

WSB

231/20

FC 22268

TUESDAY



A00KQH1

A19

20/12/2011

#148

COMPANIES HOUSE

PRINCETON UNIVERSITY PRESS

Financial Statements

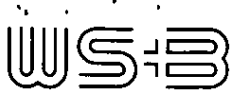
June 30, 2011 and 2010

With Independent Auditors' Report

COMPANIES HOUSE

Princeton University Press
Contents to Financial Statements
June 30, 2011 and 2010

	Page(s)
Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position	2
Statements of Activities and Changes in Net Assets	3
Statements of Cash Flows	4
Notes to Financial Statements	5-15



WithumSmith+Brown, PC
Certified Public Accountants and Consultants

5 Vaughn Drive
Princeton, New Jersey 08540 USA
609 520 1188 fax 609 520 9882
www.withum.com

Additional Offices in New Jersey
New York Pennsylvania Maryland,
Florida and Colorado

Independent Auditors' Report

To the Trustees of
Princeton University Press

We have audited the accompanying statements of financial position of Princeton University Press (the "Press") as of June 30, 2011 and 2010, and the related statements of activities and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Press' 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 Princeton University Press as of June 30, 2011 and 2010, and the results of its operations, changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Withum Smith+Brown PC".

November 21, 2011

Princeton University Press
Statements of Financial Position
June 30, 2011 and 2010

	2011	2010
Assets		
Current assets		
Cash and cash equivalents	\$ 12,241,678	\$ 10,741,948
Accounts receivable, net of allowance for doubtful accounts and sales returns of \$2,270,462 in 2011 and \$2,244,477 in 2010	823,576	2,119,214
Inventories, net	4,725,989	4,408,604
Other current assets	<u>4,744,506</u>	<u>4,335,394</u>
Total current assets	22,535,749	21,605,160
Author advances	2,900,185	2,457,844
Due from related parties	146,658	183,785
Property and equipment, net	4,799,260	4,660,494
Investments in Princeton University primary pool	84,907,445	69,456,993
Investments in Princeton University secondary pool	<u>7,691</u>	<u>7,682</u>
	<u>\$115,296,988</u>	<u>\$ 98,371,958</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities	\$ 1,754,677	\$ 2,326,880
Current portion of note payable	164,081	239,207
Royalties payable	3,505,821	3,267,759
Subsidies applicable to future publications	<u>1,175,931</u>	<u>1,086,738</u>
Total current liabilities	6,600,510	6,920,584
Note payable, net of current portion	2,378,588	2,542,669
Other liabilities - including reserve for post retirement major medical benefits of \$772,931 in 2011 and \$722,181 in 2010	797,893	747,140
Net assets		
Unrestricted	88,524,799	74,220,971
Permanently restricted	<u>16,995,198</u>	<u>13,940,594</u>
Total net assets	<u>105,519,997</u>	<u>88,161,565</u>
	<u>\$115,296,988</u>	<u>\$ 98,371,958</u>

The Notes to Financial Statements are an integral part of this statement

Princeton University Press

	2011			2010		
	Unrestricted	Permanently Restricted	Total	Unrestricted	Permanently Restricted	Total
Net sales	\$ 25,469,778	\$ --	\$ 25,469,778	\$ 26,959,564	\$ --	\$ 26,959,564
Cost of sales	10,638,553	--	10,638,553	11,275,700	--	11,275,700
Gross margin	14,831,225	--	14,831,225	15,683,864	--	15,683,864
Income from publishing rights	861,596	--	861,596	670,393	--	670,393
Gross margin including publishing rights	15,692,821	--	15,692,821	16,354,257	--	16,354,257
Operating expenses	16,937,024	--	16,937,024	17,084,823	--	17,084,823
Net deficit from operations	(1,244,203)	--	(1,244,203)	(730,566)	--	(730,566)
Other income (expense)						
Foreign currency exchange gain (loss)	143,647	--	143,647	(198,017)	--	(198,017)
Other income	71,473	--	71,473	28,414	--	28,414
Excess of expenditures over income from departmental operations	(1,029,083)	--	(1,029,083)	(900,169)	--	(900,169)
Income allocated for spending	2,771,547	746,225	3,517,772	2,639,543	710,684	3,350,227
Surplus before other changes in net assets	1,742,464	746,225	2,488,689	1,739,374	710,684	2,450,058
Other changes in net assets						
Amortization of postretirement benefit plan cumulative gain	(68,382)	--	(68,382)	(75,774)	--	(75,774)
Internal subsidies applied	(672,036)	--	(672,036)	(749,798)	--	(749,798)
Contributions	349,444	--	349,444	332,800	--	332,800
Interfund transfers	746,225	(746,225)	--	710,684	(710,684)	--
Unrealized gain on investments in primary pool	12,206,113	3,054,604	15,260,717	4,503,106	1,130,752	5,633,858
Change in net assets	14,303,828	3,054,604	17,358,432	6,460,392	1,130,752	7,591,144
Net assets, beginning of year	74,220,971	13,940,594	88,161,565	67,760,579	12,809,842	80,570,421
Net assets, end of year	\$ 88,524,799	\$ 16,995,198	\$ 105,519,997	\$ 74,220,971	\$ 13,940,594	\$ 88,161,565

