SKIDMORE COLLEGE

AUDITED FINANCIAL STATEMENTS

Years ended May 31, 2009 and 2008

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 statements of financial position of Skidmore College (the "College") as of May 31, 2009 and 2008, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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, 2009 and 2008, 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.

UHY LLP

Albany, New York
August 14, 2009

SKIDMORE COLLEGE
STATEMENTS OF FINANCIAL POSITION
As of May 31, 2009 and 2008

	2009	2008
ASSETS		
Cash and cash equivalents	**$ 33,403,871**	$ 37,084,416
Accounts receivable, net	**2,504,206**	1,750,666
Inventories	**688,152**	805,354
Prepaid expenses	**1,671,321**	1,351,379
Contributions receivable, net	**32,236,204**	31,196,963
Student loans receivable, net	**3,340,846**	3,812,690
Investments	**278,453,635**	338,145,574
Investments under split interest agreements	**6,392,882**	7,458,231
Deposits with bond trustees	**10,088,002**	7,971,841
Debt issuance costs, net	**1,953,981**	2,037,227
Pension assets	**205,426**	321,873
Land, buildings and equipment, net	**160,170,240**	144,548,186
Total assets	**$ 531,108,766**	$ 576,484,400
LIABILITIES		
Accounts payable and accrued expenses	**$ 16,514,113**	$ 13,148,553
Student tuition deposits and deferred revenues	**11,171,997**	10,139,207
Liabilities to beneficiaries under split interest agreements	**2,434,819**	2,418,696
Accrued postretirement benefits	**30,761,044**	27,756,242
Refundable government loan funds	**1,811,182**	1,761,367
Asset retirement obligation	**2,290,900**	2,561,375
Long-term debt	**68,403,593**	71,263,132
Total liabilities	**133,387,648**	129,048,572
NET ASSETS		
Unrestricted:		
Board designated	**233,745,173**	292,573,859
Undesignated	**13,273,352**	18,497,619
	247,018,525	311,071,478
Temporarily restricted	**53,246,763**	42,781,350
Permanently restricted	**97,455,830**	93,583,000
Total net assets	**397,721,118**	447,435,828
Total liabilities and net assets	**$ 531,108,766**	$ 576,484,400

See notes to financial statements.

SKIDMORE COLLEGE
STATEMENT OF ACTIVITIES
For the Year Ended May 31, 2009

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating revenue:				
Tuition and fees	$ 105,249,215	$ -	$ -	**$ 105,249,215**
Less: institutional aid	(28,324,643)	-	-	**(28,324,643)**
Net tuition and fees	76,924,572	-	-	**76,924,572**
Sales and services of auxiliary enterprises	27,063,642	-	-	**27,063,642**
Private gifts and grants	22,994	5,936,396	-	**5,959,390**
Government grants and appropriations	256,409	2,254,405	-	**2,510,814**
Dividends and interest	797,609	2,558,306	-	**3,355,915**
Realized gains used to support operations	5,263,265	5,815,411	-	**11,078,676**
Interest on student loans	150,366	-	-	**150,366**
Other	1,108,226	238,781	-	**1,347,007**
Total operating revenue	111,587,083	16,803,299	-	**128,390,382**
Net assets released from restrictions	13,788,384	(12,525,370)	(1,263,014)	**-**
Total operating revenue and net assets released from restrictions	125,375,467	4,277,929	(1,263,014)	**128,390,382**
Operating expenses:				
Instruction	47,785,467	-	-	**47,785,467**
Research	1,907,554	-	-	**1,907,554**
Academic support	14,335,275	-	-	**14,335,275**
Student services	13,752,865	-	-	**13,752,865**
Institutional support	23,652,278	-	-	**23,652,278**
Auxiliary enterprises	23,301,575	-	-	**23,301,575**
Total operating expenses	124,735,014	-	-	**124,735,014**
Non-operating:				
Dividends and interest	120,192	163,564	-	**283,756**
Net realized and unrealized losses	(65,723,668)	(11,547,697)	-	**(77,271,365)**
Change in value of split interest agreements	-	(1,827,519)	(556,837)	**(2,384,356)**
Capital gifts	1,763,253	19,869,190	5,714,261	**27,346,704**
Net gain on disposal of fixed assets	621,790	-	-	**621,790**
Other net revenue (expense)	582,248	(470,054)	(21,580)	**90,614**
Changes in net assets from non-operating activities	(62,636,185)	6,187,484	5,135,844	**(51,312,857)**
(Decrease) increase in net assets before pension related changes other than net periodic pension cost	(61,995,732)	10,465,413	3,872,830	**(47,657,489)**
Pension related changes other than net periodic pension cost	(2,057,221)	-	-	**(2,057,221)**
(Decrease) increase in net assets	(64,052,953)	10,465,413	3,872,830	**(49,714,710)**
Net assets at beginning of year	311,071,478	42,781,350	93,583,000	**447,435,828**
Net assets at end of year	$ 247,018,525	$ 53,246,763	$ 97,455,830	**$ 397,721,118**

See notes to financial statements.

