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THE COLLEGE OF NEW JERSEY FOUNDATION, INC.

(A Component Unit of The College of New Jersey)

Basic Financial Statements and
Management’s Discussion and Analysis

June 30, 2012 and 2011

(With Independent Auditors’ Report Thereon)

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KPMG LLP
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Independent Auditors' Report

The Board of Directors
The College of New Jersey Foundation, Inc.:

We have audited the accompanying basic financial statements of The College of New Jersey Foundation, Inc. (the Foundation), a component unit of The College of New Jersey, as of and for the years ended June 30, 2012 and 2011, as listed in the table of contents. These financial statements are the responsibility of the Foundation'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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 The College of New Jersey Foundation, Inc. as of June 30, 2012 and 2011, and the changes in its financial position and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 2 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

KPMG LLP

October 23, 2012

Overview of Financial Statements and Financial Analysis

The following management's discussion and analysis (MD&A) provides an overview of The College of New Jersey Foundation, Inc. (the Foundation) financial performance during the fiscal years ended June 30, 2012 and 2011, based on currently known facts and conditions; and is designed to assist readers in understanding the accompanying financial statements. The MD&A, financial statements and notes are the responsibility of the Foundation's management. Since the MD&A is designed to focus on current activities, resulting change, and currently known facts, it should be read in conjunction with the Foundation's financial statements and the related footnote disclosures.

Using the Financial Statements

The Foundation's financial report includes three financial statements, the Statement of Net Assets, the Statement of Revenues, Expenses, and Changes in Net Assets, and the Statement of Cash Flows. These financial statements are prepared in accordance with U.S. generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB). The financial statements presented focus on the financial position of the Foundation, the changes in financial position, and cash flows of the Foundation as a whole.

Fiscal Years 2012 and 2011 Investments Highlights

The tumultuous performance of the financial markets during fiscal year 2012 had a negative impact on the Foundation's investment portfolio, yielding an average return of negative 0.49% for the endowment pool and a positive 0.79% for the more conservatively invested gift annuity pool. The Foundation's investment portfolio performed positively for the fiscal year ended June 30, 2011, with average returns of 18.5% for the endowment pool and 22.0% for the more conservatively invested gift annuity pool. These returns improved upon the solid performance experienced in the previous fiscal year.

Statement of Net Assets

The Statement of Net Assets presents the financial position of the Foundation as of the end of the fiscal year. The purpose of the Statement of Net Assets is to present to the readers of the financial statements a fiscal snapshot of the Foundation. Assets that the Foundation owns are primarily measured at fair value. Assets are categorized as either current or noncurrent. Liabilities are what the Foundation owes to others and are also categorized as either current or noncurrent.

The Foundation's net assets are divided into three major categories: restricted-nonexpendable, restricted-expendable and unrestricted. Restricted expendable are available to the Foundation but must be used for purposes as determined by donors and/or external entities. Restricted nonexpendable net assets represent the endowed gifts which donors required to be invested in perpetuity. Finally, unrestricted net assets include amounts without external constraint as to use that are internally designated or committed to support specific academic and research programs and unrestricted funds functioning as endowments.

The following table shows a condensed statement of net assets as of June 30, 2012, 2011, and 2010:

Condensed Statement of Assets, Liabilities and Net Assets		2012	2011	2010
Assets:				
Current assets	$	3,142,911	3,042,053	3,412,543
Noncurrent assets		21,549,011	21,264,727	17,128,718
Total assets		24,691,922	24,306,780	20,541,261
Liabilities:				
Current liabilities		502,833	373,263	371,890
Noncurrent liabilities		2,292,325	2,411,179	2,362,043
Total liabilities		2,795,158	2,784,442	2,733,933
Net assets:				
Restricted – nonexpendable		7,721,936	6,896,497	6,666,964
Restricted – expendable		11,043,267	11,042,855	8,023,965
Unrestricted		3,131,561	3,582,986	3,116,399
Total net assets	$	21,896,764	21,522,338	17,807,328

Cash and Investment Pools

The Foundation utilizes a pooled investment concept whereby contributions are included in various investment pools, except for investments of certain gifts that are otherwise restricted by donors. As of June 30, 2012, cash and investments held by the Foundation was $24.7 million, up from $24.3 million at the previous year end.

