

UTICA COLLEGE

For the Year Ended
May 31, 2008

FINANCIAL STATEMENTS

UTICA COLLEGE

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D'Arcangelo & Co., LLP

Certified Public Accountants & Consultants

120 Lomond Court, Utica, N.Y. 13502-5950
315-735-5216 Fax: 315-735-5210

Independent Auditor's Report

Board of Trustees
Utica College

We have audited the accompanying statements of financial position of Utica College (a nonprofit organization) as of May 31, 2008 and 2007, 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 audits 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 Utica College as of May 31, 2008 and 2007, 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.

As discussed in Note 1 to the financial statements, Utica College adopted the recognition provisions of Statement of Financial Accounting Standards No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of FASB Statements No. 87, 88, 106, and 132(R)," for the year ended May 31, 2008, which changed its method of accounting for its defined benefit postretirement plan.

D'Arcangelo + Co., LLP

October 15, 2008

Utica, New York

UTICA COLLEGE
STATEMENTS OF FINANCIAL POSITION

May 31, 2008 and 2007

	2008	2007
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 485,012	\$ 89,539
Tuition and Fees Receivable, Net	2,380,397	2,626,844
Grants and Other Operating Receivables	440,399	1,130,200
Unconditional Promises to Give	86,696	57,680
Supplies Inventory at Cost	34,059	35,592
Prepaid Expenses	<u>146,107</u>	<u>378,738</u>
Total Current Assets	<u>3,572,670</u>	<u>4,318,593</u>
Long-Term and Restricted Assets		
Restricted Cash - Construction	567	3,067,646
Deposits with Bond Trustees	3,530,243	3,421,693
Perkins and Gate Loans Receivable, Net	1,831,146	1,957,978
Unconditional Promises to Give	39,267	86,240
Note Receivable	0	350,000
Investments, at Market	<u>19,450,589</u>	<u>20,234,895</u>
Total Long-Term and Restricted Assets	<u>24,851,812</u>	<u>29,118,452</u>
Capital Related Assets		
Construction in Progress	2,119,663	5,942,912
Land, Buildings, and Equipment, Net	60,857,262	52,804,546
Bond Issuance Costs, Net	<u>922,476</u>	<u>1,142,146</u>
Total Capital Related Assets	<u>63,899,401</u>	<u>59,889,604</u>
Total Assets	<u>\$ 92,323,883</u>	<u>\$ 93,326,649</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable and Accrued Liabilities	\$ 4,856,443	\$ 3,600,344
Line of Credit	1,500,000	0
Deposits and Deferred Revenue	3,473,894	3,477,911
Current Portion of Postretirement Liabilities	534,686	464,217
Current Portion of Long-Term Debt	<u>494,000</u>	<u>467,000</u>
Total Current Liabilities	<u>10,859,023</u>	<u>8,009,472</u>
Long-Term Liabilities		
Charitable Trust Obligations	309,024	290,645
Federal Student Loans Deferred	901,152	959,799
Bond Premium, Net	390,191	521,776
Postretirement Liabilities	5,912,387	4,831,300
Long-Term Debt	<u>34,246,368</u>	<u>34,740,368</u>
Total Long-Term Liabilities	<u>41,759,122</u>	<u>41,343,888</u>
Net Assets		
Unrestricted	17,015,878	20,272,525
Temporarily Restricted	12,034,299	13,472,217
Permanently Restricted	<u>10,655,561</u>	<u>10,228,547</u>
Total Net Assets	<u>39,705,738</u>	<u>43,973,289</u>
Total Liabilities and Net Assets	<u>\$ 92,323,883</u>	<u>\$ 93,326,649</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

UTICA COLLEGE
STATEMENTS OF ACTIVITIES
For the Year Ended May 31, 2008
(With Comparative Totals for the Year Ended May 31, 2007)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
				2008	2007
Revenue, Gains, and Other Support					
Tuition and Fees	\$ 56,133,397	\$ 0	\$ 0	\$ 56,133,397	\$ 53,466,000
Less: Scholarship Aid	<u>(19,855,586)</u>	<u>0</u>	<u>0</u>	<u>(19,855,586)</u>	<u>(19,411,095)</u>
Net Tuition and Fees	36,277,811	0	0	36,277,811	34,054,905
Government Grants and Contracts	2,909,177	0	0	2,909,177	3,353,942
Private Gifts and Grants	798,280	1,205,834	434,465	2,438,579	2,251,662
Investment Return	303,197	(380,568)	(32,957)	(110,328)	5,225,604
Change in Value of Annuity Obligations	0	0	10,941	10,941	(22,442)
Sales and Service of Auxiliary Enterprises	7,760,891	0	0	7,760,891	7,478,076
Other Sources	<u>694,599</u>	<u>0</u>	<u>0</u>	<u>694,599</u>	<u>742,776</u>
Total Revenue and Gains	48,743,955	825,266	412,449	49,981,670	53,084,523
Net Assets Released from Restrictions	<u>2,248,619</u>	<u>(2,263,184)</u>	<u>14,565</u>	<u>0</u>	<u>0</u>
Total Revenue, Gains, and Other Support	<u>50,992,574</u>	<u>(1,437,918)</u>	<u>427,014</u>	<u>49,981,670</u>	<u>53,084,523</u>
Expenses					
Educational and General					
Instructional and Research	19,597,131	0	0	19,597,131	17,765,473
Academic Support	5,204,591	0	0	5,204,591	4,760,836
Student Services	9,718,736	0	0	9,718,736	9,550,384
Institutional Support	<u>14,373,892</u>	<u>0</u>	<u>0</u>	<u>14,373,892</u>	<u>12,888,941</u>
Total Educational and General	48,894,350	0	0	48,894,350	44,965,634
Auxiliary Enterprises	<u>4,529,749</u>	<u>0</u>	<u>0</u>	<u>4,529,749</u>	<u>4,457,818</u>
Total Expenses	<u>53,424,099</u>	<u>0</u>	<u>0</u>	<u>53,424,099</u>	<u>49,423,452</u>
Increase (Decrease) in Net Assets Prior to Adoption of Recognition Provision of FASB 158					
	(2,431,525)	(1,437,918)	427,014	(3,442,429)	3,661,071
Effect of Adoption of Recognition Provision of FASB 158					
	<u>825,122</u>	<u>0</u>	<u>0</u>	<u>825,122</u>	<u>0</u>
Increase (Decrease) in Net Assets	(3,256,647)	(1,437,918)	427,014	(4,267,551)	3,661,071
Net Assets, Beginning of Year	<u>20,272,525</u>	<u>13,472,217</u>	<u>10,228,547</u>	<u>43,973,289</u>	<u>40,312,218</u>
Net Assets, End of Year	<u>\$ 17,015,878</u>	<u>\$ 12,034,299</u>	<u>\$ 10,655,561</u>	<u>\$ 39,705,738</u>	<u>\$ 43,973,289</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

