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Oberlin College
Financial Report
Year ended June 30, 2001

Financial Report 2000-01

Andrew B. Evans, Vice President for Finance
Ronald R. Watts, Associate Vice President for Finance

We are pleased to present the financial statements for the fiscal year 2000-01 that reflect Oberlin as a strong, financially sound educational institution despite the downturn in the endowment market value. The net assets decreased by $32.3 million to $703.1 million for the year ending June 30, 2001. The slowing of the economy has not dampened the continued success of another extraordinary admissions season or the additional fundraising achievements in the Capital Campaign. The construction progress on the impressive new Science Center building continues on schedule with expenditures to date totaling $38.8 million on a $60.6 million project.

Some of this past year's most significant events included:

- Our general endowment decreased in market value by $34.3 million to a new total of $575.4 million. The change in value during the year consisted of a negative 1.65% total return of -$10 million. Gifts and other additions totaled $13.3 million, support for operations was -$30.4 million, and investment in capital projects accounted for -$7.2 million of the decrease.

- Fundraising for the College had another successful year with contributions totaling $23.8 million. The previous record high of $36.3 million was set last year, which included an exceptional $11.6 million anonymous unrestricted charitable gift annuity.

- "The New Oberlin Century" Capital Campaign continues on track. The Campaign to date has generated $119.2 million in gifts and pledges toward a goal of $165 million by June of 2004.

Enrollment statistics continued a very positive trend with improvements in the applicant pool, admit rate and yield.

		Applications	% of Admitted	Yield
College of A&S	Fall 2001	4,570	39%	35%
	Fall 2000	4,193	48%	33%
	Fall 1999	3,819	58%	29%
	Fall 1998	3,535	63%	28%
Conservatory	Fall 2001	976	27%	49%
	Fall 2000	991	29%	45%
	Fall 1999	1038	32%	40%
	Fall 1998	968	25%	47%

Oberlin was not immune to the volatile equity markets that we observed in the last six months of the fiscal year. As Oberlin moves forward to meet the ever-changing challenge of providing a first class liberal arts education, the long-term commitment to excellence in education will not be altered by short-term fluctuations in the financial markets or the current cyclical effects of our domestic economy.

ARTHUR ANDERSEN

Report of Independent Public Accountants

To the Board of Trustees of
Oberlin College:

We have audited the accompanying statements of financial position of Oberlin College (an Ohio corporation, not for profit) as of June 30, 2001 and 2000, 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. 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, 2001 and 2000, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

Arthur Andersen LLP

Cleveland, Ohio,
November 12, 2001.

Oberlin College

Statements of Financial Position

As of June 30, 2001 and 2000
(dollars in thousands)

ASSETS	2001	2000
Current Assets		
Cash and cash equivalents	$ 3,265	$ 2,444
Short-term investments	311	334
Accounts receivable, net	4,319	4,044
Inventories	253	460
Deposits and prepaid expenses	1,587	2,019
Total current assets	$ 9,735	$ 9,301
Pledges Receivable and Bequests in Probate	$ 12,672	$ 15,144
Long-Term Receivables		
Student loans	$ 10,866	$ 11,373
Allowance for doubtful loans	(1,276)	(1,273)
Total long-term receivables	$ 9,590	$ 10,100
Long-Term Investments		
Assets restricted to investment in land, buildings and equipment	$ 30.291	$ 58,312
Endowment funds	605,985	635,131
Annuity and life income funds	45,606	45,167
Funds held in trust by others	19,568	21,459
Total long-term investments	$ 701,450	$ 760,069
Property, Plant and Equipment		
Land, buildings and equipment	$ 236,348	$ 215.761
Construction in progress	39,985	17,801
Less: accumulated depreciation	(120,774)	(111,745)
Total property, plant and equipment	$ 155,559	$ 121,817
TOTAL ASSETS	$ 889,006	$ 916,431

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

Oberlin College

Statements of Financial Position

As of June 30, 2001 and 2000
(dollars in thousands)

