FINANCIAL STATEMENTS TOGETHER WITH REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

SKIDMORE COLLEGE

For the years ended May 31, 2005 and 2004

CONTENTS

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees of
Skidmore College:

We have audited the accompanying statements of financial position of Skidmore College (the "College") as of May 31, 2005 and 2004, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America as established by the Auditing Standards Board of the American Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Skidmore College as of May 31, 2005 and 2004, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Grant Thornton LLP

New York, New York
September 2, 2005

THE CHRYSLER CENTER
666 Third Avenue
New York, NY 10017
T 212.599.0100
F 212.370.4520
W www.grantthornton.com

Grant Thornton LLP
US Member of Grant Thornton International

Skidmore College

STATEMENTS OF FINANCIAL POSITION

As of May 31, 2005 and 2004

	2005	2004
Assets:		
Cash and cash equivalents	$ 24,484,457	$ 15,683,607
Accounts receivable, net	2,269,660	1,791,887
Inventories	800,810	884,526
Prepaid expenses	1,336,019	990,917
Contributions receivable, net	33,453,566	13,138,534
Student loans receivable, net	5,744,260	6,371,215
Investments, at fair value	222,355,123	199,005,162
Deposits with bond trustees	36,927,849	39,441,605
Deferred financing costs	2,266,364	2,262,116
Prepaid benefit costs	691,758	419,464
Land, buildings and equipment, net	100,126,776	98,119,967
Total assets	$ 430,456,642	$ 378,109,000
Liabilities:		
Accounts payable and accrued expenses	$ 10,799,707	$ 8,968,981
Student tuition deposits and deferred revenues	8,576,224	7,328,797
Accrued pension and postretirement benefits	18,907,080	16,968,516
Refundable government loan funds	1,675,368	1,617,780
Long-term debt	80,553,626	81,418,626
Total liabilities	120,512,005	116,302,700
Commitments (Note K)		
Net assets		
Unrestricted:		
Board Designated	144,837,416	134,369,531
Undesignated	48,495,922	48,452,546
	193,333,338	182,822,077
Temporarily restricted	39,937,911	14,044,900
Permanently restricted	76,673,388	64,939,323
Total net assets	309,944,637	261,806,300
Total liabilities and net assets	$ 430,456,642	$ 378,109,000

The accompanying notes are an integral part of theses statements.

Skidmore College

STATEMENT OF ACTIVITIES

For the year ended May 31, 2005

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating revenue:				
Tuition and fees	$ 76,783,527	$ -	$ -	$ 76,783,527
Less: institutional aid	(18,662,039)	-	-	(18,662,039)
Net tuition and fees	58,121,488	-	-	58,121,488
Sales and services of auxiliary enterprises	20,483,416	-	-	20,483,416
Private gifts and grants	3,013,912	17,076,706	-	20,090,618
Government grants and appropriations	246,667	2,630,639	-	2,877,306
Investment return:				
Dividends and interest	4,294,727	1,803,591	-	6,098,318
Realized gains spent to support operations	2,937,742	3,527,341	-	6,465,083
Interest on student loans	302,606	-	-	302,606
Other	1,106,879	443,095	-	1,549,974
Total operating revenue	90,507,437	25,481,372	-	115,988,809
Net assets released from restrictions	10,190,890	(10,190,890)	-	-
Total operating revenue and net assets released from restrictions	100,698,327	15,290,482	-	115,988,809
Operating expenses:				
Instruction	37,440,238	-	-	37,440,238
Research	812,405	-	-	812,405
Academic support	11,320,782	-	-	11,320,782
Student services	10,665,860	-	-	10,665,860
Institutional support	19,081,915	-	-	19,081,915
Auxiliary enterprises	18,309,757	-	-	18,309,757
Total operating expenses	97,630,957	-	-	97,630,957
Non-operating:				
Dividends and interest	392,336	95,931	-	488,267
Realized and unrealized gains	6,855,985	8,760,709	-	15,616,694
Capital gifts	1,842,289	1,634,057	10,025,194	13,501,540
Net loss on disposal of fixed assets	(34,197)	-	-	(34,197)
Other net (expense) revenue	(1,612,522)	111,832	1,708,871	208,181
Changes in net assets from non-operating activities	7,443,891	10,602,529	11,734,065	29,780,485
Increase in net assets	10,511,261	25,893,011	11,734,065	48,138,337
Net assets at beginning of year	182,822,077	14,044,900	64,939,323	261,806,300
Net assets at end of year	$ 193,333,338	$ 39,937,911	$ 76,673,388	$ 309,944,637

The accompanying notes are an integral part of this statement.