These assets are allocated among various investment pools as shown below:

Pool	Type of Funds		2012	2011	2010
Cash and cash equivalents	Working capital to support operating activities	$	834,885	678,668	1,791,225
Endowment pool	Contributions to establish endowment funds		18,126,730	17,499,380	14,446,577
Gift annuities and trusts	Gifts managed independently of endowment pool		5,688,610	6,078,030	4,097,528
	Total	$	24,650,225	24,256,078	20,335,330

(continued)

The Foundation's working capital is invested primarily with the New Jersey State Cash Management Fund to support operating activities. The balance fluctuates during the course of the year based on the Foundation's cash flow cycle of receipts and disbursements.

The endowment pool invests endowed gifts from donors and is managed with a philosophy of diversifying the investments across asset classes and investment managers to maximize long term performance, reduce volatility, and control risks. The endowment assets are invested with the confidence that economic cycles will rise and fall but that a diversified portfolio will provide the long-term growth necessary to preserve the value of the endowments over the long term.

The Foundation also holds assets given by donors in the form of trusts and gift annuities. These assets are invested and managed separately from the endowment pool in accordance with the donor's instructions.

Cash and Cash Equivalents

During fiscal year 2012, the Foundation's cash and cash equivalents increased by $156 thousand due primarily to successful fund-raising campaign resulting in cash receipts from contributions and private grants of $3.5 million. This was offset by the investment of excess cash balances, funding for scholarships and other operating expenses, plus transfers of donor directed and restricted funds to the College.

During fiscal year 2011, the Foundation's cash and cash equivalents decreased by $1.1 million due primarily to the investment of excess cash balances, funding for scholarships and other operating expenses, plus transfers of donor directed and restricted funds to the College. This was offset by the successful fund-raising campaign resulting in cash receipts from contributions and private grants of $2.8 million.

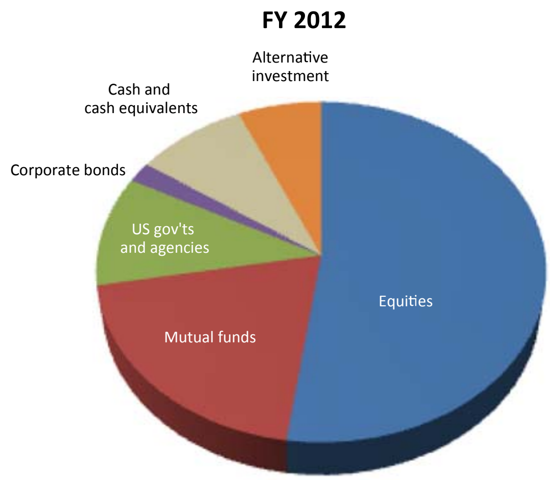
Investment Portfolio

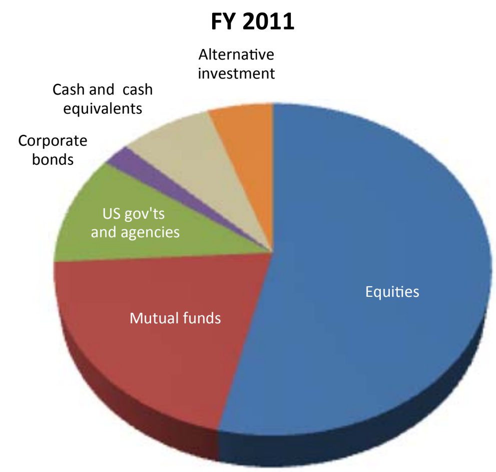
In managing the endowment portfolio, one of the most important strategies is to determine the appropriate allocation of investments among the various asset classes. The investment committee has taken numerous actions in the portfolio over the years in an attempt to diversify the investments across asset classes, to temper market volatility, and to control risks. The Foundation retained an independent investment advisor to assist the investment committee in developing its asset allocation strategy.

