The College of Wooster

Consolidated Financial Report
June 30, 2012

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McGladrey

Independent Auditor's Report

Board of Trustees
The College of Wooster
Wooster, Ohio

We have audited the accompanying consolidated statements of financial position of The College of Wooster as of June 30, 2012 and 2011, and the related consolidated statements of activities and cash flows for the years then ended. These consolidated financial statements are the responsibility of The College of Wooster'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 audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The College of Wooster as of June 30, 2012 and 2011, 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.

McGladrey LLP

Cleveland, Ohio
October 11, 2012

Member of the RSM International network of independent accounting, tax and consulting firms.

The College of Wooster

Consolidated Statements of Financial Position
June 30, 2012 and 2011

	2012	2011
Assets		
Current Assets		
Cash and cash equivalents	**$ 3,633,283**	$ 2,397,235
Short-term investments	**11,022,251**	13,992,455
Accounts receivable, net	**834,868**	700,815
Contributions receivable	**2,142,158**	2,656,512
Receivable from federal government	**105,828**	125,254
Notes receivable	**141,093**	133,419
Inventories and prepaid expenses	**1,478,841**	1,546,966
Total current assets	**19,358,322**	21,552,656
Contributions receivable, net	**8,035,094**	10,569,928
Student notes receivable, net	**3,677,912**	4,409,635
Notes receivable, net	**93,547**	242,277
Investments	**258,078,216**	275,965,847
Trusts held by others	**6,406,009**	7,238,810
Land, buildings and equipment, net	**146,955,347**	140,595,722
Total assets	**$ 442,604,447**	$ 460,574,875
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	**$ 3,463,049**	$ 5,065,492
Accrued salaries and benefits	**4,730,150**	4,560,246
Prepaid tuition, fees and deposits	**2,089,582**	1,897,900
Bonds payable	**1,965,744**	1,803,636
Total current liabilities	**12,248,525**	13,327,274
Bonds payable	**28,111,276**	24,757,792
Accrued charitable gift annuity and trust obligations	**7,791,446**	7,930,173
Accrued postretirement benefit obligations	**5,753,315**	4,708,062
Other liabilities	**1,564,150**	1,541,328
Advances from government for student loans	**3,985,890**	3,983,582
Total liabilities	**59,454,602**	56,248,211
Net Assets		
Unrestricted	**244,817,674**	255,569,880
Temporarily restricted	**27,593,663**	40,440,223
Permanently restricted	**110,738,508**	108,316,561
Total net assets	**383,149,845**	404,326,664
Total liabilities and net assets	**$ 442,604,447**	$ 460,574,875

See Notes to Consolidated Financial Statements.

The College of Wooster

Consolidated Statement of Activities
Year Ended June 30, 2012
(with Comparative Totals as of June 30, 2011)

	Unrestricted	Temporarily Restricted	Permanently Restricted	**2012 Total**	2011 Total
Operating Revenues					
Student tuition and fees	$ 75,230,892	$ -	$ -	**$ 75,230,892**	$ 70,582,109
Less institutional financial aid	(40,803,580)			**(40,803,580)**	(37,255,478)
Net student tuition and fees	34,427,312			**34,427,312**	33,326,631
Contributions, bequests and research grants	5,737,741	1,847,865		**7,585,606**	5,381,668
Contributions and grants designated for scholarships and student aid	474,392	45,031		**519,423**	531,221
Investment earnings					
Interest, dividend and unrealized gains	393,830	54,555		**448,385**	652,789
Investment return designated for operations	12,983,516	1,133,256		**14,116,772**	13,891,183
Other income	3,263,664	13,738		**3,277,402**	3,174,350
Auxiliary enterprises	19,671,522			**19,671,522**	19,158,028
Net assets released from restrictions	2,348,516	(2,348,516)		**-**	-
Total operating revenues	79,300,493	745,929	-	**80,046,422**	76,115,870
Operating Expenses					
Educational and general					
Instruction	28,576,818			**28,576,818**	24,981,207
Research	919,691			**919,691**	870,375
Public service	1,676,055			**1,676,055**	1,700,408
Academic support	8,013,434			**8,013,434**	7,744,905
Student services	16,220,096			**16,220,096**	15,115,714
Institutional support	11,114,623			**11,114,623**	10,857,851
Total educational and general expenses	66,520,717			**66,520,717**	61,270,460
Auxiliary enterprises	15,682,575			**15,682,575**	15,889,002
Total operating expenses	82,203,292	-	-	**82,203,292**	77,159,462
Net increase (decrease) from operations	(2,902,799)	745,929	-	**(2,156,870)**	(1,043,592)
Non-Operating Items					
Contributions and pledges	109,625	1,073,939	2,817,650	**4,001,214**	7,588,969
Net gain (loss) on endowment investments, net of distribution to operations	(13,338,378)	(7,106,138)		**(20,444,516)**	18,162,964
Change in value of split interest agreements	(516,954)	(108,890)	168,057	**(457,787)**	788,440
Change in value of trusts held by others	-		(832,801)	**(832,801)**	919,093
Gain (loss) on sale/disposition of assets	15,347			**15,347**	(142,965)
Loss on redemption of bonds	(190,410)			**(190,410)**	-
Postretirement liability related changes other than periodic pension costs	(1,051,840)			**(1,051,840)**	960,979
Asset retirement obligation	(59,156)			**(59,156)**	(1,053,605)
Net assets released from restrictions	5,004,697	(5,004,697)		**-**	-
Reclassification of net assets	2,177,662	(2,446,703)	269,041	**-**	-
Total non-operating items	(7,849,407)	(13,592,489)	2,421,947	**(19,019,949)**	27,223,875
Change in net assets	(10,752,206)	(12,846,560)	2,421,947	**(21,176,819)**	26,180,283
Net assets at beginning of year	255,569,880	40,440,223	108,316,561	**404,326,664**	378,146,381
Net assets at end of year	$244,817,674	$ 27,593,663	$ 110,738,508	**$383,149,845**	$ 404,326,664

See Notes to Consolidated Financial Statements.