The Notes to Financial Statements are an integral part of this statement

Princeton University Press
Statements of Cash Flows
Years Ended June 30, 2011 and 2010

	2011	2010
Cash flows from operating activities		
Change in net assets	\$ 17,358,432	\$ 7,591,144
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Bad debts and sales returns	25,985	350,000
Depreciation and amortization	275,418	274,023
Unrealized gain on investment in primary pool	(15,260,717)	(5,633,858)
Change in		
Decrease (increase) in accounts receivable	1,269,653	(614,032)
(Increase) decrease in inventories	(317,385)	58,423
(Increase) decrease in other current assets	(409,112)	314,815
Increase in author advances	(442,341)	(95,242)
Decrease in due from related parties	37,127	35,105
(Decrease) increase in accounts payable and accrued liabilities	(572,203)	608,618
Increase in royalties payable	238,062	678,011
Increase in subsidies applicable to future publications	89,193	35,165
Increase in postretirement major medical benefits obligation	50,753	47,029
Net cash provided by operating activities	2,342,865	3,649,201
Cash flows from investing activities		
Purchase of investments	(189,744)	(194,752)
Purchase of property and equipment	(414,184)	(197,247)
Net cash used by investing activities	(603,928)	(391,999)
Cash flows from financing activities		
Interfund transfers to/from funds invested in the Princeton University Market pools	3,517,772	3,350,227
Income allocated for spending	(3,517,772)	(3,350,227)
Repayment of note payable	(239,207)	(374,684)
Investment income allocated for spending	(349,444)	(332,800)
Funds withdrawals	349,444	332,800
Net cash used by financing activities	(239,207)	(374,684)
Net change in cash	1,499,730	2,882,518
Cash and cash equivalents		
Beginning of year	10,741,948	7,859,430
End of year	\$ 12,241,678	\$ 10,741,948
Supplemental disclosures of cash flow information		
Cash paid during the year for		
Interest	\$ 140,413	\$ 160,800

The Notes to Financial Statements are an integral part of this statement

Princeton University Press
Notes to Financial Statements
June 30, 2011 and 2010

1. Organization and Summary of Significant Accounting Policies

Significant accounting policies followed in the preparation of the accompanying financial statements are outlined as follows

Nature of Organization

Princeton University Press (the "Press") is a not-for-profit organization that publishes scholarly and educational books, principally in the areas of the humanities, social sciences and natural sciences

Basis of Accounting

The financial statements of the Press have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities

Basis of Presentation

Financial statement presentation follows the recommendations of the accounting standards board for the financial statements for Not-for-Profit Organizations. Under the standard, the organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets

Property and Equipment

Property and equipment are recorded at cost. The Press' policy is to capitalize all asset purchases greater than \$3,000. Depreciation and amortization of property and equipment is provided on a straight-line basis over the following estimated useful lives:

Computer Equipment	3	years
Delivery Equipment	5	years
Furniture and Fixtures	10	years
Building and Improvements	10 - 40	years

Use of Estimates

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and in the bank as well as all short-term securities held for the primary purpose of general liquidity. Such securities normally mature within three months from the original date of the investment.

Sales Returns and Doubtful Accounts

The Press provides an allowance for doubtful accounts and estimated future returns of books shipped to customers. The allowance for doubtful accounts and returns is shown as a reduction of receivables in the accompanying Statements of Financial Position.