Skidmore College

STATEMENT OF ACTIVITIES

For the year ended May 31, 2004

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating revenue:				
Tuition and fees	$ 70,618,335	$ -	$ -	$ 70,618,335
Less: institutional aid	(16,085,238)	-	-	(16,085,238)
Net tuition and fees	54,533,097	-	-	54,533,097
Sales and services of auxiliary enterprises	18,527,438	-	-	18,527,438
Private gifts and grants	3,934,082	1,492,467	-	5,426,549
Government grants and appropriations	346,206	2,972,483	-	3,318,689
Investment return:				
Dividends and interest	2,971,561	2,062,394	-	5,033,955
Realized gains spent to support operations	3,130,496	3,959,394	-	7,089,890
Interest on student loans	472,507	-	-	472,507
Other	947,826	572,527	-	1,520,353
Total operating revenue	84,863,213	11,059,265	-	95,922,478
Net assets released from restrictions	19,923,617	(19,923,617)	-	-
Total operating revenue and net assets released from restrictions	104,786,830	(8,864,352)	-	95,922,478
Operating expenses:				
Instruction	34,962,582	-	-	34,962,582
Research	959,202	-	-	959,202
Academic support	11,216,054	-	-	11,216,054
Student services	9,832,559	-	-	9,832,559
Institutional support	18,059,448	-	-	18,059,448
Auxiliary enterprises	16,647,330	-	-	16,647,330
Total operating expenses	91,677,175	-	-	91,677,175
Non-operating:				
Dividends and interest	10,854	64,605	-	75,459
Realized and unrealized gains	8,422,100	8,567,915	-	16,990,015
Capital gifts	704,013	1,240,476	1,203,725	3,148,214
Net loss on disposal of fixed assets	(354,176)	-	-	(354,176)
Other net (expense) revenue	(1,574,667)	324,359	201,756	(1,048,552)
Changes in net assets from non-operating activities	7,208,124	10,197,355	1,405,481	18,810,960
Increase in net assets	20,317,779	1,333,003	1,405,481	23,056,263
Net assets at beginning of year	162,504,298	12,711,897	63,533,842	238,750,037
Net assets at end of year	$ 182,822,077	$ 14,044,900	$ 64,939,323	$ 261,806,300

The accompanying notes are an integral part of this statement.