LIABILITIES and NET ASSETS	2001	2000
Current Liabilities		
Accounts payable	$ 36,389	$ 29,828
Current portion of bonds payable	1,355	1,280
Deposits and agency funds	2,548	3,417
Accrued payroll and other liabilities	1,869	1,767
Total current liabilities	$ 42,161	$ 36,292
Other Liabilities		
Accruals for staff benefit programs	17,368	16,988
Annuity obligations	25,556	25,379
Federal student loan funds	5,972	6,050
Notes payable	30	134
Bonds payable, net	94,782	96,128
Total liabilities	$ 185,869	$ 180,971
Net Assets		
Unrestricted -		
Current operations	$ (20,171)	$ (19,850)
Designated for specific purposes	12,061	11,725
Unexpended plant and facility funds	5,073	4,785
Invested in plant facilities	52,323	47,534
Quasi-endowment funds	251,997	276,989
Total unrestricted	$ 301,283	$ 321,183
Temporarily Restricted -		
Donor designated for specific purposes	$ 9,939	$ 8,434
Annuity and life income funds	4,918	5,004
Unexpended plant and facility funds	12,977	18,716
Unamortized contributions for long-lived assets	20,654	13,685
Quasi-endowment funds	195,716	215,595
Total temporarily restricted	$ 244,204	$ 261,434
Permanently Restricted -		
Student loan funds	$ 1,692	$ 1,811
Annuity and life income funds	2,670	2,872
Funds held in trust by others	19,567	21,459
Endowment funds	133,721	126,701
Total permanently restricted	$ 157,650	$ 152,843
Total net assets	$ 703,137	$ 735,460
TOTAL LIABILITIES and NET ASSETS	$ 889,006	$ 916,431

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

Oberlin College

Statement of Activities

For the year ended June 30, 2001
(dollars in thousands)

	2001			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating Revenues				
Tuition and fees	$ 71,926	$ 445		$ 72,371
Auxiliary enterprises	17,133			17,133
Government grants and contributions		2,539		2,539
Private gifts and grants	5,929	3,427		9,356
Investment earnings and gain	15,532	16,365	$ 337	32,234
Other sources	1,983	30		2,013
Net assets released from restrictions	21,663	(21,663)		
Total operating revenues	$ 134,166	$ 1,143	$ 337	$ 135,646
Operating Expenses				
Instruction	$ 38,529			$ 38,529
Research	325			325
Student aid	31,093			31,093
Academic support	8,601			8,601
Student services	8,621			8,621
Institutional support	14,820			14,820
Facilities:				
Operations	6,853			6,853
Depreciation	6,853			6,853
Interest expense	1,360			1,360
Auxiliary enterprises:				
Operations	13,702			13,702
Depreciation	2,177			2,177
Interest expense	1,230			1,230
Total operating expenses	$ 134,164			$ 134,164
Increase in net assets from operating activities	$ 2	$ 1,143	$ 337	$ 1,482
Non-operating Activities				
Investment earnings and gain	$ 29,920	$ 14,720	$ 1,620	$ 46,260
Unrealized gain (loss)	(45,347)	(34,913)	(2,858)	(83,118)
Capital and deferred gifts	502	1,948	9,497	11,947
Pledges and bequests	216	861	(3,549)	(2,472)
Change in annuity obligations	(185)	(202)	210	(177)
Payments to beneficiaries	(1,948)	(623)	(442)	(3,013)
Redesignated funds and other	(3,899)	675	(8)	(3,232)
Net assets released from restrictions	839	(839)		
(Decrease) increase in net assets from non-operating activities	$ (19,902)	$ (18,373)	$ 4,470	$ (33,805)
Net (decrease) increase in net assets	(19,900)	(17,230)	4,807	(32,323)
Net assets at beginning of year	$ 321,183	$ 261,434	$ 152,843	$ 735,460
Net assets at end of year	$ 301,283	$ 244,204	$ 157,650	$ 703,137

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

Oberlin College

Statement of Activities

For the year ended June 30, 2000
(dollars in thousands)

	2000			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating Revenues				
Tuition and fees	$ 68,850	$ 437		$ 69,287
Auxiliary enterprises	17,122			17,122
Government grants and contributions		2,241		2,241
Private gifts and grants	5,443	3,031		8,474
Investment earnings and gain	12,259	12,174	$ 444	24,877
Other sources	2,309	55		2,364
Net assets released from restrictions	17,517	(17,517)		
Total operating revenues	$ 123,500	$ 421	$ 444	$ 124,365
Operating Expenses				
Instruction	$ 34,635			$ 34,635
Research	361			361
Student aid	28,720			28,720
Academic support	7,510			7,510
Student services	8,100			8,100
Institutional support	13,351			13,351
Facilities:				
Operations	6,395			6,395
Depreciation	6,355			6,355
Interest expense	1,408			1,408
Auxiliary enterprises:				
Operations	13,338			13,338
Depreciation	2,081			2,081
Interest expense	1,244			1,244
Total operating expenses	$ 123,498			$ 123,498
Increase in net assets from operating activities	$ 2	$ 421	$ 444	$ 867
Non-operating Activities				
Investment earnings and gain	$ 33,935	$ 33,148	$ 3,689	$ 70,772
Unrealized gain(loss)	28,383	24,902	(2,466)	50,819
Capital and deferred gifts	12,189	5,508	8,066	25,763
Pledges and bequests	(806)	(1,297)	1,388	(715)
Change in annuity obligations	(7,886)	(527)	1,267	(7,146)
Payments to beneficiaries	(953)	(231)	(558)	(1,742)
Redesignated funds and other	(3,234)	(1,851)	804	(4,281)
Net assets released from restrictions	423	(423)		
Increase in net assets from non-operating activities	$ 62,051	$ 59,229	$ 12,190	$ 133,470
Net increase in net assets	62,053	59,650	12,634	134,337
Net assets at beginning of year	$ 259,130	$ 201,784	$ 140,209	$ 601,123
Net assets at end of year	$ 321,183	$ 261,434	$ 152,843	$ 735,460

