

JUNIATA COLLEGE



Audit Report

FOR FISCAL YEAR ENDED MAY 31, 2012

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

Certified Public Accountants
1210 Thirteenth Street
Altoona, PA 16603-6191

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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, 2012, 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 24, 2011, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller general of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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, 2012, 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule of operating expenses on page 22 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 2012, 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 28, 2012

Juniata College
Statement of Financial Position
As of May 31, 2012 and 2011

	2012	2011
ASSETS		
Cash and Cash Equivalents	\$ 24,431,977	\$ 11,128,007
Accounts Receivable	2,807,667	1,041,213
Loans Receivable-Students	2,367,796	2,604,021
Pledges Receivable	3,231,695	2,731,400
Accrued Interest Receivable	(7,388)	66,907
Inventories	318,564	312,089
Prepaid Expenses	1,187,606	1,039,916
Long-Term Investments	62,997,358	77,917,383
Real Estate Investments	3,309,070	3,011,827
Cash Value Life Insurance	242,521	230,749
Funds Held in Trust	965,772	-
Non Depreciable Assets/Collectibles	1,619,832	1,596,482
Land, Buildings & Equipment (Less Accumulated Depreciation)	67,273,531	69,288,824
TOTAL ASSETS	\$ 170,746,001	\$ 170,968,818
LIABILITIES AND NET ASSETS		
<u>Liabilities</u>		
Accounts Payable and Accrued Expenses	\$ 1,800,221	\$ 1,628,593
Accrued Wages, Salaries and Fringes	9,875,468	8,933,789
Student Deposits	416,630	456,081
Deferred Summer School and Conference Income	519,539	509,933
Deferred Grant Revenue	-	316,667
Annuity and Contracts Payable	2,746,809	2,886,460
Amounts Held on Behalf of Others	197,367	160,050
Advances from Federal Government	1,400,206	1,395,213
Funds Held in Trust	965,772	-
Bonds and Notes Payable	35,995,351	36,272,351
Grants Refundable	122,564	115,340
Total Liabilities	\$ 54,039,927	\$ 52,674,477
<u>Net Assets</u>		
Unrestricted	\$ 42,317,953	\$ 44,037,326
Temporarily Restricted	16,455,572	19,238,819
Permanently Restricted	57,932,549	55,018,196
Total Net Assets	\$ 116,706,074	\$ 118,294,341
TOTAL LIABILITIES AND NET ASSETS	\$ 170,746,001	\$ 170,968,818

Juniata College
Statement of Activities
For the Years Ended May 31, 2012 and 2011

