OBERLIN

Oberlin College
Financial Report
Year Ended June 30, 2004

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Oberlin College

Financial Report

Year ended June 30, 2004

Financial Report 2003-04

Ronald R. Watts, Acting Vice President for Finance
Mark R. Bates, Controller

We are pleased to present the financial statements for the fiscal year 2003-04 for Oberlin College. This past year has had many challenges and happily many successes as well. The Net Assets of the College increased by approximately $66 million during the fiscal year. The two main reasons for this increase are endowment performance and fundraising, both of which are discussed below.

The College's general endowment increased in market value by $54.5 million to $576.5 million. A net total return of 16.2% was achieved this fiscal year, generating $85.2 million in earnings and gain in the general investment pool. Gifts and other additions totaled $5.5 million, while reductions included distributions to support operations ($34.0 million), the capital campaign ($0.9 million), and investment in capital projects ($1.3 million).

"The New Oberlin Century" Capital Campaign concluded this summer having generated a record $175.1 million in gifts and pledges as of June 30, 2004, easily surpassing the goal of $165 million. Current year contributions totaled nearly $19 million, including $5.4 million in unrestricted giving. This compares to roughly $35 million last year which included an exceptional estate gift of approximately $11 million.

Enrollment statistics remained generally positive, with applications eclipsing previous year totals, as noted below:

		Applications	% of Admitted	Yield
College of A&S	Fall 2004	5,160	40%	30%
	Fall 2003	4,934	39%	35%
	Fall 2002	4,924	36%	37%
Conservatory	Fall 2004	1,073	30%	45%
	Fall 2003	1,028	33%	39%
	Fall 2002	1,010	29%	44%

Upon review of this year's financial statements you will note a number of presentational enhancements have been made to improve the understanding and use of our financial reports. Changes include reflecting Student Aid as a reduction of Student Income rather than as an Operating Expense. Facilities expense is now distributed to programmatic classifications within the Operating Expense section of the Statement of Activities. Prior year data has been restated for purposes of comparability.

While the College has successfully improved its general financial condition, the lingering effects of the economic downturn continue to challenge our institution. The positives from this past year include that Oberlin was able to balance its operating revenues and expenditures without additional endowment support. Oberlin must continue to balance the need to improve on its strong financial condition with the ongoing pressure to increase employee compensation, provide extensive financial aid, while maintaining a modern physical plant. Oberlin's ability to build upon its academic excellence is dependent on developing a strategic plan to expand the College's financial capacity. During the academic year, Oberlin established a strategic planning task force to evaluate how to define Oberlin in the future. The strategic planning process will facilitate the development of programmatic and financial strategies that will enable Oberlin to maintain and enhance its academic excellence in an evolving global society.

H+T HAUSSER+TAYLOR LLC
Business advisors and certified public accountants

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Board of Trustees
Oberlin College
Oberlin, Ohio

Independent Auditors' Report

We have audited the accompanying statements of financial position of Oberlin College as of June 30, 2004 and 2003, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of Oberlin 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 Oberlin College as of June 30, 2004 and 2003, 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.

Hausser + Taylor LLC

Cleveland, Ohio
November 9, 2004

NEXIA INTERNATIONAL Cleveland Beachwood Canton Columbus Dublin Akron Elyria

Oberlin College
Statements of Financial Position
As of June 30, 2004 and 2003
(dollars in thousands)

	2004	2003
ASSETS		
Current Assets		
Cash and cash equivalents	$ 5,456	$ 14,152
Short-term investments	24,255	2,118
Accounts receivable, net	2,176	2,691
Inventories	298	279
Deposits and prepaid expenses	2,095	1,834
Total current assets	$ 34,280	$ 21,074
Pledges Receivable and Bequests in Probate	$ 13,688	$ 12,717
Long-Term Receivables		
Student loans	$ 9,854	$ 10,082
Allowance for doubtful loans	(1,273)	(1,273)
Total long-term receivables	$ 8,581	$ 8,809
Long-Term Investments		
Assets restricted to investment in land, buildings and equipment	$ 23,912	$ 4,626
Endowment funds	578,980	525,482
Annuity and life income funds	57,580	50,662
Funds held in trust by others	15,134	14,056
Total long-term investments	$ 675,606	$ 594,826
Property, Plant and Equipment		
Land, buildings and equipment	$ 338,842	$ 323,239
Construction in progress	813	2,693
Less: accumulated depreciation	(153,992)	(141,628)
Total property, plant and equipment	$ 185,663	$ 184,304
TOTAL ASSETS	$ 917,818	$ 821,730

The Notes to Financial Statements are an integral part of these statements.

