SKIDMORE COLLEGE

AUDITED FINANCIAL STATEMENTS

Years ended May 31, 2013 and 2012

SKIDMORE COLLEGE

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UHY LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Skidmore College

We have audited the accompanying financial statements of Skidmore College (a nonprofit organization) (the "College"), which comprise the statements of financial position as of May 31, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

UHY LLP Certified Public Accountants

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Skidmore College as of May 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

UHY LLP

Albany, New York
August 23, 2013

SKIDMORE COLLEGE
STATEMENTS OF FINANCIAL POSITION
May 31, 2013 and 2012

	2013	2012
ASSETS		
Cash and cash equivalents	**$ 16,159,865**	$ 25,738,403
Accounts receivable, net	**2,875,335**	4,792,174
Inventories	**816,284**	823,292
Prepaid expenses	**2,292,547**	2,057,821
Contributions receivable, net	**15,199,934**	16,739,188
Student loans receivable, net	**2,069,705**	2,287,624
Investments	**363,287,176**	336,195,006
Investments under split interest agreements	**7,069,316**	6,921,470
Deposits with bond trustees	**5,808,476**	18,301,120
Debt issuance costs, net	**1,971,044**	2,059,838
Pension assets, net	**71,138**	77,962
Land, buildings and equipment, net	**220,065,415**	196,000,753
Total assets	**$ 637,686,235**	$ 611,994,651
LIABILITIES		
Accounts payable and accrued expenses	**$ 16,038,721**	$ 16,418,759
Student tuition deposits and deferred revenues	**9,004,346**	9,050,469
Liabilities to beneficiaries under split interest agreements	**2,345,461**	2,371,605
Accrued postretirement benefits	**67,657,573**	70,171,080
Refundable government loan funds	**1,902,303**	1,913,808
Asset retirement obligation	**599,213**	1,170,622
Long-term debt	**74,362,112**	77,960,813
Total liabilities	**171,909,729**	179,057,156
NET ASSETS		
Unrestricted		
Board designated for endowment	**127,843,532**	119,223,812
Undesignated	**136,372,320**	115,529,653
Temporarily restricted	**87,839,631**	87,055,710
Permanently restricted	**113,721,023**	111,128,320
Total net assets	**465,776,506**	432,937,495
Total liabilities and net assets	**$ 637,686,235**	$ 611,994,651

See notes to financial statements.

SKIDMORE COLLEGE
STATEMENT OF ACTIVITIES
For the Year Ended May 31, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating revenue:				
Tuition and fees	$ 120,162,393	$ -	$ -	**$ 120,162,393**
Less: institutional aid	(37,283,125)	-	-	**(37,283,125)**
Net tuition and fees	82,879,268	-	-	**82,879,268**
Sales and services of auxiliary enterprises	30,332,799	-	-	**30,332,799**
Private gifts and grants	3,423,710	2,700,399	-	**6,124,109**
Government grants and appropriations	190,759	2,479,310	-	**2,670,069**
Dividends and interest	549,802	1,268,652	-	**1,818,454**
Realized gains used to support operations	6,581,380	7,526,657	-	**14,108,037**
Interest on student loans	29,839	-	-	**29,839**
Other	1,686,663	585,060	-	**2,271,723**
Total operating revenue	125,674,220	14,560,078	-	**140,234,298**
Net assets released from restrictions	27,107,566	(27,107,566)	-	**-**
Total operating revenue and net assets released from restrictions	152,781,786	(12,547,488)	-	**140,234,298**
Operating expenses:				
Instruction	53,413,243	-	-	**53,413,243**
Research	2,139,663	-	-	**2,139,663**
Academic support	17,305,667	-	-	**17,305,667**
Student services	16,772,485	-	-	**16,772,485**
Institutional support	26,976,561	-	-	**26,976,561**
Auxiliary enterprises	25,845,801	-	-	**25,845,801**
	142,453,420	-	-	**142,453,420**
Non-operating:				
Dividends and interest	5,822	171,194	-	**177,016**
Net realized and unrealized gains	11,678,825	9,017,561	-	**20,696,386**
Change in value of split interest agreements	-	276,039	95,528	**371,567**
Capital gifts	1,100,350	3,866,615	2,496,235	**7,463,200**
Net loss on disposal of fixed assets	(933,290)	-	-	**(933,290)**
Other net (loss) gain	(66,956)	-	940	**(66,016)**
Changes in net assets from non-operating activities	11,784,751	13,331,409	2,592,703	**27,708,863**
Increase in net assets before pension and postretirement benefit related changes other than net periodic benefit cost	22,113,117	783,921	2,592,703	**25,489,741**
Pension and postretirement benefit related changes other than net periodic benefit cost	7,349,270	-	-	**7,349,270**
Increase in net assets	29,462,387	783,921	2,592,703	**32,839,011**
Net assets at beginning of year	234,753,465	87,055,710	111,128,320	**432,937,495**
Net assets at end of year	$ 264,215,852	$ 87,839,631	$ 113,721,023	**$ 465,776,506**

See notes to financial statements.

SKIDMORE COLLEGE
STATEMENT OF ACTIVITIES
For the Year Ended May 31, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating revenue:				
Tuition and fees	$ 115,593,569	$ -	$ -	**$ 115,593,569**
Less: institutional aid	(34,196,955)	-	-	**(34,196,955)**
Net tuition and fees	81,396,614	-	-	**81,396,614**
Sales and services of auxiliary enterprises	29,445,804	-	-	**29,445,804**
Private gifts and grants	4,161,176	1,582,286	-	**5,743,462**
Government grants and appropriations	201,410	2,490,009	-	**2,691,419**
Dividends and interest	645,673	1,325,287	-	**1,970,960**
Realized gains used to support operations	6,386,909	7,129,733	-	**13,516,642**
Interest on student loans	45,795	-	-	**45,795**
Other	1,754,821	599,218	-	**2,354,039**
Total operating revenue	124,038,202	13,126,533	-	**137,164,735**
Net assets released from restrictions	25,234,930	(25,234,930)	-	**-**
Total operating revenue and net assets released from restrictions	149,273,132	(12,108,397)	-	**137,164,735**
Operating expenses:				
Instruction	49,515,790	-	-	**49,515,790**
Research	2,280,582	-	-	**2,280,582**
Academic support	16,709,569	-	-	**16,709,569**
Student services	15,546,711	-	-	**15,546,711**
Institutional support	25,909,544	-	-	**25,909,544**
Auxiliary enterprises	25,379,150	-	-	**25,379,150**
	135,341,346	-	-	**135,341,346**
Non-operating:				
Dividends and interest	7,551	140,762	-	**148,313**
Net realized and unrealized losses	(13,390,272)	(12,594,417)	-	**(25,984,689)**
Change in value of split interest agreements	-	(457,807)	(2,057)	**(459,864)**
Capital gifts	525,343	7,760,572	3,532,100	**11,818,015**
Net loss on disposal of fixed assets	(942,204)	-	-	**(942,204)**
Other net loss	(25,633)	-	-	**(25,633)**
Changes in net assets from non-operating activities	(13,825,215)	(5,150,890)	3,530,043	**(15,446,062)**
Increase (decrease) in net assets before pension and postretirement benefit related changes other than net periodic benefit cost	106,571	(17,259,287)	3,530,043	**(13,622,673)**
Pension and postretirement benefit related changes other than net periodic benefit cost	(9,825,550)	-	-	**(9,825,550)**
Net assets reclassification	-	(1,485,990)	1,485,990	**-**
(Decrease) increase in net assets	(9,718,979)	(18,745,277)	5,016,033	**(23,448,223)**
Net assets at beginning of year	244,472,444	105,800,987	106,112,287	**456,385,718**
Net assets at end of year	$ 234,753,465	$ 87,055,710	$ 111,128,320	**$ 432,937,495**

See notes to financial statements.