SKIDMORE COLLEGE
STATEMENT OF ACTIVITIES
For the Year Ended May 31, 2008

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating revenue:				
Tuition and fees	$ 100,133,660	$ -	$ -	**$ 100,133,660**
Less: institutional aid	(25,859,782)	-	-	**(25,859,782)**
Net tuition and fees	74,273,878	-	-	**74,273,878**
Sales and services of auxiliary enterprises	25,675,133	-	-	**25,675,133**
Private gifts and grants	1,453,528	5,882,641	-	**7,336,169**
Government grants and appropriations	284,816	1,592,741	-	**1,877,557**
Dividends and interest	4,855,094	1,241,281	-	**6,096,375**
Realized gains used to support operations	5,608,448	6,342,808	-	**11,951,256**
Interest on student loans	176,943	-	-	**176,943**
Other	1,390,784	811,775	-	**2,202,559**
Total operating revenue	113,718,624	15,871,246	-	**129,589,870**
Net assets released from restrictions	17,409,616	(17,409,616)	-	**-**
Total operating revenue and net assets released from restrictions	131,128,240	(1,538,370)	-	**129,589,870**
Operating expenses:				
Instruction	49,876,978	-	-	**49,876,978**
Research	1,115,732	-	-	**1,115,732**
Academic support	14,657,220	-	-	**14,657,220**
Student services	13,775,174	-	-	**13,775,174**
Institutional support	24,297,716	-	-	**24,297,716**
Auxiliary enterprises	23,004,361	-	-	**23,004,361**
Total operating expenses	126,727,181	-	-	**126,727,181**
Non-operating:				
Dividends and interest	551,679	272,948	-	**824,627**
Net realized and unrealized (losses) gains	(3,591,802)	230,262	-	**(3,361,540)**
Change in value of split interest agreements	-	(200,985)	-	**(200,985)**
Capital gifts	5,304,685	4,780,335	6,085,640	**16,170,660**
Net loss on disposal of fixed assets	(482,647)	-	-	**(482,647)**
Other net (expense) revenue	(1,035)	(75,695)	15,595	**(61,135)**
Changes in net assets from non-operating activities	1,780,880	5,006,865	6,101,235	**12,888,980**
Increase in net assets before pension related changes other than net periodic pension cost	6,181,939	3,468,495	6,101,235	**15,751,669**
Pension related changes other than net periodic pension cost	9,918,968	-	-	**9,918,968**
Increase in net assets	16,100,907	3,468,495	6,101,235	**25,670,637**
Net assets at beginning of year	294,970,571	39,312,855	87,481,765	**421,765,191**
Net assets at end of year	$ 311,071,478	$ 42,781,350	$ 93,583,000	**$ 447,435,828**

See notes to financial statements.