	2012			Total	2011 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		
Operating Revenues and gains:					
Tuition and fees	\$ 51,141,342			\$ 51,141,342	\$ 49,308,674
Scholarship & grant allowances					
Unfunded scholarships & grants	(23,950,031)			(23,950,031)	(22,560,558)
Funded scholarships & grants		(1,223,287)		(1,223,287)	(1,062,207)
Net Tuition and fees	<u>\$ 27,191,311</u>	<u>\$ (1,223,287)</u>	<u>\$ -</u>	<u>\$ 25,968,024</u>	<u>\$ 25,685,909</u>
Investment income	\$ 563,683	\$ 1,893,944	\$ 148,798	\$ 2,606,425	\$ 2,320,908
Gifts	5,616,692	1,197,855	3,228,248	10,042,795	5,484,875
Adjusted remainder interest on life income contracts		(466)	78,658	78,192	75,193
Student loan income			-	-	7,957
Allocated endowment income	627,323	2,647,942	(2,908)	3,272,357	3,276,802
Realized gains (losses) on investments	686,546	2,310,170	141,631	3,138,347	3,696,307
Unrealized gains (losses) on investments	(1,672,111)	(5,807,313)	(123,720)	(7,603,144)	8,801,329
Sales and services of educational activities	484,262			484,262	445,943
Contracts, grants and other exchange transactions	82,348	754,640		836,988	1,154,796
Other income	545,073	39,517		584,590	690,744
Auxiliary Services	10,458,293			10,458,293	9,958,787
Total operating revenue and gains	<u>\$ 44,583,420</u>	<u>\$ 1,813,002</u>	<u>\$ 3,470,708</u>	<u>\$ 49,867,130</u>	<u>\$ 61,599,550</u>
Net assets released from restrictions - operations	5,148,895	(4,596,249)	(552,646)	(0)	
Total operating revenues, gains and other support	<u>\$ 49,732,315</u>	<u>\$ (2,783,247)</u>	<u>\$ 2,918,062</u>	<u>\$ 49,867,130</u>	<u>\$ 61,599,550</u>
Expenses and losses:					
Educational and general:					
General Instruction	\$ 15,516,626			\$ 15,516,626	\$ 14,378,321
Payments on contracts and other exchange transactions	1,986,847			1,986,847	2,024,326
Academic Support Services	5,002,600			5,002,600	5,899,925
Student Services	8,766,432			8,766,432	8,122,889
Institutional Support					
General and Administration	7,472,310	-		7,472,310	7,029,604
Fund Raising	1,511,858			1,511,858	1,433,555
Auxiliary Services	7,394,453	-		7,394,453	7,155,551
Endowment spending	3,341,415			3,341,415	3,263,048
Payments to beneficiaries of life income contracts	286,174			286,174	338,045
Total operating expenses	<u>\$ 51,278,715</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,278,715</u>	<u>\$ 49,645,264</u>
Change In Net Assets from Operating Activities	<u>\$ (1,546,400)</u>	<u>\$ (2,783,247)</u>	<u>\$ 2,918,062</u>	<u>\$ (1,411,586)</u>	<u>\$ 11,954,286</u>
Nonoperating Activities					
Endowment spending		\$ -		\$ -	\$ 32,627
Postretirement-related charges other than net periodic benefit costs	172,973			172,973	
Other expenses			3,708	3,708	-
Total Nonoperating expenses	<u>172,973</u>	<u>\$ -</u>	<u>3,708</u>	<u>\$ 176,681</u>	<u>\$ 32,627</u>
Change in Net Assets	<u>\$ (1,719,373)</u>	<u>\$ (2,783,247)</u>	<u>\$ 2,914,353</u>	<u>\$ (1,588,267)</u>	<u>\$ 11,921,659</u>
Net assets, beginning of year	\$ 44,037,326	\$ 19,238,819	\$ 55,018,196	\$ 118,294,341	\$ 108,812,629
Prior Period Adjustments - (See Note 18)				-	(2,439,947)
Net assets, end of year	<u>\$ 42,317,953</u>	<u>\$ 16,455,572</u>	<u>\$ 57,932,549</u>	<u>\$ 116,706,074</u>	<u>\$ 118,294,341</u>

Juniata College
Statement of Cash Flows
for the Years ended May 31, 2012 and 2011

	May 31, 2012	May 31, 2011
Cash Flows from Operating Activities		
Change in Net Assets	\$ (1,588,267)	\$ 11,921,659
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation	\$ 3,233,406	\$ 3,205,009
Net Realized & Unrealized Losses (Gains) on Investments	4,464,797	(12,497,636)
	\$ 7,698,203	\$ (9,292,626)
Change in Assets and Liabilities		
Accounts Receivable	\$ (1,766,454)	\$ 751,636
Notes Receivable	236,225	87,599
Pledge Receivable	(500,295)	683,159
Accrued Interest Receivable	74,295	32,753
Inventories	(6,475)	(6,884)
Prepaid Expenses and Other Assets	(147,690)	(495,088)
Cash Value of Life Insurance	(11,772)	(48,332)
Accounts Payable & Accrued Expense	1,155,616	(121,592)
Grants Administered	7,224	-
Student Deposits	(39,451)	16,695
Deferred Income	(307,061)	121,904
Total Adjustment	\$ (1,305,838)	\$ 1,021,851
Net Cash Provided by Operating Activities	\$ 4,804,098	\$ 3,650,884
Cash Flows for Investing Activities		
Acquisition of Investments	\$ (80,296,250)	\$ (73,309,400)
Proceeds from Sales of Investments	90,373,014	71,589,899
Acquisition of Property & Equipment	(1,160,241)	(1,222,652)
Net Cash Provided (Used) in Investing Activities	\$ 8,916,523	\$ (2,942,153)
Cash Flows from Financing Activities		
New Borrowings	\$ -	\$ 24,060,000
Principal Paid on Long-Term Indebtedness	(277,000)	(23,600,941)
Repayment of Annuity Contracts	(139,651)	(722,833)
Net Cash (Used) from Financing Activities	\$ (416,651)	\$ (263,774)
Net Increase in Cash	\$ 13,303,970	\$ 444,957
Cash and Cash Equivalents - June 1	11,128,007	10,683,050
Cash and Cash Equivalents - May 31	\$ 24,431,977	\$ 11,128,007
Cash Paid for Interest During the Year:	\$ 1,434,837	\$ 1,397,112

JUNIATA COLLEGE
NOTES TO FINANCIAL STATEMENTS
May 31, 2012 and 2011

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, 2012, the effective interest rate was 0.30%.