Inventories

Inventories consist of books and work in process and are stated at the lower of cost, on a first-in, first-out basis, or market. The Press expenses all preprinting costs such as composition and plate-making in the year books are published. The amounts expensed in 2011 and 2010 were \$1,382,995 and \$1,821,115, respectively. Work in process totaled \$1,337,697 and \$1,066,104 for the years ended June 30, 2011 and 2010, respectively. The inventory valuation allowance aggregates \$2,014,902 and \$1,863,160 at June 30, 2011 and 2010, respectively.

Sales

The Press recognizes sales when books are shipped to customers. In accordance with industry practice, estimated sales returns are provided at the time books are shipped.

Princeton University Press
Notes to Financial Statements
June 30, 2011 and 2010

Advertising

Advertising costs are expensed as incurred. Advertising expense was \$1,091,902 and \$1,245,929 for the years ended June 30, 2011 and 2010, respectively.

Subsidies

The Press receives amounts (\$170,176 and \$96,881 in 2011 and 2010, respectively, excluding amounts received from the Whitney Darrow, Einstein Endowment, McGraw and Johnson Letters Funds) to help finance publication costs of specific titles, not otherwise self-supporting, and pre-editorial costs of specific projects which may result in publications. Amounts used to help offset publication costs (\$101,836 and \$50,792 in 2011 and 2010, respectively) are applied against manufacturing costs in the year of publication. Amounts incurred in pre-editorial costs \$8,159 and \$50,792 in 2011 and 2010, respectively are charged directly against the unapplied subsidy balance.

Contributions

Contributions of cash and other assets received by the Press are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Postretirement Benefits

The Press follows the accounting standard for defined benefit pension and other postretirement plans. The standard requires balance sheet recognition of the overfunded or underfunded status of pension and postretirement benefit plans. Under this standard, actuarial gains and losses, prior service costs or credits, and any remaining transition assets or obligations that have been recognized in Accumulated Other Comprehensive Income (Loss) are amortized as a component of net periodic cost. In addition, the measurement date (the date at which plan assets and the benefit obligation are measured) is required to be the Press' fiscal year end. Presently, a June 30th measurement date is used for the post retirement plan (See Note 13).

2. Permanently Restricted Net Assets

The Einstein Endowment Fund was established to help finance certain future costs of the Albert Einstein publication program. The gift deed that established the Fund specifies that \$1,000,000 must be maintained in the Fund as an endowment. If there are remaining funds not required for the Albert Einstein publication program, then those funds, including the endowment, will be transferred to Princeton University to establish a professorship in science.

3. Unrestricted Net Assets

The following funds have been included in unrestricted net assets and have been established by the trustees primarily to support the book publication program.

The Paul Mellon Fund and Whitney Darrow Fund were established from funds distributed by Princeton University formerly held to support the Bollingen Series of books. These funds are unrestricted and have been designated by the Board to be used to help finance books and other publications which are not otherwise self-supporting as well as other projects which enhance the quality of the Press' publishing program.

The McGraw Fund was established to help finance books and other publications of a scholarly and educational nature which are not otherwise self-supporting. The McGraw Fund was established through grants given by the former Chairman of the Board of Trustees.

The Scribner Fund was established to help finance the cost of capital additions which must be made to carry out the publication program of the Press.

Princeton University Press
Notes to Financial Statements
June 30, 2011 and 2010

The Johnson Letters Fund was established to help finance the future costs of the publication of the letters of Dr. Samuel Johnson

In addition to the foregoing funds, Princeton University maintains two endowment funds, the income from which is available to the Press for specific purposes. Such funds are from gifts made to Princeton University rather than to the Press, and, accordingly, are not reflected in the accompanying statements of financial position.

- (A) The Bollingen Series Fund was established in 1969 by gifts from Paul Mellon and the Bollingen Foundation to provide funds to continue and complete publication of the Bollingen Series. During the years ended June 30, 2011 and 2010, contributions amounting to \$349,444 and \$332,800, respectively, were received from Princeton University and are reflected as contributions in the statements of activity.
- (B) The Lockert Fund was established to help finance the publication of verse translations, and to the extent funds remain, the publication of critical or interpretative studies in the field of literature.

4. Endowment Funds

The Press' endowment funds consist of several funds established to continue the purpose of the Press. The endowment funds include both donor-restricted funds and funds designated by the Board of Trustees to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds are classified based on the existence or absence of donor-imposed restrictions.

The Press has adopted the accounting standard for endowments of Not-for-Profit Organizations. This standard provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA).