In fiscal year 2012, investments increased by approximately $238 thousand. The increases were attributed to net transfers of $616 thousand in excess cash to investment managers, along with investment income totaling $600 thousand offset by $613 thousand in unrealized losses and investment manager fees. In-addition, there was $364 thousand in disbursements of contractual payments to gift annuitants. For fiscal year 2012, the endowment pool had a negative rate of return of 0.49% while the gift annuity pool earned 0.79% compared to the investment advisor benchmark style index positive returns of 1.71% and 2.26%, respectively.

In fiscal year 2011, investments increased by approximately $5.0 million. The increases were attributed to the recording of a $1.3 million trust of which the Foundation is the sole beneficiary, transfers of $672 thousand in excess cash to investment managers, along with investment gains and income totaling $3.6 million offset by $172 thousand in investment manager fees. This was offset by $362 thousand in disbursements of contractual payments to gift annuitants. For fiscal year 2011, the endowment pool earned a rate of return of 18.5% and the gift annuity pool earned 22.0% compared to the investment advisor benchmark style index of 17.2% and 21.4%, respectively

As of June 30, 2012, investments held by the Foundation exceeded $23.8 million, up from $23.6 million from the previous fiscal year. The portfolio was allocated among various asset classes as shown below:



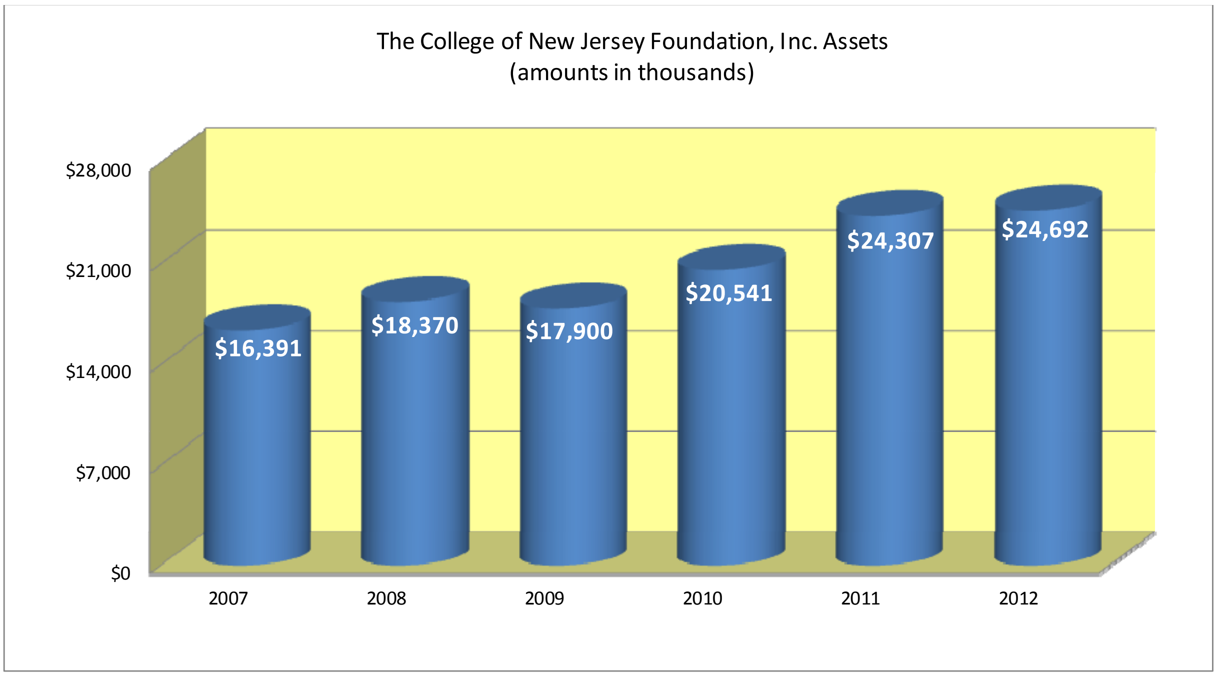


Asset Allocation	FY12 Balance	FY12 Percentage	FY11 Balance	FY11 Percentage
Equities	$ 12,443,085	52.2%	$ 12,657,382	53.7%
Mutual funds	4,748,424	20.0%	4,814,842	20.4%
US gov'ts and agencies	2,497,233	10.5%	2,538,433	10.8%
Corporate bonds	463,986	1.9%	541,925	2.3%
Cash and cash equivalents	2,093,885	8.8%	1,774,035	7.5%
Alternative investment	1,568,727	6.6%	1,250,793	5.3%
Total Investments	$ 23,815,340	100.0%	$ 23,577,410	100.0%