SKIDMORE COLLEGE
STATEMENTS OF CASH FLOWS
For the Years Ended May 31, 2009 and 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
(Decrease) increase in net assets	**$ (49,714,710)**	$ 25,670,637
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	**11,294,564**	10,916,138
Amortization of deferred financing costs	**83,246**	79,435
(Increase) decrease in pledge discount	**20,641**	573,754
(Gain) loss on disposal of fixed assets	**(621,790)**	482,647
Increase (decrease) in allowance for uncollectable receivables	**561,808**	(543,602)
Net realized and unrealized losses (gains) on investments	**66,192,689**	(8,589,716)
Capital gifts	**(27,346,702)**	(16,170,660)
Gifts in kind	**(719,946)**	(1,510,327)
Pension related changes other than net periodic pension cost	**1,525,591**	(9,918,968)
Changes in operating assets and liabilities:		
Accounts receivable	**(756,363)**	761,433
Inventories	**117,202**	(143,059)
Prepaid expenses	**(319,942)**	(39,405)
Pension assets	**116,447**	(107,244)
Accounts payable and accrued expenses	**3,365,560**	1,921,486
Liabilities to beneficiaries under split interest agreements	**16,123**	-
Student tuition deposits and deferred revenues	**1,032,790**	795,496
Accrued postretirement benefits	**1,479,211**	3,446,953
Asset retirement obligation	**(270,475)**	(155,877)
Net cash provided by operating activities	**6,055,944**	7,469,121
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	**50,615,255**	161,237,839
Purchases of investments	**(56,050,655)**	(165,455,666)
Student loan principal collected	**775,429**	811,299
Student loans originated	**(293,658)**	(611,113)
Proceeds from disposal of fixed assets	**1,090,574**	-
Purchases of land, buildings and equipment	**(26,665,455)**	(17,701,954)
Net cash used in investing activities	**(30,528,510)**	(21,719,595)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital gifts	**27,346,702**	16,170,660
Change in contributions receivable	**(1,628,794)**	1,693,510
Payments on long-term debt	**(2,859,539)**	(3,308,277)
Net increase in deposits with bond trustees	**(2,116,163)**	(61,811)
Net change in refundable government loan funds	**49,815**	14,236
Net cash provided by financing activities	**20,792,021**	14,508,318
Net (decrease) increase in cash and cash equivalents	**(3,680,545)**	257,844
Cash and cash equivalents at beginning of year	**37,084,416**	36,826,572
Cash and cash equivalents at end of year	**$ 33,403,871**	$ 37,084,416
SUPPLEMENTAL DISCLOSURES		
Interest paid	**$ 2,953,941**	$ 3,005,659

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 an 850 acre campus located in Saratoga Springs, New York. The College serves approximately 2,400 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 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.

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.

Cash and Cash Equivalents

Cash equivalents are comprised of investments with maturities of less than 90 days except for cash equivalents included in investment pools, which are included in investments in the accompanying statements of financial position.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 consists 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.

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 could not 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.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Financial Accounting Standards Board Statement of Financial Accounting Standards No. 158, *Employers' Accounting for Defined Benefit Pensions and Other Postretirement Plans* (SFAS No. 158). SFAS No. 158 requires the recognition of a defined benefit postretirement plan's funded status as either an asset or liability on the Statement of Financial Position.

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 $83,000 and $79,000 for the years ended May 31, 2009 and 2008, respectively.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Deposits with bond trustees also includes unexpended proceeds from prior bond issuances that are earmarked for future capital expenditures.

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.

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, 2009 and 2008 were approximately $101,482,000 and $102,429,000, respectively. Program expenses include instruction, research, academic support, student services and auxiliary enterprises.

Reclassification

Certain items for the year ended May 31, 2008 have been reclassified to conform to the presentation for the year ended May 31, 2009.

NOTE 3 — ACCOUNTS RECEIVABLE AND STUDENT LOANS RECEIVABLE, NET

Accounts receivable are recognized net of an allowance for uncollectible accounts of approximately $307,000 and $304,000 as of May 31, 2009 and 2008, respectively.

Student loans receivable are comprised primarily of College sponsored loans that were funded through the issuance of tax-exempt bonds and Federally sponsored student loans with U.S. government mandated interest rates and repayment terms. Student loans receivable are recognized net of an allowance for uncollectible accounts of approximately $671,000 and $680,000 as of May 31, 2009 and 2008, respectively.

NOTE 4 — CONTRIBUTIONS RECEIVABLE, NET

Contributions receivable consist 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, 2009 and 2008, were as follows:

	2009	2008
Gross amounts expected to be received within:		
One year	$ 1,242,705	$ 995,244
One to five years	29,516,230	23,675,135
More than five years	237,500	2,047,000
	30,996,435	26,717,379
Less: discount to present value (1.93% to 5.88%)	(2,421,680)	(2,401,039)
	28,574,755	24,316,340
Less: allowance for doubtful accounts	(2,634,697)	(2,066,889)
Contributions Receivable - Pledges	25,940,058	22,249,451
Contributions Receivable - Charitable Remainder Trusts	6,296,146	8,947,512
Total Contributions Receivable, net	$ 32,236,204	$ 31,196,963

As of May 31, 2009 and 2008, the College had also received notification of bequest intentions totaling approximately $18,094,000 and $10,716,000, respectively. These bequests, if received, would be used for general operations, program activities and new facilities. These amounts are not included in contribution 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 $3,836,000 and $4,026,000 for the years ended May 31, 2009 and 2008, 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 $3,354,000 and $3,215,000 for the years ended May 31, 2009 and 2008, respectively. These expenses are reflected in institutional support in the accompanying statements of activities.