The Press' policy requires the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result, the Press classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment and the original value of subsequent gifts to the permanent endowment. The remaining portion of the endowment fund that is not classified in permanently restricted net assets is classified as unrestricted net assets because those amounts have been restricted by the Board. The Press invests its endowment funds in Princeton University's Primary Pool and Secondary Pool and the Press considers the following factors in making a determination to appropriate or accumulate donor-restricted and Board designated endowment funds:

- The duration and preservation of the fund
- The purposes of the Press and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and appreciation of investments
- Other resources of the Press
- The investment policies of the Press

Princeton University Press
Notes to Financial Statements
June 30, 2011 and 2010

June 30, 2011 Endowment Net Asset Composition by Type of Fund

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted	\$ --	\$ --	\$ 16,995,198	\$ 16,995,198
Board-designated endowment	63,129,362	--	--	63,129,362
Total	<u>\$ 63,129,362</u>	<u>\$ --</u>	<u>\$ 16,995,198</u>	<u>\$ 80,124,560</u>

Changes in Endowment Net Assets for the year ended June 30, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 51,784,284	\$ --	\$ 13,940,594	\$ 65,724,878
Unrealized gain on investment	11,345,078	--	3,054,604	14,399,682
Income allocated for spending	2,771,547	--	746,225	3,517,772
Other changes				
Interfund transfer of income allocated for spending	<u>(2,771,547)</u>	<u>--</u>	<u>(746,225)</u>	<u>(3,517,772)</u>
Endowment net assets, end of year	<u>\$ 63,129,362</u>	<u>\$ --</u>	<u>\$ 16,995,198</u>	<u>\$ 80,124,560</u>

June 30, 2010 Endowment Net Asset Composition by Type of Fund

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted	\$ --	\$ --	\$ 13,940,594	\$ 13,940,594
Board-designated endowment	51,784,284	--	--	51,784,284
Total	<u>\$ 51,784,284</u>	<u>\$ --</u>	<u>\$ 13,940,594</u>	<u>\$ 65,724,878</u>

Changes in Endowment Net Assets for the year ended June 30, 2010

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 47,584,519	\$ --	\$ 12,809,842	\$ 60,394,361
Unrealized gain on investment	4,199,765	--	1,130,752	5,330,517
Income allocated for spending	2,639,543	--	710,684	3,350,227
Other changes				
Interfund transfer of income allocated for spending	<u>(2,639,543)</u>	<u>--</u>	<u>(710,684)</u>	<u>(3,350,227)</u>
Endowment net assets, end of year	<u>\$ 51,784,284</u>	<u>\$ --</u>	<u>\$ 13,940,594</u>	<u>\$ 65,724,878</u>

Princeton University Press
Notes to Financial Statements
June 30, 2011 and 2010

The funds in the Primary Pool are governed by investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Press must hold in perpetuity or for a donor-specified period as well as board designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results which will provide current usable income in the range of 4% - 5.75% of portfolio value and which will increase funds to help offset inflation.

To satisfy its long term rate-of-return objectives, the Primary Pool relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Primary Pool targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

The Press follows Princeton University's spending rule that provides for regular increases in spending while preserving the long-term purchasing power of endowment funds. Earnings available for spending are reported in income allocated for spending.

5. Property and Equipment

Property and equipment consists of the following at June 30

	2011	2010
Computer equipment	\$ 2,339,242	\$ 2,341,573
Furniture and fixtures	1,486,785	1,484,985
Delivery equipment	17,913	17,913
Building and improvements	6,951,439	6,372,628
Construction in progress	<u>—</u>	<u>164,096</u>
	10,795,379	10,381,195
Less accumulated depreciation and amortization	<u>(5,996,119)</u>	<u>(5,720,701)</u>
Property and Equipment, Net	<u>\$ 4,799,260</u>	<u>\$ 4,660,494</u>

Depreciation and amortization expense totaled \$275,418 and \$274,023 for the years ended June 30, 2011 and 2010, respectively.

6. Investments

In accordance with the accounting standard for the accounting of certain investments held by Not-for-Profit organizations, all investments are reported at their fair values as reported by the respective trustee.

