

# JUNIATA COLLEGE



Huntingdon, Pennsylvania



# Audit Report

FOR FISCAL YEAR ENDED MAY 31, 2011

YOUNG, OAKES, BROWN & COMPANY, P.C.

Certified Public Accountants  
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Young, Oakes, Brown & Company, P.C.  
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Juniata College  
Huntingdon, PA 16652

We have audited the accompanying statement of financial position of Juniata College (a nonprofit organization) as of May 31, 2011, and the related statements of activities and cash flows for the year 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 audit. The prior year summarized comparative information has been derived from Juniata College's financial statements and, in our report dated August 27, 2010, we expressed an unqualified opinion on those financial statements.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Juniata College as of May 31, 2011, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 2011, on our consideration of Juniata College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Young, Oakes, Brown & Company, P.C.*

August 24, 2011

Juniata College  
Statement of Financial Position  
As of May 31, 2011 and 2010

	2011	2010
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 11,128,007	\$ 10,675,028
Short-Term Investments	-	8,022
Accounts Receivable	996,641	1,748,277
Loans Receivable-Students	2,648,593	2,736,192
Pledges Receivable	2,731,400	3,414,559
Accrued Interest Receivable	66,907	99,660
Inventories	312,089	305,205
Prepaid Expenses	1,039,916	544,828
Long-Term Investments	77,917,383	63,700,246
Real Estate Investments	3,011,827	3,011,625
Cash Value Life Insurance	230,749	182,417
Non Depreciable Assets/Collectibles	1,596,482	1,543,382
Land, Buildings & Equipment (Less Accumulated Depreciation)	69,288,824	71,324,483
<b>TOTAL ASSETS</b>	<b>\$ 170,968,818</b>	<b>\$ 159,293,924</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b><u>Liabilities</u></b>		
Accounts Payable and Accrued Expenses	\$ 1,628,593	\$ 1,510,323
Accrued Wages, Salaries and Fringes	8,933,789	6,245,168
Student Deposits	456,081	439,386
Deferred Summer School and Conference Income	509,933	593,387
Deferred Grant Revenue	316,667	111,309
Annuity and Contracts Payable	2,886,460	3,609,293
Amounts Held on Behalf of Others	160,050	107,353
Advances from Federal Government	1,395,213	1,418,673
Interest Rate Swap Agreement Liability	-	517,771
Bonds and Notes Payable	36,272,351	35,813,292
Grants Refundable	115,340	115,340
<b>Total Liabilities</b>	<b>\$ 52,674,477</b>	<b>\$ 50,481,295</b>
<b><u>Net Assets</u></b>		
Unrestricted	\$ 42,326,183	\$ 41,930,669
Temporarily Restricted	20,049,178	14,656,025
Permanently Restricted	55,918,980	52,225,935
<b>Total Net Assets</b>	<b>\$ 118,294,341</b>	<b>\$ 108,812,629</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 170,968,818</b>	<b>\$ 159,293,924</b>

See accompanying notes and independent auditor's report.

Juniata College  
Statement of Activities  
For the Years Ended May 31, 2011 and 2010

	2011			Total	2010 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		
<b>Operating Revenues and gains:</b>					
Tuition and fees	\$ 49,308,674			\$ 49,308,674	\$ 45,711,653
Scholarship & grant allowances					
Unfunded scholarships & grants	(22,560,558)			(22,560,558)	(19,743,894)
Funded scholarships & grants		(1,062,207)		(1,062,207)	(1,321,830)
Net Tuition and fees	\$ 26,748,116	\$ (1,062,207)	\$ -	\$ 25,685,909	\$ 24,645,929
Investment income	\$ 619,954	\$ 185,529	\$ 1,515,425	\$ 2,320,908	\$ 1,543,273
Gifts	1,599,435	1,173,388	2,712,052	5,484,875	(3,151,566)
Adjusted remainder interest on life income contracts		3,303	71,890	75,193	5,702
Student loan income			7,957	7,957	17,639
Allocated endowment income	686,089	2,572,286	18,427	3,276,802	3,254,438
Realized gains (losses) on investments	761,526	2,206,023	728,758	3,696,307	2,496,182
Unrealized gains (losses) on investments	2,080,046	6,196,078	525,205	8,801,329	4,986,567
Sales and services of educational activities	445,943			445,943	421,549
Contracts, grants and other exchange transactions	35,545	1,119,251		1,154,796	2,115,434
Other income	630,004	60,740		690,744	553,099
Auxiliary Services	9,958,787			9,958,787	9,523,364
Total operating revenue and gains	\$ 43,565,445	\$ 12,454,391	\$ 5,579,714	\$ 61,599,550	\$ 46,411,610
Net assets released from restrictions - operations	8,915,280	(7,028,611)	(1,886,669)	(0)	
Total operating revenues, gains and other support	\$ 52,480,725	\$ 5,425,780	\$ 3,693,045	\$ 61,599,550	\$ 46,411,610
<b>Expenses and losses:</b>					
Educational and general:					
General Instruction	\$ 14,378,321			\$ 14,378,321	\$ 14,279,060
Payments on contracts and other exchange transactions	2,024,326			2,024,326	2,416,558
Academic Support Services	5,899,925			5,899,925	5,270,534
Student Services	8,122,889			8,122,889	7,583,510
Institutional Support					
General and Administration	7,367,649	-		7,367,649	6,471,028
Fund Raising	1,433,555			1,433,555	1,341,598
Auxiliary Services	7,155,551	-		7,155,551	7,084,232
Endowment spending	3,263,048			3,263,048	477,650
Payments to beneficiaries of life income contracts				-	389,994
Total operating expenses	\$ 49,645,264	\$ -	\$ -	\$ 49,645,264	\$ 45,314,164
<b>Change in Net Assets from Operating Activities</b>	<b>\$ 2,835,461</b>	<b>\$ 5,425,780</b>	<b>\$ 3,693,045</b>	<b>\$ 11,954,286</b>	<b>\$ 1,097,446</b>
<b>Nonoperating Activities</b>					
Endowment spending		\$ 32,627		\$ 32,627	\$ 2,715,440
Change in fair value of interest rate swap agreement	-			-	(446,755)
Other expenses				-	404,992
Total Nonoperating expenses	-	\$ 32,627	-	\$ 32,627	\$ 2,673,677
<b>Change in Net Assets</b>	<b>\$ 2,835,461</b>	<b>\$ 5,393,153</b>	<b>\$ 3,693,045</b>	<b>\$ 11,921,659</b>	<b>\$ (1,576,231)</b>
Net assets, beginning of year	\$ 41,930,669	\$ 14,656,025	\$ 52,225,935	\$ 108,812,629	\$ 110,388,860
Prior Period Adjustments - See Note	(2,439,947)			(2,439,947)	
<b>Net assets, end of year</b>	<b>\$ 42,326,183</b>	<b>\$ 20,049,178</b>	<b>\$ 55,918,980</b>	<b>\$ 118,294,341</b>	<b>\$ 108,812,629</b>