NOTE 5 — INVESTMENTS

The fair value and cost of investments, by type, including investments under split interest agreements, as of May 31, 2009 and 2008 were as follows:

	2009		2008	
	Fair Value	Cost	Fair Value	Cost
Cash equivalents	$ 2,458,078	$ 2,469,989	$ 20,615,261	$ 20,616,826
Fixed income and fixed income type investments	85,597,447	84,801,044	62,259,491	57,774,749
Equity and equity type investments	127,474,133	130,391,410	180,418,772	145,939,321
Limited partnerships and other	69,316,859	53,453,609	82,310,281	46,737,868
Total	$ 284,846,517	$ 271,116,052	$ 345,603,805	$ 271,068,764

Fixed income and fixed income type investments consist of fixed income securities, and similar assets which are held in limited partnerships. Equity and equity type investments consist of common stocks, and similar assets that are held in limited partnerships. Limited partnerships consist of private equity investments, real estate partnerships and various other assets that are invested through a limited partner.

The College has committed to investing an additional $13,510,000 in five private equity limited partnerships over the next four years and $12,447,000 in four real estate limited partnerships over the next three years. These additional commitments are subject to call provisions included in the respective partnership agreements.

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 $4,857,000 and $6,562,000 for the years ended May 31, 2009 and 2008, respectively.

The fair value and cost of investments by traditional fund classification as of May 31, 2009 and 2008 were as follows:

	2009		2008	
	Fair Value	Cost	Fair Value	Cost
Pooled Investments				
Endowment and similar funds	$ 265,437,656	$ 245,654,256	$ 328,617,557	$ 254,002,149
Non-pooled Investments				
Current funds	13,015,979	17,940,943	9,528,017	9,477,430
Life income funds	6,392,882	7,520,853	7,458,231	7,589,185
Total non-pooled	19,408,861	25,461,796	16,986,248	17,066,615
Total	$ 284,846,517	$ 271,116,052	$ 345,603,805	$ 271,068,764

NOTE 5 — INVESTMENTS (Continued)

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:

	2009			
	Pooled Investments			Fair
	Fair Value	Cost	Net Gain (Loss)	Value Per Unit
End of year	$ 265,437,657	$ 245,654,256	$ 19,783,401	$ 6.71
Beginning of year	328,617,557	254,002,149	74,615,408	8.34
Net unrealized loss for year			(54,832,007)	
Net realized loss for year			(9,229,075)	
Net total loss for year			$ (64,061,082)	$ (1.63)

The average earnings per unit, exclusive of net unrealized and net realized gains and losses, amounted to $.07 for the year ended May 31, 2009.

	2008			
	Pooled Investments			Fair
	Fair Value	Cost	Net Gain (Loss)	Value Per Unit
End of year	$ 328,617,557	$ 254,002,149	$ 74,615,408	$ 8.34
Beginning of year	318,409,517	236,203,171	82,206,346	8.07
Net unrealized loss for year			(7,590,938)	
Net realized gain for year			18,438,026	
Net total gain for year			$ 10,847,088	$ 0.27

The average earnings per unit, exclusive of net unrealized and net realized gains and losses, amounted to $.08 for the year ended May 31, 2008.

NOTE 6 — FAIR VALUE MEASUREMENTS

Effective June 1, 2008, the College adopted FASB Statement No. 157, Fair Value Measurements, which establishes a 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 under FASB Statement No. 157 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.

NOTE 6 — FAIR VALUE MEASUREMENTS (Continued)

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. There have been no changes in the methodologies used at May 31, 2009 and 2008.

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

Fixed income and fixed income type investments: Fixed income investments are valued at the closing price reported on the active market on which the individual securities are traded. Fixed income type investments, which are held in limited partnerships, 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 the investment and has concluded there would be no significant adjustment required to the net asset value.

Equity and equity type investments: Common stocks, corporate bonds and U.S. government securities are valued at the closing price reported on the active market on which the individual securities are traded. Certain equity type investments, which are held in limited partnerships, are valued at the net asset value (NAV) of shares held by the College at year end. Other equity type investments are valued at the net book value as an approximation of fair value. Management has considered all other rights and obligations associated with the investment and has concluded there would be no significant adjustment required to the net asset value or the net book value.