A summary of investments at fair value at June 30, 2011 and 2010 are as follows

	2011	2010
Whitney Darrow Fund	\$ 25,607,295	\$ 21,004,810
Paul Mellon Fund	35,019,548	28,725,367
Scribner Fund	386,002	316,625
McGraw Fund	2,108,826	1,729,800
Einstein Endowment Fund	16,995,198	13,940,594
Johnson Letters	7,691	7,682
Working Capital Investment	<u>4,790,576</u>	<u>3,739,797</u>
	<u>\$ 84,915,136</u>	<u>\$ 69,464,675</u>

Princeton University Press
Notes to Financial Statements
June 30, 2011 and 2010

The Press invests in Princeton University's Primary Pool and Secondary Pool. Long-term growth of principal and an increase in future income are the objectives in the investment of these funds. Funds participating in the Primary Pool, including those of the Press, are assigned units on a market value basis. The net investment income is allocated to participating funds on the basis of units owned.

The Press has reflected in the accompanying statements of financial position the value of investments in the Primary Pool at the market value as reported by Princeton University.

Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

The Secondary Pool is maintained for the investment of funds expected to be disbursed within five years. Net investment income earned is included in the accompanying statements of activity.

7 Fair Value Accounting

The Press has adopted ASC 820, *Fair Value Measurements and Disclosures*. The pronouncement defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles and enhances disclosure about fair value measurements. Fair value is defined under the pronouncement as the price that would be received for an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants on the measurement date. ASC 820 clarifies that fair value should be based on assumptions that market participants would use when pricing an asset or liability, including assumptions about risk and the risks inherent in valuation techniques and the inputs to valuations. ASC 820 also requires fair value measurements to assume that the transaction occurs in the principal market for the asset or liability (the market with the most volume and activity for the asset or liability from the perspective of the reporting entity), or in the absence of a principal market, the most advantageous market for the asset or liability (the market in which the reporting entity would be able to maximize the amount received or minimize the amount paid). Valuation techniques used to measure fair value under ASC 820 must maximize the use of observable inputs and minimize the use of unobservable inputs. Fair value is based on actively quoted market prices, if available. In the absence of actively quoted market prices, price information from external sources, including broker quotes and industry publications, is used. If pricing information from external sources is not available, or if observable pricing is not indicative of fair value, judgment is required to develop the estimates of fair value using discounted cash flow and other income valuation approaches. The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value are the following:

- Level 1 – Quoted prices in active markets for identical assets or liabilities
- Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Princeton University Press
Notes to Financial Statements
June 30, 2011 and 2010

The fair value hierarchy gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable data (Level 3). In some cases, the inputs used to measure fair value might fall in different levels of the fair value hierarchy. The lowest level input that is significant to a fair value measurement in its entirety determines the applicable level in the fair value hierarchy. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability. Fair value measurements are categorized as Level 3 when a significant amount of price or other inputs that are considered to be unobservable are used in their valuations. The Press has adopted Accounting Standards Update No. 2009-12, *Fair Value Measurements and Disclosures (Topic 820), Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)* ("ASU No. 2009-12"), issued by the FASB, for investments where it has the ability to redeem its investment with the investee at net asset value per share (or its equivalent) at the measurement date. Such investments have been categorized under Level 2 fair value measurements in accordance with ASU No. 2009-12.

ASC 820 requires value measurements to be separately disclosed by level within the fair value hierarchy and requires a separate reconciliation of fair value measurements categorized as Level 3.

The following tables present the Press' assets that are measured at fair value for each hierarchy level, at June 30, 2011 and 2010, respectively.

	2011			
	Level 1	Level 2	Level 3	Total
Money Market Funds	\$11,928,767	\$ --	\$ --	\$11,928,767
Investment in primary pool				
Domestic equity	25,523	954,573	5,076,591	6,056,687
International equity	1,302,201	1,590,103	5,054,130	7,946,434
Independent return	--	2,342,531	16,456,423	18,798,954
Private equity	--	(166,412)	31,230,858	31,064,446
Real assets	285,861	--	16,012,317	16,298,178
Fixed income	2,524,768	--	--	2,524,768
Cash and other	2,035,741	178,153	4,084	2,217,978
Investment in secondary pool	7,691	--	--	7,691
	<u>\$18,110,552</u>	<u>\$ 4,898,948</u>	<u>\$73,834,403</u>	<u>\$96,843,903</u>