UTICA COLLEGE
STATEMENTS OF ACTIVITIES
For the Year Ended May 31, 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total 2007</u>
Revenue, Gains, and Other Support				
Tuition and Fees	\$ 53,466,000	\$ 0	\$ 0	\$ 53,466,000
Less: Scholarship Aid	<u>(19,411,095)</u>	<u>0</u>	<u>0</u>	<u>(19,411,095)</u>
Net Tuition and Fees	34,054,905	0	0	34,054,905
Government Grants and Contracts	3,353,942	0	0	3,353,942
Private Gifts and Grants	715,445	1,290,971	245,246	2,251,662
Investment Return	989,268	3,836,233	400,103	5,225,604
Change in Value of Annuity Obligations	0	0	(22,442)	(22,442)
Sales and Service of Auxiliary Enterprises	7,478,076	0	0	7,478,076
Other Sources	<u>742,776</u>	<u>0</u>	<u>0</u>	<u>742,776</u>
Total Revenue and Gains	47,334,412	5,127,204	622,907	53,084,523
Net Assets Released from Restrictions	<u>1,078,144</u>	<u>(1,149,452)</u>	<u>71,308</u>	<u>0</u>
Total Revenue, Gains, and Other Support	<u>48,412,556</u>	<u>3,977,752</u>	<u>694,215</u>	<u>53,084,523</u>
Expenses				
Educational and General				
Instructional and Research	17,765,473	0	0	17,765,473
Academic Support	4,760,836	0	0	4,760,836
Student Services	9,550,384	0	0	9,550,384
Institutional Support	<u>12,888,941</u>	<u>0</u>	<u>0</u>	<u>12,888,941</u>
Total Educational and General	44,965,634	0	0	44,965,634
Auxiliary Enterprises	<u>4,457,818</u>	<u>0</u>	<u>0</u>	<u>4,457,818</u>
Total Expenses	<u>49,423,452</u>	<u>0</u>	<u>0</u>	<u>49,423,452</u>
Increase (Decrease) in Net Assets	(1,010,896)	3,977,752	694,215	3,661,071
Net Assets, Beginning of Year	<u>21,283,421</u>	<u>9,494,465</u>	<u>9,534,332</u>	<u>40,312,218</u>
Net Assets, End of Year	<u>\$ 20,272,525</u>	<u>\$ 13,472,217</u>	<u>\$ 10,228,547</u>	<u>\$ 43,973,289</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

UTICA COLLEGE
STATEMENTS OF CASH FLOWS
For the Years Ended May 31, 2008 and 2007

	2008	2007
Cash Flows from (Used by) Operating Activities		
Increase (Decrease) in Net Assets	\$ (4,267,551)	\$ 3,661,071
Adjustments for Noncash Transactions		
Depreciation	3,440,564	2,666,707
Amortization of Bond Issuance Costs	38,950	79,986
Bad Debt Expense	630,085	1,235,735
Effect of Adoption of FASB 158	825,122	0
Gifts of Marketable Securities	(267,472)	(436,693)
Realized (Gain) on Long-Term Investments	(1,393,389)	(1,681,323)
Unrealized (Gain) Loss on Long-Term Investments	2,599,713	(2,440,762)
(Increase) Decrease in Assets		
Tuition and Fees Receivable	(383,638)	(305,642)
Grants and Other Operating Receivables	689,801	(518,719)
Unconditional Promises to Give	17,957	131,252
Inventories	1,533	(3,730)
Other Deferred and Prepaids	232,631	(76,128)
Perkins and Gate Loans Receivable	126,832	589,394
Other Receivable	350,000	(350,000)
Increase (Decrease) in Liabilities		
Accounts Payable and Accrued Liabilities	1,256,098	(35,970)
Deposits and Deferred Revenue	(4,017)	(198,260)
Charitable Trust Obligations	18,379	(10,882)
Federal Student Loans Deferred	(58,647)	(81,258)
Postretirement Liabilities	326,434	298,498
Net Cash Flows from Operating Activities	4,179,385	2,523,276
Cash Flows from (Used by) Investing Activities		
Purchases of Investments	(9,628,596)	(11,907)
Proceeds from Sales of Investments	10,327,198	1,943,657
Reinvested Interest and Dividends	(853,147)	(524,394)
Payments for Bond Issuance Costs	180,720	180,720
Restricted Cash - Construction	3,067,079	(611,600)
Payments for Capital Assets	(7,670,031)	(8,023,719)
Interest Charged to Construction	0	(87,826)
Net Cash (Used by) Investing Activities	(4,576,777)	(7,135,069)

(Continued)

The Accompanying Notes are an Integral Part of These Financial Statements.