Limited Partnerships – FMV: Certain limited partnership investments are recorded at fair market value under U.S. GAAP. This category is for investments where the College receives audited financial statements under U.S. GAAP, tax returns and other financial data, including descriptions of underlying investments. The College determines the fair value based on the qualitative and quantitative information received.

Limited Partnerships – NBV: Certain limited partnership investments are recorded at net book value. This category is for investments where the College receives audited financial statements under U.S. tax basis, tax returns and other financial data including description of underlying investments. The College records these assets at net book value as an approximation of fair value.

NOTE 6 — FAIR VALUE MEASUREMENTS (Continued)

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.

The following presents the Colleges investments by fair value hierarchy and investment type at May 31, 2009:

Investments	***Assets at Fair Value***			
	Level 1	**Level 2**	**Level 3**	**Total**
Cash equivalents	$ 2,371,584	$ -	$ -	$ 2,371,584
Fixed income and fixed income type investments	55,352,693	26,327,510		81,680,203
Equity and equity type investments	27,025,770	90,000,709	8,183,510	125,209,989
Limited partnerships - FMV		10,021,443	51,939,911	61,961,354
Limited partnerships - NBV			7,230,505	7,230,505
Total investments	$ 84,750,047	$ 126,349,662	$ 67,353,926	$ 278,453,635

Contributions Receivable - Charitable Remainder Trusts	***Assets at Fair Value***			
	Level 1	**Level 2**	**Level 3**	**Total**
Charitable remainder trusts	$ -	$ -	$ 6,296,146	$ 6,296,146
Total charitable remainder trusts	$ -	$ -	$ 6,296,146	$ 6,296,146

Split Interest Agreements	***Assets at Fair Value***			
	Level 1	**Level 2**	**Level 3**	**Total**
Cash equivalents	$ 86,494	$ -	$ -	$ 86,494
Fixed income investments	3,917,244			3,917,244
Equity investments	2,264,144			2,264,144
Other			125,000	125,000
Total split interest agreements	$ 6,267,882	$ -	$ 125,000	$ 6,392,882

Deposits with Bond Trustees	***Assets at Fair Value***			
	Level 1	**Level 2**	**Level 3**	**Total**
Cash equivalents	$ 9,856,720	$ -	$ -	$ 9,856,720
Other	-	-	231,282	231,282
Total deposits with bond trustees	$ 9,856,720	$ -	$ 231,282	$ 10,088,002
Total assets at fair value	$ 100,874,649	$ 126,349,662	$ 74,006,354	$ 301,230,665

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, 2009.

Balance at June 1, 2008	$ 94,769,129
Total gains or losses (realized and unrealized) included in non-operating losses	(22,078,924)
Purchases, sales, gifts, issuances and settlements	1,316,149
Balance at May 31, 2009	$ 74,006,354

NOTE 7 — ENDOWMENT

In August 2008, the Financial Accounting Standards Board (FASB) issued FASB Staff Position No. FAS 117-1, *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* (FSP FAS 117-1). FSP FAS 117-1 requires additional disclosures about an organization's endowment funds whether or not the organization is subject to UPMIFA.

In 1978, the State of New York enacted the Uniform Management of Institutional Funds Act (UMIFA). Under the Act, not-for-profit organizations were provided uniform rules relating to the investment of funds donated as "endowment" to these organizations. Among its many provisions, the Act initiated the concept of total return expenditure of endowment assets for charitable program purposes, expressly permitting the prudent expenditure of both appreciation and income, and replacing the prior law that only investment income (such as interest and dividends) could be expensed from endowments. Under this concept, investment growth (or appreciation) and income could be utilized for program purposes, subject to the rule that an endowment fund could not be expended below "historical dollar value" (generally, the amount of the donor's original gift). In order to fulfill this requirement, in the event that market fluctuations cause the market value of a donated endowed fund to be less than historical dollar value, the College will temporarily transfer from Unrestricted Net Assets to Permanently Restricted Net Assets the amount to fulfill this requirement. For the year ended May 31, 2009 approximately $3,834,000 was transferred from Unrestricted Net Assets to Permanently Restricted Net Assets.

During the fiscal year ended May 31, 2009, the College reviewed the detailed components of the endowment as well as the designation of the funds. As a result of this review, approximately $1,263,000 was transferred from permanently restricted net assets to unrestricted net assets to properly reflect the classification of the funds, which is presented as net assets released from restrictions in the statements of activities and changes in net assets.

