Cornell College

Financial Report
June 30, 2010

Contents

McGladrey

Independent Auditor's Report

To the Board of Trustees
Cornell College
Mount Vernon, Iowa

We have audited the accompanying balance sheets of Cornell College as of June 30, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cornell College as of June 30, 2010 and 2009 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 described in Note 11 of the financial statements during the year ended June 30, 2009, the College adopted parts of ASC 958 relating to net asset classification of funds.

McGladrey & Pullen, LLP

Cedar Rapids, Iowa
November 4, 2010

Cornell College

Balance Sheets
June 30, 2010 and 2009

	2010	2009
Assets		
Cash and cash equivalents	**$ 8,666,457**	$ 5,885,504
Accounts receivable, less allowance for doubtful accounts 2010 and 2009 $260,491	**906,231**	545,583
Inventories and prepaid expenses	**316,545**	287,056
Contributions receivable, net (Note 2)	**16,684,351**	19,736,760
Student loans receivable, less allowance for doubtful accounts 2010 and 2009 $129,000	**2,383,688**	2,266,471
Investments, at fair value (Note 3)	**60,221,041**	55,546,048
Cash restricted for investment in property, plant and equipment	**-**	156,338
Property, plant and equipment, net (Notes 4 and 6)	**59,985,804**	63,092,908
Total assets	**$ 149,164,117**	$ 147,516,668

Liabilities and Net Assets		
Liabilities:		
Accounts payable, accrued expenses and deposits	**$ 2,576,341**	$ 2,954,180
Accounts payable for construction in progress	**-**	47,633
Funds held on behalf of others	**65,524**	122,496
Student tuition paid in advance	**235,684**	151,953
Accrued early retirement liability (Note 5)	**2,814,598**	2,916,624
Asset retirement obligation (Note 10)	**938,833**	894,127
Long-term debt (Note 6)	**18,840,330**	18,888,496
Life-income payable (Note 8)	**2,734,168**	2,739,435
Due to U.S. Government, refundable loan program	**1,054,655**	1,080,444
Total liabilities	**29,260,133**	29,795,388
Commitments (Note 3)		
Net Assets (Notes 7 and 11):		
Unrestricted, including Board designated endowment 2010 $2,118,869; 2009 $2,047,897	**38,598,274**	36,422,759
Temporarily restricted	**20,181,483**	19,966,225
Permanently restricted	**61,124,227**	61,332,296
Total net assets	**119,903,984**	117,721,280
Total liabilities and net assets	**$ 149,164,117**	$ 147,516,668

See Notes to Financial Statements.

Cornell College

Statements of Activities
Years Ended June 30, 2010 and 2009

	2010			
	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Operating Revenues:				
Tuition and fees	$ 32,435,584	$ -	$ -	$ 32,435,584
Less scholarships and grants	(17,741,079)	-	-	(17,741,079)
Net tuition and fees	14,694,505	-	-	14,694,505
Contributions and grants	2,520,268	3,509,143	1,829,719	7,859,130
Investment income, net of investment expense 2010 $164,114; 2009 $140,364	154,596	728,472	6,290	889,358
Miscellaneous revenues	209,329	98,269	-	307,598
Sales and services of auxiliary enterprises	8,109,801	-	-	8,109,801
Total operating revenues	25,688,499	4,335,884	1,836,009	31,860,392
Net assets released from restrictions (Note 7)	5,199,314	(5,199,314)	-	-
Total operating revenues and other support	30,887,813	(863,430)	1,836,009	31,860,392
Operating Expenses (Note 9):				
Instruction	11,200,194	-	-	11,200,194
Academic support and research	715,910	-	-	715,910
Library and audiovisual	1,892,798	-	-	1,892,798
Student services	6,555,986	-	-	6,555,986
General administration	1,901,523	-	-	1,901,523
Institutional advancement	1,538,939	-	-	1,538,939
Institutional support	1,288,850	-	-	1,288,850
Auxiliary enterprises	6,432,853	-	-	6,432,853
Total operating expenses	31,527,053	-	-	31,527,053
Change in net assets from operating activities	(639,240)	(863,430)	1,836,009	333,339
Nonoperating Activities:				
Investment returns (Note 3)	2,801,799	1,120,162	-	3,921,961
Write-off of contribution receivable (Note 2)	-	-	(2,000,000)	(2,000,000)
Actuarial adjustment on life income and annuity agreements	12,956	(41,474)	(44,078)	(72,596)
Change in net assets before cumulative effect of change in accounting principle	2,175,515	215,258	(208,069)	2,182,704
Cumulative effect of change in accounting principles (Note 11)	-	-	-	-
Change in net assets	2,175,515	215,258	(208,069)	2,182,704
Net assets, at beginning of year	36,422,759	19,966,225	61,332,296	117,721,280
Net assets, at ending of year	$ 38,598,274	$ 20,181,483	$ 61,124,227	$ 119,903,984

See Notes to Financial Statements.

2009			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
$ 29,898,114	$ -	$ -	$ 29,898,114
(17,014,304)	-	-	(17,014,304)
12,883,810	-	-	12,883,810
2,599,425	2,996,112	3,302,899	8,898,436
512,788	1,225,888	10,295	1,748,971
147,626	50,493	-	198,119
7,473,866	-	-	7,473,866
23,617,515	4,272,493	3,313,194	31,203,202
7,057,270	(7,057,270)	-	-
30,674,785	(2,784,777)	3,313,194	31,203,202
12,477,208	-	-	12,477,208
658,098	-	-	658,098
1,666,787	-	-	1,666,787
6,200,234	-	-	6,200,234
1,799,423	-	-	1,799,423
1,881,451	-	-	1,881,451
1,029,786	-	-	1,029,786
6,419,923	-	-	6,419,923
32,132,910	-	-	32,132,910
(1,458,125)	(2,784,777)	3,313,194	(929,708)
(6,808,224)	(7,785,574)	-	(14,593,798)
(106,272)	228,055	(32,330)	89,453
(8,372,621)	(10,342,296)	3,280,864	(15,434,053)
(16,029,672)	16,029,672	-	-
(24,402,293)	5,687,376	3,280,864	(15,434,053)
60,825,052	14,278,849	58,051,432	133,155,333
$ 36,422,759	$ 19,966,225	$ 61,332,296	$ 117,721,280