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	\$25,000/ item
Land Improvements	20	\$10,000/item
Equipment	5 or 10	\$5,000/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 split-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.

i. 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 2011-12, spending was 5.0% of a 5-year moving average. For fiscal year 2012-13, 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, 2012 and 2011, the amount of advertising expense was \$377,150 and \$334,287, 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 \$410,967 and \$283,301 accruals as of May 31, 2012 and 2011, 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 \$1,167,031 and \$1,336,330 of Perkins Loans and \$1,263,963 and \$1,334,412 of Juniata College-provided loans, less an allowance for doubtful accounts of \$63,198 and \$66,721 for May 31, 2012 and 2011, 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 \$1,400,206 (2012) and \$1,395,213 (2011) 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:

	5/31/12	5/31/11
In One Year or Less	\$243,036	\$102,532
Between One Year and Five Years	1,929,271	2,296,108
More Than Five Years	<u>1,687,253</u>	<u>1,453,753</u>
Face Value Pledges	3,859,560	3,852,393
Less: Discount	<u>(457,776)</u>	<u>(977,235)</u>
Present Value of Pledges	3,401,784	2,875,158
Less: Allowance for Uncollectible	<u>(170,089)</u>	<u>(143,758)</u>
Pledges Receivable	<u>\$3,231,695</u>	<u>\$2,731,400</u>

At May 31, 2012 and 2011 management estimated that 5% of the present value of the pledges receivable will be uncollectible.

Conditional pledges and bequest intentions totaling approximately \$31,660,600 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	\$3,931,600
Budget Relief	10,802,700
Programming	4,879,000
Unrestricted	11,849,800
Unknown	<u>197,500</u>
Total	<u>\$31,660,600</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 million as of May 31, 2012 and 2011. The original investment in these funds totaled \$3 million. The rates of return for these investments averaged -2.7% for the current fiscal year. The College also maintains investments in two private equity funds. The estimated market value of these investments was \$1.6 and \$1.8 million at May 31, 2012 and 2011. During the current year, the College contributed \$272,281 to the two private equity funds bringing the balance invested to \$2,197,500 of their \$3.0 million dollar capital commitment. These investments returned approximately 24.4% for the fiscal year. The total unrealized loss at May 31, 2012 in all of these holdings was \$554,459 as compared to \$159,191 at the end of the previous year, resulting in an unrealized loss for the year to be \$395,268. 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, 2012.

As of May 31, 2012 and 2011, the securities held by the College are comprised of the following:

2012	Total		Bonds		Stocks		Alternative Investments	
	Cost	Market	Cost	Market	Cost	Market	Cost	Market
Endowment-Pooled	\$53,748,378	\$57,049,933	\$2,888,510	\$3,126,191	\$45,662,368	49,280,702	5,197,500	4,643,041
Charitable Rem. Annuity Trusts	\$150,274	\$204,097	\$67,113	\$114,374	\$83,161	\$89,723		
Charitable Rem. Unitrusts	\$2,759,666	\$2,841,438	\$1,268,447	\$1,373,754	\$1,491,219	\$1,467,684		
Pooled Income	\$596,276	\$715,132	\$40,000	\$40,062	\$556,276	\$675,070		
Gift Annuity	\$1,879,970	\$2,105,727	\$1,154,651	\$1,257,367	\$725,319	\$848,360		
Plant Fund	\$3,512	\$2,999	\$3,512	\$2,999				
Current Fund	\$72,534	\$78,031			\$72,534	\$78,031		
Grand Total	\$59,127,470	\$62,997,357	\$5,339,093	\$5,914,747	\$48,590,877	\$52,439,570	\$5,197,500	\$4,643,041

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		
Grand Total	\$66,518,312	\$77,917,383	\$15,847,317	\$16,626,465	\$45,745,776	\$56,524,890	\$4,925,219	\$4,766,028

Note 5 - Property and Equipment

Property and equipment values are summarized as follows at May 31, 2012 and May 31, 2011:

	<u>2012</u>	<u>2011</u>
Construction in Progress	\$303,561	\$170,355
Land	2,005,359	1,982,707
Buildings	96,937,810	96,489,494
Equipment	23,363,661	22,965,087
Land Improvements	1,265,411	1,192,583
	<u>123,875,802</u>	<u>122,800,226</u>
Less: Accumulated Depreciation	<u>(56,602,270)</u>	<u>(53,511,402)</u>
	<u>\$67,273,531</u>	<u>\$69,288,824</u>

Depreciation expense on these assets was \$3,147,401 and \$3,127,965 for 2012 and 2011, respectively.