The College of Wooster

Consolidated Statement of Activities
Year Ended June 30, 2011
(with Comparative Totals as of June 30, 2010)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2011 Total	2010 Total
Operating Revenues					
Student tuition and fees	$ 70,582,109	$ -	$ -	$ 70,582,109	$ 62,832,379
Less institutional financial aid	(37,255,478)			(37,255,478)	(32,350,603)
Net student tuition and fees	33,326,631			33,326,631	30,481,776
Contributions, bequests and research grants	4,055,557	1,326,111		5,381,668	6,735,774
Contributions and grants designated for scholarships and student aid	485,000	46,221		531,221	597,408
Investment earnings					
Interest, dividend and unrealized gains	599,610	53,179		652,789	511,627
Investment return designated for operations	12,848,489	1,042,694		13,891,183	13,401,964
Other income	3,165,315	9,035		3,174,350	3,092,889
Auxiliary enterprises	19,158,028			19,158,028	17,724,673
Net assets released from restrictions	2,566,162	(2,566,162)		-	-
Total operating revenues	76,204,792	(88,922)	-	76,115,870	72,546,111
Operating Expenses					
Educational and general					
Instruction	24,981,207			24,981,207	23,939,125
Research	870,375			870,375	953,175
Public service	1,700,408			1,700,408	1,415,081
Academic support	7,744,905			7,744,905	7,091,710
Student services	15,115,714			15,115,714	13,390,121
Institutional support	10,857,851			10,857,851	10,819,267
Total educational and general expenses	61,270,460			61,270,460	57,608,479
Auxiliary enterprises	15,889,002			15,889,002	15,367,149
Total operating expenses	77,159,462	-	-	77,159,462	72,975,628
Net (decrease) from operations	(954,670)	(88,922)	-	(1,043,592)	(429,517)
Non-Operating Items					
Contributions and pledges	172,050	4,240,703	3,176,216	7,588,969	16,988,557
Net gain on endowment investments, net of distribution to operations	17,199,189	963,775		18,162,964	10,325,137
Change in value of split interest agreements	281,554	460,458	46,428	788,440	(79,351)
Change in value of trusts held by others	-		919,093	919,093	234,277
Loss on sale/disposition of assets	(142,965)			(142,965)	(239,698)
Postretirement liability related changes other than periodic pension costs	960,979			960,979	9,300
Asset retirement obligation	(1,053,605)			(1,053,605)	(346,228)
Net assets released from restrictions	6,687,376	(6,687,376)		-	-
Reclassification of net assets	(536,265)	(168,987)	705,252	-	-
Total non-operating items	23,568,313	(1,191,427)	4,846,989	27,223,875	26,891,994
Change in net assets	22,613,643	(1,280,349)	4,846,989	26,180,283	26,462,477
Net assets at beginning of year	247,512,600	32,679,680	97,954,101	378,146,381	351,683,904
Reclassification of net assets (Note 10)	(14,556,363)	9,040,892	5,515,471	-	-
Net assets at end of year	$255,569,880	$ 40,440,223	$ 108,316,561	$404,326,664	$ 378,146,381

See Notes to Consolidated Financial Statements.

The College of Wooster

Consolidated Statements of Cash Flows
Years Ended June 30, 2012 and 2011

	2012	2011
Cash Flows From Operating Activities		
Change in net assets	**$ (21,176,819)**	$ 26,180,283
Adjustments to reconcile change in net assets to net cash (used in) operating activities:		
Depreciation and amortization	**6,960,901**	6,382,614
(Gain) loss on disposal of fixed assets	**(15,347)**	142,965
Loss on bond redemption	**(190,410)**	-
Unrealized and realized (gains) losses on investments	**6,918,424**	(31,704,960)
Pension changes other than periodic pension costs	**1,051,840**	(960,979)
Restricted contributions, bequests and research grants	**(3,497,506)**	(8,789,251)
Change in value of split interest agreements	**832,801**	(919,093)
Changes in assets and liabilities:		
Increase in accounts receivable	**(134,053)**	(21,708)
Decrease in receivable from federal government	**19,426**	51,437
Decrease in student notes receivable	**731,723**	743,471
Decrease in inventories and prepaid expenses	**111,165**	23,607
Decrease in contributions receivable	**3,049,188**	2,485,844
Increase (decrease) in accounts payable and accrued liabilities	**(1,468,873)**	2,096,585
Decrease in accrued annuity, pooled income and trust obligations	**(138,727)**	(487,770)
Increase in prepaid tuition, fees and deposits	**191,682**	148,286
Increase (decrease) in accrued post retirement liability	**(6,587)**	10,941
Net cash (used in) operating activities	**(6,761,172)**	(4,617,728)
Cash Flows From Investing Activities		
Decrease in short term investments	**2,970,204**	21,580,774
Decrease in notes receivable	**141,056**	73,758
Sale of investments	**86,852,202**	60,774,957
Purchase of investments	**(75,882,995)**	(63,688,016)
Capital expenditures	**(13,295,163)**	(21,627,634)
Net cash provided by (used in) investing activities	**785,304**	(2,886,161)
Cash Flows From Financing Activities		
Contributions for restricted purposes	**3,497,506**	8,789,251
Proceeds from issuance of long-term debt	**9,182,102**	-
Payments on long-term debt	**(5,470,000)**	(1,505,000)
Net advances from government for student loans	**2,308**	(122,058)
Net cash provided by financing activities	**7,211,916**	7,162,193
Net increase (decrease) in cash and cash equivalents	**1,236,048**	(341,696)
Cash and cash equivalents		
Beginning	**2,397,235**	2,738,931
Ending	**$ 3,633,283**	$ 2,397,235
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for interest	**$ 1,123,257**	$ 1,120,708

See Notes to Consolidated Financial Statements.

Note 1. Nature of Organization and Summary of Significant Accounting Policies

Organization: The College of Wooster (the College) is a private, not-for-profit institution of higher education located in Wooster, Ohio. The College provides educational services at the undergraduate level. The consolidated financial statements include the College and its two wholly owned subsidiaries, The Wooster Inn Management Company, Ltd. and The Wooster Technology Group, Ltd. The College of Wooster is the sole member of both limited liability companies and both are disregarded for tax purposes. All significant intercompany transactions and accounts have been eliminated.