See accompanying notes and independent auditor's report.

Juniata College  
Statement of Cash Flows  
for the Years ended May 31, 2011 and 2010

	May 31, 2011	May 31, 2010
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets	<b>\$ 11,921,659</b>	<b>\$ (1,576,231)</b>
<b>Adjustments to Reconcile Change in Net Assets to Net Cash</b>		
Provided by Operating Activities:		
Depreciation	\$ 3,205,009	\$ 3,080,561
Net Realized & Unrealized (Gains)Losses on Investments	(12,497,636)	(7,482,749)
Pledge Writeoff		7,437,264
	<b>\$ (9,292,626)</b>	<b>\$ 3,035,076</b>
<b>Change in Assets and Liabilities</b>		
Accounts Receivable	\$ 751,636	\$ (512,268)
Notes Receivable	87,599	(350,671)
Pledge Receivable	683,159	2,874,182
Accrued Interest Receivable	32,753	(104,941)
Inventories	(6,884)	30,322
Prepaid Expenses and Other Assets	(495,088)	261,312
Cash Value of Life Insurance	(48,332)	(17,533)
Accounts Payable & Accrued Expense	(121,592)	(502,220)
Grants Administered	-	52,597
Student Deposits	16,695	40,881
Deferred Income	121,904	(9,484)
	<b>\$ 1,021,851</b>	<b>\$ 1,762,177</b>
<b>Total Adjustment</b>	<b>\$ 1,021,851</b>	<b>\$ 1,762,177</b>
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 3,650,884</b>	<b>\$ 3,221,022</b>
<b>Cash Flows for Investing Activities</b>		
Acquisition of Investments	\$ (73,309,400)	\$ (72,599,964)
Proceeds from Sales of Investments	71,589,899	66,587,862
Acquisition of Property & Equipment	(1,222,652)	(3,518,021)
	<b>\$ (2,942,153)</b>	<b>\$ (9,530,123)</b>
<b>Net Cash Used in Investing Activities</b>	<b>\$ (2,942,153)</b>	<b>\$ (9,530,123)</b>
<b>Cash Flows from Financing Activities</b>		
New Borrowings	\$ 24,060,000	\$ 475,166
Principal Paid on Long-Term Indebtedness	(23,600,941)	(1,655,000)
Repayment of Annuity Contracts	(722,833)	(276,356)
	<b>\$ (263,774)</b>	<b>\$ (1,456,190)</b>
<b>Net Cash (Used) Provided from Financing Activities</b>	<b>\$ (263,774)</b>	<b>\$ (1,456,190)</b>
<b>Net Increase (Decrease) in Cash</b>	<b>\$ 444,957</b>	<b>\$ (7,765,291)</b>
<b>Cash and Cash Equivalents - June 1</b>	<b>10,683,050</b>	<b>18,448,341</b>
<b>Cash and Cash Equivalents - May 31</b>	<b>\$ 11,128,007</b>	<b>\$ 10,683,050</b>
<i>Cash Paid for Interest During the Year:</i>	<b>\$ 1,397,112</b>	<b>\$ 1,531,058</b>

**JUNIATA COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2011 and 2010**

Note 1: Summary of Significant Accounting Policies

The significant accounting policies followed by the College are described below to enhance the usefulness of the financial statements to the reader.

a. Nature of Operations

The College, which is a nonprofit educational institution organized under the laws of the Commonwealth of Pennsylvania, was established in 1876 to provide higher education to students. The primary revenue sources include tuition and fees from students.

b. Basis of Presentation

The College recognizes Financial Accounting Standard Board guidance for "Accounting for Contributions Received and Made," and "Financial Statements of Not-for-Profit Organizations." This guidance related to financial statement presentation establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into three net asset categories according to externally (donor) imposed restrictions. Guidance related to contributions received requires that unconditional promises to give (pledges) be recorded as receivables and revenues and requires the College to distinguish between contributions received for each net asset category in accordance with donor imposed restrictions. Expenses are reported as decreases in unrestricted net assets. A description of the three net asset categories follows:

Unrestricted – Net assets that are free of donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the board of trustees. Government grants which are restricted to various uses are reflected as unrestricted since these funds are received and spent during the same year.

Temporarily Restricted – Net assets whose use by the College is limited by donor-imposed stipulations that expire by the passage of time or that can be fulfilled or removed by actions of the College pursuant to these stipulations.

Permanently Restricted - Net assets whose use by the College is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the College. Generally, the donors of these assets permit the College to use all or part of the investment income on related investments for general or specific purposes. Such assets primarily include the Colleges permanent endowment fund.

c. Accrual Basis

The College's financial statements have been prepared on the accrual basis.

d. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

e. Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking and money market accounts with maturities of less than 90 days. At year end and during the year, the College's cash balances were

deposited in several banks. Management believes the College is not exposed to any significant credit risk on cash and cash equivalents.

f. Accounts Receivable

Accounts receivable consist primarily of student account and grant receivables. No interest is charged to these balances. These amounts, less an appropriate allowance, are recorded at their estimated fair value.

g. Pledges Receivable

These amounts, less an appropriate allowance, are recorded at their estimated fair value. Each year, new pledge commitments received in that year are discounted to fair value using the 2 ½ year Treasury bill rate applicable to each year end. As of May 31, 2011, the effective interest rate was 0.59%.

h. Inventories

Inventories are valued at cost, determined using a first-in, first-out basis. Inventories consist primarily of items used in operations and instruction.

i. Investments

Investments are stated at fair value. Real estate investments are stated primarily at cost. Securities not publicly traded are stated at cost which approximates market. The net realized and unrealized gains (losses) on investments are reflected in the Statement of Activities.

j. Property and Equipment

Property and equipment are stated at cost at date of acquisition or fair value at date of donation in the case of gifts.

Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis. Equipment purchased or received as a gift with an estimated useful life of less than five years is not capitalized. A summary of depreciable lives follows:

	<u>Years</u>	<u>Capitalization Thresholds</u>
Buildings, Residences, and Other Structures	40	\$10,000/ item
Land Improvements	20	\$5,000/item
Equipment	5 or 10	\$3,000/item

k. Fair Value of Financial Instruments

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The College measures its investments, certain spilt-interest agreements, and contributions receivable (at inception) at fair value in accordance with other accounting pronouncements. Additionally, the College discloses the fair value of its outstanding debt. The College's valuation methodologies for each of these items are described below.

There are three levels of inputs that may be used to measure fair value:

**Level 1:** Quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities that are traded in an active exchange market, as well as U.S. Treasury securities.

**Level 2:** Quoted prices for similar instruments in active markets, quoted prices for identical or similar instrument in markets that are not active and model-derived valuations whose inputs are observable or whose primary values are observable.



**Level 3:** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. This category generally includes certain private debt and equity funds and certain other alternative investments.

### **Investments**

#### **Cash and Money Market Funds**

Cash and money market funds are valued based on stated values.

#### **Mutual Funds**

Mutual funds including equity, fixed income, and international mutual funds are valued at the closing price of the traded fund at the balance sheet date. To the extent these mutual funds are actively traded, they are categorized in Level 1 of the fair value hierarchy.

#### **Equity Securities**

Securities traded on a national securities exchange are stated at the last reported sales price on the day of valuation. To the extent these securities are actively traded, they are categorized in Level 1 of the fair value hierarchy.

#### **Debt Securities**

U.S. government securities are generally valued at the closing price reported in the active market in which the individual security is traded.

Debt securities including corporate and international securities are valued at the closing price reported in the active market in which the bond is traded, if available and classified as Level 1 of the fair value hierarchy. If such information is not available, debt is valued based on yields currently available on comparable securities for issuers with similar credit ratings and classified in Level 2 of the fair value hierarchy.

#### **Alternative Investments**

Valuations for alternative investments including debt and equity funds, private partnerships, and other alternative investments are based on NAV provided by external investment managers or on audited financial statements when available. NAV provided by external investment managers are based on estimates, assumptions, and methods that are reviewed by management.

### **Debt**

The College's disclosure of the fair value of its debt in Note 8 is based on Level 2 inputs including quoted prices from similar maturities based upon the rating of the credit enhancement or that of the College for each series of bonds.

### **Pledges Receivable**

The College values pledges receivable at fair value on the date the gift is received using the present value of future cash flows as described in Note 3. Pledges receivable are not measured at fair value subsequent to this initial measurement.

### **Split-Interest Agreements**

Depending on the type of agreement, fair value measurements for split-interest agreements are made either at inception or on a recurring basis. Fair value of the residual gift is generally based on the present value of expected future cash flows including payments to beneficiaries and investment return, and inputs include the life expectancy of the donor and other beneficiaries as well as financial assumptions.

### **Other**

The postretirement benefits liability is carried at an amount determined by an external actuarial firm.

l. Endowment Spending Policy

The spending rate from the Endowment for current operations of the College shall be within the range of 3.5% and 6% of the 5-year moving average of the calendar year-end market values, subject to the limitations, if any, of Pennsylvania law. The Committee on Investments will review and determine the actual spending rate annually. For fiscal year 2010-11, spending was 5.0% of a 5-year moving average. For fiscal year 2011-12, spending will be 5.0% of a 5-year moving average of the previous 5 years' calendar year-end market values.

m. Life Income Agreements

The College's life income agreements with donors consist of charitable remainder trusts, charitable gift annuities, and pooled income fund agreements for which the College serves as trustee. Assets held in these trusts are included in investments. Contribution revenues are recognized at the date the trusts are established after recording liabilities for the present value of the estimated future payments to be made to the donors and/or other beneficiaries.

n. Leases

The College leases certain office equipment and vehicles. They are expensed as incurred using the operating method.

o. Concentrations of Credit and Market Risk

Financial instruments that potentially expose the College to concentrations of credit and market risk consist primarily of cash equivalents, pledges receivable, and investments. Cash equivalents are maintained at high-quality financial institutions, and, while certain amounts exceed Federally-insured amounts, credit exposure is considered limited at any one financial institution by management. The College has not experienced any losses on its cash equivalents. The College's investments do not represent significant concentrations of market risk inasmuch as the College's investment portfolio is adequately diversified among issuers.

p. Income Tax Status

The College is recognized as an organization exempt from Federal income tax under Section 501(c) (3) of the Internal Revenue Code (the "Code") whereby only unrelated business income, as defined by Section 512(a)(1) of the Code, is subject to Federal income tax. The College does not have any unrelated business income.

q. Advertising Costs

The College recognizes all of its advertising costs as the expenses are incurred. During the years ended May 31, 2011 and 2010, the amount of advertising expense was \$334,287 and \$360,500, respectively.

r. Estimated Liability for Health Care Claims

Accrued liabilities include the estimated cost of claims for medical and prescription drug benefits not covered by insurance. A substantial portion of the College's medical and prescription drug benefit costs are self-insured through significant self-pay deductibles. All the self-insured liability regarding the aforementioned claims is included in the liability section of the balance sheet as other accrued liabilities. The liability for unpaid losses and loss expense are estimated by the third party administrator using individual case-basis valuations. Those estimates are subject to the effect of trends in measuring loss severity. Although considerable variability is inherent in such estimates, management believes that the liabilities accrued for losses and loss expenses are adequate. The estimates are continually reviewed and adjusted as necessary, as experience develops, or new information becomes known and such adjustments are included in current operating results. An

estimate of claims incurred but not reported has been included in the \$283,301 and \$199,180 accruals as of May 31, 2011 and 2010, respectively.

s. Reclassifications

Certain information for the prior year has been reclassified to make it consistent with the current year format where applicable.