Growth of the Foundation's Assets

The chart below illustrates the growth of the Foundation's assets over the past years, which resulted from annual fundraising campaigns coupled with investment appreciation. As of June 30, 2012, the Foundation's assets, which consist primarily of cash and investments, totaled $24.7 million.

The chart below illustrates the growth of the Foundation's assets over the last six fiscal years.



Liabilities

In both fiscal years 2012 and 2011, total liabilities remained stable. The increase in accounts payable were directly offset by the decrease annuities payable due to the adjustments of the actuarial present value of the gift annuities.

Working Capital

The working capital is a key metric used to measure the Foundation's liquidity for operation. The excess of current assets over current liabilities reflects the continuing ability of the Foundation to satisfy its short-term obligations as they come due. As of June 30, 2012 and 2011, the current liabilities were $503 thousand and $373 thousand, respectively. The Foundation's current assets of $3.1 million and $3.0 million as of June 30, 2012 and 2011, respectively were indicators that the Foundation had adequate liquidity to satisfy its current obligations.

(continued)

Net Assets

The change in net assets, the difference between total assets and total liabilities, is one indicator of whether the overall financial condition of the Foundation has improved or worsened during the fiscal year. During fiscal years 2012 and 2011, net assets increased by $374 thousand or 1.7% and $3.7 million or 20.9%, respectively. In both years, the changes were directly related to the performance of the investment portfolio and successful fundraising campaigns.

Nonexpendable Net Assets

During fiscal years 2012 and 2011, nonexpendable net assets increased by $825 thousand or 12.0% and $230 thousand or 3.4%, respectively. These increases were mainly due to endowed gifts received during those years that were designated by donors to be invested in perpetuity.

Expendable Net Assets

In fiscal year 2012, expendable net assets remained steady. For fiscal year 2011, this net asset category had a significant increase of $3.0 million or 37.6%, primarily due to the receipt of gifts that were designated as expendable coupled with investments appreciation and dividend income.

Unrestricted Net Assets

In fiscal years 2012, unrestricted net assets had a decrease of $451 thousand or 12.6% while in fiscal year 2011, there was an increase of $467 thousand or 15.0%. In both years, these changes were the results of the receipts of unrestricted gifts offset by the operating expenses that were incurred.

Statement of Revenues, Expenses, and Changes in Net Assets

The Statement of Revenues, Expenses, and Changes in Net Assets present the revenues earned and the expenses incurred by the Foundation during the fiscal year. Activities are reported as either operating or nonoperating. Generally speaking, operating revenues are received from expendable contributions and operating expenses are incurred in the normal operation of the Foundation.

(continued)

The following table shows a condensed statement of revenues, expenses, and changes in net assets for the years ended June 30, 2012, 2011, and 2010:

Condensed Statement of Revenues, Expenses and Changes in Net Assets		2012	2011	2010
Operating revenues	$	3,087,512	3,841,004	2,846,904
Operating expenses		3,283,909	3,374,225	1,783,075
Operating (loss) income		(196,397)	466,779	1,063,829
Nonoperating and other revenues, net		570,823	3,248,231	2,236,778
Increase in net assets		374,426	3,715,010	3,300,607
Net assets, beginning of year		21,522,338	17,807,328	14,506,721
Net assets, end of year	$	21,896,764	21,522,338	17,807,328

Operating Revenues

The Foundation's main source of revenue is contributions and private grants. Unrestricted and expendable contributions and private grants are reported as operating revenues. In fiscal years 2012, the gifts designated by donors as expendable were much less when compared to the previous fiscal year even though in both years the fundraising goal was achieved.

Operating Expenses

Operating expenses include donor directed scholarships and awards and fundraising events expense and restricted funds distributed to the College of New Jersey. Operating expenses remained relatively stable in fiscal year 2012 compared to the previous fiscal year.