	2010			
	Level 1	Level 2	Level 3	Total
Money Market Funds	\$10,161,542	\$ --	\$ --	\$10,161,542
Investment in primary pool				
Domestic equity	303,821	791,927	3,520,838	4,616,586
International equity	1,319,878	1,172,451	3,577,120	6,069,449
Independent return	--	2,327,469	15,288,179	17,615,648
Private equity	--	--	23,935,127	23,935,127
Real assets	186,277	--	12,702,711	12,888,988
Fixed income	1,734,271	--	--	1,734,271
Cash and other	2,592,939	--	3,985	2,596,924
Investment in secondary pool	7,682	--	--	7,682
	<u>\$16,306,410</u>	<u>\$ 4,291,847</u>	<u>\$59,027,960</u>	<u>\$79,626,217</u>

Princeton University Press
Notes to Financial Statements
June 30, 2011 and 2010

The fair value of the investments in private equity have generally been estimated using partners' capital statements, which reflect the ownership interests in partners' capital. Generally, investments in this class are not redeemable. However, at June 30, 2011, the asset class market value included swap positions, which offset \$166,412 in private equity assets and was subject to investor-initiated liquidation. More broadly, distributions from investee funds in the private equity portfolio will be received as the underlying investments when the funds are liquidated.

The following is a reconciliation of Level 3 assets for which significant unobservable inputs were used to determine fair value:

Balance as of June 30, 2009	\$ 55,109,779
Realized gain (loss)	--
Change in unrealized appreciation	4,592,820
Net purchases (sales)	165,508
Transfers in (out) of Level 3	<u>(840,147)</u>
Balance as of June 30, 2010	59,027,960
Realized gain (loss)	--
Change in unrealized appreciation	14,461,836
Net purchases (sales)	164,998
Transfers in (out) of Level 3	<u>179,609</u>
Balance as of June 30, 2011	<u>\$ 73,834,403</u>

8. Income Taxes

The Press is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and under current New Jersey tax statutes. Income derived from sources unrelated to the Press' tax-exempt status is not significant, and accordingly, no provision for income taxes has been provided.

The Press files tax returns in the United States federal jurisdiction and complies with filing requirements in various states. The Press adopted the accounting pronouncement dealing with uncertain tax positions, as of July 1, 2009. Upon adoption of this accounting pronouncement, the Press had no unrecognized tax benefits. Furthermore, the Press had no unrecognized tax benefits at June 30, 2011 and 2010. In addition, the Press has no income tax related penalties or interest for the periods reported in the financial statements.

9. Note Payable

The Press has a Loan Promissory Note with Princeton University with an original principal sum of \$6 million with interest ranging from 3.75% to 5.35% due in semi-annual installments each June 1 and December 1, and includes applicable administrative and trustee fees. The Note matures on June 1, 2020. As of June 30, 2011 and 2010, \$2,542,669 and \$2,781,876, respectively, remained outstanding on the Note. The Press incurred \$139,417 and \$159,094 of interest expense in 2011 and 2010, respectively related to the Note.

The maturities of the note for the years ending June 30th are as follows:

2012	\$ 164,081
2013	167,360
2014	258,595
2015	272,137
2016	287,106
Thereafter	<u>1,393,390</u>
	<u>\$ 2,542,669</u>

Princeton University Press
Notes to Financial Statements
June 30, 2011 and 2010

10. Due from Related Parties

Loans totaling \$146,658 and \$183,785 were outstanding from key employees of the Press at June 30, 2011 and 2010, respectively. These loans are secured by certain real estate, bear interest at rates ranging from 5.50% to 5.75% per annum, and are payable in periods of up to 40 years.

11. Investment in Joint Venture

The Press and the University of California Press equally own a joint venture, California Princeton Fulfillment Services, Inc., ("CPFS") which provides order fulfillment and book distribution services to foster the effective dissemination of scholarly works. Balances due to the Press in the ordinary course of business activities managed by CPFS at June 30, 2011 and 2010 totaled \$1,890,350 and \$2,933,709, respectively, and are within accounts receivable and other current assets on the statement of financial position. The Press incurred \$2,194,090 and \$2,379,255 in fulfillment fees payable to CPFS for the year ended June 30, 2011 and 2010, respectively. This amount is within operating expenses on the statement of activities. The Press' investment in CPFS is accounted for by the equity method of accounting. The Press's equity in CPFS at June 30, 2011 and 2010 was \$-0-. The CPFS financial statements as of and for the years ended June 30, include the following:

	2011	2010
Total Assets	\$ 6,034,965	\$ 7,205,589
Total Liabilities	\$ 6,061,707	\$ 7,346,130
Increase in Net Assets	\$ 113,799	\$ 236,288

12. Retirement Benefits

The Press maintains a defined contribution retirement plan. All employees who are compensated for at least 1,000 hours per annum for two years are eligible to participate in the plan and all benefits vest immediately.