Note 2: Loans Receivable

Loans receivable reflected on the Statement of Financial Position includes \$1,336,330 and \$1,508,332 of Perkins Loans and \$1,334,412 and \$1,286, 628 of Juniata College-provided loans, less an allowance for doubtful accounts of \$66,721 and \$58,768 for May 31, 2011 and 2010, respectively.

Advances from the Federal Government under the Perkins Loan programs are distributable to the Federal Government upon liquidation of the fund and, thus, are reflected as a \$1,395,2133 (2011) and \$1,418,673 (2010) liability on the Statement of Financial Position.

Note 3: Pledges Receivable

Unconditional promises are included in the financial statements as pledges receivable and revenue of the appropriate net asset category. Pledges are recorded after discounting to the present value of the future cash flows.

Unconditional promises are expected to be realized in the following periods:

	<u>5/31/11</u>	<u>5/31/10</u>
In One Year or Less	\$102,532	\$222,539
Between One Year and Five Years	2,296,108	3,120,392
More Than Five Years	<u>1,453,753</u>	<u>1,395,003</u>
Face Value Pledges	3,852,393	4,737,934
Less: Discount	<u>(977,235)</u>	<u>(1,143,661)</u>
Present Value of Pledges	2,875,158	3,594,273
Less: Allowance for Uncollectible	<u>(143,758)</u>	<u>(179,714)</u>
Pledges Receivable	<u>\$2,731,400</u>	<u>\$3,414,559</u>

At May 31, 2011 and 2010 management estimated that 5% of the present value of the pledges receivable will be uncollectible.

Conditional pledges and bequest intentions totaling approximately \$30,315,000 have been excluded from the pledge receivable amounts and are not recorded in the financial statements due to the fact that they are conditional. Restrictions on these conditional pledges and bequest intentions are as follows:

Buildings	\$3,832,000
Budget Relief	10,495,000
Programming	4,879,000
Unrestricted	10,934,000
Unknown	<u>175,000</u>
Total	<u>\$30,315,000</u>

Note 4: Investments in Securities

Investments are stated at fair value. The primary objective is to earn an average annual return above the spending rate to support operations. Accordingly, the Investment Committee of the Board of Trustees has approved a diversified asset allocation program for its long-term investments that is actively managed by various external managers. Equity investments include assets across all sectors and styles, including US

large, mid and small-cap, private equity and hedge funds. Fixed income securities include treasuries, corporates, and other issues. The Investment Committee, in combination with the College's investment advisors and management, performs continuous monitoring of actual results and operating styles. Alternative investments are used for risk management purposes and will not exceed 20% of the overall investment portfolio based on the investment policy of the College.

The College maintains two investments that qualify as hedge funds. Total market value of these investments was \$3.1 and \$3 million as of May 31, 2011 and 2010. The rates of return for these investments averaged 2.6% for the fiscal year. During the current year, the College contributed \$1,925,219 to the two private equity funds of their \$3.0 million dollar capital commitment. The estimated market value of these investments was \$1.8 million at May 31, 2011. After accounting for capital distributions of \$19,815, these investments returned approximately -5.3% for the fiscal year.

The total unrealized loss at May 31, 2011 in all of these holdings was \$159,191 as compared to \$12,313 at the end of the previous year, resulting in an unrealized loss for the year to be \$146,878. While these investments do not trade daily, the fair value is determined monthly by independent specialists. Management has estimated that the risk associated with these derivatives is not material to the College as of May 31, 2011. As of May 31, 2011 and 2010, the securities held by the College are comprised of the following:

2011	Total		Bonds		Stocks		Alternative Investments	
	Cost	Market	Cost	Market	Cost	Market	Cost	Market
Endowment-Pooled	\$60,954,711	\$71,642,320	\$13,376,281	\$13,987,360	\$42,653,211	52,888,932	4,925,219	4,766,028
Charitable Rem. Annuity Trusts	\$147,466	\$196,714	\$67,113	\$100,188	\$80,353	\$96,526		
Charitable Rem. Unitrusts	\$2,726,567	\$2,914,186	\$1,241,489	\$1,302,490	\$1,485,078	\$1,611,696		
Pooled Income	\$722,265	\$877,305	\$80,000	\$80,401	\$642,265	\$796,904		
Gift Annuity	\$1,884,971	\$2,200,828	\$1,078,922	\$1,153,027	\$806,049	\$1,047,801		
Plant Fund	\$3,512	\$2,999	\$3,512	\$2,999				
Current Fund	\$78,820	\$83,031			\$78,820	\$83,031		
<b>Grand Total</b>	<b>\$66,518,312</b>	<b>\$77,917,383</b>	<b>\$15,847,317</b>	<b>\$16,626,465</b>	<b>\$45,745,776</b>	<b>\$56,524,890</b>	<b>\$4,925,219</b>	<b>\$4,766,028</b>

2010	Total		Bonds		Stocks		Alternative Investments	
	Cost	Market	Cost	Market	Cost	Market	Cost	Market
Endowment-Pooled	\$53,981,050	\$56,629,394	\$14,985,797	\$15,506,051	\$35,995,253	\$38,135,656	\$3,000,000	\$2,987,687
Charitable Rem. Annuity Trusts	\$109,113	\$137,065	\$67,113	\$98,372	\$42,000	\$38,693		
Charitable Rem. Unitrusts	\$4,364,302	\$4,150,346	\$2,104,758	\$2,130,624	\$2,259,544	\$2,019,722		
Pooled Income	\$722,265	\$752,375	\$80,000	\$78,212	\$642,265	\$674,163		
Gift Annuity	\$1,826,388	\$1,941,646	\$996,541	\$1,056,498	\$829,847	\$885,148		
Plant Fund	\$3,512	\$2,999	\$3,512	\$2,999				
Current Fund	\$97,732	\$86,420	\$0	\$0	\$97,732	\$86,420		
<b>Grand Total</b>	<b>\$61,104,362</b>	<b>\$63,700,245</b>	<b>\$18,237,721</b>	<b>\$18,872,756</b>	<b>\$39,866,641</b>	<b>\$41,839,802</b>	<b>\$3,000,000</b>	<b>\$2,987,687</b>