SKIDMORE COLLEGE
STATEMENTS OF CASH FLOWS
For the Years Ended May 31, 2013 and 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	**$ 32,839,011**	$ (23,448,223)
Adjustments to reconcile (decrease) increase in net assets to net cash provided by (used in) operating activities:		
Depreciation	**12,919,356**	12,034,043
Amortization of debt issuance costs	**88,794**	92,437
Decrease in pledge discount	**(311,864)**	(459,277)
Loss on disposal of fixed assets	**933,290**	942,204
Decrease in allowance for uncollectable receivables	**(221,303)**	(383,697)
Net realized and unrealized losses (gains) on investments	**(34,804,423)**	12,468,047
Capital gifts	**(7,463,200)**	(11,818,015)
Gifts in kind	**(514,624)**	(3,049,938)
Pension and postretirement benefit related changes other than net periodic benefit cost	**(7,349,270)**	9,825,550
Changes in operating assets and liabilities:		
Accounts receivable	**1,930,438**	(938,611)
Inventories	**7,008**	(93,033)
Prepaid expenses	**(234,726)**	(1,111,912)
Pension assets, net	**6,824**	11,382
Accounts payable and accrued expenses	**(380,038)**	969,925
Liabilities to beneficiaries under split interest agreements	**(26,144)**	99,598
Student tuition deposits and deferred income	**(46,123)**	(208,776)
Accrued postretirement benefits	**4,835,763**	3,421,634
Asset retirement obligation	**(571,409)**	(525,023)
Net cash provided by (used in) operating activities	**1,637,360**	(2,171,685)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	**104,774,167**	78,918,823
Purchases of investments	**(97,209,760)**	(72,052,240)
Student loan principal collected	**447,497**	566,456
Student loans originated	**(260,688)**	(283,262)
Purchases of land, buildings and equipment	**(37,402,684)**	(34,997,169)
Net cash used in investing activities	**(29,651,468)**	(27,847,392)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital gifts	**7,463,200**	11,818,015
Change in contributions receivable	**2,089,932**	4,620,676
Payments on long-term debt	**(3,598,701)**	(3,533,230)
Net change in deposits with bond trustees	**12,492,644**	11,278,528
Debt issuance costs	**-**	(60,760)
Net change in refundable government loan funds	**(11,505)**	14,098
Net cash provided by financing activities	**18,435,570**	24,137,327
Net decrease in cash and cash equivalents	**(9,578,538)**	(5,881,750)
Cash and cash equivalents at beginning of year	**25,738,403**	31,620,153
Cash and cash equivalents at end of year	**$ 16,159,865**	$ 25,738,403
SUPPLEMENTAL DISCLOSURES		
Interest paid	**$ 4,269,987**	$ 4,264,576

See notes to financial statements.

NOTE 1 — ORGANIZATION AND NATURE OF ACTIVITIES

Skidmore College (the "College") was founded in 1903 and is a predominantly residential, independent, nonsectarian, four-year coeducational liberal arts college. The College operates on a 1,000 acre campus located in Saratoga Springs, New York. The College serves approximately 2,400 undergraduate students.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America using the accrual basis of accounting.

Basis of Presentation

The College's net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the College are classified as follows:

Unrestricted – Net assets that are not subject to donor-imposed stipulations, but may be internally designated by the College.

Temporarily restricted – Net assets subject to donor-imposed stipulations that may or will be satisfied either by actions of the College and/or the passage of time.

Permanently restricted – Net assets subject to donor-imposed stipulations, requiring the principal to be invested in perpetuity. Generally, donors of these assets permit the College to use the income earned on related investments for general or specific purposes.

Income Taxes

The College is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from Federal income taxes pursuant to Section 501(a) of the Code. However, income from certain activities not directly related to the tax exempt status of the College is subject to taxation as unrelated business income.

The primary income tax position taken by the College for any years open under the various statutes of limitations is that the College continues to be exempt from income taxes except for unrelated business income. The College believes that there are no uncertain tax positions that are material to the financial statements.

None of the College's returns are currently under examination by the Internal Revenue Service ("IRS") or state authorities. However, the College's federal Exempt Organization Business Income Tax Returns (Form 990T) for fiscal years 2010 and later are subject to examination by the IRS, generally for three years after they were filed.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

The College considers all highly liquid investments with maturities of three months or less, when purchased, to be cash and cash equivalents. This does not include cash and cash equivalents included in investment pools, which are included in investments in the accompanying statements of financial position. The College has cash and cash equivalents in money market mutual funds and other short term accounts with several financial institutions that are not federally insured. The uninsured balance totaled approximately $15,910,000 at May 31, 2013. Based on management's review of the strength of the financial institutions, management believes the risk of loss on these funds is not material.

Investments and Investment Valuation

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Realized and unrealized gains and losses include gains and losses from purchases and sales of investments as well as changes in value of assets held during the year and are recognized in the accompanying statements of activities. Gains or losses on investments are recognized as an increase or decrease in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law.

Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in investments in the near term would materially affect the amounts reported in these financial statements.

Annuities and Deferred Giving Arrangements

The College's deferred giving arrangements consist primarily of gift annuities, pooled life income funds and charitable remainder trusts. For irrevocable deferred gifts where the assets are held by the College, contribution revenues are recognized at the date the deferred gift is established along with a corresponding liability for the present value of the estimated future payments to be made to the donors and/or beneficiaries. For irrevocable deferred gifts where the assets are not held by the College, contribution revenue and a related receivable are recorded at the date the College becomes aware of the deferred gift, based on the estimated fair value.

Contributions Receivable

Contributions receivable consist of unconditional promises to give and charitable remainder trusts. Unconditional promises to give are reported at fair value at the date of the pledge and subsequently measured at the present value of future cash flows. Charitable remainder trusts are measured at fair value. Such gifts are recorded as restricted revenue if the gifts are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, i.e. when a stipulated time restriction ends or the purpose of the restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statements of activities as net assets released from restrictions. Gifts received without donor restrictions are recorded as unrestricted revenue.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Student Loans Receivable

Student loans receivable are reported net of an allowance for doubtful accounts. A reasonable estimate of the market value of student loans receivable under government loan programs cannot be made because the notes are not saleable and can only be assigned to the U.S. Government or its designees.