Under the plan, all contributions are paid by the Press (generally equal to 9.3% of compensation up to the maximum social security level and 15% thereafter) and are used to purchase individual insured annuity contracts. Contributions to the plan aggregated \$583,888 and \$519,262 in 2011 and 2010, respectively.

The Press also provides certain health care benefits for retired employees (see Note 13).

13. Postretirement Benefit Plan

The Press sponsors a Defined Benefit Postretirement Health Care Plan for eligible employees, as defined. The Press does not fund this plan. The Plan provides that the Press pays a fixed monthly premium for each retiree, including their spouse and dependent children. Effective January 1, 1993, the Press established a maximum benefit limit per participant. In addition, employees hired after January 1, 1993 are not eligible to become participants of the Plan.

Princeton University Press
Notes to Financial Statements
June 30, 2011 and 2010

The following table shows the summary of the projected accumulated postretirement benefit obligation ("APBO") and plan assets as of June 30

	2011	2010
Projected APBO as of the End of the Previous Fiscal Year	\$ 722,181	\$ 675,151
Fiscal year actuarial losses	68,382	70,985
Service cost	3,649	5,158
Interest cost	38,024	36,100
Estimated net benefit payments	<u>(59,305)</u>	<u>(65,213)</u>
Projected APBO as of the End of the Current Year	<u>\$ 772,931</u>	<u>\$ 722,181</u>
	2011	2010
Accumulated Postretirement Benefit Obligation	\$ (772,931)	\$ (722,181)
Fair value of plan assets	<u>--</u>	<u>--</u>
Unfunded status at end of year	<u>(772,931)</u>	<u>(722,181)</u>
Unrecognized net (gain) loss	27,779	(40,603)
(Gain) loss subject to amortization	<u>(27,779)</u>	<u>40,603</u>
Accrued Postretirement Benefit Cost	<u>\$ (772,931)</u>	<u>\$ (722,181)</u>

The Net Periodic Postretirement Benefit Cost ("NPPBC") is the amount to be expensed for any given year. The NPPBC for fiscal years 2011 and 2010 included the following components:

	2011	2010
Service Cost Benefits Attributed to Employee Service	\$ 3,649	\$ 5,158
Interest at cost on APBO	38,024	36,100
Amortization of gains and losses	<u>--</u>	<u>(4,654)</u>
NPPBC	<u>\$ 41,673</u>	<u>\$ 36,604</u>

Actuarial assumptions used to calculate the projected benefit obligation were as follows for years ended June 30:

	2011	2010
Discount rate	4.70%	5.50%

The amount recognized in the Statements of Financial Position for the years ended June 30, 2011 and 2010 for reserve for postretirement major medical benefits is \$772,931 and \$722,181, respectively. Contributions to the plan totaled \$40,258 and \$28,090 for 2011 and 2010, respectively.

14. Concentration of Credit Risk

Financial instruments that potentially subject the Press to significant concentrations of credit risk consist principally of cash deposits. The Press places its cash balances in a limited number of financial institutions. The balances are insured by the Federal Deposit Insurance Corporation. The Press monitors the financial health of these financial institutions. Historically, the Press has not experienced any losses on deposits.

Princeton University Press
Notes to Financial Statements
June 30, 2011 and 2010

15. Commitments

The Press has an operating lease for its editorial office in the United Kingdom. The lease expires in July 2011 and the Press has renewed this lease through July 2016. The estimated future minimum rental payments are as follows for the years ended June 30:

2012	\$ 38,498
2013	38,449
2014	38,449
2015	38,449
2016	38,449
Thereafter	2,351
	<u>\$ 194,645</u>

The Press also has an operating lease for office space with Princeton University, a related party. The lease expires in August 2011 and the estimated future minimum rental payments are \$210 for the year ended June 30, 2012.

The Press also has operating leases for office equipment. The leases expire on various dates from May 2013 through August 2016 and the estimated future minimum rental payments are as follows for the years ended June 30:

2012	\$ 97,712
2013	96,953
2014	57,611
2015	40,963
2016	1,506
Thereafter	125
	<u>\$ 294,870</u>

Total rent expense was \$151,291 and \$138,299 for the years ended June 30, 2011 and 2010, respectively.