UTICA COLLEGE
STATEMENTS OF CASH FLOWS
For the Years Ended May 31, 2008 and 2007
(Continued)

	2008	2007
Cash Flows from (Used by) Financing Activities		
Repayment of Long-Term Debt	(467,000)	(446,000)
Bond Premium	(131,585)	(131,586)
Change in Deposits with Trustees Related to Construction Financing	(108,550)	3,287,513
Proceeds from Line of Credit	7,150,458	2,100,000
Repayment of Line of Credit	<u>(5,650,458)</u>	<u>(2,100,000)</u>
Net Cash Flows from Financing Activities	<u>792,865</u>	<u>2,709,927</u>
 Net Increase (Decrease) in Cash and Cash Equivalents	 395,473	 (1,901,866)
 Cash and Cash Equivalents, Beginning of Year	 <u>89,539</u>	 <u>1,991,405</u>
 Cash and Cash Equivalents, End of Year	 <u>\$ 485,012</u>	 <u>\$ 89,539</u>

Supplemental Cash Flow Disclosures

Cash Paid During the Year for:		
Interest	<u>\$ 2,147,305</u>	<u>\$ 2,016,450</u>
Income Taxes	<u>\$ 0</u>	<u>\$ 0</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

UTICA COLLEGE

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Operations

Utica College (the College), located in Utica, New York, was established in 1946 to educate undergraduate students, preparing them to achieve distinction in their chosen professions. The College offers four-year programs leading to the Bachelor of Arts or the Bachelor of Science degrees in a broad variety of majors in the liberal arts and sciences and in professional studies. In addition, the College offers several degrees for graduate programs. The College's main sources of revenue are derived from tuition and fees charged to students, government grants and contracts, and sales and services related to auxiliary enterprises.

Basis of Presentation

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. These financial statements, presented on the accrual basis of accounting, have been prepared to focus on the College as a whole and present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by reporting information regarding financial position and activities according to three classes: permanently restricted, temporarily restricted, or unrestricted.

Classification of Net Assets

The accompanying financial statements have been prepared to present balances and transactions according to the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that are permanently maintained by the College. Generally, donors of these assets permit the College to use all or part of the income earned on related investments for general or specific purposes.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or may not be met by actions of the College and/or the passage of time.

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Trustees.

UTICA COLLEGE

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

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. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets are reported as reclassifications between the applicable classes of net assets.

Contributions and Donations

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

Income (losses) and realized and unrealized net gains (losses) on investments of endowment and similar funds are reported as follows:

- As increases (decreases) in permanently restricted net assets if the terms of the gift or the College Board's interpretation of relevant State law require that they be added to (subtracted from) the principal of the Permanent Endowment Fund;
- As increases (decreases) in temporarily restricted net assets if the terms of the gift impose restrictions on the use of income;
- As increases (decreases) in unrestricted net assets in all other cases.

Temporarily Restricted Net Assets

With respect to temporarily restricted net assets, the College follows the optional accounting policies as permitted by the various provisions of Statement of Financial Accounting Standards (SFAS) No. 116:

Release of Restriction of Net Assets - The College has adopted the provisions of SFAS No. 116 concerning the release from restrictions on temporarily restricted net assets upon the occurrence of an expense when both unrestricted and temporarily restricted net assets are available for that purpose.

Contributions With Restrictions Met in the Same Year - Contributions received with donor-imposed restrictions that are met in the same year are reported as revenues in the temporarily restricted net asset class, and a reclassification to unrestricted net assets is made to reflect the expiration of such restrictions.

UTICA COLLEGE

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Collections

Contributions of works of art, historical treasures, and similar assets held as part of a collection for education, research, or public exhibition rather than resale have been recognized as revenue at their estimated fair market value at the date of receipt based upon appraisals or similar valuations. Such items, along with purchased works of art, have been capitalized.

Auxiliary Enterprises

The College's auxiliary enterprises exist primarily to furnish goods and services to students, faculty, and staff. Managed as essentially self-supporting activities, the College's auxiliaries consist of residence halls and dining halls. Auxiliary enterprise revenues and expenses are reported in the statements of activities in unrestricted net assets.

Endowment Spending Rate Policy

The College's endowment fund investments are managed to achieve the maximum long-term total return. The College's Board of Trustees has authorized a policy permitting the use of total returns at a rate (spending rate) of up to 5.25% of the four-year average market value of the endowment portfolio on the last day of the preceding fiscal year for current operations. The remainder is retained to support operations of future years. This policy is designed to preserve the value of the portfolio in real terms (after inflation) and provide a predictable flow of funds to support operations.

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. In addition, estimates and assumptions are used to determine disclosures 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. Estimates are used in the determination of allowance for doubtful accounts, depreciation, post retirement benefits, and certain accrued liabilities.

Cash and Cash Equivalents

For purposes of the statements of cash flows, cash equivalents include time deposits and certificates of deposit with original maturities less than 90 days, except that such investments purchased with endowment assets or deposits with trustees are classified as long-term investments.

UTICA COLLEGE

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Valuation of Investments

The College carries its investments in the Statements of Financial Position at fair value. Any fluctuation in the fair value of investments is reflected in the Statements of Activities as unrealized gains (losses) on investments. Fair values of securities traded on a national securities exchange are based on the last reported sales price on the last business day of the year. The fair value of securities for which quotations are not readily available are determined by an independent pricing service contracted by the trustee holding the securities. Cash and cash equivalents are valued at cost, which approximates fair value.

Capital Assets

Capital assets are stated at cost if purchased or at fair value (on the date of receipt) if donated. Certain land and buildings were recorded at fair value on the date of transfer from a former affiliated entity. Depreciation is calculated using the straight-line method over estimated useful lives of assets as follows:

Land Improvements	5 to 20 Years
Buildings and Improvements	20 to 40 Years
Leasehold Improvements	20 Years
Equipment	5 to 8 Years
Library and Art Collections	10 to 100 Years
Other Capitalized Costs	10 Years

The College's capitalization policy requires that all donated or purchased property with a cost or fair market value exceeding \$1,000 is recorded as a capital asset.