Wooster Technology Group, Ltd. was organized to administer certain intellectual property owned by the College. The Wooster Inn Management Company, Ltd was organized to manage and administer the use of a College owned inn.

Basis of presentation: The financial statements of the College have been prepared in conformity with accounting principles generally accepted in the United States of America and as recommended by the American Institute of Certified Public Accountants' Audit and Accounting Guide, Not-for-Profit Organizations. These standards include the requirements of the Financial Accounting Standards Board (FASB) Accounting Standard Codification (ASC) 958, *Not-for-Profit Entities*, which requires the College to report information regarding its financial position and net assets and revenues, gains, expenses and losses be classified as unrestricted, temporarily restricted or permanently restricted based upon the existence or absence of donor-imposed restrictions as follows:

Unrestricted*:* Net assets that are not subject to donor-imposed restrictions. Certain unrestricted net assets are designated for specific purposes by action of the Board of Trustees.

Temporarily restricted: Net assets whose use by the College is subject to donor-imposed restrictions that can be fulfilled by actions of the College pursuant to those restrictions or that expire by the passage of time. Temporarily restricted net assets also include the accumulated earnings of donor-restricted funds that have yet to be appropriated for expenditure under the guidance of UPMIFA.

Permanently restricted: Net assets subject to donor-imposed restrictions that they be maintained permanently by the College. Generally, donors of these assets permit the College to use all or part of the income earned on these assets.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Expiration of donor-imposed restrictions that simultaneously increase one class of net assets and decrease another are reported as net assets released from restrictions.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the College to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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: The College considers all highly liquid investments with original maturities of three months or less to be cash equivalents, consisting of demand deposits with banks and petty cash funds. At various times throughout the year, the College may have cash balances in financial institutions which exceed the amounts that are federally insured. Cash and cash equivalents that are part of the College's investment portfolio are included in long-term investments as these funds are not generally used for short-term operating purposes.

Short-term investments: Short-term investments consist of certificates of deposit, U.S. Government agency bonds and notes and corporate obligations. These funds are invested for short-term cash management purposes.

Note 1. Summary of Significant Accounting Policies (Continued)

Accounts and student notes receivable: Accounts receivable primarily consists of tuition and fees charged to students, on which interest is periodically charged. The College has provided an allowance for uncollectible accounts receivable of $629,000 and $503,000 as of June 30, 2012 and 2011, respectively. Student notes receivable primarily includes amounts due under various College based loan programs funded with donor restricted dollars. Receivables are carried at unpaid principal balances, less an allowance for uncollectible loans of approximately $1,195,000 and $1,150,000 at June 30, 2012 and 2011, respectively. The College uses the allowance method to estimate uncollectible receivables in these two categories. The allowances are based on management's analysis of delinquent accounts, historical evidence of collections, and current economic conditions.

Inventories: Inventories are stated at cost using either the retail inventory method or first-in first-out method and consist primarily of food service supplies and bookstore merchandise.

Contributions: Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of the gift. Contributions of services are not recognized unless the services create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Unconditional promises to give that are expected to be received after one year are discounted using a risk-free rate of interest to determine the present value of the estimated future cash flows.

An allowance is made for uncollectible contributions based on management's judgment including such factors as prior collection history, type of contribution, current economic conditions, and the nature of fund-raising activity.

Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues in the unrestricted net asset class.

All pledges and gifts for endowment, student loan funds, and capital improvements are reported as non-operating revenue.

Student loans: The College participates with the U.S. Department of Education in the Federal Perkins Loan Program for the purpose of granting low interest loans to students demonstrating financial need. After a student's graduation or withdrawal, Perkins loans are to be repaid over a maximum of ten years.

Perkins funds are ultimately refundable to the U.S. Government to the extent funds are available from the program. If the College elected to discontinue its participation in the federal loan program, the College would be required to return most of its loan program assets to the U.S. Government. The College, accordingly, has a liability to the U.S. Government as of June 30, 2012 and 2011 in the amount of $3,985,890 and $3,983,582, respectively.

Investments: Investments are recorded at estimated fair value. In the case of certain less marketable investments, principally real estate and private equity funds, value is established based on either external events which substantiate a change in fair value or a reasonable methodology that exists to capture and quantify changes in fair value. In some instances, those changes in fair value may require use of estimates. Accordingly, such values may differ from the values that would have been used had a ready market for the investments existed. The estimated values, provided primarily by investment managers, are reviewed and evaluated by College personnel.

Trusts held by others: Trusts held by others represent the present value of the estimated income the College will receive in the future from beneficial interests in trusts for which third parties serve as the trustees.

Note 1. Summary of Significant Accounting Policies (Continued)

Land, buildings and equipment: Land, buildings and equipment are stated at cost or, if contributed, estimated fair value at the date of contribution, less accumulated depreciation. Depreciation is computed on a straight-line basis over the estimated useful life of the related asset. The costs of repairs are expensed when incurred.

The College reviews its investments in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future undiscounted cash flow expected to be generated by the property and any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. There were no impairment losses recognized in 2012 and 2011.

Collections and works of art: Collections are not capitalized under the provisions of Accounting Standards Codification (ASC) 958-605, *Revenue Recognition – Contributions Received*. The College did capitalize collections prior to adopting ASC 958-605. Assets are included in the consolidated statements of financial position as part of land, buildings and equipment.

Split interest agreements: The College's split-interest agreements with donors consist of irrevocable charitable gift annuities held and charitable remainder trusts administered by the College or outside trustees. For annuity contracts, the contributed assets are included as part of investments at fair value. Contribution revenue, net of the accompanying obligation is recognized as of the date the donated assets are transferred to the College, and liabilities are recorded at the present value of the estimated future payments to the donors and/or other beneficiaries. The liabilities are adjusted during the term of the annuities consistent with changes in the value of the assets and actuarial assumptions.