Financial Instruments

The carrying amount of cash and cash equivalents, contributions receivable, deposits held by bond trustees, and accounts payable and accrued expenses approximate fair value.

Inventories

Inventories are stated at the lower of cost or market, based upon the first-in, first-out ("FIFO") method. Inventories consist principally of items held for sale in the College bookstore and the Tang Museum Shop.

Land, Buildings and Equipment, net

Land, buildings and equipment are carried at cost, if purchased, or at fair market value at the date of receipt, if acquired by contribution, net of accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets ranging from 3 to 45 years. Art collections are stated at cost, if purchased, or fair market value at the date of receipt, if acquired by contribution; however these items are not depreciated. All gifts of land, buildings and equipment are recorded as unrestricted non-operating resources, unless explicit donor stipulations specify how the donated assets must be used. Contributions of long-lived assets with explicit restrictions that specify how the assets are to be used and contributions of cash or other assets that must be used to acquire long-lived assets are reported as restricted non-operating resources. Absent donor restrictions on how long those long-lived assets must be maintained, the expiration of donor restrictions are reported as being released from restriction when the donated or acquired long-lived assets are placed in service.

Conditional Asset Retirement Obligations

The College recognizes a liability when a legal obligation exists to perform an asset retirement in which the timing or method of settlement is conditional on a future event that may or may not be under the control of the College. Asset retirement obligation ("ARO") is recognized at its net present value with a corresponding increase in the carrying amount of the long-lived asset to which the ARO relates. The liability is accreted through periodic charges to accretion expense through the expected dates of the asset retirement. The capitalized asset cost is depreciated over the useful life of the related long lived asset.

Accrued Pension and Postretirement Benefits

The College accounts for pension and other postretirement benefits in accordance with the guidance issued by the FASB. The guidance requires the recognition of defined benefit and defined benefit postretirement plans' funded status as either an asset or liability on the Statements of Financial Position.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Debt Issuance Costs

Debt issuance costs consist of legal, underwriting, and other fees for services rendered in connection with the issuance of long-term debt. Debt issuance costs are amortized using the effective interest rate method over the life of the related debt. The amortization expense approximated $89,000 and $92,000 for the years ended May 31, 2013 and 2012, respectively.

Deposits With Bond Trustees

All borrowing arrangements between the College and the Dormitory Authority of the State of New York require the establishment of various reserve funds (debt service and building and equipment reserves). Balances in these reserves, which are comprised primarily of U.S. government agency and treasury notes, are reflected in deposits with bond trustees in the accompanying statements of financial position.

Capital Gift Revenue

Capital gift revenue (non-operating) includes endowed gifts, gifts of equipment or other property, life income funds and/or other gifts that are designated by the College's Board of Trustees for non-operating purposes.

Program Expenses

Total program expenses for the years ended May 31, 2013 and 2012 were approximately $115,477,000 and $109,432,000, respectively. Program expenses include instruction, research, academic support, student services and auxiliary enterprises.

Subsequent Events

The College has evaluated subsequent events through August 23, 2013, the date financial statements were available to be issued.

NOTE 3 — ACCOUNTS RECEIVABLE AND STUDENT LOANS RECEIVABLE, NET

Accounts receivable are recognized net of an allowance for uncollectible accounts of approximately $41,000 and $55,000 as of May 31, 2013 and 2012, respectively.

Student loans receivable, and related allowance for doubtful accounts, were as follows:

	2013			2012		
	Receivable	**Allowance**	**Net**	**Receivable**	**Allowance**	**Net**
Student Loans:						
Government revolving	$ 2,427,960	$ 445,854	$ 1,982,106	$ 2,472,007	$ 396,989	$ 2,075,018
Institutional	240,836	153,237	87,599	383,599	170,993	212,606
Total	$ 2,668,796	$ 599,091	$ 2,069,705	$ 2,855,606	$ 567,982	$ 2,287,624

NOTE 3 — ACCOUNTS RECEIVABLE AND STUDENT LOANS RECEIVABLE, NET (Continued)

Student loans receivable are comprised primarily of Federally sponsored student loans with U.S. government mandated interest rates and repayment terms and College sponsored loans that were funded through the issuance of tax-exempt bonds. Governmental revolving loans are funded principally with federal advances to the College under the Perkins Loan Program. As of May 31, 2013 and 2012, these advances under the Perkins Loan Program were approximately $1,902,000 and $1,914,000, respectively, and are classified as liabilities in the statements of financial position. Interest earned on the revolving loan programs is reinvested to support additional loans. The repayment and interest rate terms of the institutional loans vary.

The College has an employee loan program where employees can receive zero interest loans for the purchase of certain computer and computer related equipment subject to various limitations. As of May 31, 2013 and 2012, the outstanding employee computer loans were approximately $56,000 and $70,000, respectively, and are included in accounts receivable, net in the statements of financial position.

The College assesses the adequacy of the allowance for doubtful accounts by evaluating the loan portfolio, including such factors as the differing economic risks associated with each loan category, the financial condition of specific borrowers, the economic environment in which the borrowers operate, the level of delinquent loans, the value of any collateral, and where applicable, the existence of any guarantees or indemnifications. In addition to these factors, the College reviews the aging of the loans receivable and the default rate in comparison to prior years. The allowance is adjusted based on these reviews. The College considers the allowance at May 31, 2013 and 2012 to be reasonable and adequate to absorb potential credit losses inherent in the loan portfolio.

NOTE 4 — CONTRIBUTIONS RECEIVABLE, NET

Contributions receivable consists of pledges and contributions, which are presented net of a present value discount and net of an allowance for uncollectible contributions.

Contributions receivable as of May 31, 2013 and 2012 were as follows:

	2013	2012
Gross amounts expected to be received within:		
Less than one year	$ 86,429	$ 189,377
One to five years	4,848,284	6,979,821
More than five years	3,895,642	4,470,742
	8,830,355	11,639,940
Less: discount to present value (1.07% to 5.80%)	(675,527)	(987,390)
	8,154,828	10,652,550
Less: allowance for doubtful accounts	(750,580)	(989,395)
Contributions Receivable - Pledges	7,404,248	9,663,155
Contributions Receivable - Charitable Remainder Trusts	7,795,686	7,076,033
Total Contributions Receivable, net	$ 15,199,934	$ 16,739,188

NOTE 4 — CONTRIBUTIONS RECEIVABLE, NET (Continued)

As of May 31, 2013 and 2012, the College had also received notification of bequest intentions totaling approximately $26,433,000 and $28,109,000, respectively. These bequests, if received, would be used for general operations, program activities and new facilities. These amounts are not included in contributions receivable due to the conditional nature of the gifts.

The College supports institutional development through the activities of the offices of annual fund, foundations and corporate relations, planned giving, campaign, parent relations, and major gifts. The expenses incurred for these activities were approximately $4,321,000 and $4,022,000 for the years ended May 31, 2013 and 2012, respectively. The College also incurs additional institutional development costs through activities such as alumni relations, college events, communications, and various other administrative costs. The direct expenses for these activities were approximately $3,473,000 and $3,305,000 for the years ended May 31, 2013 and 2012, respectively. These expenses are reflected in institutional support in the accompanying statements of activities.