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

	<u>2012</u>	<u>2011</u>
Land	\$ 647,237	\$ 617,226
Rental Properties	<u>3,432,015</u>	<u>3,078,779</u>
	\$ 4,079,252	\$ 3,696,005
Less: Accumulated Depreciation	<u>(770,182)</u>	<u>(684,177)</u>
	<u>\$ 3,309,070</u>	<u>\$ 3,011,828</u>

Depreciation expense on these rental properties was \$86,005 and \$77,045 for 2012 and 2011, respectively.

Non-depreciable assets such as collectibles, totaled \$1,619,832 and \$1,596,482 respectively as of May 31, 2012 and 2011.

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 \$1,669,758 and \$1,621,518 for the fiscal years ending May 31, 2012 and 2011, 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, 2012:

<u>Pension Benefit Obligation</u>	<u>2012</u>
Balance, beginning of year	\$5,358,540
Service Cost	33,765
Interest Cost	305,008
Benefits paid to participants	(276,041)
Change due to change in Experience at 6/1/11	95,526
Change in Actuarial Assumptions at 5/31/12	<u>616,569</u>
Balance, end of year	<u>\$6,133,367</u>
 <u>Plan Assets</u>	
Fair Value of Plan Assets	\$ 0
Fair Value, end of year	<u>(\$6,133,367)</u>

At May 31, 2012, the funded status of the plan was as follows:

<u>Accumulated Postretirement Benefit Obligation:</u>	
Fully Eligible Active Plan Participants	(\$2,142,670)
Other Active Plan Participants	(1,030,244)
Retirees	<u>(2,960,453)</u>
Accumulated Postretirement Benefit Obligation	<u>(\$6,133,367)</u>
Fair Value of Plan Assets	\$ 0
Excess of benefit obligation over fair value of plan assets	<u>(\$6,133,367)</u>

During the 2011-2012 fiscal year, the College contributed \$209,711, while the retired employees contributed \$127,358. The College expects to contribute approximately \$215,000 to the plan during the

2012-2013 fiscal year. Benefits expected to be paid by the plan during the ensuing five years and thereafter are approximately as follows:

<u>For the year ending</u>	<u>Amount</u>
May 31, 2013	\$ 303,545
May 31, 2014	333,996
May 31, 2015	339,671
May 31, 2016	355,106
May 31, 2017	359,332
May 31, 2018 through May 31, 2022	1,851,468

The net periodic postretirement cost recognized for the year ended May 31, 2012 is comprised of the following:

Service cost	\$ 33,765
Interest cost	305,008
Amortization of prior service cost	(14,949)
Amortization of net actuarial loss	<u>278,030</u>
Net periodic postretirement cost	<u>\$601,854</u>

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

Discount rate on the benefit obligation	4.50% end of year	5.75% 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 2012, decreasing by .5% per year to 5.0% in 2015. Rates are assumed to gradually decrease from 4.7% in 2016 to 3.7% 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	\$706,990	(\$590,072)
Effect on the sum of the service cost and interest rate components	38,748	(32,342)

As of May 31, 2012, 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	\$2,830,155
Prior Service Cost	(16,196)
Total	<u>\$2,813,959</u>

As of May 31, 2012, \$14,949 of prior service cost and (\$278,030) of loss will, through amortization, be recognized as a component of net periodic benefit cost in 2012-2013 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>(278,030)</u>
Total	<u>(\$263,081)</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 \$30/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, 2012, the College gross payment of these benefits payments totaled \$55,734.