The present values of the estimated future cash receipts from charitable remainder trusts are recognized as investments and contribution revenues as of the dates the trusts are established. Distributions from these trusts are recorded as contributions, and the carrying value of the assets is adjusted for changes in the estimates of future receipts.

Conditional asset retirement obligations: ASC 410, *Asset Retirement and Environmental Obligations,* clarified when an entity is required to recognize a liability for a conditional asset retirement obligation. Management has considered ASC 410, specifically as it relates to its legal obligations to perform asset retirement activities on its existing properties. Management has determined a 25-year settlement date for the asset retirement obligations relating to asbestos removal from various buildings across campus. The College recognizes the fair value of a liability for legal obligations associated with asset retirement in the period in which it is incurred, if a reasonable estimate of the fair value of the obligation can be made. When the liability is initially recorded, the cost of the retirement obligation is capitalized by increasing the carrying value of the related asset. Over time, the liability is accreted to its present value each year, and the capitalized cost associated with the retirement obligation is depreciated over the useful life of the related assets. Upon settlement of the obligation, any difference between the cost to settle the asset retirement obligation and the liability recorded is recognized as a gain or loss in the statement of activities. The College reviews its estimate annually and adjusts the recorded liability as needed. The related liability as of June 30, 2012 and 2011 totaled $1,451,063 and $1,391,907, respectively, and is included in other liabilities on the consolidated statements of financial position.

Tuition and fees: Tuition and fees are reported as revenues over the academic term earned; tuition and fees collected that are applicable to a future academic term are reported as prepaid tuition, fees and deposits. Revenues and expenditures related to summer school sessions are reported within the fiscal year in which the summer session is substantially completed.

Note 1. Summary of Significant Accounting Policies (Continued)

Scholarships: Scholarships represent tuition reductions awarded to students to reduce the overall cost for tuition and fees. Scholarships are given to students in the course of providing educational services and the amounts, as well as the individual recipients, are determined by the College. Scholarships are reported as a reduction to tuition revenues, as the College does not receive any goods or services in exchange for the discount.

Auxiliary enterprises: Revenue from auxiliary enterprises is recognized when goods or services are provided.

Fair value of financial instruments: The carrying amount of cash and cash equivalents, accounts receivable, short-term investments, accounts payable and accrued expenses approximate fair value due to the short maturity of these instruments. The carrying amount of contributions receivable and investments in trusts held by others are recorded at the present value of the discounted future cash flows and therefore approximate fair value. The fair value of student loans receivable and the related advances from the government for student loans in which the College acts as an agent for the U.S. Department of Education Perkins Loan Program are subject to significant restrictions. Accordingly, it is not practical to determine the fair value of such amounts. Investments in debt and equity securities are carried at fair values which are based on quoted market prices for these or similar investments. The carrying value of charitable gift annuities and pooled income funds is actuarially determined based on the present value of the discounted future cash flows using market interest rates on the date of contribution and therefore approximate fair value. For alternative investments where quoted market values of investments may not be readily determined, fair values are based on information provided by the fund managers. Fair values may be based on quoted fair values when available, and estimates that require varying degrees of judgment. Such differences could be material. The carrying amount of the actuarial liability for trusts and annuities payable approximate fair value based on life expectancies and the discounted future cash flows included in the carrying amount. The carrying amount of bonds payable, based on the College's current incremental borrowing rates and maturities for similar types of borrowing arrangements, approximates fair value.

Federal income tax: The College qualifies as an organization exempt from Federal income taxation under Section 501(c) (3) of the Internal Revenue Code. As such, the College is generally not subject to federal or state income taxes except for amounts derived from unrelated business activities as defined by the IRC.

The College adopted the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the College may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the College, the continued tax-exempt status of bonds issued by the College, and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods. At June 30, 2012 and 2011, there were no unrecognized tax benefits identified or recorded as liabilities. With few exceptions, the College is no longer subject to examinations by tax authorities for years prior to 2007.

Subsequent events: Management has performed an analysis of the activities and transactions subsequent to June 30, 2012 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2012. Management has performed their analysis through October 11, 2012, the date the financial statements were available to be issued. No subsequent events as defined by the standard were found.

Note 2. Contributions Receivable

Unconditional promises to give are expected to be realized in the following periods at June 30:

	2012	2011
Unconditional promises expected to be collected in:		
Less than one year	$ 2,142,158	$ 2,656,512
One year to five years	1,533,729	3,231,232
Over five years	13,167,465	15,095,510
	16,843,352	20,983,254
Unamortized discount	(6,098,783)	(7,117,970)
Allowance for uncollectible pledges	(567,317)	(638,844)
	$ 10,177,252	$ 13,226,440

Note 3. Investments

Investments consisted of the following at June 30:

	2012	2011
Invested cash	$ 14,342,919	$ 18,905,003
Equities	38,691,193	59,954,126
Equity mutual funds	25,093	24,508
Exchange traded funds	14,167,661	4,197,635
Fixed Income		
Corporate obligations	5,418,610	5,765,691
Government agency bonds	16,329,397	18,919,192
Hybrid mutual funds	18,610,016	6,305,682
Alternatives		
Hedge funds	123,353,715	139,372,436
Private equity	15,406,929	13,374,811
Fund of funds	11,113,874	12,666,713
Real estate	5,392,994	3,870,055
Split Interest Agreements		
Invested cash	304,959	259,662
Equities	1,835,816	1,977,910
Equity mutual funds	1,907,844	2,108,952
Fixed income mutual funds	2,172,359	2,228,838
Other	27,088	27,088
	$ 269,100,467	$ 289,958,302

At June 30, 2012, the College has made future commitments to fund various alternative investments of $18,808,692.