In 2012, the College reclassified $1,485,990 of net contribution receivable from temporarily restricted to permanently restricted in accordance with donor intent.

NOTE 5 — INVESTMENTS

The fair value and cost of investments, by type, including investments under split interest agreements, as of May 31, 2013 and 2012 were as follows:

	2013		2012	
	Fair Value	Cost	Fair Value	Cost
Cash and Cash Equivalents				
Cash and Cash Equivalents	$ 36,143,927	$ 36,143,927	$ 4,234,503	$ 4,234,503
Equities				
Long Only Equities	66,590,640	45,481,214	53,924,193	44,446,294
Equity Long / Short Investment Funds	57,712,042	49,156,358	61,830,590	60,211,497
Equity Mutual Funds	2,797,274	2,544,500	2,218,201	2,046,017
Fixed Income				
Fixed Income Mutual Funds	70,506,930	68,722,876	63,013,514	61,090,667
Fixed Income Commingled Investment Funds	23,738,982	12,871,513	24,665,037	12,961,499
Absolute Return Funds				
Absolute Return Funds	64,272,105	48,376,066	86,862,487	75,535,728
Private Equity Funds				
Private Capital Funds	29,548,997	24,585,473	31,176,651	29,219,895
Private Real Estate Funds	18,920,595	15,236,933	15,066,300	14,176,177
Other				
Real Estate Trust	125,000	125,000	125,000	125,000
Total	$ 370,356,492	$ 303,243,860	$ 343,116,476	$ 304,047,277

Investment management and custodial fees are netted against investment income or reflected as a reduction in net asset value of the investment, and were approximately $4,687,000 and $4,320,000 for the years ended May 31, 2013 and 2012, respectively.

NOTE 5 — INVESTMENTS (Continued)

The fair value and cost of investments by traditional fund classification as of May 31, 2013 and 2012 were as follows:

	2013		2012	
	Fair Value	Cost	Fair Value	Cost
Pooled Investments				
Endowment and similar funds	$ 342,340,533	$ 275,602,023	$ 308,298,171	$ 270,187,841
Non-pooled Investments				
Current funds	19,096,421	19,189,470	25,201,407	25,323,534
Plant Funds	1,850,222	1,726,095	2,695,428	2,341,787
Life income funds	7,069,316	6,726,272	6,921,470	6,194,115
Total non-pooled	28,015,959	27,641,837	34,818,305	33,859,436
Total	$ 370,356,492	$ 303,243,860	$ 343,116,476	$ 304,047,277

Pooled endowment and similar funds are accounted for on a unit fair value basis. Funds are added to or withdrawn from the pool at the unit market value at the beginning of the month in which the transaction takes place. A summary of changes in the relationship between cost and market value of the pooled investments is as follows:

	2013			
	Pooled Investments			
	Fair Value	Cost	Net Gain	Fair Value Per Unit
End of year	$ 342,340,533	$ 275,602,023	$ 66,738,510	$ 9.04
Beginning of year	308,298,171	270,187,841	38,110,331	8.13
Net unrealized gain for year			28,628,180	
Net realized gain for year			5,909,064	
Net total gain for year			$ 34,537,244	$ 0.91

The average earnings per unit, exclusive of net unrealized and net realized gains and losses, amounted to $0.04 for the year ended May 31, 2013.

	2012			
	Pooled Investments			
	Fair Value	Cost	Net Gain	Fair Value Per Unit
End of year	$ 308,298,171	$ 270,187,841	$ 38,110,330	$ 8.13
Beginning of year	331,405,338	275,861,764	55,543,574	8.47
Net unrealized loss for year			(17,433,244)	
Net realized gain for year			4,209,878	
Net total loss for year			$ (13,223,366)	$ (0.34)

The average earnings per unit, exclusive of net unrealized and net realized gains and losses, amounted to $0.04 for the year ended May 31, 2012.

NOTE 6 — FAIR VALUE MEASUREMENTS

FASB Accounting Standards Codification provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 — Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the College has the ability to access.

Level 2 — Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 — Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

Cash and Cash Equivalents: Valued at the closing price reported on the active market on which the individual securities are traded.

Long Only Equities: Common stocks are valued at the closing price reported on the active market on which the individual securities are traded. Certain closely held stocks are valued at book value per share which approximates fair value. Investments focus on both U.S. and international markets, in various business sectors including commodities, credit markets, healthcare, telecommunications, energy, information technology, utilities, and others.

Equity Long / Short Investment Funds: Funds generally invest in long and short positions in corporate securities with a focus on both U.S. and international markets, in various business sectors including, commodities, credit markets, healthcare, telecommunications, energy, information technology, utilities, and others. Funds are valued at the net asset value (NAV) of shares held by the College at year end. Management has considered all other rights and obligations associated with these investments and concluded there would be no significant adjustment required to the net asset value.

Equity Mutual Funds: Valued at the closing price reported on the active market on which the individual securities are traded.

Fixed Income Mutual Funds: Valued at the closing price reported on the active market on which the individual securities are traded.

NOTE 6 — FAIR VALUE MEASUREMENTS (Continued)

Fixed Income Commingled investment Funds: Funds generally invest in corporate and government debt securities and are typically held in limited partnerships. Funds are valued at the net asset value (NAV) of shares held by the College at year end. Management has considered all other rights and obligations associated with these investments and concluded there would be no significant adjustment required to the net asset value.

Absolute Return Funds: Funds that utilize strategies with the intent to generate long term appreciation with limited volatility and limited correlation to common bond and equity indices. Funds are valued at the net asset value (NAV) of shares held by the College at year end. Management has considered all other rights and obligations associated with these investments and concluded there would be no significant adjustment required to the net asset value.

Private Capital Funds: Funds that are not available for liquidation by the College and are dependent on the fund administration for decisions about sale and asset distribution. The strategy of the funds is to achieve long-term growth primarily through direct and equity investments in the energy industry and distressed securities. The College has limited ability to influence operations of these funds. The College determines the fair value based on the qualitative and quantitative information received such as audited financial statements, tax returns and/or other financial data, including descriptions of underlying investments.

Private Real Estate Funds: Funds that are not available for liquidation by the College and are dependent on the fund administration for decisions about sale and asset distribution. The strategy of the funds is to achieve long-term growth primarily through direct and equity investments in the domestic real estate industry. The College has limited ability to influence operations of these funds. The College determines the fair value based on the qualitative and quantitative information received such as audited financial statements, tax returns and/or other financial data, including descriptions of underlying real estate investments.

Real Estate Trust: Valued at estimated fair value which is based on the cost or the most recent appraised value of the property.

U.S. Treasuries and U.S. Agency Funds: Valued at the closing price reported on the active market on which the individual securities are traded.