Oberlin College

Statements of Financial Position

As of June 30, 2004 and 2003
(dollars in thousands)

LIABILITIES and NET ASSETS	2004	2003
Current Liabilities		
Accounts payable	$ 10,142	$ 6,751
Current portion of bonds payable		1,475
Deposits and agency funds	3,669	3,445
Other current liabilities	2,035	1,762
Total current liabilities	$ 15,846	$ 13,433
Other Liabilities		
Accruals for staff benefit programs	18,372	18,294
Annuity obligations	29,615	29,376
Federal student loan funds	6,229	6,192
Notes payable	2,000	2,000
Bonds payable, net	119,468	91,926
Total liabilities	$ 191,530	$ 161,221
Net Assets		
Unrestricted -		
Current operations	$ (9,262)	$ (9,371)
Designated for specific purposes	17,828	12,962
Unexpended plant and facility funds	(962)	(2,626)
Invested in plant facilities	46,785	54,566
Quasi-endowment funds	235,013	212,327
Total unrestricted	$ 289,402	$ 267,858
Temporarily Restricted -		
Donor designated for specific purposes	$ 17,717	$ 15,882
Annuity and life income funds	6,165	5,216
Unexpended plant and facility funds	8,221	4,307
Unamortized contributions for long-lived assets	36,451	33,350
Quasi-endowment funds	190,086	161,985
Total temporarily restricted	$ 258,640	$ 220,740
Permanently Restricted -		
Student loan funds	$ 2,574	$ 2,363
Annuity and life income funds	3,664	2,806
Funds held in trust by others	15,134	14,056
Endowment funds	156,874	152,686
Total permanently restricted	$ 178,246	$ 171,911
Total net assets	$ 726,288	$ 660,509
TOTAL LIABILITIES and NET ASSETS	$ 917,818	$ 821,730

The Notes to Financial Statements are an integral part of these statements.

Oberlin College

Statement of Activities

For the year ended June 30, 2004

(dollars in thousands)

	2004			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating Revenues				
Tuition and fees	$ 82,782	$ 522		$ 83,304
Room and board	15,733			15,733
Student aid	(34,923)			(34,923)
Net student income	63,592	522		64,114
Auxiliary services, other	4,444			4,444
Government grants and contributions		2,260		2,260
Private gifts and grants	5,498	3,424		8,922
Investment earnings and gain	15,592	18,939	$ 360	34,891
Other sources	2,576	93		2,669
Net assets released from restrictions	24,022	(24,022)		
Total operating revenues	$ 115,724	$ 1,216	$ 360	$ 117,300
Operating Expenses				
Instruction	$ 55,587			$ 55,587
Research	274			274
Academic support	15,444			15,444
Student services	9,510			9,510
Institutional support	15,381			15,381
Auxiliary services, student and other	19,514			19,514
Total operating expenses	$ 115,710			$ 115,710
Change in net assets from operating activities	$ 14	$ 1,216	$ 360	$ 1,590
Non-operating Activities				
Investment earnings and gain	$ 1,586	$ 273	$ 667	$ 2,526
Unrealized gain	27,373	30,595	1,711	59,679
Capital and deferred gifts	281	3,996	3,268	7,545
Pledges and bequests	248	641	82	971
Change in annuity obligations	570	(512)	(297)	(239)
Payments to beneficiaries	(2,744)	(623)	(485)	(3,852)
Non-recurring bond defeasance charge	(785)			(785)
Redesignated funds and other	(4,999)	2,314	1,029	(1,656)
Change in net assets from non-operating activities	$ 21,530	$ 36,684	$ 5,975	$ 64,189
Net change in net assets	21,544	37,900	6,335	65,779
Net assets at beginning of year	$ 267,858	$ 220,740	$ 171,911	$ 660,509
Net assets at end of year	$ 289,402	$ 258,640	$ 178,246	$ 726,288

Oberlin College

Statement of Activities

For the year ended June 30, 2003

(dollars in thousands)