The College follows the UMIFA, and has adopted FSP FAS 117-1 for the fiscal year ended May 31, 2009.

NOTE 7 — ENDOWMENT (Continued)

Endowment net asset composition by type of fund as of May 31, 2009 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted funds	$ 46,549,717	$ -	$ 91,664,438	$ 138,214,155
Board-designated funds	102,357,718			102,357,718
Total funds	$ 148,907,435	$ -	$ 91,664,438	$ 240,571,873

Changes in endowment net assets for the fiscal year ended May 31, 2009 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 210,877,782	$ -	$ 85,452,394	$ 296,330,176
Net asset reclassification based on review	1,263,014	-	(1,263,014)	-
Endowment net assets after reclassification	212,140,796	-	84,189,380	296,330,176
Contributions	5,585,859	-	7,475,058	13,060,917
Investment income	2,533,639	-	-	2,533,639
Net appreciation (depreciation)	(57,740,544)	-	-	(57,740,544)
Amounts appropriated for expenditure	(13,612,315)	-	-	(13,612,315)
Endowment net assets, end of year	$ 148,907,435	$ -	$ 91,664,438	$ 240,571,873

NOTE 8 — LAND, BUILDINGS AND EQUIPMENT, NET

Land, buildings and equipment, net as of May 31, 2009 and 2008, consisted of the following:

	2009	2008
Land	$ 1,640,536	$ 1,698,656
Buildings and building improvements	184,570,764	182,049,011
Equipment and furnishings	62,292,011	59,354,353
Library holdings and art collections	24,244,993	22,548,453
Construction in progress	28,334,253	10,451,890
	301,082,557	276,102,363
Less: accumulated depreciation	(140,912,317)	(131,554,177)
Land, buildings, and equipment, net	$ 160,170,240	$ 144,548,186

Depreciation expense for the years ended May 31, 2009 and 2008 amounted to $11,294,564 and $10,916,138, respectively.

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 2009 and 2008:

	2009	2008
ARO, beginning of year	$ 2,561,375	$ 2,717,252
Add: Current year accretion	102,958	127,124
Less: Settled Obligations	(373,433)	(283,001)
ARO, end of year	$ 2,290,900	$ 2,561,375

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, 2009 and 2008, is summarized as follows:

	2009	2008
Plant Debt		
Dormitory Authority of the State of New York Insured Revenue Bonds, Series '98; 4.77%; due 2028	$ 12,625,000	$ 12,910,000
Saratoga County Industrial Development Agency Insured Revenue Bonds, Series '03A; 4.09%; due 2023	22,030,000	23,790,000
Dormitory Authority of the State of New York Insured Revenue Bonds, Series '04; 4.59%; due 2033	30,170,000	30,875,000
Total plant debt	64,825,000	67,575,000
Student Loan Debt		
Dormitory Authority of the State of New York College & University Educational Loan Insured Revenue Bonds:		
Series '92; 6.39%; due 2013	240,034	279,030
Series '93; 5.05%; due 2013	1,000,048	1,000,048
Series '95; 5.75%; due 2016	2,338,511	2,409,054
Total student loan debt	3,578,593	3,688,132
Total long-term debt	$ 68,403,593	$ 71,263,132

NOTE 9 — LONG-TERM DEBT (Continued)

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.

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

	Principal	Interest	Total
2010	$ 6,835,842	$ 3,499,002	$ 10,334,844
2011	3,559,791	3,436,017	6,995,808
2012	3,562,147	3,254,526	6,816,673
2013	3,623,701	3,168,952	6,792,653
2014	2,685,072	2,851,179	5,536,251
Thereafter	48,137,040	22,323,223	70,460,263
Total	$ 68,403,593	$ 38,532,899	$ 106,936,492

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 $74,467,000 and $77,991,000 as of May 31, 2009 and 2008, respectively.

Interest expense for the years ended May 31, 2009 and 2008 totaled approximately $3,210,000 and $3,430,000, respectively.