Note 8 - Bonds & Note Payable

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

	Balance <u>5/31/11</u>	Additional Borrowing <u>11-12</u>	Principal Retired <u>11-12</u>	Balance <u>5/31/12</u>
Huntingdon County General Authority:				
Series 2004	5,725,000		(192,000)	5,533,000
Note 2007	6,577,351			6,577,351
Series 2010A	23,500,000			23,500,000
Series 2010B	470,000		(85,000)	385,000
Total	\$36,272,351	\$0	(\$277,000)	\$35,995,351

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

	2004	2007	2010A	2010B	Total
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
2016-2017	125,000	358,765	690,000	0	1,173,765
Thereafter	4,662,000	5,142,291	22,810,000	0	32,255,526
Totals	\$5,533,000	\$6,577,351	\$23,500,000	\$385,000	\$35,995,351

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, 2012 was 0.985%.

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. There was no interest capitalized for the years ended May 31, 2012 and 2011. Total interest expense for the years ended May 31, 2012 and 2011 was \$1,434,837 and \$1,397,112, respectively.

The College maintains a Line of Credit Agreement with Kish Bank. Total funds available to the College are \$3 million dollars. The balance owed on May 31, 2012 and 2011 was \$0.

Note 9 - Contributed Property and Services

The College receives donated property and services throughout the year. For the years ended May 31, 2012 and 2011, a total of \$51,347 and \$80,460, 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 \$15,200 of the above amount for the year ended May 31, 2012. 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, 2012 and 2011, some \$261,498 and \$239,637 in rents were expensed. The scheduled lease payments to be made by the College over the upcoming five years are as follows:

Fiscal Year:	2012-13	\$257,686
	2013-14	\$123,098
	2014-15	\$68,218
	2015-16	\$31,938
	2016-17	\$0

Note 12 - Funds Held in Trust by Others

The College is an income beneficiary of all or a portion of eight 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, 2012 and 2011, the College received \$90,053 and \$101,987 from these trusts. The College did record an asset for the estimated market value of its corresponding share of the assets in these trusts. An offsetting liability was record as well so that no impact was made on the statement of activities.

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, 2012 and 2011, the College recognized accretion expense (an increase to this liability) of \$41,270 and \$39,083, respectively. The College mitigated obligations of \$3,793 and \$2,859 respectively. The balance of this liability was \$706,917 and \$669,459 as of May 31, 2012 and 2011 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.

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, 2012 and 2011 were \$6,650,952 and \$5,096,281, respectively.

Endowment Net Asset Composition by Type of Fund As of May 31, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted Endowment funds	\$4,670,902	\$12,208,398	\$53,795,428	\$70,674,728
Board-designated	8,013,637	0	0	8,013,637
Total Funds	\$12,684,539	\$12,208,398	\$53,795,428	\$78,688,365

Changes in Endowment Net Assets for the Fiscal Year Ended May 31, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment Net Assets, beginning of year	\$ 13,614,683	\$ 14,965,608	\$ 50,388,507	\$ 78,968,798
Investment Return:				
Investment Income	542,211	1,809,607	-	2,351,818
Net Appreciation (realized and unrealized)	<u>(975,792)</u>	<u>(3,412,158)</u>	<u>-</u>	<u>(4,387,949)</u>
Total Investment Return	13,181,102	13,363,057	50,388,507	76,932,666
Contributions	1,683,022	7,170	3,406,922	5,097,114
Appropriation of endowment assets for expenditure	(3,341,415)			(3,341,415)
Other Changes	<u>1,161,829</u>	<u>(1,161,829)</u>	<u>-</u>	<u>-</u>
Endowment Net Assets, End of year	<u>\$ 12,684,539</u>	<u>\$ 12,208,398</u>	<u>\$ 53,795,428</u>	<u>\$ 78,688,365</u>

Note 15 – Restrictions and Limitations on Net Asset Balances

At May 31, 2012 and 2011, the College's unrestricted net assets were allocated as follows:

	<u>2012</u>	<u>2011</u>
Investment in Plant	31,249,935	32,619,382
Other Endowment	12,684,538	13,614,683
Reserves and operating funds	<u>(1,616,520)</u>	<u>(2,196,739)</u>
Total	<u>\$42,317,953</u>	<u>\$44,037,326</u>

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

	<u>2012</u>	<u>2011</u>
Long-term investment gains restricted as to purpose:		
Instruction	6,217,440	7,741,244
Student Aid	6,186,236	7,419,642
Other	<u>12,403,676</u>	<u>15,160,886</u>
Other Purpose restrictions	1,659,097	1,640,075
Time restrictions:		
Annuity trust agreements	1,724,248	1,783,541
Pledges receivable	<u>668,551</u>	<u>654,317</u>
Total	<u>\$16,455,572</u>	<u>\$19,238,819</u>