Guaranteed Investment Contract: Guaranteed investment contracts are reported at fair value which approximates contract value. The contract value equals the accumulated cash contributions and interest credited to the College's contracts. These contracts are not available for sale or transfer on any securities exchange.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the College believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTE 6 — FAIR VALUE MEASUREMENTS (Continued)

The following presents the College's assets by fair value hierarchy and type at May 31, 2013:

Investments	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents				
Cash and Cash Equivalents	$ 36,040,533	$ -	$ -	$ 36,040,533
Equities				
Long Only Equities	50,728,380	5,908,663	9,953,597	66,590,640
Equity Long / Short Investment Funds	-	46,471,834	11,240,208	57,712,042
Fixed Income				
Fixed Income Mutual Funds	66,463,282	-	-	66,463,282
Fixed Income Commingled Investment Funds	-	-	23,738,982	23,738,982
Absolute Return Funds				
Absolute Return Fund	-	20,516,674	43,755,431	64,272,105
Private Equity Funds				
Private Capital Fund	-	-	29,548,997	29,548,997
Private Real Estate Fund	-	-	18,920,595	18,920,595
Total Investments	$ 153,232,195	$ 72,897,171	$ 137,157,810	$ 363,287,176

Contributions Receivable - Charitable Remainder Trusts	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Charitable Remainder Trusts	$ -	$ -	$ 7,795,686	$ 7,795,686
Total Charitable Remainder Trusts	$ -	$ -	$ 7,795,686	$ 7,795,686

Investments under Split Interest Agreements	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents				
Cash and Cash Equivalents	$ 103,394	$ -	$ -	$ 103,394
Equities				
Equity Mutual Funds	2,797,274	-	-	2,797,274
Fixed Income				
Fixed Income Mutual Funds	4,043,648	-	-	4,043,648
Other				
Real Estate Trust	-	-	125,000	125,000
Total Investments under Split Interest Agreements	$ 6,944,316	$ -	$ 125,000	$ 7,069,316

Deposits with Bond Trustees	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents				
Cash and Cash Equivalents	$ 1,220,003	$ -	$ -	$ 1,220,003
Fixed Income				
U.S. Treasuries	3,043,563	-	-	3,043,563
U.S. Agency Funds	-	-	-	-
Other				
Guaranteed Investment Contract	-	-	1,544,910	1,544,910
Total Deposits with Bond Trustees	$ 4,263,566	$ -	$ 1,544,910	$ 5,808,476
Total assets at fair value	$ 164,440,077	$ 72,897,171	$ 146,623,406	$ 383,960,654

NOTE 6 — FAIR VALUE MEASUREMENTS (Continued)

The following presents the College's assets by fair value hierarchy and type at May 31, 2012:

Investments	**Assets at Fair Value**			
	Level 1	**Level 2**	**Level 3**	**Total**
Cash and Cash Equivalents				
Cash and Cash Equivalents	$ 4,050,581	$ -	$ -	$ 4,050,581
Equities				
Long Only Equities	39,497,881	4,634,648	9,791,664	53,924,193
Equity Long / Short Investment Funds	-	39,063,607	22,766,983	61,830,590
Fixed Income				
Fixed Income Mutual Funds	58,619,167	-	-	58,619,167
Fixed Income Commingled Investment Funds	89,986	-	24,575,051	24,665,037
Absolute Return Funds				
Absolute Return Fund	-	14,036,256	72,826,231	86,862,487
Private Equity Funds				
Private Capital Fund	-	-	31,176,651	31,176,651
Private Real Estate Fund	-	-	15,066,300	15,066,300
Total Investments	$ 102,257,615	$ 57,734,511	$ 176,202,880	$ 336,195,006

Contributions Receivable - Charitable Remainder Trusts	**Assets at Fair Value**			
	Level 1	**Level 2**	**Level 3**	**Total**
Charitable Remainder Trusts	$ -	$ -	$ 7,076,033	$ 7,076,033
Total Charitable Remainder Trusts	$ -	$ -	$ 7,076,033	$ 7,076,033

Investments under Split Interest Agreements	**Assets at Fair Value**			
	Level 1	**Level 2**	**Level 3**	**Total**
Cash and Cash Equivalents				
Cash and Cash Equivalents	$ 183,922	$ -	$ -	$ 183,922
Equities				
Equity Mutual Funds	2,218,201	-	-	2,218,201
Fixed Income				
Fixed Income Mutual Funds	4,394,347	-	-	4,394,347
Other				
Real Estate Trust	-	-	125,000	125,000
Total Investments under Split Interest Agreements	$ 6,796,470	$ -	$ 125,000	$ 6,921,470

Deposits with Bond Trustees	**Assets at Fair Value**			
	Level 1	**Level 2**	**Level 3**	**Total**
Cash and Cash Equivalents				
Cash and Cash Equivalents	$ 2,184,289	$ -	$ -	$ 2,184,289
Fixed Income				
U.S. Treasuries	11,241,694	-	-	11,241,694
U.S. Agency Funds	3,098,945	-	-	3,098,945
Other				
Guaranteed Investment Contract	-	-	1,776,192	1,776,192
Total Deposits with Bond Trustees	$ 16,524,928	$ -	$ 1,776,192	$ 18,301,120
Total assets at fair value	$ 125,579,013	$ 57,734,511	$ 185,180,105	$ 368,493,629

NOTE 6 — FAIR VALUE MEASUREMENTS (Continued)

Level 3 Gains and Losses

The following table sets forth a summary of changes in the fair value of the College's level 3 assets for the year ended May 31, 2013:

Balance at June 1, 2012	$ 185,180,105
Total gains or losses (realized and unrealized) included in non-operating gains	12,180,847
Purchases	5,626,056
Sales	(46,665,225)
Transfer to Level 2 (beginning of year) due to lockup expiration	(9,698,377)
Balance at May 31, 2013	$ 146,623,406

The following table sets forth a summary of changes in the fair value of the College's level 3 assets for the year ended May 31, 2012:

Balance at June 1, 2011	$ 190,214,194
Total gains or losses (realized and unrealized) included in non-operating gains	(3,082,109)
Purchases	23,564,761
Sales	(19,777,453)
Transfer to Level 2 (beginning of year) due to lockup expiration	(5,739,288)
Balance at May 31, 2012	$ 185,180,105

Nature and Risk of Certain Investments

The nature and risk of certain investments by major category at May 31, 2013 are presented as follows:

	Fair Value	Unfunded Commitments	Redemption Provisions	Expected Liquidation Term
Fixed Income				
Fixed Income Commingled Investment Funds	$ 23,738,982	$ -	90 days notice with 33% maximum annually	Not applicable
Equities				
Equity Long / Short Investment Funds	57,712,042	-	varies from 100% monthly with 10 days notice to a 3 year holding period	Not applicable
Absolute Return Funds				
Absolute Return Funds	64,272,105	-	varies from 100% quarterly with 45 days notice to a 1 year holding period	Not applicable
Private Equity Funds				
Private Capital Funds	29,548,997	16,690,000	no redemption permitted	1 to 12 years
Private Real Estate Funds	18,920,595	2,419,000	no redemption permitted	1 to 6 years
	$ 194,192,721	$ 19,109,000		

NOTE 6 — FAIR VALUE MEASUREMENTS (Continued)

Quantitative and Qualitative Information Regarding Level 3 Fair Value Measurements

The following table presents information about significant unobservable inputs related to the College's investment in assets categorized as Level 3 in the fair value hierarchy at May 31, 2013:

Type	Fair Value	Valuation Technique	Significant Unobservable Inputs	Range
Charitable Remainder Trusts	$ 7,795,686	Discounted cash flow	Discount rates	0.69%-3.26%
			Life expectancy	1-17 years

The College has a process in place, overseen by the Vice President for Finance and Administration and Treasurer, to review fair value estimates.