Expense Allocation

Expenses are reported by functional classification which include instructional and research, academic support, student services, institutional support, and auxiliary enterprises. Accordingly, certain costs have been allocated among programs and supporting services benefited.

UTICA COLLEGE

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising

The College expenses the cost of advertising as it is incurred. Advertising expense for 2008 and 2007 were \$242,466 and \$270,663, respectively.

Adoption of New Accounting Standard

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans – an amendment FASB Statements No. 87, 88, 106, and 132(R)" (SFAS No. 158). SFAS No. 158 requires an employer that sponsors one or more single-employer defined benefit plans to (a) recognize the overfunded or underfunded status of a benefit plan in its statement of financial position, (b) recognize as a component of unrestricted net assets the gains or losses and prior service costs or credits that arise during the period, but are not recognized as components of net periodic benefit costs pursuant to SFAS No. 87, "Employers' Accounting for Pensions," or SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," (c) measure defined benefit plan assets and obligations as of the date of the employer's fiscal year end, and (d) disclose in the notes to the financial statements additional information about certain effects on net periodic benefit cost for the next fiscal year that arise from delayed recognition of the gains or losses, prior service costs or credits and transition asset or obligation. SFAS No. 158 is effective for the College's fiscal year ending May 31, 2008, and was adopted by the College on May 31, 2008.

The effect of adopting SFAS No. 158 on May 31, 2008, resulted in an increase to the postretirement liability and a reduction in unrestricted net assets of \$825,122. Refer to Note 15 for further discussions on the effect of SFAS No. 158 on the College's accompanying financial statements.

Reclassification

Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

NOTE 2 TAXABLE STATUS

The College is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and utilizes May 31 as its fiscal year end. In addition, the College has been classified as an organization that is not a private foundation.

UTICA COLLEGE

NOTES TO FINANCIAL STATEMENTS

NOTE 3 RECEIVABLES

The tuition and fees and Perkins and Gate Loans receivables are presented in the statements of financial position at cost net of an allowance for uncollectible accounts. The College allows for estimated losses on accounts receivable based on prior bad debt experience and a review of existing receivables. The following is a summary of those receivables and their respective allowances as of May 31, 2008 and 2007:

	2008		
	Gross	Allowance	Net
Tuition and Fees Receivable	\$ 5,206,632	\$(2,826,235)	\$ 2,380,397
Perkins and Gate Loans Receivable	\$ 2,064,436	\$ (233,390)	\$ 1,831,146
	2007		
	Gross	Allowance	Net
Tuition and Fees Receivable	\$ 4,847,804	\$(2,220,960)	\$ 2,626,844
Perkins and Gate Loans Receivable	\$ 2,177,837	\$ (219,859)	\$ 1,957,978

During the years ended May 31, 2008 and 2007, the College recognized bad debt expense of \$630,085 and \$1,235,735, respectively, related to tuition and fees and Perkins and Gate Loans receivable. Accounts receivable are written off as they are deemed uncollectible by management. The College considers its other receivables to be fully collectible; accordingly, no allowance for doubtful accounts has been established.

NOTE 4 UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give are recognized as contribution revenue in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Promises to give are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year.

Unconditional promises to give expected to be collected in:

	2008	2007
Less Than One Year	\$ 86,696	\$ 57,680
One to Five Years	28,246	75,219
More Than Five Years	11,021	11,021
Total Unconditional Promises to Give	\$ 125,963	\$ 143,920

UTICA COLLEGE

NOTES TO FINANCIAL STATEMENTS

NOTE 4 UNCONDITIONAL PROMISES TO GIVE (Continued)

The College considers all amounts to be fully collectible; accordingly, no allowance for doubtful accounts has been established. Promises to give expected to be received beyond one year have not been discounted due to immateriality.

NOTE 5 NOTE RECEIVABLE

The College had notes receivable in the amount of \$450,000 at May 31, 2007 (\$100,000 short-term and \$350,000 long-term). The note resulted from the sale of land in the Adirondacks. The original note was in the amount of \$450,000 payable \$100,000 in the first year, \$175,000 in the second year and \$175,000 in the third year. The note was secured by (a) a first mortgage on the land, (b) a first mortgage on the former Old Forge Airport landing strip and (c) personal guarantees totaling \$450,000. The note was paid in full during the year ended May 31, 2008.

NOTE 6 DEPOSITS WITH BOND TRUSTEES AND RESTRICTED CASH

Bond proceeds and related investment income not yet expended for new construction, and/or equipment purchases, and used to establish debt service funds are held on deposit with bond trustees. The College has entered into a financing agreement to finance construction projects and has deposited funds with trustees for such projects. Bond proceeds, including interest income in excess of construction costs are reserved for future debt service obligations. Additionally, under the financing agreement, deposits with bond trustees represent required reserves for debt service combined with earnings on such funds. At May 31, 2008 and 2007, the College maintained required debt service reserves of \$2,543,743 and \$2,465,152, respectively.

Deposits with bond trustees at May 31, 2008 and 2007, are comprised of cash and cash equivalents invested in interest-bearing accounts, and were \$3,530,243 and \$3,421,693, respectively.

Restricted cash of \$567 and \$3,067,646 at May 31, 2008 and 2007, respectively, consists of money held for construction costs as a result of the Capital Campaign.