NOTE 10 — NET ASSETS

Unrestricted net assets consisted of the following as of May 31, 2009 and 2008:

	2009	2008
Undesignated	$ 13,273,352	$ 18,497,619
Board designated for:		
Endowment	148,907,435	210,877,782
Facilities/equipment renewals and replacements	73,384,923	70,792,284
Academic programs and scholarships	11,452,815	10,903,793
	$ 247,018,525	$ 311,071,478

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, 2009 and 2008 were classified as follows:

NOTE 10 — NET ASSETS (Continued)

	2009	2008
Student loans	$ 48,604	$ 48,604
Funds for academic programs and scholarships	2,813,254	2,725,948
Funds for capital improvements	19,947,658	11,864,234
Life income and annuity funds	9,076,007	12,252,728
Pledges receivable	21,361,240	15,889,836
	$ 53,246,763	$ 42,781,350

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, 2009 and 2008 consisted of the following:

	2009	2008
Endowment	$ 91,664,438	$ 85,452,394
Life income and annuity funds	1,212,574	1,770,991
Pledges receivable	4,578,818	6,359,615
	$ 97,455,830	$ 93,583,000

NOTE 11 — EMPLOYEE BENEFIT PLANS

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, 2009 and 2008 were approximately $4,229,000 and $4,101,000, 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, 2009 and 2008 were approximately $610,000 and $607,000, respectively.

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, 2009 and 2008:

NOTE 11 — EMPLOYEE BENEFIT PLANS (Continued)

Pension Plans (Continued)

	2009	2008
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 1,562,914	$ 1,844,579
Interest cost	92,349	97,155
Benefits paid	(131,735)	(350,308)
Actuarial (gain) loss	(43,737)	(179,492)
Increase due to settlement	-	150,980
Benefit obligation at end of year	$ 1,479,791	$ 1,562,914
Change in plan assets:		
Fair value of plan assets at beginning of year	$ 1,884,787	$ 2,059,208
Actual return on plan assets	(67,835)	25,887
Employer contribution	-	150,000
Benefits paid	(131,735)	(350,308)
Fair value of plan assets at end of year	$ 1,685,217	$ 1,884,787
Funded status at end of year	$ 205,426	$ 321,873
Amounts recognized in unrestricted net assets:		
Unamortized net loss	$ 718,705	$ 743,356
Amounts recognized in the statement of financial position consist of:		
Pension assets	$ 205,426	$ 321,873
Unrestricted net assets	$ 718,705	$ 743,356
Components of net periodic pension cost:		
Interest cost on projected benefit obligation	$ 92,349	$ 97,155
Expected return on assets	(21,173)	(53,548)
Amortization of unrecognized net loss	69,922	98,147
Settlement loss	-	135,897
Net periodic pension cost	$ 141,098	$ 277,651
Change in unamortized items:		
Actuarial loss (gain)	$ 45,271	$ (151,831)
Settlement loss	-	150,980
Amortization of:		
Actuarial (loss)	(69,922)	(98,147)
Settlement (cost)	-	(135,897)
Total changes in recognized unrestricted net assets	$ (24,651)	$ (234,895)
Total recognized in net periodic pension cost and unrestricted net assets	$ 116,447	$ 42,756

	Fiscal Year 2010
Expected effect in the unrestricted net assets next fiscal year:	
Net loss	$ 74,209

NOTE 11 — EMPLOYEE BENEFIT PLANS (Continued)

Pension Plans (Continued)

The College's funding policy is based upon and is in compliance with ERISA requirements. The College contributed $150,000 to the plan for the year ended May 31, 2008 (none for 2009). Assumed discount rates of 6.7% and 6.6% were used in accounting for the benefit obligation as of May 31, 2009 and 2008, respectively. Assumed discount rates of 6.6% and 6.0% were used in accounting for the net periodic pension cost as of May 31, 2009 and 2008, respectively. Expected long-term rates of return on assets of 3.0% were used in accounting for the plan as of May 31, 2009 and 2008.

There is no expected contribution to the plan for the fiscal year ended May 31, 2010.

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

2010	$ 401,842
2011	$ 190,549
2012	$ 209,807
2013	$ 141,415
2014	$ 105,192
Years 2015 - 2019	$ 534,582

Postretirement Health Benefits

The College pays for a portion of medical benefits for retired non-unionized employees based upon years of service at retirement date. The College accrues the expected cost of postretirement benefits over the service life of active employees.

Effective May 31, 2008, the College amended its Post Retirement Health Benefits. The College has adopted a Medicare Preferred Drug Plan for those employees eligible and hired prior to September 3, 2008. For employees hired on or after September 3, 2008, the College has committed to a 1% increase in the defined contribution plan of the employee. There is a phase in period for eligible employees retiring prior to January 1, 2014. The amended plan adopts the catastrophic coverage terms as mandated by Medicare, and changes certain deductibles and co-pay requirements. The total effect of these plan amendments on the benefit obligation was a decrease of $9,707,293 as of May 31, 2008. This change is reflected as an amendment in the change in benefit obligation.