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

Oberlin College

Statements of Cash Flows

For the years ended June 30, 2001 and 2000
(dollars in thousands)

	2001	2000
Cash Flows From Operating Activities		
Change in net assets	$ (32,323)	$ 134,337
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	9,038	8,448
Changes in assets and liabilities that provide (use) cash:		
Accounts receivable	(275)	(1,929)
Short-term investments	23	2,221
Inventories and prepaid expenses	639	222
Pledges receivable and bequests in probate	2,472	715
Accounts payable and accrued expenses	6,585	10,358
Deposits and deferred revenues	(869)	711
Accruals for staff benefits	380	(215)
Net adjustment of annuity obligations	177	7,146
Contributions restricted for long-term investments	(11,719)	(25,645)
Earnings restricted for long-term investment	902	(1,667)
Net realized and unrealized gains on long-term investments	36,859	(121,591)
Net cash provided by operating activities	$ 11,889	$ 13,111
Cash Flows From Investing Activities		
Purchases of plant and equipment, net	$ (42,771)	$ (20,972)
Proceeds from student loans collected	864	803
Student loans issued	(804)	(869)
Purchases of investments	(785,171)	(359,357)
Proceeds from sales and maturities of investments	807,033	341,888
Other investing activities	348	(47)
Net cash used for investing activities	$ (20,501)	$ (38,554)
Cash Flows From Financing Activities		
Proceeds from contributions for:		
Investment in endowment	$ 9,234	$ 7,410
Investment in long-lived assets	1,363	3,919
Investment in life income agreements	1,122	14,316
Earnings restricted for long-term investment	(902)	1,667
Payments on long-term debt	(1,280)	(1,305)
Payments on notes payable	(104)	(146)
Net cash provided by financing activities	$ 9,433	$ 25,861
Net increase in cash and cash equivalents	$ 821	$ 418
Cash and cash equivalents, beginning of year	2,444	2,026
Cash and cash equivalents, end of year	$ 3,265	$ 2,444

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.

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.

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.

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 at an appropriate discount rate commensurate with the risks involved. 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.

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.

Contributions with Restrictions Met in the Same Year

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

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. 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. 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. These assets amounted to approximately $7,308 at June 30, 2001 and 2000.

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.

Reclassifications

Certain June 30, 2000 data have been reclassified to conform with the June 30, 2001 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 fiscal years 2001 and 2000 was:

	2001	2000
Educational and general properties	$5,601	$5,174
Library books and materials	1,252	1,181
Auxiliary properties	2,177	2,081
	$9,030	$8,436

Unrestricted Bequests

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

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 $4,810 in 2001 and $5,529 in 2000. Included in these totals is $2,389 of capitalized interest for each fiscal year.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles 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.

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 gain (or loss) 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, 2001 Cost Basis	June 30, 2001 Market Value	June 30, 2000 Cost Basis	June 30, 2000 Market Value
ENDOWMENT AND SIMILAR FUNDS				
General Investment Pool				
Fixed Income	$ 109,862	$ 109,839	$ 133,514	$ 132,668
Cash/Cash Equivalents	14,754	14,754	13,292	13,291
Equities	281,921	281,599	227,869	297,766
Venture Capital	131,894	181,612	119,184	180,047
Real Estate	1,009	590	924	341
Oil & Gas Investments	9,196	11,821	5,967	8,742
Accounts Receivable	5,260	5,260	1,770	1,770
Total General Investment Pool	$ 553,896	$ 605,475	$ 502,520	$ 634,625
Non-Pooled Investments				
Fixed Income	$ 234	$ 237	$ 234	$ 232
Cash/Cash Equivalents	15	15	11	11
Equities	66	258	66	263
Total Non-Pooled Invested Funds	$ 315	$ 510	$ 311	$ 506
TOTAL ENDOWMENT FUNDS	$ 554,211	$ 605,985	$ 502,831	$ 635,131
ANNUITY AND LIFE INCOME FUNDS				
Pooled Income Fund Trusts				
Fixed Income	$ 1,105	$ 1,085	$ 1,138	$ 1,099
Cash/Cash Equivalents	85	85	68	68
Accounts Receivable	1	1		
Equities	830	853	886	908
Total Pooled Income Fund Trusts	$ 2,021	$ 2,024	$ 2,092	$ 2,075
Gift Annuity Pool				
Fixed Income	$ 8,322	$ 8,161	$ 7,996	$ 7,635
Cash/Cash Equivalents	1,412	1,412	1,213	1,213
Equities	22,778	22,803	22,481	22,866
Accounts Receivable	9	9	10	10
Total Gift Annuity Pool	$ 32,521	$ 32,385	$ 31,700	$ 31,724
Annuity Trusts And Unitrusts				
Fixed Income	$ 3,406	$ 3,289	$ 4,053	$ 3,817
Cash/Cash Equivalents	515	515	256	255
Equities	7,004	6,986	7,172	7,242
Real Estate	377	377	48	46
Accounts Receivable	30	30	8	8
Total Annuity Trusts and Unitrusts	$ 11,332	$ 11,197	$ 11,537	$ 11,368
TOTAL ANNUITY AND LIFE INCOME FUNDS	$ 45,874	$ 45,606	$ 45,329	$ 45,167
RESTRICTED FOR PLANT FACILITIES				
Fixed Income	$ 4,260	$ 4,931	$ 6,714	$ 7,034
Cash/Cash Equivalents	21,842	21,842	47,449	47,449
Mortgages	464	464	506	506
Real Estate	2,833	2,833	2,819	2,819
Accounts Receivable	221	221	504	504
TOTAL RESTRICTED FOR PLANT FACILITIES	$ 29,620	$ 30,291	$ 57,992	$ 58,312
FUNDS HELD IN TRUST BY OTHERS	$ 16,346	$ 19,568	$ 15,355	$ 21,459
TOTAL ASSETS FOR LONG-TERM INVESTMENT	$ 646,051	$ 701,450	$ 621,507	$ 760,069