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

	2012	2011
Assets for which earnings are restricted as to purpose:		
Instruction	\$28,023,661	\$25,228,993
Student Aid	26,218,100	26,147,917
Other	794,398	799,547
Time restrictions:		
Annuity trust agreements	1,578,132	1,846,090
Pledges receivable	1,318,258	995,649
	<u>\$57,932,549</u>	<u>\$55,018,196</u>

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:

	2012		2011	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Accounts & loans receivable	5,182,344	5,182,344	3,294,343	3,294,343
Pledges receivable	3,231,695	3,231,695	2,731,400	2,731,400
Investments in securities	62,997,358	62,997,358	77,917,383	77,917,383
Bonds & Notes payable	(35,995,351)	(35,995,351)	(36,272,351)	(36,272,351)

Fair values of assets and liabilities measured on a recurring basis at May 31, 2012 and 2011 are as follows:
Fair Value Measurements at Reporting Date Using

	Fair Value	Quoted Prices In Active Markets (Level I)	Significant Observable Inputs (Level II)	Significant Un-observable Inputs (Level III)
<u>May 31, 2012</u>				
Investments in securities	62,997,358	58,354,317	4,643,041	
Pledges receivable	3,231,695			3,231,695
Bonds & Notes payable	(35,995,351)		(35,995,351)	
 <u>May 31, 2011</u>				
Investments in securities	77,917,383	73,151,355	4,766,028	
Pledges receivable	2,731,400			2,731,400
Bonds & Notes payable	(36,272,351)		(36,272,351)	

All realized and unrealized gains and losses on these assets and liabilities which occurred for the year ending May 31, 2012 have been recognized in the financial statements.

Following is a reconciliation of activity for the year ended May 31, 2012 for pledges measured at fair value based on significant unobservable (non-market) information:

	<u>2012</u>	<u>2011</u>
Face value of pledges	\$3,859,560	\$3,852,393
Less: Present value adjustments	(457,775)	(977,234)
Gross Pledges	3,401,785	2,875,159
Less: Allowance for uncollectible	(170,090)	(143,759)
Net pledges per financial statements	<u>\$3,231,695</u>	<u>\$2,731,400</u>
Amounts collected	(\$1,027,625)	(\$1,626,644)
Pledges written off	(62,431)	(42,930)
New pledges Received	1,108,559	784,033
Decrease in Allowance for Uncollectible	(26,331)	35,955
Net decrease in Present Value Adjustments	<u>508,123</u>	<u>166,427</u>
Activity for the year ended May 31, 2012	<u>\$500,295</u>	<u>(\$683,159)</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 recognizes these pronouncements and has recorded a liability for the years ending May 31, 2012 and 2011 of \$468,935 and \$483,370, 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 - Expenses

Expenses by natural classification for the years ended May 31, 2012 and 2011 were:

	<u>2012</u>	<u>2011</u>
Salaries and benefits	\$ 35,783,561	\$ 33,476,917
Auxiliary cost of sales	2,637,805	2,463,411
Depreciation	3,147,401	3,127,965
Interest in indebtedness	1,434,837	1,397,112
Equipment repair and maintenance	1,063,630	1,103,753
Utilities	2,003,421	2,138,798
Student employees	1,289,900	1,244,433
Professional services	801,360	635,247
Other	3,116,800	4,057,628
Totals	<u>\$ 51,278,715</u>	<u>\$ 49,645,264</u>

Expenses by functional classification for the years ended May 31, 2012 and 2011 were:

	<u>2012</u>	<u>2011</u>
General Instruction	\$ 15,516,626	\$ 14,378,321
Payments on contracts and other exchange transactions	1,986,847	2,024,326
Academic Support Services	5,002,600	5,899,925
Student Services	8,766,432	8,122,889
Institutional Support		
General and Administration	7,472,320	7,029,604
Fund Raising	1,511,858	1,433,555
Auxiliary Services	7,394,453	7,155,551
Endowment spending	3,341,415	3,263,048
Payments to beneficiaries of life income contracts	286,174	338,045
Totals	<u>\$ 51,278,715</u>	<u>\$ 49,645,264</u>

Note 20 - Subsequent Events

Juniata College has evaluated subsequent events through August 28, 2012, the date which the financial statements were available to be issued.