NOTE 7 LONG-TERM INVESTMENTS

Investments at May 31, 2008 and 2007, are comprised of the following:

	2008		2007	
	Market	Cost	Market	Cost
Endowed Cash and Cash				
Equivalents	\$ 906,196	\$ 906,196	\$ 446,688	\$ 446,688
Corporate Equities	107,554	107,302	89,621	88,208
Mutual Funds	18,050,718	17,782,446	19,317,148	16,460,961
Life Insurance – Cash				
Surrender Value	386,121	338,413	381,438	323,093
Total	\$ 19,450,589	\$ 19,134,357	\$ 20,234,895	\$ 17,318,950

UTICA COLLEGE

NOTES TO FINANCIAL STATEMENTS

NOTE 7 LONG-TERM INVESTMENTS (Continued)

For the periods ended May 31, 2008 and 2007, the components of the College's investment return are as follows:

	<u>2008</u>	<u>2007</u>
Interest and Dividends	\$ 1,118,013	\$ 1,123,958
Net Realized Gain	1,393,389	1,681,323
Net Unrealized Gain (Loss)	(2,599,713)	2,440,762
Less: Investment Fees	<u>(22,017)</u>	<u>(20,439)</u>
Total Return on Investment	<u>\$ (110,328)</u>	<u>\$ 5,225,604</u>

Certain parcels of donated land were reported at \$1 as of May 31, 2006, (along with any fees incurred that are associated with the property) and were recorded as support when the land was sold during the year ended May 31, 2007.

The Adirondack property was sold on September 29, 2006, for \$1,721,000, therefore, a realized gain of \$1,696,582 was recorded for the year ended May 31, 2007.

NOTE 8 CHARITABLE REMAINDER TRUST

The College is the beneficiary of a charitable remainder trust which is administered by a third party. A charitable remainder trust provides for the payment of distributions to the donors' designated beneficiaries over the trust's term (designated beneficiary's lifetime). At the end of the trust's term, the remaining assets are available for the College's use. The portion of the trust attributable to the present value of the future benefits to be received by the College was recorded in the Statement of Activities as a temporarily restricted contribution in the period the trust was established. Net distributions for the years ended May 31, 2008 and 2007, totaled \$23,325 and \$23,024, respectively. Assets held in the charitable remainder trust totaled \$398,111 and \$432,527 at May 31, 2008 and 2007, respectively, and are reported at fair market value in the College's long-term investments on the Statements of Financial Position.

On an annual basis, the College revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. The present value of the estimated future payments (\$183,950 and \$191,576 at May 31, 2008 and 2007, respectively) is calculated using a discount rate of 6.4% and applicable mortality tables. The change in the present value of the estimated future payments of \$7,625 and \$7,596 for the years ended May 31, 2008 and 2007, is recorded in the Statements of Activities.

UTICA COLLEGE

NOTES TO FINANCIAL STATEMENTS

NOTE 9 CHARITABLE GIFT ANNUITY

In addition to a charitable remainder trust, the College also administers several charitable gift annuities. The gift annuities provide for distributions to the donors for the remainder of their lives. Upon the death of the donors, the remaining assets are available for College use, subject to donor restrictions, if any. At May 31, 2008 and 2007, the College's obligation on these annuities totaled \$125,074 and \$128,390, respectively. The obligations were calculated similar to the charitable remainder trust using discount rates varying from 3.8% to 6.2%. Distributions under these annuity arrangements were \$12,073 and \$10,300 for the years ended May 31, 2008 and 2007, respectively.

NOTE 10 LAND, BUILDINGS, AND EQUIPMENT, NET AND CONSTRUCTION IN PROGRESS

A detail of the College's land, buildings, and equipment, net at May 31, 2008 and 2007, consisted of the following:

	2008	2007
Land	\$ 6,205,850	\$ 6,205,850
Land Improvements	3,572,744	3,441,702
Buildings and Improvements	57,699,492	48,255,507
Leasehold Improvements	898,852	868,480
Equipment	12,049,698	10,578,092
Library and Art Collections	8,320,144	7,903,870
Other Capitalized Costs	120,484	120,484
Accumulated Depreciation	<u>(28,010,002)</u>	<u>(24,569,439)</u>
Net Land, Buildings, and Equipment	<u>\$ 60,857,262</u>	<u>\$ 52,804,546</u>

Total depreciation for the years ended May 31, 2008 and 2007, was \$3,440,564 and \$2,666,707, respectively, and was allocated to the College's functional expense categories.

Construction in progress of \$2,119,663 and \$5,942,912 at May 31, 2008 and 2007, respectively, consists of costs related to the CIMIP Building and the Science and Technology Center, respectively.

UTICA COLLEGE

NOTES TO FINANCIAL STATEMENTS

NOTE 11 BOND ISSUANCE COSTS

The College has incurred costs associated with the issuance of bonds. Such costs are deferred and amortized using the straight-line method over the life of related debt. Amortization expense of bond issuance costs was \$38,950 and \$79,986 for the years ended May 31, 2008 and 2007, respectively. Bond issuance costs net of accumulated amortization at May 31, 2008 and 2007, were as follows:

	2008	2007
Bond Issuance Costs	\$ 1,618,616	\$ 1,799,336
Accumulated Amortization	<u>(696,140)</u>	<u>(657,190)</u>
Bond Issuance Costs (Net)	<u>\$ 922,476</u>	<u>\$ 1,142,146</u>

NOTE 12 REVOLVING LINE OF CREDIT

The College has an unsecured \$4,000,000 revolving line of credit with a bank, bearing interest at a rate of 5.00% and 8.25% for the years ended May 31, 2008 and 2007, respectively. The College borrowed \$7,150,458 and \$2,100,000 against this line during the years ended May 31, 2008 and 2007, respectively. The College paid \$8,246 and \$7,184 in interest for the years ended May 31, 2008 and 2007, respectively. The College had an outstanding balance of \$1,500,000 and \$0 on its line of credit at May 31, 2008 and 2007, respectively.

In January 2008, the College entered into an agreement for a non-revolving line of credit with a bank in the amount of \$3,000,000 bearing interest at a rate of 6.75% for the year ended May 31, 2008. The outstanding balance was \$0 at May 31, 2008. The College did not borrow against the line during the year ended May 31, 2008. The line of credit expires January 7, 2013.