	2003			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating Revenues				
Tuition and fees	$ 77,572	$ 495		$ 78,067
Room and board	14,297			14,297
Student aid	(33,100)			(33,100)
Net student income	58,769	495		59,264
Auxiliary services, other	4,025			4,025
Government grants and contributions		3,179		3,179
Private gifts and grants	7,574	5,903		13,477
Investment earnings and gain	16,166	18,982	$ 413	35,561
Other sources	2,771	67		2,838
Net assets released from restrictions	24,380	(24,380)		
Total operating revenues	$ 113,685	$ 4,246	$ 413	$ 118,344
Operating Expenses				
Instruction	$ 54,956			$ 54,956
Research	471			471
Academic support	15,016			15,016
Student services	9,361			9,361
Institutional support	15,522			15,522
Auxiliary services, student and other	18,355			18,355
Total operating expenses	$ 113,681			$ 113,681
Change in net assets from operating activities	$ 4	$ 4,246	$ 413	$ 4,663
Non-operating Activities				
Investment earnings and gain	$ (15,344)	$ (19,400)	$ (54)	$ (34,798)
Unrealized gain (loss)	10,033	13,038	(173)	22,898
Capital and deferred gifts	1,746	3,197	13,746	18,689
Pledges and bequests	(1,593)	(1,479)	(9,135)	(12,207)
Change in annuity obligations	(264)	(220)	(82)	(566)
Payments to beneficiaries	(2,598)	(564)	(461)	(3,623)
Redesignated funds and other	(3,987)	2,544	(107)	(1,550)
Change in net assets from non-operating activities	$ (12,007)	$ (2,884)	$ 3,734	$ (11,157)
Net change in net assets	(12,003)	1,362	4,147	(6,494)
Net assets at beginning of year	$ 279,861	$ 219,378	$ 167,764	$ 667,003
Net assets at end of year	$ 267,858	$ 220,740	$ 171,911	$ 660,509

The Notes to Financial Statements are an integral part of these statements.

Oberlin College

Statements of Cash Flows

For the years ended June 30, 2004 and 2003
(dollars in thousands)

	2004	2003
Cash Flows From Operating Activities		
Change in net assets	$ 65,779	$ (6,494)
Adjustments to reconcile change in net assets to net cash used for operating activities:		
Depreciation and amortization	12,717	11,756
Changes in assets and liabilities that provide (use) cash:		
Accounts receivable	515	82
Inventories and prepaid expenses	(280)	(253)
Pledges receivable and bequests in probate	(971)	12,207
Accounts payable and accrued expenses	3,701	946
Deposits and deferred revenues	224	46
Accruals for staff benefits	78	547
Net adjustment of annuity obligations	239	566
Contributions restricted for long-term investments	(7,420)	(18,437)
Earnings restricted for long-term investment	(2,738)	(186)
Net realized and unrealized gains on long-term investments	(92,165)	(17,697)
Net cash used for operating activities	$ (20,321)	$ (16,917)
Cash Flows From Investing Activities		
Purchases of plant and equipment, net	$ (13,722)	$ (19,263)
Proceeds from student loans collected	1,272	1,309
Student loans issued, net	(1,044)	(830)
Increase in short-term investments	(22,137)	(1,949)
Purchases of investments	(253,227)	(252,609)
Proceeds from sales and maturities of investments	264,612	269,611
Net cash used for investing activities	$ (24,246)	$ (3,731)
Cash Flows From Financing Activities		
Proceeds from contributions for:		
Investment in endowment	$ 2,461	$ 12,984
Investment in long-lived assets	3,931	2,442
Investment in life income agreements	1,028	3,011
Earnings restricted for long-term investment	2,738	186
Payments on long-term debt	(14,130)	(1,390)
Proceeds from issuance of bonds, net	39,843	
Proceeds on notes payable		2,000
Net cash provided by financing activities	$ 35,871	$ 19,233
Net decrease in cash and cash equivalents	$ (8,696)	$ (1,415)
Cash and cash equivalents, beginning of year	14,152	15,567
Cash and cash equivalents, end of year	$ 5,456	$ 14,152

The Notes to Financial Statements are an integral part of these statements.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Oberlin College is an independent, coeducational institution consisting of two major divisions. The College of Arts and Sciences offers a balanced curriculum in the humanities, social sciences, and natural sciences. The Conservatory of Music offers pre-professional training in music performance, composition, education, technology, theory, and history.