NOTE 7 — ENDOWMENT

FASB Accounting Standards Codification provides guidance regarding Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds. The guidance requires certain disclosures about an organization's endowment funds whether or not the organization is subject to UPMIFA.

On September 17, 2010, the State of New York adopted a version of the Uniform Prudent Management of Institutional Funds Act ("NYPMIFA"). The College has interpreted NYPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor instructions to the contrary. As a result of this interpretation, the College classifies as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Board of Trustees in a manner consistent with the standard of prudence prescribed by NYPMIFA.

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or NYPMIFA requires the College to retain as a fund of perpetual duration. In accordance with US GAAP, deficiencies of this nature are reported in unrestricted net assets. Deficiencies would result from unfavorable market fluctuations that occur after the investment of permanently restricted contributions and continued appropriation as deemed prudent by the College. Approximately $1,871,000 and $3,030,000 were funded from Unrestricted Net Assets to Permanently Restricted Net Assets at May 31, 2013 and 2012, respectively.

NOTE 7 — ENDOWMENT (Continued)

Endowment Investment Policy

Endowment assets include those assets of donor-restricted funds that the organization 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 preserve the purchasing power of the corpus and insulate program spending from fluctuations in capital markets while assuming a moderate level of investment risk.

Endowment Investment Return Spending Policy

The College has an endowment and similar funds "total return" investment spending policy, which is applied to substantially all of the College's endowment and similar funds investments. It is intended to preserve the purchasing power of the corpus and insulate program spending from fluctuations in capital markets. The amount of endowment and similar funds investment return (yield and appreciation) used annually to support operations is equivalent to 5% of the weighted average of these investments over the prior three years. Investment returns equal to the annual spending rate are reflected as operating support and investment returns in excess of the spending rate are reflected as non-operating support in the accompanying statements of activities. Spending in excess of investment return is reflected as a decrease in unrestricted net assets.

Endowment net asset composition by type of fund as of May 31, 2013 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted funds	$ -	$ 65,061,940	$ 110,186,348	$ 175,248,288
Board-designated funds	127,843,532	-	-	127,843,532
Total funds	$ 127,843,532	$ 65,061,940	$ 110,186,348	$ 303,091,820

Endowment net asset composition by type of fund as of May 31, 2012 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted funds	$ -	$ 55,022,250	$ 106,529,302	$ 161,551,552
Board-designated funds	119,223,812	-	-	119,223,812
Total funds	$ 119,223,812	$ 55,022,250	$ 106,529,302	$ 280,775,364

Changes in endowment net assets for the fiscal year ended May 31, 2013 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 119,223,812	$ 55,022,250	$ 106,529,302	$ 280,775,364
Contributions	1,297,561	-	3,657,046	4,954,607
Investment income	1,263,622	-	-	1,263,622
Net appreciation	12,865,805	18,604,081	-	31,469,886
Amounts appropriated for expenditure	(6,807,268)	(8,564,391)	-	(15,371,659)
Endowment net assets, end of year	$ 127,843,532	$ 65,061,940	$ 110,186,348	$ 303,091,820

NOTE 7 — ENDOWMENT (Continued)

Endowment Investment Return Spending Policy (Continued)

Changes in endowment net assets for the fiscal year ended May 31, 2012 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 129,643,310	$ 69,604,408	$ 102,115,391	$ 301,363,109
Contributions	544,517	-	4,413,911	4,958,428
Investment income	1,313,763	-	-	1,313,763
Net depreciation	(5,760,547)	(6,268,984)	-	(12,029,531)
Amounts appropriated for expenditure	(6,517,231)	(8,313,174)	-	(14,830,405)
Endowment net assets, end of year	$ 119,223,812	$ 55,022,250	$ 106,529,302	$ 280,775,364

NOTE 8 — LAND, BUILDINGS AND EQUIPMENT, NET

Land, buildings and equipment, net as of May 31, 2013 and 2012, consisted of the following:

	2013	2012
Land	$ 2,149,036	$ 2,149,036
Buildings and building improvements	264,881,461	245,189,507
Equipment and furnishings	77,419,398	71,820,828
Library holdings and art collections	31,621,393	30,216,104
Construction in progress	28,420,409	22,303,090
	404,491,697	371,678,565
Less: accumulated depreciation	(184,426,282)	(175,677,812)
Land, buildings, and equipment, net	$ 220,065,415	$ 196,000,753

Depreciation expense for the years ended May 31, 2013 and 2012 amounted to approximately $12,919,000 and $12,034,000, respectively.

The College capitalizes the interest cost related to outstanding debt for certain qualifying assets under construction. Capitalized interest costs for the years ended May 31, 2013 and 2012 approximated $281,000 and $811,000, respectively.

Construction in progress includes capital projects not yet completed at year end. The most significant component of construction in progress as of May 31, 2013 is the construction of new residential housing on campus, with expected completion in fiscal year 2014. The remaining commitment on this project approximated $8,000,000 at May 31, 2013. The remaining projects, including renovation and infrastructure improvements across the campus and geothermal heating and cooling system to multiple academic buildings are expected to be completed in fiscal year 2014.

NOTE 8 — LAND, BUILDINGS AND EQUIPMENT, NET (Continued)

Contingencies Related To Land, Buildings, and Equipment

Asset Retirement Obligation (ARO)

In the normal course of operation, the College performs maintenance and repairs on its facilities and is also involved in ongoing construction projects. As part of these activities, the College has identified areas containing materials that legally require removal (asset retirement obligation) at some point in the future. The primary material identified was asbestos that was used in the initial construction of many of the buildings at the College.

The following table details the activity in the College's asset retirement obligation for 2013 and 2012:

	2013	2012
ARO, beginning of year	$ 1,170,622	$ 1,695,645
Add: Current year accretion	-	11,246
Less: Settled Obligations	(571,409)	(536,269)
ARO, end of year	$ 599,213	$ 1,170,622

NOTE 9 — LONG-TERM DEBT

The College classifies its long-term debt into two categories, plant debt and student loan debt. Plant debt was issued to finance facilities additions/renovations and major equipment purchases, and will be repaid from the general operations of the College. Student loan debt was issued to fund the College's student loan program and will be repaid from principal and interest collected from the underlying loan portfolio.