Cornell College

Statements of Cash Flows
Years Ended June 30, 2010 and 2009

	2010	2009
Cash Flows from Operating Activities:		
Increase (decrease) in net assets	$ 2,182,704	$ (15,434,053)
Adjustments to reconcile increase (decrease) in net assets to net cash (used in) operating activities:		
Depreciation	4,569,678	3,093,147
Write-off of contribution receivable	2,000,000	-
Actuarial adjustment of annuities and life income payable	72,596	(89,453)
Net (appreciation) depreciation on investments	(3,921,961)	14,593,798
(Gain) loss on disposal of property and equipment	(9,337)	49,268
Donations of investments and equipment	(3,307,215)	(906,626)
Contributions restricted for long-term investment	(1,829,719)	(3,302,899)
Change in operating assets and liabilities:		
(Increase) in accounts receivable	(360,648)	(29,911)
Decrease in contributions receivable	820,270	1,537,445
Increase (decrease) in accounts payable and accrued expenses	(377,839)	171,133
Increase (decrease) in asset retirement obligation	44,706	(178,345)
Increase (decrease) in pension liability	(102,026)	20,197
Other, net	(2,730)	307,090
Net cash (used in) operating activities	(221,521)	(169,209)
Cash Flows from Investing Activities:		
Purchases of investments	(12,322,352)	(12,993,522)
Sales of investments	14,876,535	13,724,235
Disbursements of student loans	(341,047)	(259,791)
Repayments of student loans	223,830	243,085
Purchases of property and equipment	(1,500,870)	(8,212,082)
Change in cash restricted for property, plant and equipment	156,338	5,632,210
Net cash provided by (used in) investing activities	1,092,434	(1,865,865)
Cash Flows from Financing Activities:		
Repayments of principal on indebtedness	(48,166)	(67,715)
Contributions restricted for long-term investment	2,061,858	3,595,186
(Decrease) in U.S. Government grants refundable, net	(25,789)	(6,530)
Increase in annuities payable resulting from new annuities	60,000	-
Investment income restricted for life income agreements	141,292	83,972
Payments to annuitants and life income recipients	(279,155)	(404,488)
Net cash provided by financing activities	1,910,040	3,200,425
Net increase in cash and cash equivalents	2,780,953	1,165,351
Cash and cash equivalents:		
Beginning	5,885,504	4,720,153
Ending	$ 8,666,457	$ 5,885,504

(Continued)

Cornell College

Statements of Cash Flows (Continued)
Years Ended June 30, 2010 and 2009

		2010		2009
Supplemental Disclosure of Cash Flow Information, interest paid	**$**	**432,149**	$	590,231
Supplemental Disclosure of Noncash Investing Activities, accounts payable incurred for purchase of property and equipment	**$**	**-**	$	47,633

See Notes to Financial Statements.

Note 1. Significant Accounting Policies

Operations: Cornell College (the "College") is a liberal arts institution located in Mount Vernon, Iowa. The College is accredited as a baccalaureate degree granting institution by the North Central Association of Colleges and Universities.

Accounting estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

During the year ended June 30, 2010, the College re-evaluated useful lives being used for property, plant and equipment and determined that the useful lives being used should be decreased. The net effect of these changes was an increase in depreciation expense of approximately $1,275,000 for the year ended June 30, 2010.

Basis of presentation: Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the College and changes therein are classified and reported as follows:

- Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.
- Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the College and/or the passage of time and accumulated earnings for restricted endowment fund assets. Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the temporarily restricted net asset class, and a reclassification to unrestricted net assets is made to reflect the expiration of such restrictions.
- Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be retained permanently by the College. Generally, the donors of these assets permit the College to use all of, or part of, the income earned on related investments for general or specific purposes.

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. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Note 1. Significant Accounting Policies (Continued)

Contributions, including unconditional promises to give, are recognized as revenues 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 property, plant and equipment without donor restrictions concerning the use of such long-lived assets are reported as revenue of the unrestricted net asset class. Contributions of cash or other assets to be used to acquire property, plant and equipment are reported as revenue of the temporarily restricted net asset class; the restrictions are considered to be released at the time of acquisition of such long-lived assets. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is provided based upon management's judgment including such factors as prior collection history, type of contribution and nature of fundraising activity.

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

- As increases in permanently restricted net assets if the terms of the gift or the College's interpretation of relevant state law require that they be added to the principal of a permanent endowment fund;
- As increases in temporarily restricted net assets in all other cases unless the individual endowment is underwater; and
- As increases in unrestricted net assets if the individual endowment is underwater.

The Board of Trustees designates a portion of the College's cumulative unrestricted investment return for support of current operations; the remainder is retained to support operations of future years and to offset potential market declines and is reported in the statement of activities as nonoperating income.

<u>Cash and cash equivalents</u>: The College considers all highly liquid debt instruments purchased with a maturity date of less than three months to be cash equivalents except for money market funds held for long-term investment and deposits with bond trustees.

Cash in excess of daily requirements is invested in interest bearing accounts and money market funds of qualified financial institutions in amounts that frequently exceed insured limits. The College has not experienced any losses in these investments.

Note 1. Significant Accounting Policies (Continued)

Student accounts receivable and student loans receivable: Student accounts receivable are carried at the unpaid balance of the original amount billed to students and student loans receivable are carried at the amount of unpaid principal. Both receivables are less an estimate made for doubtful accounts based on a review of all outstanding amounts. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience. Student accounts and loans receivable are written off when deemed uncollectible and student loans receivable may be assigned to the U.S. Department of Education. Recoveries of student accounts and loans receivable previously written off are recorded when received. The provision for bad debts charged to expense, net of recoveries, was a net expense of $778 and $4,349 for the years ended June 30, 2010 and 2009, respectively.