Basis of Presentation and Accounting

The financial statements are presented on the accrual basis of accounting, focusing on the institution as a whole. In accordance with the existence or absence of donor-imposed restrictions, fund balances and transactions are grouped into three classes of net assets - unrestricted, temporarily restricted, and permanently restricted.

Fund Group	Net Asset Group
Unrestricted current funds	Unrestricted
Restricted current funds	Temporarily restricted
Annuity and life income funds	Unrestricted, temporarily restricted and permanently restricted
Long-term investments	Unrestricted, temporarily restricted and permanently restricted
Plant funds	Unrestricted and temporarily restricted
Loan funds	Permanently restricted

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

> Unrestricted net assets - Net assets not subject to donor-imposed stipulations. Unrestricted funds designated by the Board of Trustees for long-term investment are classified as quasi-endowment.
>
> Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met by actions of the College and/or the passage of time. Temporarily restricted net assets consist primarily of gifts and income amounts used to support general instruction, scholarships, professorships, research, library operations and capital acquisition.
>
> Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the College. Generally, the donors of these assets permit the institution to use all or part of the income earned on related investments for general or specific purposes. Permanently restricted net assets consist primarily of amounts whose income supports general instruction, scholarships, professorships and library funds.

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 (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. Investment return is distributed for operations on a unit share basis as authorized by the Board of Trustees, and is reflected in investment earnings and gain and net assets released from restriction in the statement of activities.

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 assets other than cash are recorded at their estimated fair market value. Contributions to be received after one year are discounted using a rate commensurate with the risks involved (7 percent at June 30, 2004 and 2003). Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectable contributions receivable is provided based upon management's judgment, considering such factors as prior collection history, type of contribution and nature of fund-raising activity. Fundraising expenses of approximately $3,346 and $3,381 are reflected within institutional support in the statement of activities for the years ended June 30, 2004 and 2003, respectively.

The gain in market value of funds held in trust by others is reported as an increase in permanently restricted net assets. Income and realized net gains on long-term investments are reported as follows:

- as increases in permanently restricted net assets if the terms of the gift require that they be added to the principal of a permanent endowment fund;
- as increases in temporarily restricted net assets if the terms of the gift impose restrictions on the use of the income;
- as increases in unrestricted net assets in all other cases.

Financial Instruments

The carrying amount of student accounts receivable, accounts payable and accrued liabilities approximates fair value because of the short maturity of these instruments. A reasonable estimate of fair value of loan notes receivable under donor restricted and federally sponsored loan programs could not be made because the notes are not salable, and are subject to significant restrictions as to their transfer and disposition.

Release of Restrictions on Net Assets for Acquisition of Land, Building and Equipment

Contributions of exhaustible long-lived assets, cash or other assets to be used to acquire them, without donor stipulations concerning the use of such long-lived assets, are reported as revenues of the temporarily restricted net asset class. The restrictions are considered to be released over the estimated useful lives of the long-lived assets using the institution's depreciation policies.

Collections and Works of Art

The College has elected not to capitalize contributed collections under the provisions of SFAS No. 116. However, the College has capitalized collections that were purchased prior to SFAS 116 adoption and are included in the statements of financial position as a part of land, buildings and equipment. Recognizing works of art as an asset of the institution would result in a material increase in property, plant and equipment and a corresponding increase in net assets in the statements of financial position.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation.

Inventories

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

Funds Held in Trust

Funds held in trust by others represent resources neither in the possession nor under the control of the institution, but held and administered by outside trustees, with the College deriving income or a residual interest from the assets of such funds. Funds held in trust by others are recognized at the estimated fair value of the assets or the present value of the future cash flows when the irrevocable trust is established or the College is notified of its existence.

Unrestricted Bequests

The College follows the policy of designating unrestricted bequests as additions to unrestricted quasi-endowment funds or unrestricted plant funds.

Reclassifications

Certain June 30, 2003 data have been reclassified to conform with the June 30, 2004 presentation.