The composition of investment return is as follows:

	2012	2011
Interest and dividends, net of investment management fees of $615,611 and $ 558,255, respectively	$ 1,039,065	$ 1,001,976
Net realized and unrealized gains (losses)	(6,918,424)	31,704,960
	$ (5,879,359)	$ 32,706,936

Note 3. Investments (Continued)

Total investment return is reflected in the statement of activities as follows:

	2012	2011
Operating		
Interest, dividend and unrealized gains/losses	$ 448,385	$ 652,789
Investment return designated for operations	14,116,772	13,891,183
Total operating	14,565,157	14,543,972
Non Operating		
Net gain (loss) on endowment investments, net of distribution to operations	(20,444,516)	18,162,964
Total investment returns net of fees	$ (5,879,359)	$ 32,706,936

Note 4. Fair Value of Financial Instruments

The Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification defines fair value as the price that would be received for an asset or paid to transfer a liability (exit price) in the College's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

This guidance establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The Topic describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data. Investments measured using the practical expedient, that do not have any significant redemption restrictions, lock-up periods, gates or other characteristics that would cause report and liquidation date net asset value (NAV) to be significantly different, if redemption were requested at the report date.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability. The College reports the fair value of certain Level 3 investments using the practical expedient. The practical expedient allows for the use of net asset value (NAV), either as reported by the investee fund or as adjusted by the College based on various factors, to be used to determine fair value, under certain conditions. The fair value of the investment is based on a combination of audited financial statements of the investees and monthly or quarterly statements received from the investees. These investments would have significant redemption and other restrictions that would limit the Funds' ability to redeem out of the fund at report date NAV.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

The fair values of invested cash, equities, fixed income investments, and mutual funds that are readily marketable are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs). The fair value of the College's investments in invested cash, equities, and mutual funds held as part of split interest agreements are determined by quoted market prices of the underlying assets that are held by trustees (Level 2 inputs).

Note 4. Fair Value of Financial Instruments (Continued)

Hedge funds consist of long/short managers that invest in both public and non-public equity and debt securities as well as credit and multi-strategy managers that invest in distressed securities, futures, contracts, credit facilities, and commodities of currency vehicles. Strategies include long-term appreciation of principal, hedging current market fluctuations for current income achieving superior risk-adjusted total returns, and generating event driven returns. The fair values of the investments in this category have been estimated using the net asset value per share of the investments. Redemption restrictions range from 30 to 105 days at June 30, 2012. Redemption restrictions associated with funds using Level 2 inputs to estimate fair value are less than 93 days and therefore are appropriately classified as Level 2 investments.

Fund of funds are hedge funds consisting of a portfolio of hedge fund investments. The underlying hedge funds may invest domestically, internationally, and/or globally. Fund of funds are typically more illiquid than individual hedge funds due to combining the illiquidity of multiple hedge funds into one investment vehicle. As such, valuations and shareholder statements may be reported on a significant lag.

For other investments for which there is no active market, the College uses other methods for valuing these securities. Information such as historical and current performance of the underlying assets, cash flow projections, liquidity and credit premiums required by a market participant, and financial trend analysis with respect to the individual fund manager, are utilized in determining individual security valuations. Due to current market conditions as well as the limited trading activity of these securities, the market value of the securities is highly sensitive to assumption changes and market volatility (Level 3 inputs).

The other investments include the College's investments in real estate and private equity funds. The fair values of the investments in this category have been estimated using the net asset value per share of the investments, or its equivalent. This valuation methodology includes ownership interests in partners' capital to which a proportionate share of net assets is attributed for each of these funds. Real estate funds include two separate funds with different managers whose strategies include identifying, holding, managing, and disposing of investments in real estate equity and debt securities for income and capital appreciation and to serve as an investment vehicle for entities to invest in a portfolio of real estate funds and other similar pooled real estate investment vehicles diversified across real estate managers, investment strategies, geographies, property sizes, and fund sizes and to provide superior long/term absolute returns by primarily investing in a global long/short portfolio of publicly traded real estate equity securities.

Private equity funds represent investment in limited partnerships that invest in pooled investment vehicles. The College expects to receive dividends and interest over the life of the partnership from investments that cannot be redeemed until the termination of the fund. The average life of a private equity limited partnership ranges from seven to ten years, but may be extended by the general partner beyond this period.

The fair value of beneficial interests in trusts held by others (perpetual trusts) and remainder interests in life income trusts are based on quoted prices of the underlying assets held by trustees. Due to restrictions on these assets that do not allow College redemption rights, fair value is deemed to be based on Level 3 inputs.

The College assesses the levels of the investments at each measurement date, and transfers between levels are recognized on the actual date of the event or change in circumstances that caused the transfer in accordance with the College's accounting policy regarding the recognition of transfers between levels of the fair value hierarchy. There were no significant transfers among levels 1, 2, and 3 during the year.

Note 4. Fair Value of Financial Instruments (Continued)

Assets measured on a recurring basis: Assets and liabilities measured at fair value on a recurring basis are summarized below:

	Fair Value Measurements as of June 30, 2012 Using Quoted Prices in			
	Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investments				
Invested cash	$ 14,342,919	$ -	$ -	$ 14,342,919
Equities				
Consumer goods	15,688,633			15,688,633
Consumer services	5,722,374			5,722,374
Energy	4,407,716			4,407,716
Financials	4,797,429			4,797,429
Healthcare	1,381,525			1,381,525
Industrial	846,948			846,948
Information technology	1,808,502			1,808,502
Materials	3,112,523			3,112,523
Telecommunications	808,950			808,950
Utilities	107,260			107,260
Other	9,333			9,333
Equity mutual funds	25,093			25,093
Exchange traded funds	14,167,661			14,167,661
Fixed Income				
Corporate obligations	5,418,610			5,418,610
Government agency bonds	16,329,397			16,329,397
Hybrid mutual funds	18,610,016			18,610,016
Alternatives				
Hedge funds	-	109,394,579	13,959,136	123,353,715
Private equity	-		15,406,929	15,406,929
Fund of funds	-		11,113,874	11,113,874
Real estate	-		5,392,994	5,392,994
Split interest agreements				
Invested cash	-	304,959		304,959
Equities				
Consumer goods	-	64,640		64,640
Consumer services	-	83,098		83,098
Energy	-	663,312		663,312
Financials	-	423,752		423,752
Healthcare	-	258,848		258,848
Industrial	-	45,921		45,921
Information technology	-	247,180		247,180
Materials	-	13,555		13,555
Telecommunications	-	21,325		21,325
Utilities	-	14,158		14,158
Other	-	27		27
Equity mutual funds	-	1,907,844		1,907,844
Fixed income mutual funds	-	2,172,359		2,172,359
Other	-		27,088	27,088
	$ 107,584,889	$ 115,615,557	$ 45,900,021	$ 269,100,467
Trusts held by others	$ -	$ -	$ 6,406,009	$ 6,406,009