Note 5: Property and Equipment

Property and equipment values are summarized as follows at May 31, 2011 and May 31, 2010:

	<u>2011</u>	<u>2010</u>
Construction in Progress	\$170,355	\$87,259
Land	1,982,707	1,982,707
Buildings	96,489,494	96,140,822
Equipment	22,965,087	22,504,449
Land Improvements	<u>1,192,583</u>	<u>1,174,558</u>
	122,800,226	121,889,795
Less: Accumulated Depreciation	<u>(53,511,402)</u>	<u>(50,565,312)</u>
	<u>\$69,288,824</u>	<u>\$71,324,483</u>

Depreciation expense on these assets was \$3,127,965 and \$3,005,287 for 2011 and 2010, respectively.

In addition to these assets, the College's Endowment owns investments in real estate as follows:

	<u>2011</u>	<u>2010</u>
Land	\$ 617,226	\$ 610,158
Rental Properties	<u>3,078,779</u>	<u>3,008,600</u>
	\$ 3,696,005	\$ 3,618,758
Less: Accumulated Depreciation	<u>(684,177)</u>	<u>(607,133)</u>
	<u>\$ 3,011,828</u>	<u>\$ 3,011,625</u>

Depreciation expense on these rental properties was \$77,045 and \$75,274 for 2011 and 2010, respectively.

Non-depreciable assets such as collectibles, totaled \$1,596,482 and \$1,543,382 respectively as of May 31, 2011 and 2010.

Note 6: Retirement Plan

The Juniata College Retirement Plan covers all eligible employees who have both completed one year of service and have attained age thirty, and optional participation is available after one year of service regardless of age. Each participant in the Plan contributes a percentage of his regular monthly compensation through a scheduled payroll deduction or reduction. The College also contributes an additional percentage on behalf of the employees. The contributions are invested in individual annuity contracts with the Teachers Insurance and Annuity Association/College Retirement Equities Fund. Participants in the Plan normally retire at the end of the contract year in which they attain age 65. In the event of death, prior to retirement, the value of a participant's annuity accumulation is payable to his/her named beneficiary. Authorization for amendment to the Plan requires action by the Board of Trustees upon a recommendation by the President of the College. The College's contributions to this Plan were \$1,621,518 and \$1,609,018 for the fiscal years ending May 31, 2011 and 2010, respectively.

Note 7: Other Postretirement Benefits

Following are reconciliations of the pension benefit obligation and the value of plan assets for the year ended May 31, 2011:

<b><u>Pension Benefit Obligation</u></b>	<b><u>2011</u></b>
Balance, beginning of year	\$5,141,666
Service Cost	32,055
Interest Cost	299,679
Benefits paid to participants	(271,393)
Change in Actuarial Assumptions	<u>156,533</u>
Balance, end of year	<u>\$5,358,540</u>
<b><u>Plan Assets</u></b>	
Fair Value of Plan Assets	\$ <u>0</u>
Fair Value, end of year	<u>(\$5,358,540)</u>

**At May 31, 2011, the funded status of the plan was as follows:**

<b><u>Accumulated Postretirement Benefit Obligation:</u></b>	
Fully Eligible Active Plan Participants	(\$1,926,549)
Other Active Plan Participants	( 806,785)
Retirees	<u>( 2,625,206)</u>
Accumulated Postretirement Benefit Obligation	<u>(\$5,358,540)</u>
Fair Value of Plan Assets	\$ <u>0</u>
Excess of benefit obligation over fair value of plan assets	<u>(\$5,358,540)</u>

During the 2010-2011 fiscal year, the College contributed \$28,525, while the employees contributed \$31,219. The College expects to contribute approximately \$30,500 to the plan during the 2011-2012 fiscal year. Benefits expected to be paid by the plan during the ensuing five years and thereafter are approximately as follows:

<b><u>For the year ending</u></b>	<b><u>Amount</u></b>
May 31, 2012	\$ 275,566
May 31, 2013	300,561
May 31, 2014	325, 584
May 31, 2015	332,029
May 31, 2016	350,548
May 31, 2017 through May 31, 2021	1,797,138

The net periodic postretirement cost recognized for the year ended May 31, 2011 is comprised of the following:

Service cost	\$ 32,055
Interest cost	299,679
Amortization of prior service cost	( 14,949)
Amortization of net actuarial loss	<u>246,484</u>
Net periodic postretirement cost	<u>\$563,269</u>

For the current year, the following weighted-average rates were used:

Discount rate on the benefit obligation	5.75% end of year	6% beginning of year
Expected rate of return on plan assets	0%	

For measurement purposes, a 7% increase in the cost of health care benefits was assumed for 2011, decreasing by .5% per year to 5.5% in 2014. Rates are assumed to gradually decrease from 5.3% in 2015 to 4.2% in 2099 and later.

Assumed health care cost trend rates significantly impact reported amounts. The effect of a one-percentage-point change in assumed rates would alter the amounts of the benefit obligation and the sum of the service cost and interest rate components of postretirement benefit expense as follows:

	<u>One-percentage-point</u>	
	<u>Increase</u>	<u>Decrease</u>
Effect on the postretirement benefit obligation	\$602,742	(\$505,068)
Effect on the sum of the service cost and interest rate components	38,307	( 31,925)

As of May 31, 2011, the following items included in changes in unrestricted net assets separate from expenses had not yet been recognized as a component of net periodic postretirement benefit cost:

Actuarial loss	\$2,396,090
Prior Service Cost	<u>( 31,145)</u>
Total	<u>\$2,364,945</u>

As of May 31, 2011, \$14,949 of prior service cost and (\$246,484) of loss will, through amortization, be recognized as a component of net periodic benefit cost in 2011-2012 fiscal year.