Depreciation

Depreciation on the property, plant and equipment owned by the College has been computed using the midyear convention under the following depreciation guidelines:

Buildings and additions	40 years
Building improvements and renovations	20 years
Library books and materials	15 years
Furniture and equipment	10 years

Using these guidelines, depreciation expense for years ended June 30, 2004 and 2003 was:

	2004	2003
Educational and general properties	$ 8,461	$ 8,072
Library books and materials	1,480	1,405
Auxiliary properties	2,423	2,246
	$ 12,364	$ 11,753

Cash Flow Information

For financial statement purposes, the College considers all investments (not held for long-term investment) with original maturities of three months or less as cash equivalents. Cash payments for interest amounted to $5,316 in 2004 and $4,723 in 2003. Included in the 2004 total is $895 of capitalized interest.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 income, revenues and expenses during the reporting period. Actual results could differ from those estimates.

Split Interest Agreements

The College is party to various split interest agreements, including perpetual trusts held by third parties, irrevocable charitable remainder trusts, charitable gift annuities, and pooled life income funds. Assets are invested by the College or by third-party trustees. Payments are made to donors and/or other beneficiaries in accordance with the respective agreements. Contribution revenues for split-interest agreements are recognized at the dates the agreements are established. Revenues are recorded at fair value, net of the present value of the estimated future payments to be made to donors and/or other beneficiaries. The present value of payments to beneficiaries under split-interest agreements has been calculated using a discount rate of 7 percent at June 30, 2004 and 2003.

Tax Status

The College is exempt from Federal income taxes under Section 501(c)3 of the Internal Revenue Code. Accordingly, no provision for income taxes has been reflected in the accompanying financial statements.

2. ASSETS FOR LONG-TERM INVESTMENT

Investments in marketable securities are stated at current market value based on the last trade price or at the reported net asset value for investment funds and limited partnerships. Investments in real estate through limited partnerships are stated at appraised market values while other real estate investments are stated at cost on the date of acquisition or fair market value at date of receipt in the case of gifts. The net realized and unrealized gains (or losses) in market value of investments are reflected in the statement of activities.

Assets for long-term investment as reflected in the Statements of Financial Position are as follows:

	June 30, 2004		June 30, 2003	
	Cost Basis	**Market Value**	**Cost Basis**	**Market Value**
ENDOWMENT AND SIMILAR FUNDS				
General Investment Pool				
Fixed Income	$ 38,700	$ 37,990	$ 37,802	$ 38,643
Cash/Cash Equivalents	19,200	19,200	10,570	10,570
Equities	148,266	177,540	196,225	200,315
Venture Capital	40,608	24,536	37,280	22,104
Hedge Funds	132,013	217,989	101,759	163,883
Alternative Investments	58,114	68,574	65,849	70,743
Real Estate/Oil & Gas	25,873	30,313	12,185	16,355
Accounts Receivable	777	777	1,149	1,149
Total General Investment Pool	$ 463,551	$ 576,919	$ 462,819	$ 523,762
Non-Pooled Investments				
Fixed Income	$ 488	$ 494	$ 284	$ 296
Cash/Cash Equivalents	-	-	-	-
Equities	89	317	89	274
Notes/Mortgages	1,250	1,250	1,150	1,150
Total Non-Pooled Invested Funds	$ 1,827	$ 2,061	$ 1,523	$ 1,720
TOTAL ENDOWMENT FUNDS	$ 465,378	$ 578,980	$ 464,342	$ 525,482
ANNUITY AND LIFE INCOME FUNDS				
Pooled Income Fund Trusts				
Fixed Income	$ 1,139	$ 1,126	$ 1,035	$ 1,069
Cash/Cash Equivalents	84	84	70	70
Accounts Receivable	1	1	1	1
Equities	801	1,025	881	906
Total Pooled Income Fund Trusts	$ 2,025	$ 2,236	$ 1,987	$ 2,046
Gift Annuity Pool				
Fixed Income	$ 10,377	$ 10,274	$ 9,021	$ 9,488
Cash/Cash Equivalents	2,045	2,045	1,397	1,397
Equities	25,619	30,234	28,201	26,465
Accounts Receivable	3	3	7	7
Total Gift Annuity Pool	$ 38,044	$ 42,556	$ 38,622	$ 37,225
Annuity Trusts And Unitrusts				
Fixed Income	$ 3,683	$ 3,609	$ 3,154	$ 3,255
Cash/Cash Equivalents	261	261	181	181
Equities	7,595	8,907	7,850	7,376
Real Estate	8	8	8	8
Accounts Receivable/Other	3	3	439	439
Total Annuity Trusts and Unitrusts	$ 11,550	$ 12,788	$ 11,632	$ 11,259
TOTAL ANNUITY AND LIFE INCOME FUNDS	$ 51,619	$ 57,580	$ 52,245	$ 50,662
RESTRICTED FOR PLANT FACILITIES				
Fixed Income	$ 21,451	$ 21,443	$ 1,187	$ 2,242
Cash/Cash Equivalents	-	-	-	-
Mortgages	-	-	-	-
Real Estate	2,469	2,469	2,384	2,384
Accounts Receivable, Net	-	-	-	-
TOTAL RESTRICTED FOR PLANT FACILITIES	$ 23,920	$ 23,912	$ 3,571	$ 4,626
FUNDS HELD IN TRUST BY OTHERS	$ 13,939	$ 15,134	$ 13,747	$ 14,056
TOTAL ASSETS FOR LONG-TERM INVESTMENT	$ 554,856	$ 675,606	$ 533,905	$ 594,826

