic dollar value. Under NYPMIFA, the College may spend below the historical dollar value of its endowment funds, if determined to be prudent, unless specific donors have stipulated to the contrary. The College has received instructions from donors, who have contributed $285,331 and $253,908 in permanently restricted contributions (with a fair value of $320,367 and $302,613 as of June 30, 2012 and 2011), for which the College must maintain the historical dollar value of these funds. At June 30, 2012 and 2011, the College had not spent below the historical dollar value of its endowments.

The investment objectives for the College's endowment are to preserve the principal value of those funds, in both absolute as well as real terms, and to maximize, over the long-term, the total rate of return earned without assuming an unreasonable degree of risk. In connection with these investment objectives, the Board of Trustees has adopted a spending policy. The amount available for spending is determined annually by applying a rate of 5% to the average fair value of the endowment for the preceding three fiscal years.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until such amounts are appropriated for expenditure by the College's Board of Trustees in a manner consistent with the standard of prudence prescribed by NYPMIFA. In accordance with NYPMIFA, the College considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the College and its donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the College
(7) The investment policies of the College and
(8) Where appropriate, alternatives to spending from the donor-restricted endowment fund and the possible effects on the College.

The tables which follow present information with respect to the College's endowment, inclusive of pledges, as of June 30, 2012:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 10,841,879	$ 25,048,359	$ 35,890,238
Board-designated endowment funds	6,998,606	-	-	6,998,606
Total endowment net assets	$ 6,998,606	$ 10,841,879	$ 25,048,359	$ 42,888,844

The tables which follow present information with respect to the College's endowment, inclusive of pledges, as of June 30, 2011:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 12,310,961	$ 24,793,824	$ 37,104,785
Board-designated endowment funds	7,349,671	-	-	7,349,671
Total endowment net assets	$ 7,349,671	$ 12,310,961	$ 24,793,824	$ 44,454,456

Changes in endowment net assets for the year ended June 30, 2012 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 7,349,671	$ 12,310,961	$ 24,793,824	$ 44,454,456
Dividends and interest	78,982	384,723	328	464,033
Net realized and unrealized depreciation on investments	(413,847)	(1,512,277)	-	(1,926,124)
Contributions	70,500	-	501,932	572,432
Transfers within net asset categories	(78,000)	45,251	(247,725)	(280,474)
Awards made	(8,700)	(386,779)	-	(395,479)
Endowment net assets, end of year	$ 6,998,606	$ 10,841,879	$ 25,048,359	$ 42,888,844

Changes in endowment net assets for the year ended June 30, 2011 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 6,342,085	$ 8,776,294	$ 24,040,751	$ 39,159,130
Dividends and interest	58,264	270,697	255	329,216
Net realized and unrealized appreciation on investments	933,060	3,658,945	-	4,592,005
Contributions	24,362	-	752,818	777,180
Awards made	(8,100)	(394,975)	-	(403,075)
Endowment net assets, end of year	$ 7,349,671	$ 12,310,961	$ 24,793,824	$ 44,454,456

19. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from donor restrictions due to the passage of time and/or satisfying the restricted purposes specified by the donors are as follows:

	2012	2011
Capital projects - Hancock Center	$ 2,011,545	$ -
Scholarships	448,127	394,975
Instruction, research and divisional support	426,679	628,515
Total	$ 2,886,351	$ 1,023,490

20. DEVELOPMENT EXPENSES

The College incurred expenses amounting to $1,207,523 and $1,025,165 related to development and fundraising for the years ended June 30, 2012 and 2011, respectively. Such amounts are included in institutional support on the accompanying consolidated statements of activities.

21. SELF-INSURED MEDICAL BENEFITS

The College has a self-insured hospitalization and medical coverage program for its employees. The College is limiting its losses through the use of stop-loss policies through reinsurers. Specific individual family losses for claims are limited to $150,000 per plan year. The College's aggregate annual loss limitation for the plan years ended March 31, 2012 and 2011 was $9,321,792 and $9,738,599. The amount reserved for these items at June 30, 2012 and 2011 totals $974,597 and $1,219,526, and is included in accounts payable and accrued liabilities in the accompanying consolidated statements of financial position.

Management believes they have adequately provided for all claims incurred in the accompanying consolidated financial statements, however, since the accrued liability is based on estimates, the College's ultimate liability may exceed or be less than the amounts accrued. The methods of making such estimates and establishing the accrual are reviewed continually and any resulting adjustments are reflected in change in net assets for the current year.

22. RELATED PARTY TRANSACTIONS

Unconditional promises to give include approximately $1.6 million and $2.7 million due from board members and entities related to board members as of June 30, 2012 and 2011, respectively.

23. COMMITMENTS

The College is subject to various litigation incidental to its business activities. Management and its counsel believe that existing insurance policies are sufficient and that pending litigation will not have a material adverse effect on the College's financial position, operations and cash flows.

The College is a member of the New York College & University Risk Management Group Trust. The Trust was created for the purpose of providing and securing workers compensation insurance for its members. There is a statutory requirement that each member be jointly and severally liable with all other members for the compensation and medical liability accruing during its participation in the Group Trust. Such liability shall survive the member's termination from the Group or active participation in the Program. As of June 30, 2012 and 2011, the College believes there is no exposure for future liabilities.

The College leases space in Fishkill, New York in conjunction with its School of Global and Professional Programs under a non-cancellable operating lease agreement. The agreement also requires the College to pay for its share of utilities, real estate taxes, insurance and property management fees, as well as the operation of common areas. The Fishkill lease expires in April 2015.

The College has three separate leases for residential and classroom space in Florence, Italy for its international program. The agreements also require the College to pay for its share of utilities and registration fees. Leases expire in May 2013, May 2015 and December 2015.

Additionally, the College leases automobiles, copier equipment, and other equipment under operating leases with terms ranging from three to five years.

In addition to the benefits described in Note 10 above, the College has employment agreements in place that extend through fiscal 2016.

The minimum future lease commitments under the above operating leases and other contractual commitments are as follows:

Fiscal year ending:	
2013	$ 1,939,009
2014	5,797,335
2015	1,613,519
2016	494,103
2017	1,512
Total	$ 9,845,478

Rental expense for the years ended June 30, 2012 and 2011 amounted to $946,498 and $900,831, respectively.