The following items were reclassified to net periodic benefit cost of amounts previously recognized as changes in unrestricted net assets but not included in net periodic benefit cost when they arose:

Amortization of prior service cost	\$ 14,949
Amortization of loss	<u>(246,484)</u>
Total	<u>(\$231,535)</u>

For Medical and Prescription Drug coverage, the College's share of premium is 2.5% for each year of service up to 50%. If a member was less than age 50 as of January 1, 1997, the member's years of service was frozen as of January 1, 1999. For individuals past age 65, the College continues to pay the same percentage of premium as pre-65 for a Medicare Supplement Plan provided by the College. In addition, the College pays \$29.93/month for retirees to select their own Medicare Part D Plan. For grandfathered retirees, the College pays the full premium of Medicare Supplement plan and Medicare Part D Plan; for another, the full premium of Medicare Supplement plan; and for two retirees and spouse of another, the full premium of Medicare Supplement plan. For the year ended May 31, 2011, the College gross payment of these benefits payments totaled \$59,744.

Note 8: Bonds & Note Payable

A summary of the College's debt service obligations are as follows:

	Balance <u>5/31/10</u>	Additional Borrowing <u>10-11</u>	Principal Retired <u>10-11</u>	Balance <u>5/31/11</u>
Huntingdon County General Authority:				
Series 2001	\$17,300,000		(\$17,300,000)	\$0
Series 2004	5,738,000		(13,000)	5,725,000
Note 2007	7,175,292		(597,941)	6,577,351
Series 2010A		23,500,000		23,500,000
Series 2010B		560,000	(90,000)	470,000
PA Higher Educational Facilities Authority:				
Series 2002	5,600,000		(5,600,000)	-0-
<b>Total</b>	<b>\$35,813,292</b>	<b>\$24,060,000</b>	<b>(\$23,600,941)</b>	<b>\$36,272,351</b>

The principal debt service requirements for the five upcoming fiscal years are as follows:

	<b>2004</b>	<b>2007</b>	<b>2010A</b>	<b>2010B</b>	<b>Total</b>
2011-2012	\$192,000	\$0	\$0	\$85,000	\$277,000
2012-2013	203,000	358,765	0	90,000	651,765
2013-2014	210,000	358,765	0	95,000	663,765
2014-2015	214,000	358,765	0	100,000	672,765
2015-2016	119,000	358,765	0	100,000	577,765
Thereafter	4,787,000	5,142,291	23,500,000	0	33,429,291
<b>Totals</b>	<b>\$5,725,000</b>	<b>\$6,577,351</b>	<b>\$23,500,000</b>	<b>\$470,000</b>	<b>\$36,272,351</b>

Pursuant to a Trust Indenture dated May 1, 2001, between the Huntingdon County General Authority (HCGA) and a bank, HCGA issued \$23.4 million of Series 2001 bonds on behalf of the College. In order to secure the required payments under the terms of the bonds payable arrangement, the College delivered an irrevocable letter of credit. This letter of credit was secured by revenues of the College. A sinking fund was also required by the Indenture. Proceeds from this issue were used on construction of the new science building and related equipment, campus infrastructure, various campus site improvements, other capital projects and the payment of costs of issuance. An interest rate swap at 3.74% was in place for the period May 2, 2006 to May 1, 2011.

Pursuant to a Trust Indenture dated June 1, 2002, between the Pennsylvania Higher Educational Facilities Authority (PA HEFA) and a bank, PA HEFA issued \$10.7 million of Series 2002 J1 bonds on behalf of the College. The 2002 J1 bonds were issued to refinance \$10 million of previously existing debts, to finance \$500,000 of modifications to the central heating plant and to cover the \$200,000 costs of issuance. In order to secure the required payments, the College delivered an irrevocable letter of credit. This letter of credit was secured by the revenues of the College. Interest was variable on this issue.

Pursuant to a Financing Agreement dated November 30, 2004, between the Huntingdon County General Authority and a bank, the HCGA issued a \$6.0 million Revenue Note on behalf of the College. The



proceeds of this tax exempt bank loan were used on construction of an addition to Oller Hall and related equipment, renovations to Oller Hall, other capital projects, and the payment of cost of issuance. The interest is 3.56% through the tender option date of November 30, 2014.

Pursuant to a Financing Agreement dated October 1, 2007, between the Huntingdon County General Authority and a bank, the HCGA issued an \$8.0 million or the amount advanced Revenue Note on behalf of the College. The proceeds of this tax exempt bank loan will be used for construction and renovation of Founders Hall, renovation of Good Hall, construction of a new 8 lane track, other capital projects, and the payment of cost of issuance. The total amount that was advanced on the note was \$7,175,292. The maturity date is October 1, 2030. The current rate of interest as of May 31, 2011 was 0.97%.

Pursuant to a Trust Indenture dated July 20, 2010, between the Huntingdon County General Authority (HCGA) and a bank, HCGA issued \$23.5 million of Series 2010A and \$560 thousand of series 2010B (federally taxable) bonds on behalf of the College. The Bonds are issued and secured pursuant to the Indenture. The Bonds are subject to optional and mandatory redemption. The proceeds of the sale of the Bonds will be used to fund a loan to the College, to finance the (a) refunding of the outstanding principal balance of the Pennsylvania Higher Educational Facilities Authority Revenue Bonds (Association of Independent Colleges and Universities of Pennsylvania Financing Program – Juniata College Project), Series 2002 J1 (the "2002 Bonds"), previously issued for the benefit of the College, (b) refunding of the outstanding principal balance of the Authority's College Revenue Bonds, Series A of 2001 (Juniata College Project) (the "2001 Bonds"), previously issued for the benefit of the College, (c) termination of an interest rate swap agreement entered into by the College with respect to the 2001 Bonds, and (d) costs of issuance of the Bonds. Standard and Poor's rates the 2010 bonds as "A-".