3. BONDS PAYABLE

Bonds payable at June 30, 2004 and 2003 consisted of the following:

	2004	2003
Ohio Higher Educational Facility Commission		
Revenue Bonds dated February 1, 1999, maturing annually on Octobe 1, 2006 through 2029 in amounts ranging from $2,355 to $10,000 with interest ranging from 4.0% to 5.25%, plus bond premium of $74 and $789 at June 30, 2004 and 2003, respectively.	$ 79,622	$ 79,664
Revenue Bonds dated June 1, 1993, maturing annually on October through 2015 in amounts ranging from $710 to $2,220, with interes ranging from 5.1% to 5.375%, net of bond discount of $394 at Jun 30, 2003 (refunded October 1, 2003).	-	13,736
Revenue Bonds dated September 1, 2003, maturing in part on Octobe 1, 2024 ($18,155) and in part on October 1, 2034 ($21,845), wit interest ranging from 5.0% to 5.125%, less net bond discount of $15 at June 30, 2004.	39,846	-
Total Bonds Payable, Net	$ 119,468	$ 93,401

In February 1999, the Ohio Higher Educational Facility Commission (the Commission) issued Higher Educational Facility Revenue Bonds on behalf of the College in the original principal amount of $78,875 plus a bond premium of $980. A portion of these bonds was used for an advanced legal defeasance of the remaining Variable Rate Demand Revenue Bonds dated December 1985 and a portion of the outstanding Revenue Bonds dated June 1993. The remaining funds were used to construct a new science center and other academic facilities. As a result of the extinguishment of the 1985 bonds and defeasance of a portion of the 1993 bonds, certain capitalized costs were written-off including issuance costs and the retirement of bond discount.

In September 2003, the Ohio Higher Educational Facility Commission (the Commission) issued Higher Educational Facility Revenue Bonds on behalf of the College in the original principal amount of $40,000 less a net bond discount of $157. A portion of these bonds was used to refund the outstanding principal of the June 1993 Revenue Bonds. The remaining funds are being used to finance the purchase, renovation and construction of dormitories and academic buildings and to finance the acquisition and installation of a new phone system. The College has entered into a lease agreement with the Commission on the properties financed with proceeds of the bonds. Payments due under the lease agreement represent the principal and interest due on the bonds.

The June 1993 Revenue Bonds had an original principal amount of $38,045 which were used to refinance Collateralized Revenue Bonds from August 1985, refinance Revenue Bonds from May 1989, to establish a Bond Reserve Fund and to renovate certain academic buildings. Under the terms of the base lease, the Commission leases the facilities financed with the bond proceeds from the College. The Commission in turn leases the facilities back to the College for an amount equivalent to debt service requirements and related expenses of the Bond Trustee and the Commission. These bonds were refunded with proceeds from the September 2003 bonds.

Future principal payments on the College's outstanding bonds at June 30, 2004 are as follows:

2004-05	
2005-06	
2006-07	2,355
2007-08	2,450
2008-09	2,550
Thereafter	111,520

The estimated fair market value of all outstanding long-term obligations at June 30, 2004 is $120,677.

4. PLEDGES RECEIVABLE

Unconditional promises to give are included in the financial statements as pledges receivable and revenue of the appropriate net asset category. Certain promises to give are recorded after discounting to the present value of the future cash flows.