Long-term debt of the College (including the current portion) as of May 31, 2013 and 2012, is summarized as follows:

	2013	2012
Plant Debt		
Saratoga County Industrial Development Agency Insured Revenue Bonds, Series '03A; 4.09%; due 2023	$ 14,320,000	$ 16,375,000
Dormitory Authority of the State of New York Insured Revenue Bonds, Series '04; 4.59%; due 2033	27,135,000	27,930,000
Dormitory Authority of the State of New York Revenue Bonds, Series '11A; 5.25%; due 2041	31,745,000	32,055,000
Total plant debt	73,200,000	76,360,000
Student Loan Debt		
Dormitory Authority of the State of New York College & University Educational Loan Insured Revenue Bonds:		
Series '92; 6.39%; due 2013	-	65,062
Series '93; 5.05%; due 2014	221,420	291,303
Series '95; 5.75%; due 2017	940,692	1,244,448
Total student loan debt	1,162,112	1,600,813
Total long-term debt	$ 74,362,112	$ 77,960,813

NOTE 9 — LONG-TERM DEBT (Continued)

Maturities noted are the final year of maturity for the issue. Interest rates noted are annualized based on a weighted average for the entire issue. All issues, except for Series 2011A Revenue Bonds, are collateralized by municipal bond insurance. All issues are collateralized by certain pledges of tuition and fees. As additional security for its plant-related debt, the College has granted mortgages on various campus properties.

A summary of long-term debt service payable for the next five years and thereafter is as follows:

	Principal	Interest	Total
2014	$ 2,650,072	$ 4,252,246	$ 6,902,318
2015	2,919,906	3,660,653	6,580,559
2016	2,999,133	3,536,206	6,535,339
2017	3,308,001	3,996,091	7,304,092
2018	3,050,000	2,935,770	5,985,770
Thereafter	59,435,000	30,414,000	89,849,000
Total	$ 74,362,112	$ 48,794,966	$ 123,157,078

The fair market value of the College's financial debt instruments based on current borrowing rates for loans with similar terms and average maturities was estimated to be approximately $81,941,000 and $85,912,000 as of May 31, 2013 and 2012, respectively.

Interest expense for the years ended May 31, 2013 and 2012 totaled approximately $3,330,000 and $2,990,000, respectively.

NOTE 10 — TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily restricted net assets are subject to donor-imposed stipulations to support scholarships, program activities, and new construction. Such stipulations may be or will be satisfied by the actions of the College and/or the passage of time. Temporarily restricted net assets as of May 31, 2013 and 2012 were classified as follows:

	2013	2012
Student loans	$ 48,604	$ 48,604
Funds for academic programs and scholarships	3,260,071	3,229,337
Funds for capital improvements	3,001,185	11,986,986
Life income and annuity funds	10,997,492	10,199,158
Endowment	65,061,940	55,022,250
Pledges receivable	5,470,339	6,569,375
	$ 87,839,631	$ 87,055,710

NOTE 10 — TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS (Continued)

Permanently restricted net assets are subject to donor-imposed stipulations that require the principal to be invested in perpetuity. Investment returns are expendable to support scholarships and program activities. Permanently restricted net assets as of May 31, 2013 and 2012 consisted of the following:

	2013	2012
Endowment	$ 110,186,348	$ 106,529,302
Life income and annuity funds	1,600,766	1,505,238
Pledges receivable	1,933,909	3,093,780
	$ 113,721,023	$ 111,128,320

NOTE 11 — EMPLOYEE BENEFIT PLANS

Pension Plans

During 1990, the College determined that the early retirement option that had been offered to non-unionized employees and administered as a severance pay plan was deemed jurisdictional under Title 1 of ERISA as a defined benefit pension plan. Effective November 15, 1990, the College's Board of Trustees voted to freeze all benefits under the early retirement plan and close the plan to new employees. All non-unionized employees employed at the College on November 15, 1990 would be vested under the frozen plan after five years of service.

The following table sets forth the plan's funded status and amounts recognized in the College's statements of financial position as of May 31, 2013 and 2012:

	2013	2012
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 1,218,684	$ 1,231,918
Interest cost	43,769	58,536
Benefits paid	(88,826)	(55,992)
Actuarial loss (gain)	4,641	(15,778)
Increase due to settlement	17,076	-
Benefit obligation at end of year	$ 1,195,344	$ 1,218,684
Change in plan assets:		
Fair value of plan assets at beginning of year	$ 1,296,646	$ 1,321,262
Actual return on plan assets	8,662	(18,624)
Employer contribution	50,000	50,000
Benefits paid	(88,826)	(55,992)
Fair value of plan assets at end of year	$ 1,266,482	$ 1,296,646
Funded status at year end	$ 71,138	$ 77,962
Amounts recognized in unrestricted net assets:		
Unamortized net loss	$ 472,158	$ 546,010

NOTE 11 — EMPLOYEE BENEFIT PLANS (Continued)

Pension Plans (Continued)

	2013	2012
Amounts recognized in the statement of financial position consist of:		
Pension assets	$ 71,138	$ 77,962
Unrestricted net assets	$ 472,158	$ 546,010
Components of net periodic pension cost:		
Interest cost on projected benefit obligation	$ 43,769	$ 58,536
Expected return on assets	(22,136)	(34,579)
Amortization of unrecognized net loss	89,652	67,599
Settlement loss	19,391	-
Net periodic pension cost	$ 130,676	$ 91,556
Change in unamortized items:		
Actuarial loss	$ 18,115	$ 37,425
Settlement loss	17,076	-
Amortization of:		
Actuarial loss	(89,652)	(67,599)
Settlement loss	(19,391)	-
Total changes in recognized unrestricted net assets	$ (73,852)	$ (30,174)
Total recognized in net periodic pension cost and unrestricted net assets	$ 56,824	$ 61,382

	2014
Expected effect in the unrestricted net assets next fiscal year:	
Net loss	$ 83,638

The College's funding policy is based upon and is in compliance with ERISA requirements. The College contributed $50,000 to the plan for each of the years ended May 31, 2013 and 2012. Assumed discount rates of 2.70% and 4.25% were used in accounting for the benefit obligation as of May 31, 2013 and 2012, respectively. Assumed discount rates of 4.25% and 5.50% were used in accounting for the net periodic pension cost as of May 31, 2013 and 2012, respectively. Expected long-term rate of return on assets of 2.0% was used in accounting for the plan as of May 31, 2013 and 2012.

There is no expected contribution to the plan for the fiscal year ended May 31, 2014.

Estimated future benefit payments reflect expected future service for each fiscal year. Shown below are the expected payments for the next five years and the five years thereafter:

2014	$ 328,531
2015	$ 178,398
2016	$ 130,937
2017	$ 100,901
2018	$ 96,074
Years 2019-2023	$ 287,877

NOTE 11 — EMPLOYEE BENEFIT PLANS (Continued)

Postretirement Health Benefits

The College pays for a portion of medical benefits for retired non-unionized employees with a start date prior to September 4, 2008 based upon years of service at retirement date. The College accrues the expected cost of postretirement benefits over the service life of active employees.