The College capitalizes interest incurred on the cost of property, plant and equipment constructed for its own use along with related loan fees and costs. The total amount of interest capitalized for the years ended May 31, 2011 and 2010 was \$0 and \$0 respectively. Total interest expense for the years ended May 31, 2011 and 2010 was \$1,397,112 and \$1,531,058, respectively.

During the fiscal year the College entered into a Line of Credit Agreement with Kish Bank. Total funds available to the College are \$3 million dollars. The balance owed on May 31, 2011 is \$0.

**Note 9: Contributed Property and Services**

The College receives donated property and services throughout the year. For the years ended May 31, 2011 and 2010, a total of \$80,640 and \$49,373, respectively, were recorded as revenue as a result of these gifts. Those items meeting the College's capitalization policy are depreciated over their useful lives. Gifts of collectibles and collections are capitalized and not depreciated and totaled \$46,100 of the above amount for the year ended May 31, 2011. \$14,600 was contributed for earth and environmental sciences programming. The balance contributed was for various other miscellaneous programs and events.

**Note 10: Commitments and Contingencies**

Certain Federally-funded financial aid programs are routinely subject to special audit. The reports on the examinations, which are conducted pursuant to specific regulatory requirements by the auditors for the College, are required to be submitted to both the College and the U.S. Department of Education. Such agency has the authority to determine liabilities, as well as to limit, suspend, or terminate Federal student aid programs.

Other Federal programs are also subject to audit. Such audits could result in claims against the resources of the College. No provision has been made for any liabilities which may arise from such audits since the amounts, if any, cannot be determined at this date.

Note 11: Leases

The College has leased certain office equipment and vehicles which are expensed as incurred utilizing the operating method. During the years ended May 31, 2011 and 2010, some \$239,637 and \$194,394 in rents were expensed. The scheduled lease payments to be made by the College over the upcoming five years are as follows:

Fiscal Year:	
2011-12	\$258,493
2012-13	\$255,658
2013-14	\$121,070
2014-15	\$62,827
2015-16	\$29,910

Note 12: Funds Held in Trust by Others

The College is an income beneficiary of all or a portion of seven perpetual trusts held and administered by various financial institutions. The College receives its share of distributions from the trusts annually and recognizes these amounts as contributions upon receipt. For the years ended May 31, 2011 and 2010, the College received \$105,127 and \$101,987 from these trusts. The present values of the estimated future cash receipts from the trusts are not recognized as assets, nor are the contributions considered as revenue at the dates the trusts were established. Since one or more of the trusts contains assets that cannot be readily valued, the College has elected to not reflect any estimated value of these trusts on its Statement of Financial Position.

Note 13: Environmental Matters

Financial Accounting Standards Board guidance requires the recognition of a liability for the fair value of a conditional asset retirement obligation when the obligation is incurred – generally upon the acquisition, construction, development and/or through the normal operation of the various buildings, if the fair value of the liability can be reasonably estimated. A conditional asset retirement obligation is a legal obligation to perform an asset retirement activity in which the timing and/or method of settlement are conditional on a future event that may or may not be within the control of the entity. Uncertainty about the timing and/or method of settlement is required to be factored into the measurement of the liability when sufficient information exists.

For the years ended May 31, 2011 and 2010, the College recognized accretion expense (an increase to this liability) of \$39,083 and \$36,971, respectively. The College mitigated obligations of \$2,859 and \$28,282 respectively. The balance of this liability was \$669,459 and \$633,279 as of May 31, 2011 and 2010 respectively.

Note 14: Endowments for Not-For-Profit Organizations

Financial Accounting Standards Board provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). UPMIFA is a model act approved by the Uniform Law Commission (ULC; formerly known as the National Conference of Commissioners on Uniform State Laws) that serves as a guideline for states to use in enacting legislation. This guidance also improves disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds), whether or not the organization is subject to UPMIFA. Since Pennsylvania has not adopted UPMIFA, the required disclosures are set forth below:

**Interpretation of Relevant Law**

The Board of Trustees of Juniata College has interpreted the State Law (the Act) as requiring the preservation of the purchasing power (real value) of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Juniata College classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment, (3) 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 fund.

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**Spending Policy and How the Investment Objectives Relate to Spending Policy**

Juniata College has a policy of appropriating for distribution each year an amount that will be no larger than 6% and not less than 3.5% of the average of the past 5 years of the endowment’s closing market values. In establishing this policy, the College considered the long-term expected return on its endowment. Accordingly, over the long term, the College expects the current spending policy to allow its endowment to grow at an average of 6.8% annually. This is consistent with the College’s objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

**Return Objectives and Risk Parameters**

Juniata College has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the College must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the Callan Associates Median Balanced Fund Database while assuming a moderate level of investment risk. Juniata College expects its endowment funds, over time, to provide an average rate of return of approximately 8.2 % net of fees annually. Actual returns in any given year may vary from this amount.

**Strategies Employed for Achieving Objectives**

To satisfy its long-term rate-of-return objectives, Juniata College relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The College targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

**Funds with Deficiencies**

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level of the original donor gift. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by the Board of Trustees. The total deficiencies for years ended May 31, 2011 and 2010 were \$5,096,281 and \$8,046,960 respectively.

**Endowment Net Asset Composition by Type of Fund As of May 31, 2011**

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Donor-Restricted Endowment funds	\$4,799,472	\$15,775,967	\$51,289,291	\$71,864,731
Board-designated	7,104,067	0	0	7,104,067
<b>Total Funds</b>	<b>\$11,903,539</b>	<b>\$15,775,967</b>	<b>\$51,289,291</b>	<b>\$78,968,798</b>

**Changes in Endowment Net Assets for the Fiscal Year Ended May 31, 2011**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Endowment Net Assets, beginning of year</b>	\$ 6,896,734	\$ 11,156,255	\$ 47,212,580	\$ 65,265,569
Investment Return:				
Investment Income	287,292	1,138,365		1,425,657
Net Appreciation (realized and unrealized)	<u>4,946,443</u>	<u>5,932,882</u>	<u>103,196</u>	<u>10,982,521</u>
Total Investment Return	5,233,735	7,071,247	103,196	12,408,178
Contributions	611,793	10,228	3,973,515	4,595,536
Appropriation of endowment assets for expenditure	(838,722)	(2,423,088)		(3,261,810)
Other Changes	<u>-</u>	<u>(38,674)</u>	<u>-</u>	<u>(38,674)</u>
<b>Endowment Net Assets, End of year</b>	<u>\$ 11,903,540</u>	<u>\$ 15,775,967</u>	<u>\$ 51,289,291</u>	<u>\$ 78,968,798</u>