JUNIATA COLLEGE
Supplemental Schedule
Year ended May 31, 2012

	2012					Total
	Operations	Other Unrestricted	Net Unrestricted	Temporarily Restricted	Permanently Restricted	
Operating Revenues and gains:						
Tuition and fees	\$ 50,697,635	\$ 443,707	\$ 51,141,342			\$ 51,141,342
Scholarship & grant allowances						
Unfunded scholarships & grants	(23,911,987)	(38,044)	(23,950,031)			(23,950,031)
Funded scholarships & grants				(1,223,287)		(1,223,287)
Net Tuition and fees	\$ 26,785,648	\$ 405,663	\$ 27,191,311	\$ (1,223,287)	\$ -	\$ 25,968,024
Investment income		\$ 563,683	\$ 563,683	\$ 1,893,944	\$ 148,798	\$ 2,606,425
Gifts	1,228,874	4,387,818	5,616,692	1,197,855	3,228,248	10,042,795
Adjusted remainder interest on life income contracts				(466)	78,658	78,192
Student loan income						-
Allocated endowment income	339,637	287,686	627,323	2,647,942	(2,908)	3,272,357
Realized gains (losses) on investments		686,546	686,546	2,310,170	141,631	3,138,347
Unrealized gains (losses) on investments		(1,672,111)	(1,672,111)	(5,807,313)	(123,720)	(7,603,144)
Sales and services of educational activities	349,375	134,887	484,262			484,262
Contracts, grants and other exchange transactions		82,348	82,348	754,640		836,988
Other income	214,371	330,702	545,073	39,517		584,590
Auxiliary Services	10,458,293		10,458,293			10,458,293
Total operating revenue and gains	\$ 39,376,198	\$ 5,207,222	\$ 44,583,420	\$ 1,813,002	\$ 3,470,708	\$ 49,867,130
Net assets released from restrictions - operations	(611,591)	5,760,486	5,148,895	(4,596,249)	(552,646)	(0)
Total operating revenues, gains and other support	\$ 38,764,607	\$ 10,967,708	\$ 49,732,315	\$ (2,783,247)	\$ 2,918,062	\$ 49,867,130
Expenses and losses:						
Educational and general:						
General instruction	\$ 12,190,414	\$ 3,326,212	\$ 15,516,626			\$ 15,516,626
Payments on contracts and other exchange transactions	480,160	1,506,687	1,986,847			1,986,847
Academic Support Services	4,444,740	557,860	5,002,600			5,002,600
Student Services	7,795,249	971,183	8,766,432			8,766,432
Institutional Support						
General and Administration	5,797,274	1,675,036	7,472,310			7,472,310
Fund Raising	1,772,226	(260,368)	1,511,858			1,511,858
Auxiliary Services	6,217,640	1,176,813	7,394,453			7,394,453
Endowment spending		3,341,415	3,341,415			3,341,415
Payments to beneficiaries of life income contracts		286,174	286,174			286,174
Total operating expenses	\$ 38,697,703	\$ 12,581,012	\$ 51,278,715	\$ -	\$ -	\$ 51,278,715
Change in Net Assets from Operating Activities	\$ 66,904	\$ (1,613,304)	\$ (1,546,400)	\$ (2,783,247)	\$ 2,918,062	\$ (1,411,586)
Nonoperating Activities						
Endowment spending				\$ -		\$ -
Postretirement-related charges other than net periodic benefit costs		172,973	172,973			172,973
Other expenses					3,708	3,708
Total Nonoperating expenses		172,973	172,973	\$ -	3,708	\$ 176,681
Change in Net Assets	\$ 66,904	\$ (1,786,277)	\$ (1,719,373)	\$ (2,783,247)	\$ 2,914,353	\$ (1,588,267)
Net assets, beginning of year		\$ 44,037,326	\$ 44,037,326	\$ 19,238,819	\$ 55,018,196	\$ 118,294,341
Net assets, end of year	\$ 66,904	\$ 42,251,049	\$ 42,317,953	\$ 16,455,572	\$ 57,932,549	\$ 116,706,074

Note 1 – Components of Unrestricted Activities

In the supplemental schedule, unrestricted activities are broken out by current operations and other unrestricted. The current operations column includes unrestricted activity presented on the same basis as Juniata College's operating budget. Other unrestricted includes all other activities that are classified as unrestricted.