Interest is charged on student accounts receivable that are past due and is recognized as it is charged. A student account receivable is considered to be past due if any portion of the receivable balance is outstanding at the beginning of the term to which the charges relate. Once a student is no longer enrolled, accrual of interest is suspended.

Interest is charged and recognized on student loans receivable after a student is no longer enrolled in an institution of higher education and after a grace period. Interest is recognized as charged. Late charges are charged if payments are not paid by the payment due date and are recognized as they are received. Students may be granted a deferment, forbearance or cancellation of their student loan receivable based on eligibility requirements defined by the U.S. Department of Education or in the case of loan funds of the College, based on the respective loan program.

Inventories: Inventories are valued at the lower of cost (first-in, first-out method) or market.

Investments: Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value with unrealized gains and losses included in the statement of activities. Donated investments are recorded at fair value on the date received.

Alternative investments, such as private equity, absolute return hedge funds, and real estate investment trusts, and nature resource funds consist primarily of investments that are not readily marketable. Investments in these categories are valued utilizing the most current information provided by the general partner or manager of the fund. Because these alternative investments are not readily marketable, their estimated fair value is subject to uncertainty and therefore may differ from the value that would have been used had a ready market for such investments existed. Such differences could be material.

Farms and city real estate are carried at cost or, if received as a donation, at the fair market value at the date received less applicable accumulated depreciation.

Realized gains are calculated using the average cost method.

The College adopted ASU 2009-12 during the year ended June 30, 2010. This update allows the College to measure certain qualifying investments using net asset value (Note 12).

Note 1. Significant Accounting Policies (Continued)

Property, plant and equipment: Land and campus improvements, buildings, rental properties, equipment and library books are stated at cost at date of acquisition or fair value at date of gift, less accumulated depreciation computed on a straight-line basis over the following estimated useful lives. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. Amortization expense on assets acquired under capital leases is included with depreciation expense on owned assets.

Campus land improvements	20 Years
Buildings and rental properties	50 Years
Equipment	5 – 10 Years
Library books	10 Years

Pension plan: The College has a pension plan covering substantially all of its employees. The total pension expense for the years ended June 30, 2010 and 2009 was $359,722 and $931,612, respectively. The Plan is of the defined-contribution type whereby the College contributes a specified percentage of the employee's salary and the employee's benefit is whatever amount the accumulated contributions will buy. There is no unfunded prior service cost.

Self insurance: The College is self-insured with respect to its health insurance coverage. The College maintains reinsurance that carries a specific stop-loss of $50,000 per participant covered for the period January 1, 2010 to December 31, 2010 and an aggregate stop-loss of 125% of total expected claims, which is estimated to be approximately $1,850,000. For the years ended June 30, 2010 and 2009, the amount of health insurance expense, net of stop loss recoveries received or receivable was approximately $1,100,000 and $1,210,000, respectively.

Postretirement benefits: The College provides certain retirement, health care and life insurance benefits for all employees who meet eligibility requirements. The College's estimated costs of benefits that will be paid after retirement is generally being accrued by charges to expenses over the employees' service periods to the dates they are fully eligible for benefits.

Asset retirement obligations: The College recognizes the fair value of a liability for legal obligations associated with asset retirements 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 asset. 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 estimates annually and adjusts the recorded liability as needed. (Note 10)

Due to U.S. government: Amounts due to the U.S. Government include advances under the Perkins Loan Program and the program's cumulative net income as these funds are ultimately refundable to the U.S. Government.

Funds held on behalf of others: The College maintains a bank account for the funds of various student activities connected with the College; however, the College's function is limited to bookkeeping only.

Note 1. Significant Accounting Policies (Continued)

Revenue recognition: Tuition, fees and room and board revenue is recognized in the year the services are performed. Net tuition and fees are computed after deducting financial aid awarded to students. In order to assist students in meeting tuition and other costs of attendance, the College administers a variety of federal, state, institutional and private programs. Financial aid packages to students may include direct grants, loans and employment during the academic year.

Investment income is recognized as it is earned.

Income tax status: The Internal Revenue Service has recognized the College as exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code.

The College files a Form 990 (Return of Organization Exempt from Income Tax) annually. When these returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the tax position taken or the amount of the position that would ultimately be sustained. Examples of tax positions common to Colleges include such matters as the following: the tax exempt status of each entity and various positions relative to potential sources of unrelated business taxable income (UBIT). UBIT is reported on Form 990-T, as appropriate. The benefit of tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes that it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any.

Tax positions are not offset or aggregated with other positions. Tax positions that meet the “more likely than not” recognition threshold are measured as the largest amount of tax benefit that is more than 50% likely to be realized on settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for uncertain tax benefits in the accompanying balance sheets along with any associated interest and penalties that would be payable to the taxing authorities upon examination. As of June 30, 2010 and 2009, there were no uncertain tax benefits identified and recorded as a liability.

Forms 990 and 990-T filed by the College are subject to examination by the Internal Revenue Service (IRS) up to three years from the extended due date of each return. Forms 990 and 990-T filed by the College are no longer subject to examination for the fiscal years ended June 30, 2006 and prior.

Advertising: The College follows the policy of charging advertising costs to expense as incurred. Total advertising expense was not material.

Fundraising: The College incurred fundraising costs of approximately $1,002,000 and $1,350,000 for the years ended June 30, 2010 and 2009, respectively. These expenses are included with institutional advancement on the statement of activities.

Note 1. Significant Accounting Policies (Continued)

Financial instruments: The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate fair value:

Cash and cash equivalents: The carrying amount approximates fair value because of the short maturity of those instruments.

Contributions receivable: The carrying amount approximates fair value as they are discounted to present value based on rates commensurate with the risks involved.