Note 15: Restrictions and Limitations on Net Asset Balances

At May 31, 2011 and 2010, the College's unrestricted net assets were allocated as follows:

	<u>2011</u>	<u>2010</u>
Investment in Plant	\$32,619,382	\$ 34,440,831
Endowment	11,903,540	6,896,734
Reserves and operating funds	(2,196,737)	593,104
<b>Total</b>	<u><u>\$42,326,185</u></u>	<u><u>\$41,930,669</u></u>

The College's temporary restricted net assets were allocated as follows:

	<u>2011</u>	<u>2010</u>
Long-term investment gains restricted as to purpose:		
Instruction	\$8,551,603	\$5,956,675
Student Aid	7,419,642	5,394,858
	<u>15,971,245</u>	<u>11,351,533</u>
Other Purpose restrictions	1,640,076	919,035
Time restrictions:		
Annuity trust agreements	1,783,541	1,622,669
Pledges receivable	654,317	762,788
<b>Total</b>	<u><u>\$ 20,049,179</u></u>	<u><u>\$14,656,025</u></u>

The College's permanently restricted net assets were allocated as follows:

	<u>2011</u>	<u>2010</u>
Assets for which earnings are restricted as to purpose:		
Instruction	\$ 26,129,777	\$23,226,381
Student Aid	26,147,917	24,518,955
Other	799,547	798,163
Time restrictions:		
Annuity trust agreements	1,846,090	2,270,905
Pledges receivable	995,649	1,411,531
<b>Total</b>	<b><u>\$55,918,980</u></b>	<b><u>\$52,225,935</u></b>

**Note 16: Fair Value Measurements**

The College has determined the fair value of certain assets and liabilities through the application of FASB guidance related to "Fair Value Measurements." The carrying amounts in the table that follows are included in the Statement of Financial Position under the applicable captions:

	2011		2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Short-term investments	\$ 0	\$ 8,022	\$ 8,022	\$ 8,022
Accounts & loans receivable	3,294,343	3,294,343	4,484,469	4,484,469
Pledges receivable	2,731,400	2,731,400	3,414,559	3,414,559
Investments in securities	77,917,383	77,917,383	63,700,246	63,700,246
Interest Rate Swap agreement	0	0	(517,771)	(517,771)
Bonds & Notes payable	(36,272,351)	(36,272,351)	(35,813,292)	(35,813,292)

Fair values of assets and liabilities measured on a recurring basis at May 31, 2011 and 2010 are as follows:

**Fair Value Measurements at Reporting Date Using**

<u>May 31, 2011</u>	Fair Value	Quoted Prices In Active Markets (Level I)	Significant Observable Inputs (Level II)	Significant Un-observable Inputs (Level III)
Short-term investments	\$ 0	\$ 0		
Investments in securities	77,917,383	77,917,383		
Pledges receivable	2,731,400			2,731,400
Interest Rate Swap agreement	-0-		-0-	
Bonds & Notes payable	(36,272,351)		(36,272,351)	
<u>May 31, 2010</u>				
Short-term investments	\$ 8,022	\$ 8,022		
Investments in securities	63,700,246	63,700,246		
Pledges receivable	3,414,559			3,414,559
Interest Rate Swap agreement	(517,771)		(517,771)	
Bonds & Notes payable	(35,813,292)		(35,813,292)	

All realized and unrealized gains and losses on these assets and liabilities which occurred for the year ending May 31, 2011 have been recognized in the financial statements.

Following is a reconciliation of activity for the year ended May 31, 2011 for pledges measured at fair value based on significant unobservable (non-market) information:

	<u>2011</u>	<u>2010</u>
Face value of pledges	\$3,852,393	\$4,737,934
Less: Present value adjustments	<u>(977,234)</u>	<u>(1,143,661)</u>
Gross Pledges	2,875,159	3,594,273
Less: Allowance for uncollectible	<u>(143,759)</u>	<u>(179,714)</u>
Net pledges per financial statements	<u>\$2,731,400</u>	<u>\$3,414,559</u>
Amounts collected	(\$1,626,644)	(\$3,394,441)
Pledges written off	(42,930)	(10,793,983)
New pledges Received	784,033	577,507
Decrease in Allowance for Uncollectible	35,955	542,446
Net decrease in Present Value Adjustments	<u>166,427</u>	<u>2,757,025</u>
Activity for the year ended May 31, 2011	<u>(\$683,159)</u>	<u>(\$10,311,446)</u>

Note 17: Sabbatical Leave

The College makes a benefit available to certain employees known as a sabbatical leave. After meeting certain criteria and, if approved, the employee is compensated during the sabbatical leave but is not required to perform any duties for the College. Although this benefit vests to the employees, they are not entitled to compensation for the value of any unused benefit upon termination or retirement. Financial Accounting Standards Board guidance requires, under certain circumstances, that a liability be accrued over the requisite service period. The College adopted these pronouncements and has recorded a liability for the years ending May 31, 2011 and 2010 of \$483,370 and \$498,764 respectively.

Note 18: Prior Period Adjustment

As of May 31, 2010, the College, based upon a report from their prior actuary, recorded postretirement benefits obligation of \$2,701,719; however, when the current actuary performed the valuation of the postretirement benefits obligation as of May 31, 2011, they determined that the proper postretirement benefits obligation as of June 1, 2010 should have been \$5,141,666. As a result, the College recorded a prior period adjustment of \$2,439,947 as of May 31, 2010 to its unrestricted net asset class.

Note 19: Subsequent Events

Juniata College has evaluated subsequent events through August 24, 2011, the date which the financial statements were available to be issued.