Skidmore College

STATEMENTS OF CASH FLOWS

For the years ended May 31, 2005 and 2004

	2005	2004
Cash flows from operating activities:		
Increase in net assets	$ 48,138,337	$ 23,056,263
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	8,549,212	8,164,391
Amortization of deferred financing costs	41,954	212,703
Amortization of bond discount	-	(3,228)
(Increase) decrease in pledge discount	(2,801,504)	45,389
Loss on disposal of fixed assets	34,197	354,176
Increase (decrease) in provision for bad debts	1,686,156	(263,525)
Realized and unrealized gains on investments	(22,081,777)	(24,079,905)
Capital gifts	(13,501,540)	(3,148,214)
Gifts in kind	(543,357)	(1,021,980)
Changes in operating assets and liabilities:		
Increase in accounts receivable	(376,044)	(159,759)
Decrease (increase) in inventories	83,716	(155,955)
(Increase) decrease in prepaid expenses	(345,102)	432,703
Increase in prepaid pension costs	(272,294)	(229,106)
Increase (decrease) in accounts payable and accrued expenses	1,830,726	(98,096)
Increase in student tuition deposits and deferred income	1,247,427	341,792
Increase in accrued postretirement benefits	1,938,564	2,216,872
Net cash provided by operating activities	23,628,671	5,664,521
Cash flows from investing activities:		
Proceeds from sale of investments	176,808,030	75,476,148
Purchases of investments	(178,076,214)	(68,453,773)
Student loan principal collected	1,230,063	1,783,817
Student loans originated	(535,574)	(391,523)
Purchases of land, buildings and equipment	(10,046,859)	(5,565,790)
Net cash (used in) provided by investing activities	(10,620,554)	2,848,879
Cash flows from financing activities:		
Capital gifts	13,501,540	3,148,214
(Increase) decrease in pledges, contributions, and bequests receivable	(19,368,949)	499,802
Proceeds from bond issuances	-	61,805,000
Principal paid on long-term debt	(865,000)	(38,723,297)
Decrease (increase) in deposits with trustee	2,513,756	(20,265,017)
Increase in deferred financing costs	(46,202)	-
Increase in refundable government loan funds	57,588	15,680
Net cash (used in) provided by financing activities	(4,207,267)	6,480,382
Net increase in cash and cash equivalents	8,800,850	14,993,782
Cash and cash equivalents at beginning of year	15,683,607	689,825
Cash and cash equivalents at end of year	$ 24,484,457	$ 15,683,607
Supplemental disclosures:		
Non-cash investing and financing activities-gifts in kind	$ 543,357	$ 1,021,980
Interest paid	$ 2,882,700	$ 2,661,184

The accompanying notes are an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS

May 31, 2005 and 2004

NOTE A - 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 an 850 acre campus located in Saratoga Springs, New York. The College serves approximately 2,300 undergraduate students.

The College is a not-for-profit corporation 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.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. *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.

2. *Basis of Presentation*

The College's financial statements are presented in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). Under US GAAP, 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:

<u>Unrestricted net assets</u> - Net assets that are not subject to donor-imposed stipulations.

<u>Temporarily restricted net assets</u> - 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.

<u>Permanently restricted net assets</u> - 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.

3. *Cash and Cash Equivalents*

Cash and cash equivalents (current operating assets) are comprised of investments with maturities of less than 90 days except for cash and cash equivalents included in investment pools, which are included in long-term investments in the accompanying statements of financial position.

NOTE B (continued)

4. *Investments*

All investments with readily determinable market values have been reported in the accompanying financial statements at fair value. Certain limited partnerships and other investments totaling approximately $6,373,000 and $6,976,000 as of May 31, 2005 and 2004, respectively, whose fair values are not readily determinable have been reported at cost. Realized and unrealized gains and losses 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.

Investments in fixed income and equity securities are recorded at fair value based upon values provided by the College's external money managers or quoted market prices. Market prices on specific investments frequently change, and could affect the future fair values of the College's investments.

5. *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.

6. *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.

7. *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. Art collections are stated at cost, if purchased, or fair market value at the date of receipt, if acquired by contribution; however these

NOTE B (continued)

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 nonoperating 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.

8. *Deferred Financing Costs*

Deferred financing costs consist of legal, underwriting, and other fees for services rendered in connection with the issuance of long-term debt. Deferred financing costs are amortized using the effective interest rate method over the life of the related debt.

9. *Donor Imposed Restrictions*

Unconditional promises to give (pledges), and gifts of cash and other non-capital assets are reported at their fair value as restricted operating 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.

10. *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 nonoperating support in the accompanying statements of activities.

NOTE B (continued)

11. Program Expenses

Total program expenses for the years ended May 31, 2005 and 2004 were approximately $78,549,000 and $73,618,000, respectively. Program expenses include instruction, research, academic support, student services and auxiliary enterprises.

12. Fair Value of Financial Instruments

The carrying amount of cash and cash equivalents, student accounts receivable, funds held by bond trustees, and accounts payable and accrued expenses approximate fair value due to the short maturity of these financial instruments.

Long-term pledges receivable are stated at present value using risk-free discount rates.