The following tables set forth the status of the plan, which is unfunded, as of May 31, 2013 and 2012:

	2013	2012
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 70,171,080	$ 56,923,896
Service cost	2,103,064	1,495,289
Interest cost	2,759,805	2,940,123
Plan participant's contribution	83,409	82,327
Amendments	168,710	-
Actuarial (gain) loss	(5,949,131)	10,750,669
Benefits paid	(1,679,364)	(2,021,224)
Benefit obligation at end of year	$ 67,657,573	$ 70,171,080
Change in plan assets:		
Fair value of plan assets at beginning of year	$ -	$ -
Employer contribution	1,595,955	1,938,897
Plan participants' contributions	83,409	82,327
Benefits paid	(1,679,364)	(2,021,224)
Fair value of plan assets at end of year	$ -	$ -
Funded status at year end	$ (67,657,573)	$ (70,171,080)
Amounts recognized in unrestricted net assets:		
Unamortized prior service (credit)	$ (5,427,722)	$ (6,663,431)
Unamortized net loss	33,179,004	41,690,131
	$ 27,751,282	$ 35,026,700
Amounts recognized in the statement of financial position consist of:		
Accrued postretirement benefits liability	$ (67,657,573)	$ (70,171,080)
Unrestricted net assets	$ 27,751,282	$ 35,026,700
Components of net periodic benefit cost:		
Service cost	$ 2,103,064	$ 1,495,289
Interest cost	2,759,805	2,940,123
Amortization of net loss	2,561,996	1,961,944
Amortization of unrecognized prior service credit	(1,066,999)	(1,066,999)
Net periodic postretirement benefit cost	$ 6,357,866	$ 5,330,357

NOTE 11 — EMPLOYEE BENEFIT PLANS (Continued)

Postretirement Health Benefits (Continued)

	2013	2012
Change in unamortized items:		
Prior service credit	$ 168,710	$ -
Actuarial (gain) loss	(5,949,131)	10,750,669
Amortization of:		
Prior service credit	1,066,999	1,066,999
Actuarial loss	(2,561,996)	(1,961,944)
Total changes in recognized unrestricted net assets	$ (7,275,418)	$ 9,855,724
Total recognized in net periodic benefit cost and unrestricted net assets	$ (917,552)	$ 15,186,081

Expected effect in the unrestricted net assets next fiscal year:	2014
Prior service (credit)	$ (1,045,667)
Net loss	$ 2,293,901

Actual net health care claims paid for retirees by the College for the years ended May 31, 2013 and 2012 totaled $1,595,955 and $1,938,897, respectively. The discount rates used in determining the accumulated postretirement benefit obligation were 4.40% and 4.25% as of May 31, 2013 and 2012, respectively. Assumed discount rates of 4.25% and 5.50% were used in accounting for the net periodic pension cost as of May 31, 2013 and 2012, respectively. The assumed trend rates for pre-65 medical, post-65 medical, and prescription drug costs are 8%, 6.5%, and 7%, respectively for the next year, decreasing gradually in future years to 5% by fiscal 2022 and remaining at that level thereafter. Increasing the assumed health care cost trend rate by 1% in each year would increase the accumulated postretirement benefit obligation as of May 31, 2013 by $12,907,507 and increase the aggregate of the service cost and interest cost by $1,208,961. Decreasing the assumed health care cost trend rate by 1% in each year would decrease the accumulated postretirement benefit obligation as of May 31, 2013 by $10,222,261 and decrease the aggregate of the service cost and interest cost by $912,942.

Expected benefit payments reflect expected future service for each fiscal year. Shown below are the expected gross payments (including prescription drug benefits) for the next five years and the five years thereafter:

	Gross Payments
2014	$ 1,996,035
2015	$ 2,152,569
2016	$ 2,265,637
2017	$ 2,398,507
2018	$ 2,559,172
Years 2019-2023	$ 15,990,870

NOTE 11 — EMPLOYEE BENEFIT PLANS (Continued)

Defined Contribution Plan

The College has a 403(b) defined contribution plan, which covers substantially all non union employees of the College. The College contributes an amount equal to 10% of base annual salary / wages if an eligible employee is less than age 50, or 11% if age 50 or over, into the plan. In addition, the College contributes an amount equal to 1% of base annual salary / wages of an eligible employee with a start date on or after September 4, 2008 who is a fully benefits eligible employee, but who is not eligible for the College's postretirement healthcare plan. For the years ended May 31, 2013 and 2012, the College's contribution was approximately $4,498,000 and $4,261,000, respectively.

Other

The College contributes to pension funds administered by various unions with which the College has collective bargaining agreements. The risks of participating in these multiemployer plans are different from single employer plans in the following aspects:

a) Assets contributed to the multiemployer plan by one entity may be used to provide benefits to employees of other participating companies;

b) If a participating entity stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating entities; and

c) If the College stops participating in some or all of its multiemployer plans, and continues in business, the College could be required to pay an amount, referred to as withdrawal liability, based on the unfunded status of the plan.

The College's participation in these plans for the annual period ended May 31, 2013 is outlined in the following table.

Pension Fund	EIN/Pension Plan Number	Pension Protection Act Zone Status		FIP/RP Status Pending/ Implemented	Contributions of Skidmore College		Surcharge Imposed	Expiration Date of Collective Bargaining Agreement
		2013	2012		2013	2012		
Service Employees Pension Fund of Upstate New York	16-0908576/001	Red		RP adopted 11/16/2009	$ 494,504	$ 444,552	10%	9/30/2013
Other Funds					287,131	287,315		
				Total Contributions:	$ 781,635	$ 731,867		

The most recent Pension Protection Act (PPA) zone status available in 2013 is for the plan's year-end at December 31, 2012. The zone status and rehabilitation plan (RP) implementation date is based on information that the College received from the plan.

For the year-ended May 31, 2013, The College contributed more than 5% to the Service Employees Pension Fund of Upstate New York.

NOTE 11 — EMPLOYEE BENEFIT PLANS (Continued)

Other (Continued)

The College's collective bargaining agreement with one union expires on September 30, 2013, which might impact the status of College's participation in the Service Employees Pension Fund of Upstate New York. Based on the most recent data available, the Funds Enrolled Actuary estimated that if Skidmore College completely withdrew from the Fund during the period January 1 through December 31, 2012, its withdrawal liability would be approximately $4,197,000, which is not reflected in the College's financial statements for the year ended May 31, 2013.

NOTE 12 — CREDIT AGREEMENTS

The College has two $10,000,000 lines of credit for working capital purposes with commercial banks. The rate of interest on one line is equivalent to the London Interbank Offered Rate ("LIBOR") plus 100 basis points. The rate of interest on the second line is equivalent to the J.P. Morgan Chase Bank prime lending rate. Outstanding balances on the lines are secured by interests in various College assets. There were no borrowings outstanding under the lines of credit as of May 31, 2013 and 2012.

NOTE 13 — OTHER AGREEMENT

The College has an agreement for a loan program with a local bank where loans are given to area businesses that meet certain criteria. The bank administers and assumes all risks related to the program. The College has $688,500 in accounts receivable and $1,401,969 in investment related to the program at May 31, 2013.

NOTE 14 — COMMITMENTS AND CONTINGENCIES

The College is subject to certain claims and legal proceedings arising in the ordinary course of business. In the opinion of management, the ultimate disposition with respect to these matters will not have a material adverse effect on the financial position of the College.