Nonoperating and Other Revenues (Expenses), net

In fiscal year 2012, nonoperating expenses totaled $255 thousand. This amount was comprised of investment loss totaling $13 thousand and the actuarial adjustment to the annuities payable liability of $242 thousand. Other revenues included additions to permanent endowments of $825 thousand that represent gifts to be held in perpetuity.

In fiscal year 2011, nonoperating revenues, net totaled $3.0 million. This amount was comprised of investment income totaling $3.4 million and the actuarial adjustment to the annuities payable liability of $420 thousand. Other revenues included additions to permanent endowments of $230 thousand that represent gifts to be held in perpetuity.

STATEMENTS OF NET ASSETS

June 30, 2012 and 2011

Assets		2012	2011
Current assets:			
Cash and cash equivalents (note 3)	$	834,885	678,668
Investments (note 4)		2,276,149	2,321,183
Miscellaneous receivables		31,877	42,202
Total current assets		3,142,911	3,042,053
Noncurrent assets:			
Investments (note 4)		115,557	536,210
Restricted investments (note 4)		21,423,634	20,720,017
Other assets		9,820	8,500
Total noncurrent assets		21,549,011	21,264,727
Total assets		24,691,922	24,306,780
Liabilities			
Current liabilities:			
Accounts payable		136,727	3,777
Annuities payable (note 6)		366,106	369,486
Total current liabilities		502,833	373,263
Noncurrent liabilities:			
Annuities payable (note 6)		2,292,325	2,411,179
Total noncurrent liabilities		2,292,325	2,411,179
Total liabilities		2,795,158	2,784,442
Net Assets			
Restricted:			
Nonexpendable:			
Scholarships		5,885,681	5,545,883
Other programs		1,836,255	1,350,614
Expendable:			
Scholarships		8,047,618	7,551,781
Research		160,570	160,680
Other		2,835,079	3,330,394
Unrestricted		3,131,561	3,582,986
Total net assets	$	21,896,764	21,522,338

See accompanying notes to financial statements.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

Years ended June 30, 2012 and 2011

		2012	2011
Operating revenues:			
Contributions	$	1,656,710	3,095,431
Private grants		1,430,802	745,573
Total operating revenues		3,087,512	3,841,004
Operating expenses:			
Scholarships and awards		714,887	711,051
Fundraising events		22,896	5,666
Program services		84,406	66,807
Restricted funds contributed to The College of New Jersey and Affiliates (note 5)		2,461,720	2,590,701
Total operating expenses		3,283,909	3,374,225
Operating (loss) income		(196,397)	466,779
Nonoperating (expenses) revenues:			
Investment (loss) income		(12,681)	3,438,342
Adjustment to actuarial liability for annuities payable		(241,935)	(419,644)
Nonoperating (expenses) revenues		(254,616)	3,018,698
(Loss) income before other revenues		(451,013)	3,485,477
Additions to permanent endowments		825,439	229,533
Increase in net assets		374,426	3,715,010
Net assets as of beginning of year		21,522,338	17,807,328
Net assets as of end of year	$	21,896,764	21,522,338

See accompanying notes to financial statements.

STATEMENTS OF CASH FLOWS

Years ended June 30, 2012 and 2011

		2012	2011
Cash flows from operating activities:			
Contributions and private grants	$	2,674,992	2,528,260
Scholarships and awards		(582,195)	(711,051)
Fundraising events		(22,896)	(5,666)
Program services		(85,151)	(66,065)
Restricted funds contributed to The College of New Jersey and Affiliates		(2,069,533)	(2,590,701)
Net cash used by operating activities		(84,783)	(845,223)
Cash flows from noncapital financing activities:			
Additions to permanent endowments		825,439	229,533
Payments to annuitants		(364,169)	(362,260)
Net cash provided by (used by) noncapital financing activities		461,270	(132,727)
Cash flows from investing activities:			
Interest income		431,989	382,134
Purchases of securities		(12,151,770)	(12,645,853)
Proceeds from sales of securities		11,499,511	12,129,112
Net cash used by investing activities		(220,270)	(134,607)
Net increase (decrease) in cash and cash equivalents		156,217	(1,112,557)
Cash and cash equivalents as of beginning of year		678,668	1,791,225
Cash and cash equivalents as of end of year	$	834,885	678,668
Reconciliation of operating (loss) income to net cash used by operating activities:			
Operating (loss) income	$	(196,397)	466,779
Noncash transactions		(30,941)	(1,312,744)
Adjustments to reconcile operating (loss) income to net cash used by operating activities:			
Miscellaneous receivables		9,605	2,374
Accounts payable		132,950	(1,632)
Net cash used by operating activities	$	(84,783)	(845,223)
Noncash transactions:			
Contributions of investments, donated artwork and equipment	$	30,941	1,312,744