Note 4. Fair Value of Financial Instruments (Continued)

	Fair Value Measurements as of June 30, 2011 Using Quoted Prices in			
	Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investments				
Invested cash	$ 18,905,003	$ -	$ -	$ 18,905,003
Equities				
Consumer goods	13,953,531			13,953,531
Consumer services	7,548,879			7,548,879
Energy	8,094,910			8,094,910
Financials	14,609,541			14,609,541
Healthcare	2,576,606			2,576,606
Industrial	4,482,531			4,482,531
Information technology	2,793,448			2,793,448
Materials	5,030,802			5,030,802
Telecommunications	670,725			670,725
Utilities	183,820			183,820
Other	9,333			9,333
Equity mutual funds	24,508			24,508
Exchange traded funds	4,197,635			4,197,635
Fixed Income				
Corporate obligations	5,765,691			5,765,691
Government agency bonds	18,919,192			18,919,192
Hybrid mutual funds	6,305,682			6,305,682
Alternatives				
Hedge funds	-	110,894,526	28,477,910	139,372,436
Private equity	-		13,374,811	13,374,811
Fund of funds	-		12,666,713	12,666,713
Real estate	-		3,870,055	3,870,055
Split interest agreements				
Invested cash	-	259,662		259,662
Equities				
Consumer goods	-	107,040		107,040
Consumer services	-	38,520		38,520
Energy	-	766,544		766,544
Financials	-	419,485		419,485
Healthcare	-	220,738		220,738
Industrial	-	52,662		52,662
Information technology	-	326,673		326,673
Materials	-	15,096		15,096
Telecommunications	-	18,587		18,587
Utilities	-	12,544		12,544
Other	-	21		21
Equity mutual funds	-	2,108,952		2,108,952
Fixed income mutual funds	-	2,228,838		2,228,838
Other	-		27,088	27,088
	$ 114,071,837	$ 117,469,888	$ 58,416,577	$ 289,958,302
Trusts held by others	$ -	$ -	$ 7,238,810	$ 7,238,810

Note 4. Fair Value of Financial Instruments (Continued)

The table below presents a reconciliation and income statement classification of gains and losses for all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30, 2012 and 2011:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)	
	Trusts Held by Others	Alternative Investments
Ending balance, June 30, 2010	$ 6,319,717	$ 169,421,442
Transfers from Level 3 to Level 2	-	(117,786,773)
Unrealized/realized gain included in earnings	-	6,154,540
Gain on sale of securities	-	1,647,784
Purchases, issuances and settlements	-	(1,020,416)
Change in value of trusts held by others	919,093	-
Ending balance, June 30, 2011	7,238,810	58,416,577
Transfers from Level 3 to Level 2	-	-
Unrealized/realized gain included in earnings	-	(1,434,808)
Loss on sale of securities	-	(614,545)
Sales	-	(20,045,610)
Purchases	-	9,578,407
Change in value of trusts held by others	(832,801)	-
Ending balance, June 30, 2012	$ 6,406,009	$ 45,900,021

During the fiscal year ended June 30, 2011, the College adopted Accounting Standards Update 2009-12, Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent), which, among other things, provides new guidance on classifying investments within the fair value hierarchy. The adoption of this guidance resulted in the reclassification of certain investments held by the College from Level 3 to Level 2 as of July 1, 2010.

Note 5. Land, Buildings and Equipment

Land, buildings and equipment consisted of the following at June 30:

	2012	2011
Land and land improvements	$ 16,069,895	$ 14,403,568
Buildings and improvements	172,244,325	140,761,073
Equipment and vehicles	34,211,701	33,456,378
Library books	7,830,574	7,521,818
Construction in process	1,086,801	22,582,770
	231,443,296	218,725,607
Accumulated depreciation	(84,487,949)	(78,129,885)
	$ 146,955,347	$ 140,595,722

Depreciation and amortization expense totaled $6,960,901 and $6,382,614 for 2012 and 2011, respectively. Interest cost incurred during construction is capitalized as part of the cost of capital projects. Capitalized interested totaled $234,994 and $498,391 for 2012 and 2011, respectively. The College has construction commitments of approximately $991,000 at June 30, 2012.

Note 6. Bonds Payable

Bonds payable consisted of the following at June 30:

	2012	2011
State of Ohio, Higher Education Facility Refunding Revenue Bonds (The College of Wooster 2012 Project) bearing interest at an average fixed rate of 3.12% and principal payments due annually beginning September 1, 2012 through September 1, 2033, including net bond premium of $126,598 at June 30, 2012.	$ 9,181,598	$ -
State of Ohio, Higher Education Facility Refunding Revenue Bonds (The College of Wooster 2010 Project) bearing interest at an average fixed rate of 3.27% and principal payments due annually beginning September 1, 2011 through September 1, 2028, including net bond discount of $40,980 and $43,502 at June 30, 2012 and 2011, respectively.	9,514,020	9,956,498
State of Ohio, Higher Education Facility Refunding Revenue Bonds (The College of Wooster 2005 Project) bearing interest at an average fixed rate of 4.67% and principal payments due annually through September 1, 2020, including net bond premium of $231,494 and $263,796 at June 30, 2012 and 2011, respectively.	10,466,494	11,403,796
State of Ohio, Higher Educational Facility Refunding Revenue Bonds (The College of Wooster 2003 Project) bearing interest at an average fixed rate of 5.29% and principal payments due annually through September 1, 2021, including net bond premium of $34,908 and $201,134 at June 30, 2012 and 2011, respectively.	914,908	5,201,134
	$ 30,077,020	$ 26,561,428

The College has pledged, as collateral for the Revenue Bonds, all present and future unrestricted revenue from tuition and fees, gifts for operations, federal appropriations, state appropriations, federal grants, contracts and sales and services of auxiliary enterprises.