NOTE 13 LONG-TERM DEBT

The College's outstanding debt at May 31, 2008 and 2007, consisted of the following:

	Maturity	Interest Rate	2008	2007
Academic Building Bonds –				
1969	10/09	3.000%	\$ 110,368	\$ 162,368
Revenue Bonds – 1998	08/08	5.300%	165,000	320,000
Revenue Bonds – 1998	08/28	5.750%	7,005,000	7,005,000
Term Bond – 2001	12/11	6.375%	1,205,000	1,465,000
Term Bond – 2001	12/21	6.750%	4,815,000	4,815,000
Term Bond – 2001	12/31	6.850%	9,300,000	9,300,000
Term Bond – 2005 Series A	10/25	3.600%	4,110,000	4,110,000
Term Bond – 2005 Series B	10/34	2.720-		
		4.500%	<u>8,030,000</u>	<u>8,030,000</u>
			34,740,368	35,207,368
Current Maturities			<u>(494,000)</u>	<u>(467,000)</u>
Total Long-Term Debt			<u>\$ 34,246,368</u>	<u>\$ 34,740,368</u>

UTICA COLLEGE

NOTES TO FINANCIAL STATEMENTS

NOTE 13 LONG-TERM DEBT (Continued)

Based on current borrowing rates, the fair value of these notes approximates their carrying amounts.

The 1969 series bonds are secured by the revenues of the related project and all income and receipts earned on funds held by the trustee.

The 1998 series bonds are secured by all the monies and securities held by the trustees, a first mortgage lien on the facility, and a first priority security interest on the equipment, receipts, revenues, and income received by the College from the operations of the facility.

The 2001 series bonds are secured by a mortgage lien on and security interest in certain real property and buildings and structures located on its campus.

The 2005 series bonds are secured by a letter of credit with Citizens Bank in an amount equal to outstanding principal and thirty five days of interest at the maximum rate under the indenture agreement. The bonds are further secured by the monies and securities held by the trustees and accounts established under the indenture and investment earnings thereon.

Total interest expense incurred on Long-Term Debt was \$2,303,259 and \$2,000,322 for the years ended May 31, 2008 and 2007, respectively.

The various bonds are collateralized by the related property and equipment. The Academic Building Bonds and Revenue Bond agreement requires the establishment of a debt service reserve which is recorded in the Statements of Financial Position at year end. The College was in compliance with debt covenants at May 31, 2008 and 2007.

The future annual requirements to amortize long-term debt outstanding at May 31, 2008, are as follows:

Year Ending <u>May 31,</u>	<u>Amount</u>
2009	\$ 494,000
2010	521,368
2011	610,000
2012	920,000
2013	980,000
To Maturity	<u>31,215,000</u>
Total	<u>\$ 34,740,368</u>

UTICA COLLEGE

NOTES TO FINANCIAL STATEMENTS

NOTE 13 LONG-TERM DEBT (Continued)

Advance Refunding

On November 29, 2005, the College refunded and defeased in substance its outstanding 2004 Series bonds of \$7,840,000 with the Series 2005B bonds. All of the issuance costs were funded from the bond proceeds. The net proceeds of \$7,923,656, in addition to the 2004 Series bond reserve of \$639,209, were deposited into an irrevocable trust to provide funding for the debt service on the 2004 Series bonds to the call date in the year 2009. The excess costs of \$722,865 necessary to defease the 2004 Series bonds will be amortized over the remaining life of the bonds and are included in bond issuance costs.

NOTE 14 BOND PREMIUM

The College recognized bond premiums in conjunction with the sale of the Series 2005 and 2004 bonds. The bond premiums of \$390,191 and \$521,776 at May 31, 2008 and May 31, 2007, respectively, are being amortized as interest income over the life of the bonds.

NOTE 15 LEASE COMMITMENTS

On August 13, 1998, the College sold the Burrstone House Building to St. Luke's Memorial Hospital Center (Hospital). As a condition of the sale, the College is allowed to lease back space in the building for a period not to exceed 10 years. Under the agreement, the College or the Hospital can terminate the lease providing certain time restrictions are met.

The lease agreement set forth monthly rent payments for the first five years of the lease based on 78% (the College's percent of square footage occupied) of the mortgage, land lease, and depreciation costs incurred by the Hospital. The next five years of the agreement are on an annual basis and are calculated using the same components as the first five years. Total lease expense was \$126,837 and \$109,189 for the years ended May 31, 2008 and 2007, respectively.

On May 11, 2001, the College entered into two lease agreements with the Upper Mohawk Valley Memorial Auditorium Authority (Authority) for the Utica Memorial Auditorium (Auditorium).

UTICA COLLEGE

NOTES TO FINANCIAL STATEMENTS

NOTE 15 LEASE COMMITMENTS (Continued)

The first agreement provides for the College to lease the ice arena to facilitate its collegiate ice hockey program which began during the 2001-2002 academic year. The terms of the lease are for 10 years beginning October 1, 2001, with the ability to renew and terminate in accordance with the specifications outlined in the agreement. Rent is paid in the amount of \$95 per hour. The Authority reserves the right to increase this rate during the remaining years, not to exceed an increase of 10%, in any one year. The agreement also outlines terms for concessions and admissions. Facilities rental expense was \$71,323 and \$69,758 for the years ended May 31, 2008 and 2007, respectively.

A separate agreement with the Authority dated the same, is for a term of 20 years, beginning June 1, 2001, for \$10 annually. The College leases a parcel of land adjacent to the Auditorium which will be used to construct a locker room facility. The College is responsible for utilities and repairs for the locker room facility. The lease has certain options for renewal and termination as outlined in the agreement. Total capitalized leasehold improvements related to this project amounted to \$717,008 at May 31, 2008 and 2007.