See accompanying notes to financial statements.

(1) Organization

The College of New Jersey Foundation, Inc. (the Foundation) is a not-for-profit organization exempt from income tax under Internal Revenue Service Code 501(c)(3). The Foundation's objective is to obtain private funding to enhance the educational goals of The College of New Jersey (the College). The Foundation's assets are used exclusively for the benefit, support and promotion of the College and its educational activities. The Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The accounting policies of the Foundation conform to U.S. generally accepted accounting principles. The Foundation financial statements are based on all applicable Governmental Accounting Standards Board (GASB) pronouncements as well as applicable Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Review Board of the Committee on Accounting Procedure issued solely on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Net assets are classified into the following categories:

- ***Restricted:***

  Nonexpendable: Net assets subject to externally imposed stipulations that must be maintained permanently by the Foundation.

  Expendable: Net assets whose use is subjected to externally imposed stipulations that can be fulfilled by actions of the Foundation pursuant to the stipulations or that expire by the passage of time.

- ***Unrestricted:***

  Net assets that are not subject to externally imposed stipulations and may be designated for specific purposes by action of the board of directors.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the Foundation's policy is to first apply the expense towards restricted resources and then towards unrestricted resources.

(b) Measurement Focus and Basis of Accounting

The accompanying financial statements of the Foundation have been prepared on the accrual basis of accounting using the economic resources measurement focus.

(c) Cash and Cash Equivalents

Cash and cash equivalents consist of investments with the New Jersey State Cash Management Fund and Wells Fargo Bank. The New Jersey State Cash Management Fund is combined into a large-scale investment program with amounts contributed by other state entities. These investments consist primarily of U.S. Treasury issues, commercial paper and certificates of deposit. Cash and cash equivalents consist of cash on hand and all highly liquid investments purchased with an original maturity of three months or less, except for those managed as a component of the Foundation's investment portfolio.

(d) Investments

Investments are reflected at fair value, which is based on quoted market prices. Alternative investments are valued using current estimates of fair value obtained from the investment manager in the absence of readily determinable public market values. The estimated fair value of these investments is based on the most recent valuations provided by external investment managers. Because alternative investments are not readily marketable, their estimated 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 difference could be material. Purchases and sales of investments are accounted for on the trade-date basis. Investment income is recorded on an accrual basis.

(e) Contributions

Contributions, including pledges other than endowments, are recognized when all eligibility requirements for recognition are met, which generally is the period the amount is donated to the Foundation. Pledges related to permanent endowments and term endowments do not meet the eligibility requirements for recognition criteria of GASB Statement No. 33 until cash is received. These pledges, which were $560,078 and $882,963 as of June 30, 2012 and 2011, respectively, have not been included in the accompanying statements of net assets and are recorded as additions to permanent endowments upon meeting the eligibility requirements for recognition.

(f) Classification of Operations

The Foundation's policy for defining operating activities as reported on the statements of revenues, expenses, and changes in net assets are those that serve the Foundation's principal purpose. Operating activities generally result from contributions received, payments made for scholarships and awards, expenses associated with fundraising events, and distributions to the College. Nonoperating revenues include activities such as investment income. Nonoperating expenses include the adjustment to annuities payable.