The following tables set forth the status of the plan, which is unfunded, as of May 31, 2009 and 2008:

NOTE 11 — EMPLOYEE BENEFIT PLANS (Continued)

Postretirement Health Benefits (Continued)

	2009	2008
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 27,756,242	$ 34,228,257
Service cost	741,594	1,398,382
Interest cost	1,852,503	2,269,055
Plan participant's contribution	14,883	24,692
Amendments/curtailments	-	(9,707,293)
Medicare Part D Subsidy	153,886	101,725
Actuarial loss (gain)	1,781,096	775,551
Benefits paid	(1,539,160)	(1,334,127)
Benefit obligation at end of year	$ 30,761,044	$ 27,756,242
Change in benefit obligation:		
Fair value of plan assets at beginning of year	$ -	$ -
Employer contribution	1,370,391	1,207,710
Plan participants' contributions	14,883	24,692
Medicare Part D Subsidy	153,886	101,725
Benefits paid	(1,539,160)	(1,334,127)
Fair value of plan assets at end of year	$ -	$ -
Funded status at end of year	$ (30,761,044)	$ (27,756,242)
Amounts recognized in unrestricted net assets:		
Unamortized prior service (credit)	$ (9,948,613)	$ (11,105,941)
Unamortized net loss	$ 15,005,740	$ 14,081,196
Amounts recognized in the statement of financial position consist of:		
Accrued postretirement benefits (liability)	$ (30,761,044)	$ (27,756,242)
Unrestricted net assets	$ 5,057,127	$ 2,975,255
Components of net periodic benefit cost:		
Service cost	$ 741,594	$ 1,398,382
Interest cost	1,852,503	2,269,055
Amortization of gains and losses	856,552	1,031,695
Amortization of unrecognized prior service cost	(1,157,328)	(279,364)
Net periodic postretirement benefit cost	$ 2,293,321	$ 4,419,768
Change in unamortized items:		
Prior service (credit)	$ -	$ (9,707,293)
Actuarial loss	1,781,096	775,551
Amortization of:		
Prior service credit	1,157,328	279,364
Actuarial (loss)	(856,552)	(1,031,695)
Total changes in recognized unrestricted net assets	$ 2,081,872	$ (9,684,073)
Total recognized in net periodic pension cost and unrestricted net assets	$ 4,375,193	$ (5,264,305)

Expected effect in the unrestricted net assets next fiscal year:	Fiscal Year 2010
Prior service (credit)	$ (1,151,184)
Net loss	$ 842,512

NOTE 11 — EMPLOYEE BENEFIT PLANS (Continued)

Postretirement Health Benefits (Continued)

Actual net health care claims paid for retirees by the College for the years ended May 31, 2009 and 2008 totaled $1,370,391 and $1,207,710, respectively. The discount rates used in determining the accumulated postretirement benefit obligation were 6.7% and 6.6% as of May 31, 2009 and 2008, respectively. Assumed discount rates of 6.6% and 6.0% were used in accounting for the net periodic pension cost as of May 31, 2009 and 2008, respectively. The assumed pre-65 medical trend rate is 8.5% for the next year, decreasing gradually in future years to 5% by fiscal 2017 and remaining at that level thereafter. The assumed post-65 medical cost trend rate is 7.0% for the next year, decreasing gradually in future years to 5% by fiscal 2017 and remaining at that level thereafter. The assumed prescription drug cost trend rate is 11.0% for the next year, decreasing gradually in future years to 5% by fiscal 2017 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, 2009 by $4,467,155 and increase the aggregate of the service cost and interest cost by $445,753. Decreasing the assumed health care cost trend rate by 1% in each year would decrease the accumulated postretirement benefit obligation as of May 31, 2009 by $3,899,145 and decrease the aggregate of the service cost and interest cost by $379,055.

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 thereafter:

	Gross Payments
2010	$ 1,317,369
2011	1,520,284
2012	1,634,086
2013	1,711,968
2014	1,773,010
Years 2015-2019	10,441,576

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 250 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, 2009 and 2008.

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 program is administered by the bank. The College has a $377,000 receivable in loans outstanding and a $1,668,911 investment that has not yet been loaned.

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.