The Press has entered into two lease agreements with Princeton University, a related party, for office space. Future minimum lease income under these agreements is \$63,364 for the year ended June 30, 2012.

16. Subsequent Events

The Press has evaluated subsequent events occurring after the balance sheet date through the date of November 21, 2011, which is the date the financial statements were available to be issued. Based on this evaluation, the Press has determined that no subsequent events have occurred which require disclosure in the financial statements.

OS AA01

Statement of details of parent law and other information for an overseas company

☒ **What this form is for**
You may use this form to
accompany your accounts
disclosed under parent law

☒ **What this form is NOT for**
You cannot use this form to register
an alteration of manner of company
with accounting requirements

Part 1 Corporate company name

Corporate name of overseas company ①	PRINCETON UNIVERSITY PRESS
UK establishment number ②	B R 0 1 1 5 0 1

→ **Filling in this form**
Please complete in typescript or in bold black capitals
All fields are mandatory unless specified or indicated by *
① This is the name of the company in its home state
② This should only be completed if the company has already been registered in the UK

Part 2 Statement of details of parent law and other information for an overseas company

A1	Legislation	
Legislation ①	Please give the legislation under which the accounts have been prepared and, if applicable, the legislation under which the accounts have been audited	① This means the relevant rules or legislation which regulates the preparation and, if applicable, the audit of accounts
	USGAP	
A2	Accounting principles	
Accounts	Have the accounts been prepared in accordance with a set of generally accepted accounting principles? Please tick the appropriate box <input type="checkbox"/> No Go to Section A3 <input checked="" type="checkbox"/> Yes Please enter the name of the organisation or other body which issued those principles below, and then go to Section A3	① Please insert the name of the appropriate accounting organisation or body
Name of organisation or body ②		
A3	Accounts	
Accounts	Have the accounts been audited? Please tick the appropriate box <input type="checkbox"/> No Go to Section A5 <input checked="" type="checkbox"/> Yes Go to Section A4	

OS AA01

Statement of details of parent law and other information for an overseas company

A4

Audited accounts

Audited accounts

Have the accounts been audited in accordance with a set of generally accepted auditing standards?

Please tick the appropriate box

☐ No Go to **Part 3 'Signature'**

☒ Yes Please enter the name of the organisation or other body which issued those standards below, and then go to **Part 3 'Signature'**

1 Please insert the name of the appropriate accounting organisation or body

Name of organisation or body **1**

A5

Unaudited accounts

Unaudited accounts

Is the company required to have its accounts audited?

Please tick the appropriate box

☐ No

☐ Yes

Part 3

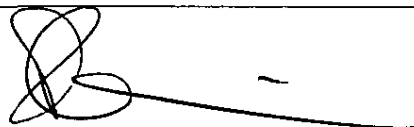
Signature

I am signing this form on behalf of the overseas company

Signature

Signature

X



X

This form may be signed by
Director, Secretary, Permanent representative

OS AA01

Statement of details of parent law and other information for an overseas company



Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name

Company name

THE FISH PARTNERSHIP

Address

THE MILL HOUSE

BOUNDARY ROAD

LOUDWATER

Post town

HIGH WYCOMBE

County/Region

BUCKS

Postcode

H P 1 0 9 Q N

Country

DX

Telephone

01628 527956



Checklist

We may return forms completed incorrectly or with information missing

Please make sure you have remembered the following

- ☐ The company name and, if appropriate, the registered number, match the information held on the public Register
- ☐ You have completed all sections of the form, if appropriate
- ☐ You have signed the form



Important information

Please note that all this information will appear on the public record



Where to send

You may return this form to any Companies House address

England and Wales

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ
DX 33050 Cardiff

Scotland

The Registrar of Companies, Companies House,
Fourth floor, Edinburgh Quay 2,
139 Fountainbridge, Edinburgh, Scotland, EH3 9FF
DX ED235 Edinburgh 1
or LP - 4 Edinburgh 2 (Legal Post)

Northern Ireland

The Registrar of Companies, Companies House,
Second Floor, The Linenhall, 32-38 Linenhall Street,
Belfast, Northern Ireland, BT2 8BG
DX 481 N R Belfast 1



Further information

For further information, please see the guidance notes on the website at www.companieshouse.gov.uk or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.companieshouse.gov.uk