3. BONDS PAYABLE

Bonds payable at June 30, 2001 and 2000 consisted of the following:

	2001	2000
Ohio Higher Educational Facility Commission		
Revenue Bonds dated February 1, 1999, maturing annually on October 1, 2006 through 2029 in amounts ranging from $2,355 to $10,000, with interest ranging from 4.00% to 5.25%, net of bond premium of $874 in 2001.	$ 79,749	$ 79,792
Revenue Bonds dated June 1, 1993, maturing annually on October 1 through 2015 in amounts ranging from $710 to $2,220, with interest ranging from 4.9% to 5.375%, net of bond discount of $487 in 2001.	15,938	16,746
Seeley G. Mudd Center Bonds dated October 1, 1971, maturing on October 1, 2001, in the amount of $450, with an interest rate of 4%.	450	870
Total Bonds Payable, Net	$ 96,137	$ 97,408

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 will be used to construct a new science center and other academic facilities. As a result of the extinguishment of the 1985 bonds and a portion of the 1993 bonds, certain capitalized costs were written-off including issuance costs and the retirement of bond discount.

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.

The College has received an interest grant from the United States Office of Education, which has the effect of reducing interest expense over the life of the Seeley G. Mudd Center Bonds from an average rate of 5.5% to 3.0%. These bonds are secured by the College's pledge of certain securities in the *General Investment Pool* having a market value of $1,658 at June 30, 2001.

Future principal payments on the College's outstanding bonds are as follows:

2001-02	1,355
2002-03	1,390
2003-04	1,475
2004-05	710
2005-06	750
Thereafter	90,070

Additionally, the College has $30 of various notes payable at June 30, 2001, related to properties purchased through the Gift Real Estate Program. These notes bear interest at approximately 9.25% to 10% per annum and maturing at various times through October 2001.

The estimated fair market value of all outstanding long-term obligations at June 30, 2001 is $94,420.

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:

	2001	2000
In one year or less	$ 3,028	$ 6,245
Between one year and five years	10,899	9,893
Greater than five years	212	922
Less discount and allowance for uncollectable pledges	(1,467)	(1,916)
	$ 12,672	$ 15,144

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.

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, 2001 and 2000:

Accumulated Postretirement Benefit Obligation	2001	2000
Retirees	$ 8,687	$ 6,117
Other fully eligible participants	3,125	3,550
Other active participants	320	281
	12,132	9,948
Unrecognized excess prior service cost	4,233	4,688
Unrecognized actuarial loss	(2,198)	(239)
Accrued postretirement health care cost liability	$ 14,167	$ 14,397

Net postretirement health care cost for 2001 included the following components:

Service cost - benefits attributed to service during the period	$ 414
Interest cost on accumulated postretirement benefit obligation	744
Net amortization and deferral	(455)
Net postretirement health care cost	$ 703

For measurement purposes, an 8 percent annual rate of increase in the per capita cost of covered health care claims was assumed for 2001; the rate was assumed to decrease gradually to 5 percent by 2005 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, 2001 by $710. The aggregate of the service and interest cost components of net postretirement health care cost for the year then ended would increase by $130. The weighted-average discount rate used in determining the accumulated postretirement benefit obligation was 7 percent.

6. 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.