The fair value of investments is based on the quoted market value of the underlying securities. The fair value of long-term debt is discussed further in Note G.

A reasonable estimate of the fair value of student loans receivable under government loan programs could not be made because the notes are not saleable and can only be assigned to the U.S. Government or its designees.

NOTE C - ACCOUNTS RECEIVABLE AND STUDENT LOANS RECEIVABLE, NET

Accounts receivable and student loans receivable are recognized net of an allowance for uncollectible accounts of approximately $86,000 and $716,000, respectively, as of May 31, 2005 and approximately $188,000 and $784,000, respectively, as of May 31, 2004.

Student loans receivable are comprised primarily of College sponsored loans that were capitalized through the issuance of tax-exempt bonds as discussed in Note G and Federally sponsored student loans with U.S. government mandated interest rates and repayment terms.

NOTE D - CONTRIBUTIONS RECEIVABLE, NET

The College recognizes pledges, contributions, and bequests at their estimated fair value. Fair value is determined by calculating the present value of the estimated future cash flows, net of an allowance for uncollectible pledges. Pledges that originated in fiscal 2005 and 2004 were assigned discount rates of 3.57% and 2.85%, respectively.

Pledges, contributions, and bequests receivable as of May 31, 2005 and 2004, were due as follows:

	2005	2004
Gross amounts due in:		
One year	$ 1,501,642	$ 1,732,035
One to five years	26,165,256	6,097,280
More than five years	11,710,619	6,315,999
	39,377,517	14,145,314
Less: discount to present value (1.93% to 5.88%)	(3,660,241)	(598,489)
	35,717,276	13,546,825
Less: allowance for doubtful accounts	(2,263,710)	(408,291)
Total	$ 33,453,566	$ 13,138,534

As of May 31, 2005 and 2004, the College had also received notification of bequest intentions totaling approximately $13,999,000 and $11,620,000, respectively. These bequests, if received, would be used for general operations, program activities and new facilities. These amounts are not included in pledges 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 $3,182,000 and $3,014,000 for the years ended May 31, 2005 and 2004, respectively. These expenses are reflected in institutional support in the accompanying statements of activities.

NOTE E - INVESTMENTS

The fair value and cost of long-term investments by type of investment as of May 31, 2005 and 2004 were as follows:

	2005	
	Fair Value	Cost
Cash equivalents	$ 20,701,377	$ 20,701,431
Fixed income securities	43,882,764	42,999,615
Equity securities	114,263,487	89,122,482
Limited partnerships	43,416,111	27,721,003
Other	91,384	91,384
Total	$ 222,355,123	$ 180,635,915

	2004	
	Fair Value	Cost
Cash equivalents	$ 18,613,754	$ 18,610,864
Fixed income securities	39,607,426	39,951,440
Equity securities	95,662,780	67,538,349
Limited partnerships	45,031,806	33,654,088
Other	89,396	89,396
Total	$ 199,005,162	$ 159,844,137

The College has committed to investing an additional $6,881,000 in three private equity limited partnerships over the next three years and $1,993,000 in three real estate limited partnerships over the next two years.

Investment management and custodial fees are netted against investment returns, and were approximately $834,000 and $718,000 for the years ended May 31, 2005 and 2004, respectively.

NOTE E (continued)

The fair value and cost of long-term investments by traditional fund classification as of May 31, 2005 and 2004 were as follows:

	2005	
	Fair Value	Cost
Pooled Investments		
Endowment and similar funds	$ 209,316,441	$ 168,070,680
Non-pooled Investments		
Current funds	6,434,182	6,076,027
Life income funds	6,604,500	6,488,871
Total non-pooled	13,038,682	12,564,898
Total	$ 222,355,123	$ 180,635,578

	2004	
	Fair Value	Cost
Pooled Investments		
Endowment and similar funds	$ 186,311,831	$ 148,167,601
Non-pooled Investments		
Current funds	6,266,278	5,885,150
Life income funds	6,427,053	5,791,386
Total non-pooled	12,693,331	11,676,536
Total	$ 199,005,162	$ 159,844,137

NOTE E (continued)