Student loans receivable: The fair value of the student loans receivable and liability for U.S. Government loans refundable, in which the College acts as an agent for the U.S. Government Perkins Loan Program, are not practical to determine. These loans are subject to restrictions on interest rates and transferability.

Investments: Debt and equity securities are carried at fair values which are based on quoted market prices on the last day of the year for those or similar investments. Alternative investments are based on fair value as determined by management based on information provided by the general partner or manager of the fund.

Long-term debt and life-income payable: The carrying amount of notes, bonds and annuities payable approximates fair value, as borrowing rates currently available to the College for similar instruments are consistent with existing terms, except for the 2006 IHELA bonds, whose fair value was approximately $7,500,000 and $7,200,000 at June 30, 2010 and 2009, respectively.

New accounting pronouncement: In January 2010, the FASB issued an amendment, *Fair Value Measurements and Disclosures—Improving Disclosures about Fair Value Measurements,* which requires new disclosures and reasons for transfers of financial assets and liabilities between levels 1 and 2. This amendment also clarifies that fair value measurement disclosures are required for each class of financial assets and liabilities, and disclosures about inputs and valuation techniques required for both levels 2 and 3 measurements. It further clarifies that the reconciliation of level 3 measurements should separately present purchases, sales, issuances and settlements instead of netting these changes. With respect to matters other than level 3 measurements, the amendment was effective and not yet adopted for periods beginning on or after December 15, 2009. The guidance related to level 3 measurements is effective for periods beginning on or after December 15, 2010 and has not yet been adopted. The College is currently evaluating the impact of the guidance related to level 3 measurements on their disclosures.

Subsequent events: The College has considered subsequent events through November 4, 2010, the date that the financial statements were issued.

Note 2. Contributions Receivable

Contributions receivable are summarized as follows as of June 30, 2010 and 2009:

	2010	2009
Contributions receivable expected to be collected in:		
Less than one year	$ 2,966,087	$ 4,951,889
One year to five years	15,349,060	16,840,130
Over five years	908,225	967,365
Gross contributions receivable	19,223,372	22,759,384
Less:		
Allowance for uncollectibles	(200,000)	(200,000)
Unamortized discount for time value of money *	(2,339,021)	(2,822,624)
Net contributions receivable	$ 16,684,351	$ 19,736,760

* The discount rate used ranged from 2% to 6%.

The above contributions receivable have been included in the following net asset categories as of June 30, 2010 and 2009:

	2010	2009
Temporarily restricted	$ 13,457,928	$ 14,066,545
Permanently restricted	3,226,423	5,670,215
	$ 16,684,351	$ 19,736,760

Of total gross contributions receivable as of June 30, 2010 and 2009, approximately $13 million and $17 million, respectively, are due from current and life members of the Board of Trustees of the College.

The College had a $2,000,000 contribution receivable that was written off during the year ended June 30, 2010. The donor had originally pledged to make the contribution directly to the College, but subsequently decided to make the contribution to a local community foundation in benefit of the College. Cornell will receive annual earnings from the gift but cannot record this contribution because the community foundation maintains variance power.

Note 3. Long-Term Investments

The long-term investments include funds traditionally considered the endowment of the College (including quasi-endowment) as well as other assets. As of June 30, 2010 and 2009, the carrying value of long-term investments are as follows:

	2010	2009
Endowment:		
Money market funds	$ 9,949	$ 52,495
U.S. Government securities	291,656	310,182
Bond funds	12,608,917	9,931,834
Cash value of life insurance	3,475,520	3,313,945
Equity securities	26,068,382	25,525,736
Real estate investment trusts **	852,122	837,175
Private equity **	3,775,986	3,294,824
Hedge funds **	5,806,146	5,295,043
Natural resource funds **	871,007	750,009
Contracts and miscellaneous	28,042	30,543
Trusts held by others *	2,988,474	2,784,973
Unitrusts ***	2,252,577	2,179,892
	59,028,778	54,306,651
Other:		
Stocks	3,389	9,564
Land held for resale, farms and city real estate	100,000	100,000
Cash value of life insurance	635,243	674,860
Money market funds	448,490	448,490
Other	5,141	6,483
	1,192,263	1,239,397
	$ 60,221,041	$ 55,546,048

* Assets held in trust by others are assets neither in the possession of nor under control of the College, but held and administered by outside fiscal agents, with the College deriving income from such funds. The value of such assets is supported by annual trust statements, and consists of publicly traded stocks and bonds.

** The College has the ability to liquidate these investments periodically in accordance with the provisions of the respective investment fund agreements. Under terms of certain limited partnership agreements, the College is obligated periodically to advance additional funding for private equity and real estate investments. As of June 30, 2010, the College had commitments of approximately $2,938,000 for which capital calls had not been exercised. Such commitments generally have fixed expiration dates or other termination clauses. The College anticipates that it will maintain sufficient liquidity in its investment portfolio to cover such calls.

*** Assets held under charitable remainder trusts primarily consist of equity securities and bonds.

Note 3. Long-Term Investments (Continued)

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

Investment return consists of the following for the years ended June 30, 2010 and 2009:

	2010	2009
Net realized gains (losses) on investments	$ 189,343	$ (1,388,953)
Net unrealized gains (losses) on investments	3,732,618	(13,204,845)
Total investment gains (losses)	$ 3,921,961	$ (14,593,798)

Note 4. Property, Plant and Equipment and Commitments

Property, plant and equipment as of June 30, 2010 and 2009 is as follows:

	2010	2009
Land and real estate improvements	$ 3,087,723	$ 3,066,772
Buildings	79,883,647	78,005,139
Equipment and library books	16,335,612	15,603,091
Rental properties	1,098,979	1,285,085
Construction in progress	328,716	1,321,938
	100,734,677	99,282,025
Less accumulated depreciation	40,748,873	36,189,117
	$ 59,985,804	$ 63,092,908

Note 5. Accrued Early Retirement Liability

The College has an unfunded retirement arrangement that covers full-time faculty and salaried administrative personnel who began service prior to April 14, 1991. Prior to revision in May 1999, to be eligible, the employee must have completed 15 years of service and retire between the ages of 60 and 65. The arrangement provided a benefit equal to the participant's final year's compensation. After revision, to be eligible, the employee must complete at least 15 years of service and have accumulated at least 75 "points" (a combination of age and years of service). The revised arrangement provides a benefit equal to 110% of the participant's final year's compensation in a lump-sum payment. The revision also added health care benefits, which will be provided for the lesser of five years or Medicare eligibility and life insurance, which will be provided for up to five years.