NOTE 16 POSTRETIREMENT BENEFITS

The College sponsors two defined benefit postretirement plans which cover substantially all employees that attain the age of 55 years with one year of service. For new employees hired after May 31, 2004, an individual must be at least 55, with a minimum of 5 years of service and a minimum combination of service and age at retirement equaling at least 65. All employees aged 50 or older as of May 31, 2004, are exempt from this provision. Prior to February 1, 2007, the three postretirement plans offered were Blue PPO, Blue EPO, and Four Front Plans through Excellus Blue Cross Blue Shield. Effective February 1, 2007, the three postretirement plans offered are Blue PPO, Blue EPO, and High Deductible Health Plans through Excellus Blue Cross Blue Shield. For coverage after age 65, retirees are covered by the same medical plans provided for active employees (Blue PPO, Blue EPO, and the High Deductible Health Plans), with the option to elect Medicare Advantage. These plans are contributory (effective January 1, 2006 the contributory portion is 17%) for retirees under age 65, and are noncontributory for those 65 through 69. Coverage under the health care plan ceases once a retiree reaches the age of 70 years. Retirees 70 or older may continue their coverage on a full payment basis. All retirees are provided life insurance benefits of \$3,000 which continue beyond the age of 70 until death of the retiree.

UTICA COLLEGE

NOTES TO FINANCIAL STATEMENTS

NOTE 16 POSTRETIREMENT BENEFITS (Continued)

Upon Utica College becoming a separate fiscal entity, Syracuse University assumed the liability for all Utica College retirees as of that date. In accordance with the provisions of SFAS No. 106, "Employers Accounting for Postretirement Benefits Other Than Pensions," Utica College recognized the accrued postretirement benefit cost they had previously accrued as of June 30, 1995, while financially affiliated with Syracuse University, with the exception of the Accumulated Postretirement Benefit Obligation for retirees as of the date of separation.

The College adopted the recognition and disclosure provisions of SFAS No. 158. SFAS No. 158 required the College to recognize the funded status (i.e., the difference between the fair value of plan assets and the projected benefit obligation) of its pension and postretirement plans in the May 31, 2008 accompanying statement of financial position, with a corresponding adjustment to unrestricted net assets. The adjustment to unrestricted net assets at adoption represents the unrecognized net actuarial losses and unrecognized prior service costs, which were previously netted against the pension and postretirement plan's funded status in the College's statement of financial position pursuant to the provisions of SFAS No. 87, Employers' Accounting for Pensions. These amounts will be subsequently recognized as net periodic benefit costs pursuant to the College's historical accounting policy for amortizing such amounts. Further, actuarial gains and losses that arise in subsequent periods and are not recognized as net periodic benefit costs in the same periods will be recognized as a component of unrestricted net assets. Those amounts will be subsequently recognized as a component of net periodic benefit costs on the same basis as the amounts recognized in unrestricted net assets at adoption of SFAS No. 158.

The incremental effects of adopting the provisions of SFAS No. 158 on the College's accompanying statement of financial position at May 31, 2008, are presented in the following table. The adoption of SFAS No. 158 had no effect on the College's excess of revenues over expenses for the year ended May 31, 2008, or for any prior period presented, and it will not affect the College's operating results in future periods. Had the College not been required to adopt SFAS No. 158 at May 31, 2008, it would have recognized an additional minimum liability pursuant to the provisions of SFAS No. 87. The effect of recognizing the additional minimum liability is included in the table below in the column labeled "Prior to Adopting SFAS No. 158."

	Prior to Adopting SFAS No. 158	Effect of Adopting SFAS No. 158	Reported as of May 31, 2008
<u>Postretirement Benefits:</u>			
Postretirement Benefit Liability	\$ (5,621,951)	\$ (825,122)	\$ (6,447,073)
Unrestricted Net Assets	\$(17,841,000)	\$ 825,122	\$(17,015,878)

UTICA COLLEGE

NOTES TO FINANCIAL STATEMENTS

NOTE 16 POSTRETIREMENT BENEFITS (Continued)

Information with respect to the plans is as follows:

	<u>2008</u>	<u>2007</u>
Change in Benefit Obligation		
Benefit Obligation at Beginning of Year	\$ 6,408,754	\$ 7,489,008
Service Cost	313,203	296,648
Interest Cost	391,074	408,139
Plan Participant's Contributions	48,397	34,029
Amendments/Curtailments/Special Termination	0	(1,052,238)
Actuarial (Gain)	(250,138)	(211,713)
Benefits Paid	<u>(464,217)</u>	<u>(555,119)</u>
Benefit Obligation at End of Year	<u>\$ 6,447,073</u>	<u>\$ 6,408,754</u>
Change in Plan Assets		
Fair Value of Plan Assets at Beginning of Year	\$ 0	\$ 0
Employer Contribution	415,820	521,090
Plan Participant's Contributions	48,397	34,029
Benefits Paid	<u>(464,217)</u>	<u>(555,119)</u>
Fair Value of Plan Assets at Year End	<u>\$ 0</u>	<u>\$ 0</u>
Components of Prepaid/(Accrued) Benefit Cost		
Funded Status	\$ (6,447,073)	\$ (6,408,754)
Unrecognized Transition Obligation	0	0
Unrecognized Prior Service Cost	0	(315,493)
Unrecognized Actuarial Net Loss	<u>0</u>	<u>1,428,730</u>
(Accrued) Benefit Cost	<u>\$ (6,447,073)</u>	<u>\$ (5,295,517)</u>
Components of Net Periodic Benefit Cost		
Service Cost	\$ 313,203	\$ 296,648
Interest Cost	391,074	408,139
Amortization of Gains and Losses	70,540	56,997
Amortization of Unrecognized Prior Service Cost	<u>(32,563)</u>	<u>57,806</u>
Net Periodic Postretirement Benefit Cost	<u>\$ 742,254</u>	<u>\$ 819,590</u>

A summary of the estimated unrecognized net actuarial loss and prior service cost amounts to be amortized from unrestricted net assets into net periodic benefit cost during the year ended May 31, 2008, is presented below:

Amortization of Net Actuarial Loss	\$ 1,108,052
Amortization of Prior Service Cost	<u>(282,930)</u>
Total	<u>\$ 825,122</u>

UTICA COLLEGE

NOTES TO FINANCIAL STATEMENTS

NOTE 16 POSTRETIREMENT BENEFITS (Continued)

The College expects to contribute \$534,686 to the plans, net of employee contributions for the year ending May 31, 2009.