(g) ***Donor Restricted Endowments***

The Foundation manages, invests and administers the donor restricted endowment funds in accordance with the Uniform Prudent Management of Institutional Funds Act. Endowment investments are subject to the restriction of gift instruments requiring that the principal be invested in perpetuity and the income be utilized in accordance with the terms of each specific gift. It is the Foundation's policy to account for endowment appreciation in accordance with donor specification. Appreciation on donor restricted endowments is included in the restricted expendable net assets in the accompanying financial statements. The Board of Trustees of the Foundation authorizes an amount of appropriation and expenditure of the funds each fiscal year in accordance with donor specifications and the Act.

(h) ***Annuities Payable***

Annuities payable are created when assets are contributed to the Foundation on condition that the Foundation obligate itself to pay stipulated amounts periodically to designated annuitants. Annuities payable are recorded at the present value of the expected future cash payments to the annuitants. Changes in the life expectancy of the donor or annuitant, amortization of the discount and other changes in the estimates of future payments are reported as an adjustment to actuarial liability for annuities payable in the accompanying statements of revenues, expenses, and changes in net assets.

(i) ***Reclassification***

Certain reclassifications of 2011 amounts have been made to conform to the 2012 presentation.

(j) ***Use of Estimates***

The preparation of financial statements in conformity with U.S. 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 revenues and expenses during the reported period. Actual results could differ from those estimates.

(3) Cash and Cash Equivalents

The carrying amount of cash as of June 30, 2012 and 2011 was $463,357 and $307,307, respectively, while the amount on deposit with a bank was $464,143 and $309,149, respectively.

Custodial credit risk associated with the Foundation's cash and cash equivalents includes uncollateralized deposits, including any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the Foundation's name. The Foundation's bank deposits as of June 30, 2012 and 2011 were insured by Federal Depository Insurance up to $250,000. Bank balances as of June 30, 2012 and 2011 of $214,143 and $59,149, respectively, were uninsured and uncollateralized.

The Foundation participates in the State of New Jersey Cash Management Fund wherein amounts also contributed by other State entities are combined into a large scale investment program. The carrying amount and fair value as of June 30, 2012 and 2011 was $371,528 and $371,361, respectively.

The operations of the Cash Management Fund are governed by the provisions of the State Investment Council Regulations for the purpose of determining authorized investments. Statutes of the State of New Jersey and Regulations of the State Investment Council authorize the New Jersey Division of Investment to invest in obligations of the U.S. Treasury, agencies, and municipal or political subdivisions of the State, commercial paper, bankers acceptances, revenue obligations of public authorities, debt instruments of banks, collateralized notes, and mortgages, certificates of deposit, repurchase agreements, equity, and convertible equity securities, and other common types of investment securities. Investee institutions and organizations are prescribed by the statutes and regulations based on such criteria as minimum capital, dividend paying history, credit history, and other evaluation factors. The Cash Management Fund is unrated.

(4) Investments

The Foundation has an investment policy, which establishes guidelines for permissible investments. The primary investment objective is to preserve and increase the value of endowment funds and maximize the long-term total rate of return on all invested assets while assuming a level of risk consistent with prudent investment practices for such funds. The Foundation may invest in obligations of the U.S. Government, certificates of deposit, money market funds, equities and stock funds, bonds and bond funds, and alternative investments. Investments consist of the following as of June 30, 2012 and 2011:

Investments

		2012	2011
Cash and cash equivalents	$	2,093,885	1,774,035
U.S. Treasury bills and notes and Government agencies		2,497,233	2,538,433
Corporate bonds		463,986	541,925
Equities		12,443,085	12,657,382
Mutual funds		4,748,424	4,814,842
Alternative investment		1,568,727	1,250,793
	$	23,815,340	23,577,410

The Foundation's investments are subject to various risks. Among these risks are credit risk and interest rate risk. Each one of these risks is discussed in more detail below.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The credit risk of a debt instrument is measured by nationally recognized statistical rating agencies such as Moody's Investors Service, Inc. (Moody's).