Pooled endowment and similar funds are accounted for on a unit market value basis. Funds are added to or withdrawn from the pool at the unit market value at the beginning of the fiscal quarter 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:

	2005			
	Pooled Investments			
	Market	Cost	Net Gain	Market value per unit
End of year	$ 209,316,441	$ 168,070,680	$ 41,245,761	$6.15
Beginning of year	186,311,831	148,167,601	38,144,230	5.49
Unrealized net gain for year			3,101,531	
Net realized gain for year			19,931,622	
Net total gain for year			$ 23,033,153	$0.66

The average earnings per unit, exclusive of unrealized and realized net gains, amounted to $.11 for the year ended May 31, 2005.

	2004			
	Pooled Investments			
	Market	Cost	Net Gain	Market value per unit
End of year	$ 186,311,831	$ 148,167,601	$ 38,144,230	$5.49
Beginning of year	166,561,964	149,678,105	16,883,859	4.80
Unrealized net gain for year			21,260,371	
Net realized gain for year			2,785,253	
Net total gain for year			$ 24,045,624	$0.69

The average earnings per unit, exclusive of unrealized and realized net gains, amounted to $.12 for the year ended May 31, 2004.

NOTE F - LAND, BUILDINGS AND EQUIPMENT, NET

Land, buildings and equipment, net as of May 31, 2005 and 2004, consisted of the following:

	2005	2004
Land	$ 1,198,656	$ 1,198,656
Buildings and building improvements	135,750,528	131,840,678
Equipment and furnishings	43,204,450	40,029,727
Library holdings and art collections	18,196,297	17,025,551
Construction in progress	4,338,014	2,169,318
	202,687,945	192,263,930
Less: accumulated depreciation	(102,561,169)	(94,143,963)
Land, buildings, and equipment, net	$ 100,126,776	$ 98,119,967

Depreciation expense for the years ended May 31, 2005 and 2004 amounted to $8,549,212 and $8,164,391, respectively.

NOTE G - 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 capitalize 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, 2005 and 2004, is summarized as follows:

	2005	2004
Plant Debt		
Dormitory Authority of the State of New York Insured Revenue Bonds, Series '98; 4.77%; due 2028	$ 13,700,000	$ 13,945,000
Saratoga County Industrial Development Agency Insured Revenue Bonds, Series '03A; 4.09%; due 2023	28,940,000	29,560,000
Dormitory Authority of the State of New York Insured Revenue Bonds, Series '04; 4.59%; due 2033	32,245,000	32,245,000
Total plant debt	74,885,000	75,750,000

NOTE G (continued)

	2005	2004
Student Loan Debt		
Dormitory Authority of the State of New York College & University Educational Loan Insured Revenue Bonds:		
Series '92; 6.39%; due 2013	$ 344,525	$ 344,525
Series '93; 5.05%; due 2013	1,560,048	1,560,048
Series '95; 5.75%; due 2016	3,764,053	3,764,053
Total student loan debt	5,668,626	5,668,626
Total long-term debt	$ 80,553,626	$ 81,418,626

The Dormitory Authority of the State of New York (the "Authority") issues consist of serial bonds, term bonds and capital appreciation bonds in varying combinations. 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 of the Authority issues, as well as the Saratoga County Industrial Development Agency issue, are collateralized by municipal bond insurance as well as certain pledges of tuition and fees. As additional security for its plant-related debt, the College has granted mortgages on various campus properties whose aggregate value is roughly equal to the amount of the financing.

All of the Authority agreements 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.

Subsequent Events

On July 1, 2005 the College defeased $1,432,912 of the student loan debt portfolio. College and University Education Loan Revenue Bonds were called as stipulated in each series' Official Statement and funded by proceeds from prepaid loan payments.

NOTE G (continued)

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

	Principal	Interest	Total
2006	$ 1,955,000	$ 3,175,391	$ 5,130,391
2007	2,665,000	3,139,067	5,804,067
2008	3,198,312	3,141,073	6,339,385
2009	4,206,613	3,347,691	7,554,304
2010	6,957,975	3,550,286	10,508,261
Thereafter	61,570,726	35,037,410	96,608,136
Total	$ 80,553,626	$ 51,390,918	$131,944,544

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 $92,165,972 and $88,523,071 as of May 31, 2005 and 2004, respectively.