The weighted average assumptions used to determine the benefit obligation and net benefit cost are as follows for the years ended May 31, 2008 and 2007:

	Discount Rate	
	2008	2007
Benefit Obligation	6.84%	6.15%
Net Periodic Benefit Cost	6.15%	6.07%

Estimated Future Benefit Payments

Shown below are expected benefit payments which reflect expected future service for the fiscal year:

	Gross Payments
2009	\$ 534,686
2010	\$ 580,525
2011	\$ 586,760
2012	\$ 569,644
2013	\$ 590,633
2014-2018	\$ 3,015,087

The assumed health care cost trend rate information is as follows:

Assumed pre-65 medical trend rates at May 31

Health care cost trend rate assumed for next year	8.5%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	5.0%
Year that the rate reaches the ultimate trend rate	2015

Assumed Post-65 medical trend rates at May 31

Health care cost trend rate assumed for next year	7.2%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	5.0%
Year that the rate reaches the ultimate trend rate	2015

Assumed Prescription Drug trend rates at May 31

Health care cost trend rate assumed for next year	11.0%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	5.0%
Year that the rate reaches the ultimate trend rate	2015

UTICA COLLEGE

NOTES TO FINANCIAL STATEMENTS

NOTE 16 POSTRETIREMENT BENEFITS (Continued)

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in the health care cost trend rates would have the following effects:

	<u>1-Percentage Point Increase</u>	<u>1-Percentage Point Decrease</u>
Effect on total of service and interest cost components	\$ 87,970	\$ (77,521)
Effect on postretirement benefit obligation	\$ 582,759	\$ (528,927)

Utica College has chosen not to apply for the Medicare Part D prescription drug federal subsidy. Therefore, the above disclosure does not reflect the impact of Medicare Part D. Authoritative guidance on Accounting for the Act's federal subsidy is pending and that guidance, when issued, could require changes to previously reported information.

The College measures the obligations and related asset values as of May 31 of each year.

NOTE 17 PENSION PLANS

The College participates in the Teachers' Insurance and Annuity Association/College Retirement Equities Fund (TIAA/CREF) program. TIAA/CREF is a not-for-profit organization which provides benefits through annuity contracts. The retirement program is a defined contribution retirement plan.

The College contributes up to 11% of eligible employees' earnings to TIAA/CREF on an annual basis and for the years ended May 31, 2008 and 2007, the College's required contributions amounted to \$1,543,858 and \$1,512,848, respectively.

NOTE 18 RELATED PARTIES

The College conducts business with various vendors throughout the Greater Utica Area. Several of the College's vendors have principals or employees currently serving on its Board of Trustees. In accordance with College's by-laws, each vendor serving on the College's Board of Trustees is required to disclose the details of transactions and other business involvements with the College. Significant related-party transactions for the year ended May 31, 2008, include certain lines of insurance coverage (approximately \$30,000), automobile sales, leases, or rentals and parts and service (approximately \$100,000), and janitorial, landscape, and building maintenance service (approximately \$2,300,000 annual contract).

NOTE 19 AFFILIATED ORGANIZATIONS

Effective July 1, 1995, the College became a legally and fiscally independent institution of higher education. However, the College continues to be academically affiliated with Syracuse University.

UTICA COLLEGE

NOTES TO FINANCIAL STATEMENTS

NOTE 20 CONTINGENCIES

Federally funded financial aid programs are subject to special audit. Such audits could result in claims against the resources of the College. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

NOTE 21 RESTRICTED NET ASSETS

The College's temporarily and permanently restricted net assets are comprised of the following at May 31, 2008 and 2007:

Temporarily Restricted Net Assets

	<u>2008</u>	<u>2007</u>
Campus Development	\$ 3,941,167	\$ 4,719,386
Faculty and Academic Program Development	810,628	649,752
Library	91,887	93,451
Scholarships	808,149	784,578
Endowment and Developing Endowment	<u>6,382,468</u>	<u>7,225,050</u>
Total	<u>\$ 12,034,299</u>	<u>\$ 13,472,217</u>

Permanently Restricted Net Assets

Endowment Funds	\$ 10,352,220	\$ 9,921,151
Life Income and Similar	<u>303,341</u>	<u>307,396</u>
Total	<u>\$ 10,655,561</u>	<u>\$ 10,228,547</u>

NOTE 22 SUBSEQUENT EVENT

On June 23, 2008, the College entered into a construction loan in the amount of \$5,615,000 to be used for the CIMIP Building. This loan, which requires interest only payments, bears interest at .50% above prime rate (currently 5.00%) and matures in nine months. Upon maturity of the construction loan, the College will permanently finance \$4,615,000 at an interest rate fixed at 2% above the 5-year Federal Home Loan Rate of New York, with the rate re-set every 5 years at 1.90% above the 5-year Federal Home Loan Bank of New York. The mortgage will mature 10 years from the date of closing.

NOTE 23 RECLASSIFICATION OF FINANCIAL STATEMENTS

Information was discovered relating to the classification of certain amounts that have been reclassified in the financial statements for the year ended May 31, 2007. This reclassification had no affect on net assets. The following changes were made.

1. A current portion of postretirement benefits was broken out on the statement of financial position in the amount of \$464,217. The long-term portion was previously stated at \$5,295,517 and is now stated at \$4,831,300.
2. Restricted cash related to construction in the amount of \$611,600 was previously reported in the operating section of the cash flow statement and has now been moved into the investing section.