Note 5. Accrued Early Retirement Liability (Continued)

The following table sets forth information related to the plan as of June 30, 2010 and 2009:

		2010		2009
Benefit obligation at beginning of period	$	2,916,624	$	2,896,427
Service cost		52,905		54,485
Interest cost		186,279		181,590
Actuarial loss (gain)		(172,152)		(109,774)
Benefits paid		(169,058)		(106,104)
Benefit obligation at end of period		2,814,598		2,916,624
Plan assets in deficit of projected benefit obligation	$	(2,814,598)	$	(2,916,624)
Rollforward of accrued benefit:				
Accrued benefit on balance sheet, beginning of year	$	2,916,624	$	2,896,427
Change in plan liability		(102,026)		20,197
Accrued benefit on balance sheet, end of year	$	2,814,598	$	2,916,624
Benefits cost	$	308,971	$	313,972
Benefits paid		169,058		106,104

Weighted-average assumptions used to determine benefit obligations for each of the years ended June 30, 2010 and 2009 were as follows: discount rate was 6.5% and the rate of compensation increase was 3.0% for administrative employees and 4.5% for faculty.

Weighted average assumptions used to determine net cost for each of the years ended June 30, 2010 and 2009 were as follows: discount rate was 6.5% and rate of compensation increase was 3.0% for administrative employees and 4.5% for faculty.

Cash flows: The benefits expected to be paid in each year 2011 – 2020 are as follows:

Year ending June 30:		
2011	$	1,249,631
2012		217,777
2013		127,604
2014		305,375
2015		397,025
2016 - 2020		1,270,828

The expected benefits are based on the same assumptions used to measure the College's benefit obligation as of June 30 and include estimated future employee service.

Note 6. Pledged Assets and Related Debt

Long-term debt as of June 30, 2010 and 2009 is summarized as follows:

	2010	2009
Iowa Higher Education Loan Authority (IHELA) - Series 2006. Interest is payable semi-annually on April 1 and October 1 through maturity on October 1, 2036, at fixed rates ranging from 4.1% to 4.875% (current effective rate is 4.67% as of June 30, 2010). Annual principal payments are due beginning in 2011. The remaining bond discount of $51,103 is being amortized over the bond term using the interest method. The College is required to maintain certain financial ratios including a liquidity ratio and a debt service ratio. The bonds are collateralized by a building with a net book value of approximately $5,670,000. The College is also required to maintain a bond reserve fund (balance as of June 30, 2010 is approximately $448,000) to handle the repayment of bond principal and interest and has agreed to certain limitations on additional borrowings.	$ 6,888,897	$ 6,878,820
Iowa Higher Education Loan Authority (IHELA) - Series 2008. Interest is payable monthly through maturity on October 1, 2038, at a variable rate determined by the remarketing agent not to exceed 10% (current effective rate is 0.16% as of June 30, 2010). The entire principal balance is due at maturity in 2038. This is a multiple advance bond under which the College can borrow a total of $45,000,000. The remaining bond discount of $43,567 is being amortized over the bond term using the interest method. The bonds are collateralized by an irrevocable letter of credit in the amount of $11,803,940. The letter of credit expires on June 20, 2011, but shall be automatically renewed through October 1, 2038 unless notice is received. The letter of credit agreement requires the College to maintain certain financial ratios including a cash, investments and pledges to debt ratio and a debt service ratio. The letter of credit is collateralized by buildings with a net book value of approximately $6,400,000 and the College is required to maintain $800,000 in a debt service reserve fund. The letter of credit agreement contains a covenant requiring the College to supply audited financial statements within a certain time period after the College's fiscal year-end.	11,651,433	11,648,220
Other	300,000	361,456
	$ 18,840,330	$ 18,888,496

Note 6. Pledged Assets and Related Debt (Continued)

The following is a schedule of maturities for the above debt:

	IHELA Series 2006	IHELA Series 2008	Other	Total
Year ending June 30:				
2011	$ -	$ 11,651,433	$ 50,000	$ 11,701,433
2012	132,114	-	50,000	182,114
2013	137,164	-	50,000	187,164
2014	142,217	-	50,000	192,217
2015	152,273	-	50,000	202,273
2016-2020	857,319	-	50,000	907,319
2021-2025	1,089,283	-	-	1,089,283
2026-2030	1,366,867	-	-	1,366,867
2031-2035	1,745,228	-	-	1,745,228
2036-2040	1,266,432	-	-	1,266,432
	$ 6,888,897	$ 11,651,433	$ 300,000	$ 18,840,330

The IHELA Series 2008 debt is collateralized by a letter of credit that expires June 20, 2011. In the event the College is unable to renew or replace the existing letter of credit, the entire debt balance of $11,651,433 would be due in the year ending June 30, 2011. The College anticipates that the letter of credit will continue to be extended through October 2038, when the debt is due. A schedule of annual maturities of the debt, assuming renewals or replacement of the letter of credit, is as follows:

	IHELA Series 2006	IHELA Series 2008	Other	Total
Year ending June 30:				
2011	$ -	$ -	$ 50,000	$ 50,000
2012	132,114	-	50,000	182,114
2013	137,164	-	50,000	187,164
2014	142,217	-	50,000	192,217
2015	152,273	-	50,000	202,273
2016-2020	857,319	-	50,000	907,319
2021-2025	1,089,283	-	-	1,089,283
2026-2030	1,366,867	-	-	1,366,867
2031-2035	1,745,228	-	-	1,745,228
2036-2040	1,266,432	11,651,433	-	12,917,865
	$ 6,888,897	$ 11,651,433	$ 300,000	$ 18,840,330

Note 7. Restrictions and Limitations on Net Asset Balances

As of June 30, 2010 and 2009, the College's restricted net assets were allocated as follows:

	2010	2009
Temporarily restricted net assets:		
Instruction and other departmental support	$ 1,172,512	$ 1,080,184
Accumulated earnings on endowment funds	5,390,511	4,587,137
Acquisition of buildings and equipment	13,235,558	13,874,528
Life income, annuities and cash surrender value of life insurance policies	382,902	424,376
	$ 20,181,483	$ 19,966,225
Permanently restricted net assets:		
Invested in perpetuity, the income from which is expendable for:		
Scholarships	$ 25,084,032	$ 24,334,819
Unrestricted	10,981,986	10,513,353
Professorships	8,941,692	8,023,749
Library	1,028,684	1,013,784
Other instructional support	10,064,542	9,966,625
Student loan funds	1,109,108	1,102,500
Annuity, life income and cash surrender value of life insurance policies and restricted pledges	3,914,183	6,377,466
	$ 61,124,227	$ 61,332,296

Net assets during the years ended June 30, 2010 and 2009 were released from donor restrictions for the following purposes:

	2010	2009
Scholarships and other endowment funds	$ 714,779	$ 4,195,433
Instruction and other departmental support	1,765,186	1,347,936
Capital projects	2,719,349	1,513,901
	$ 5,199,314	$ 7,057,270

Note 8. Liability to Life Tenants Under Charitable Remainder Trusts and Annuities Payable

The College has several charitable remainder trust agreements whereby the College is required to pay certain amounts to the income beneficiary during their lifetime. The present value of these payments discounted using a rate of 6% is $1,181,914 and $1,157,879 as of June 30, 2010 and 2009, respectively. In addition, the College has received amounts from various individuals under annuity agreements that require the College to pay to the donors varying amounts during their lifetime. The present value of these payments using specified discount rate ranging from 14% to 3% totaled $1,552,254 and $1,581,556 as of June 30, 2010 and 2009, respectively.

Note 9. Allocation of Functional Expenses

The College is required to allocate the operations and maintenance of the physical plant, depreciation expense and interest to the various programs of the College. The allocations for the years ended June 30, 2010 and 2009 are as follows:

	Year Ended June 30, 2010		
	Expenses as Reported on The Statement of Activities	Allocations to Programs	Program Expenses Prior to Allocations
Operating expenses:			
Instruction	$ 11,200,194	$ (3,062,871)	$ 8,137,323
Academic support and research	715,910	(99,996)	615,914
Library and audiovisual	1,892,798	(885,005)	1,007,793
Student services	6,555,986	(1,130,909)	5,425,077
General administration	1,901,523	(129,923)	1,771,600
Institutional advancement	1,538,939	(852)	1,538,087
Institutional support	1,288,850	(194,545)	1,094,305
Auxiliary enterprises	6,432,853	(1,634,133)	4,798,720
Operation and maintenance of plant	-	2,137,963	2,137,963
Depreciation	-	4,569,678	4,569,678
Interest	-	430,593	430,593
	$ 31,527,053	$ -	$ 31,527,053

	Year Ended June 30, 2009		
	Expenses as Reported on The Statement of Activities	Allocations to Programs	Program Expenses Prior to Allocations
Operating expenses:			
Instruction	$ 12,477,208	$ (2,407,655)	$ 10,069,553
Academic support and research	658,098	(81,053)	577,045
Library and audiovisual	1,666,787	(547,177)	1,119,610
Student services	6,200,234	(511,654)	5,688,580
General administration	1,799,423	(99,470)	1,699,953
Institutional advancement	1,881,451	(877)	1,880,574
Institutional support	1,029,786	(264,800)	764,986
Auxiliary enterprises	6,419,923	(1,786,842)	4,633,081
Operation and maintenance of plant	-	1,932,613	1,932,613
Depreciation	-	3,093,147	3,093,147
Interest	-	673,768	673,768
	$ 32,132,910	$ -	$ 32,132,910

Note 10. Asset Retirement Obligation

Under current accounting standards guidance, the College must accrue for costs related to legal obligations to perform certain activities in connection with the retirement, disposal or abandonment of assets. The obligation to perform the asset retirement activity is not conditional even though the timing or method may be conditional. The fair value of a liability for a legal obligation associated with an asset retirement is required to be recorded in the period in which the obligation is incurred. When the liability is initially recorded, the cost of the asset retirement is capitalized.

Substantially all of the College's conditional asset retirement obligation relates to the estimated cost to remove certain materials from campus facilities. The future value of the asset retirement obligation as of June 30, 2010 is estimated to be approximately $1,354,000. The liability was estimated using an inflation rate of 4%. Because accounting standards required retrospective application to the inception of the liability, the initial asset retirement obligation was calculated using a discount rate of 5.0%.

Changes in the accrual for asset retirement obligation during the years ended June 30, 2010 and 2009 are as follows:

Balance, June 30, 2008	$	1,072,472
Accretion of asset retirement liability		42,578
Abatement		(220,923)
Balance, June 30, 2009		894,127
Accretion of asset retirement liability		44,706
Balance, June 30, 2010	$	938,833

Note 11. Endowment Fund and Net Asset Classifications

The College's Endowment Fund consists of various donor restricted endowment funds and funds designated as endowment, quasi-endowment, by the Board of Trustees. Net assets associated with endowment funds, including funds designated to function as endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The College has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) adopted by the 2008 Iowa legislature as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, College classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund, (d) the original net present value of permanently restricted annuities, and (e) subsequent changes in amounts due under permanently restricted annuities. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the College in a manner consistent with the standard of prudence prescribed by the State of Iowa in its enacted version of UPMIFA. In accordance with UPMIFA, the College considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the Endowment Fund; (2) the purposes of the College and the donor-restricted Endowment Fund; (3) general economic conditions; (4) the possible effect of inflation and deflation; (5) the expected total return from income and the appreciation of investments; (6) other resources of the College; and (7) the investment policies of the College.