Interest expense for the years ended May 31, 2005 and 2004 totaled approximately $2,743,000 and $2,376,000, respectively.

NOTE H - NET ASSETS

Unrestricted net assets consisted of the following as of May 31, 2005 and 2004:

	2005	2004
Undesignated	$ 48,495,922	$ 48,452,546
Board designated for:		
Endowment	132,157,808	114,739,358
Facilities/equipment renewals and replacements	4,499,530	10,783,012
Student loans	203,618	289,079
Academic programs and scholarships	7,976,460	8,558,082
	$ 193,333,338	$ 182,822,077

NOTE H (continued)

Temporarily restricted net assets are subject to donor-imposed stipulations to support scholarships, program activities, and new construction. Such stipulations may or will be satisfied by the actions of the College and/or the passage of time. Temporarily restricted net assets as of May 31, 2005 and 2004, were classified as follows:

	2005	2004
Student loans	$ 48,604	$ 48,604
Funds for academic programs and scholarships	1,994,115	2,139,521
Funds for capital improvements	409,699	20,767
Life income and annuity funds	11,127,286	10,097,220
Pledges receivable	26,358,207	1,738,788
	$ 39,937,911	$ 14,044,900

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, 2005 and 2004, consisted of the following:

	2005	2004
Endowment	$ 64,456,211	$ 60,159,484
Life income and annuity funds	2,270,514	2,123,495
Pledges receivable	9,946,663	2,656,344
	$ 76,673,388	$ 64,939,323

NOTE I - EMPLOYEE BENEFIT PLANS

1. *Pension Plans*

Academic and certain other salaried employees of the College are participants in the Skidmore College Retirement Plan, a non-contributory defined contribution pension plan. Total contributions by the College for this plan for the years ended May 31, 2005 and 2004 were approximately $3,315,000 and $3,338,000, respectively. In addition, the College contributes to pension funds administered by various unions with which the College has collective bargaining agreements. Total contributions by the College to these union funds for the years ended May 31, 2005 and 2004, were approximately $439,000 and $426,000, respectively.

NOTE I (continued)

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, 2005 and 2004:

	2005	2004
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 2,197,642	$ 2,159,448
Interest cost	143,738	139,269
Benefits paid	(343,927)	(229,507)
Actuarial loss	314,368	128,432
Benefit obligation at end of year	$ 2,311,821	$ 2,197,642
Change in plan assets:		
Fair value of plan assets at beginning of year	$ 1,710,611	$ 1,488,695
Actual return on plan assets	10,289	28,570
Employer contribution	429,402	422,853
Benefits paid	(343,927)	(229,507)
Fair value of plan assets at end of year	$ 1,806,375	$ 1,710,611
Components of pension liability:		
Funded status	$ (505,446)	$ (487,031)
Unrecognized net loss	1,197,204	906,495
Prepaid pension cost	691,758	419,464
Additional minimum liability	(1,197,204)	(906,495)
Pension liability	$ (505,446)	$ (487,031)
Components of net periodic pension cost:		
Interest cost on projected benefit obligation	$ 143,738	$ 139,269
Expected return on assets	(64,182)	(19,781)
Amortization of unrecognized net loss	77,552	74,259
Net periodic pension cost	$ 157,108	$ 193,747

NOTE I (continued)

The College's funding policy is based upon and is in compliance with ERISA requirements. The College contributed $429,000 and $423,000 to the plan for the years ended May 31, 2005 and 2004, respectively. An assumed discount rate of 5.50% and 6.75% was used in accounting for the plan as of May 31, 2005 and 2004, respectively. An expected long-term rate of return on assets of 5.0% was used in accounting for the plan as of May 31, 2005 and 2004.