As of June 30, 2012, the Foundation's fixed income investments, which consist of U.S. Treasury bills and notes, U.S. Government agencies, and corporate bonds, were rated as follows:

Fixed Income Investments Ratings 2012					
Rating		Total	U.S. Treasury bills and notes	U.S. Government agencies	Corporate bonds
Aaa	$	2,504,497	1,211,510	1,285,723	7,264
Aa1		11,429	—	—	11,429
Aa2		26,094	—	—	26,094
Aa3		26,090	—	—	26,090
A1		85,223	—	—	85,223
A2		81,833	—	—	81,833
A3		87,054	—	—	87,054
Baa1		33,405	—	—	33,405
Baa2		90,219	—	—	90,219
Baa3		15,375	—	—	15,375
Total	$	2,961,219	1,211,510	1,285,723	463,986

As of June 30, 2011, the Foundation's fixed income investments, which consist of U.S. Treasury bills and notes, U.S. Government agencies, and corporate bonds, were rated as follows:

Fixed Income Investments Ratings 2011					
Rating		Total	U.S. Treasury bills and notes	U.S. Government agencies	Corporate bonds
Aaa	$	2,547,803	1,204,341	1,334,092	9,370
Aa1		9,705	—	—	9,705
Aa2		79,172	—	—	79,172
Aa3		99,954	—	—	99,954
A1		82,313	—	—	82,313
A2		51,314	—	—	51,314
A3		37,012	—	—	37,012
Baa1		89,145	—	—	89,145
Baa2		67,528	—	—	67,528
Baa3		10,544	—	—	10,544
B2		5,868	—	—	5,868
Total	$	3,080,358	1,204,341	1,334,092	541,925

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of a debt investment. The Foundation's investment policy provides limitations in the maturities of various types of investments. As of June 30, 2012, the Foundation's fixed income investments, which consist of U.S. Treasury bills and notes, U.S. Government agencies, and corporate bonds, had maturity dates as follows:

Fixed Income Investments Maturity 2012

Maturing in years		Total	U.S. Treasury bills and notes	U.S. Government agencies	Corporate bonds
Less than 1	$	182,264	97,841	—	84,423
1 – 5		580,024	288,023	94,514	197,487
6 – 10		898,474	731,892	9,534	157,048
Greater than 10		1,300,457	93,754	1,181,675	25,028
Total	$	2,961,219	1,211,510	1,285,723	463,986

As of June 30, 2011, the Foundation's fixed income investments, which consist of U.S. Treasury bills and notes, U.S. Government agencies, and corporate bonds, had maturity dates as follows:

Fixed Income Investments Maturity 2011

Maturing in years		Total	U.S. Treasury bills and notes	U.S. Government agencies	Corporate bonds
Less than 1	$	547,147	426,592	21,856	98,699
1 – 5		815,328	439,000	135,333	240,995
6 – 10		368,496	212,430	—	156,066
Greater than 10		1,349,387	126,319	1,176,903	46,165
Total	$	3,080,358	1,204,341	1,334,092	541,925

(5) Transactions with Affiliates

The Foundation approved disbursements to the College and Alumni Association for support of restricted private grants, departments, and donated capital assets of $2,461,720 and $2,590,701 during fiscal years 2012 and 2011, respectively. The amounts disbursed to the Alumni Association were $900 and $193,765 during fiscal years 2012 and 2011, respectively. The College provides certain administrative functions on behalf of the Foundation. The costs were not charged to the Foundation in fiscal years 2012 and 2011. The following table shows the contributions for fiscal years 2012 and 2011:

Transactions with Affiliates

		2012	2011
Restricted funds - Private Grants	$	1,644,749	1,998,238
Restricted funds - Departmental Transfers		425,138	582,939
Gifts in Kind		391,833	9,524
Total	$	2,461,720	2,590,701

(6) Noncurrent Liabilities

For the years ended June 30, 2012 and 2011, noncurrent liabilities activity was as follows:

Noncurrent Liabilities Activity

2012		Beginning balance	Additions	Reductions	Ending balance	Current portion
Noncurrent liabilities:						
Annuities payable	$	2,780,665	241,935	364,169	2,658,431	366,106
Total noncurrent liabilities	$	2,780,665	241,935	364,169	2,658,431	366,106
2011		**Beginning balance**	**Additions**	**Reductions**	**Ending balance**	**Current portion**
Noncurrent liabilities:						
Annuities payable	$	2,728,123	414,802	362,260	2,780,665	369,486
Total noncurrent liabilities	$	2,728,123	414,802	362,260	2,780,665	369,486