Note 11. Endowment Fund and Net Asset Classifications (Continued)

The College has adopted investment and spending policies for its Endowment Fund. The objective of these policies is to provide the College a predictable funding stream for its programs while achieving an investment return greater than the combination of the current spending formula and the current rate of inflation in order to protect the purchasing power of the Endowment Fund. The College, through its investment policy, has established a target (inflation-adjusted) annualized rate of return over the long-term of at least 8%; the total return during any single measurement period may deviate from the long-term return objective. To satisfy its long-term rate-of-return objective, the College expects to maintain appropriate diversification among equity, fixed income and alternative investment allocations. The purpose is to moderate the overall investment risk of the Endowment Fund.

The Board of Trustees of the College may appropriate for expenditure or accumulate so much of the Endowment Fund as the College determines is prudent for the uses, benefits, purposes and duration for which the Endowment Fund is established. The amount appropriated, the spending policy, is a Board approved percentage applied to the average fair value of the endowment fund assets during the eight quarters ending December 31st of the prior calendar year. The Board approved spending percentage was 6% and 7.16% for the fiscal years ended June 30, 2010 and 2009, respectively.

Endowment net assets as of June 30, 2010 and 2009 were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
	2010			
Donor-restricted endowment funds	$ (8,238,782)	$ 5,773,413	$ 60,015,119	$ 57,549,750
Board-designated quasi-endowment funds	2,118,869	-	-	2,118,869
Total endowment funds	$ (6,119,913)	$ 5,773,413	$ 60,015,119	$ 59,668,619
	2009			
Donor-restricted endowment funds	$ (9,311,297)	$ 5,011,512	$ 60,229,796	$ 55,930,011
Board-designated quasi-endowment funds	2,047,897	-	-	2,047,897
Total endowment funds	$ (7,263,400)	$ 5,011,512	$ 60,229,796	$ 57,977,908

Note 11. Endowment Fund and Net Asset Classifications (Continued)

The changes in endowment net assets for the years ended June 30, 2010 and 2009 were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
	2010			
Endowment net assets, beginning of year	$ (7,263,400)	$ 5,011,512	$ 60,229,796	$ 57,977,908
Investment return:				
Investment income	553,182	318,672	6,290	878,144
Net appreciation/(depreciation) (realized and unrealized)	2,801,799	1,120,162	-	3,921,961
Total investment return	3,354,981	1,438,834	6,290	4,800,105
Contributions	485,083	60,000	1,823,111	2,368,194
Write-off of contribution receivable	-	-	(2,000,000)	(2,000,000)
Appropriation of endowment funds for expenditure	(2,709,533)	(1,095,459)	-	(3,804,992)
Other changes	12,956	358,526	(44,078)	327,404
Endowment net assets, end of year	$ (6,119,913)	$ 5,773,413	$ 60,015,119	$ 59,668,619

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
	2009			
Endowment net assets, beginning of year	$ 15,449,502	$ 541,237	$ 56,976,948	$ 72,967,687
Net asset reclassification based on change in accounting principle	(16,029,672)	16,029,672	-	-
Endowment net assets after reclassification	(580,170)	16,570,909	56,976,948	72,967,687
Investment return:				
Investment income	488,798	-	10,295	499,093
Net appreciation/(depreciation) (realized and unrealized)	(6,808,224)	(7,785,574)	-	(14,593,798)
Total investment return	(6,319,426)	(7,785,574)	10,295	(14,094,705)
Contributions	356,733	-	3,274,883	3,631,616
Appropriation of endowment funds for expenditure	(720,537)	(3,771,170)	-	(4,491,707)
Other changes	-	(2,653)	(32,330)	(34,983)
Endowment net assets, end of year	$ (7,263,400)	$ 5,011,512	$ 60,229,796	$ 57,977,908

From time to time, the fair value of endowment funds associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the College to retain as a fund of perpetual duration, underwater endowments. As of June 30, 2010 donor restricted endowment funds were underwater by $8,238,782. This amount is reported in unrestricted net assets. These deficiencies, which the College believes are temporary, resulted from unfavorable market fluctuations. The Board determined that continued appropriation during fiscal year ended June 30, 2010 for certain programs was prudent. As of June 30, 2009, donor restricted endowment funds were underwater by $9,311,297.

Note 12. Fair Value Measurements

The Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification defines fair value, establishes a framework for measuring fair value and requires disclosure of fair value measurements. Effective July 1, 2009, the College adopted the portion of the Topic which requires disclosure of nonfinancial assets and nonfinancial liabilities that are recognized or disclosed at fair value on a nonrecurring basis. The fair value hierarchy set forth in the Topic is as follows:

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.

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.

A description of the valuation methodologies used for assets and liabilities measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below.

Investments: Where quoted prices are available in an active market, securities are classified within level 1 of the valuation hierarchy. Level 1 securities would include highly liquid government bonds and exchange traded equities. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flow. Level 2 securities would include U.S. agency securities, mortgage-backed agency securities, obligations of states and political subdivisions and certain corporate, asset backed and other securities. In certain cases where there is limited activity or less transparency around inputs to the valuation including alternative investments, securities are classified within level 3 of the valuation hierarchy. Level 3 securities include investments in limited partnerships, life insurance policies, real estate, land and mineral rights. Investments in limited partnerships are fund-of-funds that take custody of the assets and use partnership accounting to determine the unit value of each member's interest in the partnership. Annual audits are performed each year on the partnerships. The College obtains the fair value from the fund managers. The fund managers use various models, comparisons and assumptions to estimate fair value. Consideration is given to the type of investment, risks, marketability, restrictions on dispositions and quotations from other market participants. Life insurance policies are valued at cash surrender values determined by the life insurance companies. The value of real estate, land and mineral rights is determined through third party appraisals. The value of charitable lead/remainder unitrusts is derived from the underlying investments of the unitrusts. The value of those investments is determined in the same manner as investments described above. Future expected cash flows are discounted using a risk adjusted discount rate.