Note 6. Bonds Payable (Continued)

Aggregate principal maturities, excluding amortized costs, of bonds payable to OHEFC at June 30 are:

	Total	OHEFC Issue 2003	OHEFC Issue 2005	OHEFC Issue 2010	OHEFC Issue 2012
2013	$ 1,900,000	$ 430,000	$ 945,000	$ 455,000	$ 70,000
2014	1,930,000	450,000	980,000	465,000	35,000
2015	2,000,000	-	1,020,000	475,000	505,000
2016	2,080,000	-	1,070,000	485,000	525,000
2017	2,175,000	-	1,125,000	500,000	550,000
Thereafter	19,640,000	-	5,095,000	7,175,000	7,370,000
	$ 29,725,000	$ 880,000	$ 10,235,000	$ 9,555,000	$ 9,055,000

Interest expense for bonds payable was $1,059,048 and $1,136,400 for June 30, 2012 and 2011, respectively.

A portion of the of the proceeds from the OHEFC 2012 bond issue were used for the advance refunding of the OHEFC 2003 bond issue. Proceeds of $3,715,000 were placed in escrow for the repayment of scheduled debt service on the refunded 2003 bonds. The liability to the College is deemed to have been paid and discharged. Remaining proceeds from the 2012 bonds will be used to pay a portion of the costs related to converting the College's coal burning power plant to natural gas and installing and improving certain other facilities on the College campus.

Note 7. Employee Benefit Plans

Defined contribution plan: The College maintains a 403(b) defined contribution retirement plan for substantially all full time employees meeting certain eligibility requirements with the Teacher's Insurance and Annuity Association and College Retirement Equity Funds Company. Participants may elect to make contributions up to the maximum allowable per Section 402(g) of the Internal Revenue Code. For participants that have met the eligibility requirements for employer contributions, the College will contribute (a) 10% of pretax annual compensation and (b) matching contributions equal to a percentage of pretax annual compensation of (a) 0% for employee contributions less than 1.5% of compensation, (b) 1% for employee contributions of 1.5% but less than 3% of compensation, or (c) 2% for employee contributions greater than 3% of compensation. The College's contribution to the plan was $3,151,500 and $3,039,800 in 2012 and 2011, respectively.

Post-retirement medical plan: The College provides postretirement benefits which include health care and life insurance for eligible employees as of February 28, 1994. No benefit is provided to employees hired on or after March 1, 1994.

Benefits are the same as those provided to non-retired faculty and staff and continue until the age of Medicare eligibility. Retired employees are required to contribute a certain amount of the cost of insurance as determined by the College from time to time.

Note 7. Employee Benefit Plans (Continued)

The following table sets forth the funded status and the amounts recognized in the consolidated statement of financial position at June 30:

	2012	2011
Accumulated benefit obligation		
Accumulated benefit obligation	$ 5,753,315	$ 4,708,062
Fair value of plan assets	-	-
Unfunded status	$ (5,753,315)	$ (4,708,062)

The following table sets forth the costs related to this obligation for the years ended June 30:

	2012	2011
Accrued benefit cost		
Beginning of year balance	$ 4,708,062	$ 5,658,100
Service cost	44,400	41,986
Interest cost	260,014	248,004
Amortization of net (gain) loss	(98,138)	(124,157)
Net periodic pension cost	206,276	165,833
Participant contributions	427,726	426,260
Benefits paid	(640,589)	(581,152)
Postretirement liability related changes other than periodic cost	1,051,840	(960,979)
Accumulated postretirement liability recognized in the statement of financial position	$ 5,753,315	$ 4,708,062

Estimated future net employer benefit payments are as follows:

2013	$ 392,384
2014	387,255
2015	386,151
2016	382,529
2017	377,409
2018 through 2022	1,784,244

Effective June 1, 2001, the College implemented a self-funded health plan from which these benefits will be paid after that date. The weighted-average annual assumed rate of increase in the health care cost trend rate is 7.00% in 2012 and is assumed to decrease to 5.00% in 2016 and after. The discount rate used for determining the APBO was 4.25% and 5.75% for 2012 and 2011, respectively. The amount of net gain (loss) that has been recognized in net assets but not as a component of pension expense is $(1,051,840) and $960,979 at June 30, 2012 and 2011, respectively.

Note 8. Temporarily Restricted Net Assets

Temporarily restricted net assets are comprised of the following at June 30:

	2012	2011
Endowment Funds		
Split-interest agreements	$ 2,309,335	$ 2,809,676
Other endowment funds	11,306,085	7,221,539
Total temporarily-restricted endowment	13,615,420	10,031,215
Expendable Funds Restricted For:		
Operating purposes	5,996,086	5,326,972
Investment in land, buildings and equipment	511,312	3,573,890
Contributions receivable	7,470,845	10,563,140
Total	$ 27,593,663	$ 29,495,217

Temporarily restricted net assets are available for the following purposes at June 30:

	2012	2011
Scholarships and prizes	$ 2,685,578	$ 5,440,626
Professorship	1,405,104	3,329,007
Academic/administrative support	11,862,804	15,578,581
Operating fund support	2,173,188	2,543,153
Library	46,116	413,518
Wooster Fund	84,835	276,464
Split interest agreements	1,860,599	2,292,591
Loan fund	4,594	3,143
Contributions receivable	7,470,845	10,563,140
	$ 27,593,663	$ 40,440,223

Note 9. Permanently Restricted Net Assets

Permanently restricted net assets are comprised of the following at June 30:

	2012	2011
Endowment Funds		
Split-interest agreements	$ 4,476,793	$ 4,714,685
Other endowment funds	96,548,834	93,092,351
Total permanently-restricted endowment	101,025,627	97,807,036
Student loan funds	600,465	607,415
Funds held by others	6,406,009	7,238,810
Contributions receivable	2,706,407	2,663,300
Total	$ 110,738,508	$ 108,316,561

Note 9. Permanently Restricted Net Assets (Continued)

Permanently restricted net assets classified by purpose at June 30:

	2012	2011
Scholarship and prizes	$ 42,693,706	$ 40,895,933
Professorships	24,849,351	24,848,851
Academic/administrative support	19,500,613	18,081,411
Operating fund support	4,532,047	4,440,388
Library	3,608,680	3,549,131
Wooster Fund	1,364,437	1,276,637
Split interest agreements	4,476,793	4,714,685
Trusts held by others	6,406,009	7,238,810
Student loan funds	600,465	607,415
Contributions receivable	2,706,407	2,663,300
Total	$ 110,738,508	$ 108,316,561

Note 10. Endowment Funds

UPMIFA: The Board's interpretation of The Uniform Prudent Management of Institutional Funds Act (UPMIFA) is as follows:

The portion of a donor-restricted endowment that the College classifies in permanently restricted net assets is the original gift value plus the value of subsequent gifts to the endowment. It is not reduced by losses on the investments, except to the extent required by the donor, or by appropriations from the endowment fund. The accumulated portion of a donor-restricted fund that is not permanently restricted is considered to be temporarily restricted until appropriated for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. The College uses the following criteria to determine whether to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the College and the donor-restricted fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The total return from income and appreciation of investments
6. Other resources of the College
7. The investment policies of the College

Investment Return Objectives and Risk Parameters

The College has adopted investment and spending policies for endowment assets that provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under these policies, as approved by the Board of Trustees, the investment objective is to generate, for each rolling 3 to 5 year period, an average annual total return, plus endowment gifts, sufficient to fund the sum of the level of inflation for academic institutions as defined by the Higher Education Price Index, the annual payout to operations and a premium for growth in principal. Risk, as measured by standard deviation, should be commensurate with a passive portfolio, consisting of a similar asset allocation to the endowment fund.

Note 10. Endowment Funds (Continued)

Strategies to achieve investment objectives: The purpose of the endowment is to meet the current financial needs of the College and to support current operations with the long-term goal of developing and maintaining a strategic advantage compared to institutions with which the College competes for students and faculty. While placing reasonable limits on the use of the investment returns for current financial needs of the College, the College may limit expansion of some programs during the short run. This approach to endowment management ensures that, in the long run, these same programs will benefit on an even a larger scale, thereby maximizing the long-term financial strength and stability of the College.

UPMIFA reclassification: During the year ended June 30, 2011, the College undertook an analysis of its endowment assets to satisfy the requirements of UPMIFA and the accounting standards related to net asset classification. As a result it was determined that net assets at June 30, 2010 were not appropriately classified and a reclassification of net assets was required. The reclassification is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Reclassification of endowment gifts and earnings	$ (18,676,067)	$ 13,160,596	$ 5,515,471	$ -
Reclassification of underwater endowments	4,119,704	(4,119,704)	-	-
	$ (14,556,363)	$ 9,040,892	$ 5,515,471	$ -

Spending policy and investment objectives: The annual spending policy, established by the Board of Trustees, is the prior-year payout amount, increased by 1%, limited to a maximum payout equal to 6% of the trailing twelve-quarter moving average endowment market value at December 31 of the calendar year preceding the end of the fiscal year. In establishing this policy, the College considered the long-term expected return on its endowment. This is consistent with the College's objective to maintain the purchasing power of the endowment assets held in perpetuity, as well as to provide additional real growth through new gifts and investment return.

Endowment funds with deficiencies: On occasion, unfavorable market fluctuations cause the fair value of assets associated with individual donor restricted endowment funds to fall below the level that the donor or the UPMIFA law requires the College to retain as a fund of perpetual duration. Deficiencies of this nature that are in excess of related temporarily restricted amounts are reported in unrestricted net assets. Such amounts totaled $10,067,726 and $6,631,331 as of June 30, 2012 and 2011, respectively.

Endowment asset composition by type of fund at June 30:

	2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board-designated funds	$126,361,710	$ -	$ -	$126,361,710
Donor restricted endowment funds	(10,067,726)	13,615,420	101,025,627	104,573,321
	$116,293,984	$ 13,615,420	$101,025,627	$230,935,031

Note 10. Endowment Funds (Continued)

	2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board-designated funds	$134,536,603	$ -	$ -	$134,536,603
Donor restricted endowment funds	(6,631,331)	20,976,221	97,807,036	112,151,926
	$127,905,272	$ 20,976,221	$ 97,807,036	$246,688,529

The following schedules represent changes in endowment investments only. These amounts are included in investments - at market on the statement of financial position at June 30, 2012 and 2011.

	2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment assets, beginning of year	$127,905,272	$ 20,976,221	$ 97,807,036	$246,688,529
Investment Return				
Investment income	549,010	(547,410)	168,057	169,657
Net depreciation (realized and unrealized)	(7,569,280)	630,197		(6,939,083)
Total investment return	(7,020,270)	82,787	168,057	(6,769,426)
Contributions and other	109,625		2,774,543	2,884,168
Appropriation of endowment assets for expenditure	(6,855,722)	(7,261,050)		(14,116,772)
Transfers among funds	2,155,079	(182,538)	275,991	2,248,532
Endowment assets, end of year	$116,293,984	$ 13,615,420	$101,025,627	$230,935,031

	2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment assets, beginning of year	$127,497,880	$ 7,578,729	$ 88,905,259	$223,981,868
Reclassification - based on changes in law and accounting principle	(14,556,363)	9,040,892	5,515,471	-
Investment Return				
Investment income	314,989	506,257		821,246
Net appreciation (realized and unrealized)	20,391,498	11,277,176		31,668,674
Total investment return	20,706,487	11,783,433	-	32,489,920
Contributions and other	144,324		2,529,179	2,673,503
Appropriation of endowment assets for expenditure	(6,735,749)	(7,155,433)		(13,891,182)
Transfers among funds	848,693	(271,400)	857,127	1,434,420
Endowment assets, end of year	$127,905,272	$ 20,976,221	$ 97,807,036	$246,688,529

Note 11. Contingencies

The College is involved in litigation and is subject to certain claims that arise in the normal course of operations. In the opinion of management, the ultimate disposition of the litigation and claims will not have a material adverse effect on the College's operations or financial position.