2. *Postretirement Health Benefits*

The College pays for a portion, based upon years of service at retirement date, of medical benefits for retired non-unionized employees. 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, 2005 and 2004:

	2005	2004
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 26,487,178	$ 27,230,038
Service cost	756,309	897,683
Interest cost	1,518,508	1,647,388
Plan participant's contribution	27,309	19,586
Amendments/Curtailments/Special Termination	(1,868,743)	-
Actuarial loss (gain)	2,328,776	(2,425,912)
Benefits paid	(940,221)	(881,605)
Benefit obligation at end of year	$ 28,309,116	$ 26,487,178
Change in plan assets:		
Employer contribution	$ 912,912	$ 862,019
Plan participants' contributions	27,309	19,586
Benefit paid	$ (940,221)	$ (881,605)
Components of accrued benefit cost:		
Funded status	$ (28,309,116)	$ (26,487,178)
Unrecognized prior service cost	(2,236,740)	(535,830)
Unrecognized actuarial net loss	12,835,980	10,893,420
Accrued benefit cost	$ (17,709,876)	$ (16,129,588)

NOTE I (continued)

Net periodic postretirement benefit cost for the years ended May 31, 2005 and 2004 includes the following components, and is included in the various functional classifications in the accompanying statements of activities:

	2005	2004
Components of net periodic benefit cost:		
Service cost	$ 756,309	$ 897,683
Interest cost	1,518,508	1,647,388
Amortization of gains and losses	386,215	646,332
Amortization of unrecognized prior service cost	(169,833)	(90,329)
Net periodic postretirement benefit cost	$ 2,491,199	$ 3,101,074

Actual net health care claims paid for retirees by the College for the years ended May 31, 2005 and 2004 totaled $912,911 and $862,019, respectively. The discount rate used in determining the accumulated postretirement benefit obligation was 5.50% and 6.75% as of May 31, 2005 and 2004, respectively. The assumed health care cost trend rate used was 8.25% for the current year, decreasing gradually in future years to 5% by fiscal 2010 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, 2005 by $522,480 and increase the aggregate of the service cost and interest cost by $4,841,767. Decreasing the assumed health care cost trend rate by 1% in each year would decrease the accumulated postretirement benefit obligation as of May 31, 2005 by $434,121 and decrease the aggregate of the service cost and interest cost by $4,140,974.

The College anticipates that they will qualify for the Medicare Part D prescription drug federal subsidy, therefore the above disclosure reflects, as of June 1, 2004, the future subsidy payments from Medicare, commencing in fiscal year 2006.

The reduction in the accumulated pension benefit obligation ("APBO") for the subsidy related to benefits attributed to past service as of June 1, 2004 is estimated to be $4,090,842. The effect of the subsidy on the measurement of the net periodic postretirement benefit cost for fiscal year 2005 is estimated to be $676,072. This includes the amortization of the actuarial experience gain as a component of the net amortization, the reduction in current period service cost due to the subsidy, and the resulting reduction in interest cost on the APBO as a result of the subsidy.

NOTE I (continued)

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

	Gross Payments	Subsidy Receipts
2006	$ 1,026,775	$ (44,795)
2007	1,108,181	(123,049)
2008	1,196,162	(138,926)
2009	1,319,677	(153,757)
2010	1,424,630	(172,336)
Years 2011-2015	8,999,615	(1,243,288)

NOTE J - LINE OF CREDIT

The College has a $4,000,000 line of credit for working capital purposes with a commercial bank. The rate of interest on the line is equivalent to the London Interbank Offered Rate ("LIBOR") plus 65 basis points. Borrowings on the line of credit are secured by an interest in board designated funds functioning as endowment funds. There were no borrowings outstanding under the line of credit as of May 31, 2005 and 2004.

NOTE K - COMMITEMENTS

The College has entered into various contracts in connection with ongoing construction on campus. The total commitments for these contracts totaled approximately $19,200,000. As of May 31, 2005, approximately $725,000 has been paid on these contracts, leaving the remaining balance of approximately $18,475,000 to be paid during fiscal years 2006 and 2007, as follows:

2006	$18,000,000
2007	475,000