Note 12. Fair Value Measurements (Continued)

The following tables summarize assets measured at fair value on a recurring basis as of June 30, 2010 and 2009, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value.

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		2010		
Assets:				
Investments:				
Common Stocks:				
Miscellaneous	$ 153,026	$ -	$ -	$ 153,026
Equity Mutual Funds:				
International funds	12,211,876	6,981,186	5,230,690	-
Multi strategy funds	14,324,342	14,324,342	-	-
Fixed Income Mutual Funds:				
Total return funds	13,995,884	9,176,826	1,607,262	3,211,796
Tax exempt funds	244,748	244,748	-	-
Bonds:				
U.S. Treasury Bonds	291,656	-	291,656	-
Cash value of life insurance	4,110,763	-	-	4,110,763
Real estate investment trust	852,122	-	-	852,122
Natural resource funds	871,007	-	-	871,007
Hedge funds	5,806,137	-	-	5,806,137
Private equity	3,775,986	-	-	3,775,986
Funds held in trust by others	2,998,474	-	-	2,998,474
Other	126,581	-	-	126,581
	59,762,602	$ 30,727,102	$ 7,129,608	$ 21,905,892
Investments not classified under ASC 820	458,439			
	$ 60,221,041			

Note 12. Fair Value Measurements (Continued)

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	2009			
Assets:				
Investments:				
Common Stocks:				
Miscellaneous	$ 161,076	$ -	$ -	$ 161,076
Equity Mutual Funds:				
International funds	14,467,166	7,558,652	5,859,273	1,049,241
Multi strategy funds	11,497,396	11,497,396	-	-
Fixed Income Mutual Funds:				
Total return funds	11,274,047	5,586,441	2,692,997	2,994,609
Tax exempt funds	237,777	237,777	-	-
Bonds:				
U.S. Treasury Bonds	310,182	-	310,182	-
Cash value of life insurance	3,988,805	-	-	3,988,805
Real estate investment trust	837,175	-	-	837,175
Natural resource funds	750,009	-	-	750,009
Hedge funds	5,295,043	-	-	5,295,043
Private equity	3,294,824	-	-	3,294,824
Funds held in trust by others	2,784,973	-	-	2,784,973
Other	146,590	-	-	146,590
	55,045,063	$ 24,880,266	$ 8,862,452	$ 21,302,345
Investments not classified under ASC 820	500,985			
	$ 55,546,048			

Note 12. Fair Value Measurements (Continued)

The following tables present additional information about assets measured at fair value on a recurring basis for which the College has utilized level 3 inputs to determine fair value. Gains and losses included in change in net assets for the period above are reported as realized and unrealized gains (losses) on investments.

	Balance June 30, 2009	Net Gains (Losses)	Net Purchases	Transfers Out of Level 3	Balance June 30, 2010
Common stock, miscellaneous	$ 161,076	$ (8,050)	$ -	$ -	$ 153,026
International funds	1,049,241	211,102	11,800	(1,272,143)	-
Total return funds	2,994,609	64,961	152,226	-	3,211,796
Cash value of life insurance	3,988,805	121,958	-	-	4,110,763
Real estate investment trust	837,175	(11,432)	26,379	-	852,122
Natural resource funds	750,009	68,408	77,500	(24,910)	871,007
Hedge funds	5,295,043	548,240	-	(37,146)	5,806,137
Private equity	3,294,824	(98,950)	734,758	(154,646)	3,775,986
Funds held in trust by others	2,784,973	110,581	102,920	-	2,998,474
Other	146,590	(20,009)	-	-	126,581
	$ 21,302,345	$ 986,809	$ 1,105,583	$ (1,488,845)	$ 21,905,892

	Balance June 30, 2008	Net Gains (Losses)	Net Purchases	Transfers Out of Level 3	Balance June 30, 2009
Common stock, miscellaneous	$ 268,353	$ (107,277)	$ -	$ -	$ 161,076
International funds	1,933,079	(715,759)	134,091	(302,170)	1,049,241
Total return funds	2,271,694	198,312	1,047,232	(522,629)	2,994,609
Cash value of life insurance	3,920,580	68,225	-	-	3,988,805
Real estate investment trust	1,540,939	(703,764)	-	-	837,175
Natural resource funds	803,545	(158,536)	105,000	-	750,009
Hedge funds	6,843,381	(155,287)	2,100,000	(3,493,051)	5,295,043
Private equity	5,969,201	(1,859,869)	1,027,842	(1,842,350)	3,294,824
Funds held in trust by others	3,479,535	(694,562)	-	-	2,784,973
Other	166,741	(20,151)	-	-	146,590
	$ 27,197,048	$ (4,148,668)	$ 4,414,165	$ (6,160,200)	$ 21,302,345

Note 12. Fair Value Measurements (Continued)

The following table sets forth additional disclosure of the College's investments whose fair value is estimated using net asset value (NAV) per share (or its equivalent) as of June 30, 2010:

Investment	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Investments:				
Hedge fund (A)	$ 2,932,344	$ -	Semi-annually	Trade Date minus 5 Days

(A) The investment is an open-ended investment company using segregated portfolios. The majority of investments are in illiquid portfolios that are believed to offer the potential for higher long-term returns. The funds are valued monthly, however withdrawals are only able to be made semi-annually. The investment manager is registered as an investment adviser with the U.S. Securities and Exchange Commission.