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

	2004	2003
In one year or less	$ 7,618	$ 5,228
Between one year and five years	5,110	7,074
Greater than five years	5,708	3,279
Less discount and allowance for uncollectable pledges	(4,748)	(2,864)
	$ 13,688	$ 12,717

5. POSTRETIREMENT BENEFITS

The College sponsors an unfunded defined benefit postretirement health care plan that covers substantially all regular status employees. During fiscal year 1996 the plan's eligibility requirement was amended from the attainment of age 62 and no years of service to requiring 20 years of service after attaining age 42 to receive the maximum College contribution. All eligible employees age 42 or older were credited with 10 years of service as of June 30, 1996. The amendment also included a cap on medical benefits limiting the College subsidy of the health care plan to two times the 1995/96 contribution level. The cap is effective for all retirees retiring after June 30, 1996. These changes reduced the Accumulated Postretirement Benefit Obligation from $14,378 to $7,714. Accounting rules require the difference of $6,509 to be amortized over 14.3 years, the average remaining service period for current employees. The plan pays stated percentages of most necessary medical expenses incurred by retirees, after subtracting payments by Medicare or other providers and after a stated deductible has been met. Employees hired after June 30, 1996 become eligible to participate in the plan if they retire from the College after reaching age 52, with 10 years of service. The plan is contributory, with retiree contributions adjusted annually. The accounting for the plan anticipates future cost-sharing changes to the written plan that are consistent with the College’s announced policy that annual minimum retiree contributions will be set at an amount equal to 33.3% of the College’s estimated cost before considering the contribution.

For measurement purposes, a 10.5 percent annual rate of increase in the per capita cost of covered health care claims was assumed for 2004; the rate was assumed to decrease gradually to 5 percent by 2011 and remain at that level thereafter. The health care cost trend rate assumption has a significant effect on the amounts reported. To illustrate, increasing the assumed health care cost trend rate by one percentage point in each year would increase the accumulated postretirement benefit obligation as of June 30, 2004 by $692. The aggregate of the service and interest cost components of net postretirement health care cost for the year then ended would increase by $18. The weighted-average discount rate used in determining the accumulated postretirement benefit obligation was 7 percent.

The following table reconciles the plan’s funded status to the accrued postretirement health care cost liability as reflected on the statements of financial position as of June 30, 2004 and 2003:

Accumulated Postretirement Benefit Obligation	2004	2003
Retirees	$ 8,365	$ 8,049
Other fully eligible participants	3,668	3,258
Other active participants	585	546
	12,618	11,853
Unrecognized excess prior service cost	3,391	3,918
Unrecognized actuarial loss	(1,735)	(1,652)
Accrued postretirement health care cost liability	$ 14,274	$ 14,119

Net periodic postretirement health care cost for the years ended June 30, 2004 and 2003 included the following components:

Accumulated Postretirement Benefit Obligation	2004	2003
Service cost - benefits attributed to service during the period	$ 481	$ 448
Interest cost on accumulated postretirement benefit obligation	801	841
Net amortization and deferral	(528)	(455)
Net (Gain) or Loss	31	60
Net periodic postretirement health care cost	$ 785	$ 894

The estimated future benefit claims expected to be paid in each of the next ten fiscal years are:

	Total Claims	Medicare Reimbursement	Net Claims
2005	$ 981	$ -	$ 98
2006	1,112	20	90
2007	1,226	42	80
2008	1,262	42	84
2009	1,295	41	88
2010-2014	6,645	1,84	4,61

Medicare reimbursements reflected above are based on the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the "Act"). Recognizing the impact of the Act resulted in a decrease of the accumulated postretirement benefit obligation of $449 and a $60 reduction in the net periodic postretirement health care cost. With retiree contributions of 33.3%, the College expects to contribute $654 toward expected net claims in fiscal 2005.

6. RETIREMENT PLAN

The College has a contributory defined contribution retirement plan with the Teachers Insurance and Annuity Association – College Retirement Equities Fund. The College makes contributions based on a percentage of an eligible employee's earnings. Contributions for the years ended June 30, 2004 and 2003 were $5,162 and $5,008, respectively.

7. NOTES PAYABLE

The College has a $10,000 unsecured bank line of credit with interest at LIBOR plus 1.00% renewable on April 30, 2005. The balance outstanding on the line of credit at June 30, 2004 and 2003 was $2,000.

8. CONTINGENCIES

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