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PRINCETON UNIVERSITY PRESS

Financial Statements

June 30, 2010 and 2009

With Independent Auditors' Report

Princeton University Press
Contents to Financial Statements
June 30, 2010 and 2009

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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, 2010 and 2009, 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, 2010 and 2009, 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

As discussed in Note 7 to the financial statements, the Press adopted the Statement of Financial Accounting Standards No 157, Fair Value Measurements, as of July 1, 2008

WithumSmith+Brown PC

November 22, 2010

Princeton University Press
Statements of Financial Position
June 30, 2010 and 2009

	2010	2009
Assets		
Current assets		
Cash and cash equivalents	$ 10,741,948	$ 7,859,430
Accounts receivable, net of allowance for doubtful accounts and sales returns of $2,244,477 in 2010 and $1,894,477 in 2009	2,119,214	1,855,182
Inventories, net	4,408,604	4,467,027
Other current assets	4,335,394	4,650,209
Total current assets	21,605,160	18,831,848
Author advances	2,457,844	2,362,602
Due from related parties	183,785	218,890
Property and equipment, net	4,660,494	4,737,270
Investments in Princeton University primary pool	69,456,993	63,628,434
Investments in Princeton University secondary pool	7,682	7,631
	$ 98,371,958	$ 89,786,675
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities	$ 2,326,880	$ 1,718,262
Current portion of note payable	239,207	374,684
Royalties payable	3,267,759	2,589,748
Subsidies applicable to future publications	1,086,738	1,051,573
Total current liabilities	6,920,584	5,734,267
Note payable, net of current portion	2,542,669	2,781,876
Other liabilities - including reserve for post retirement major medical benefits of $722,181 in 2010 and $675,151 in 2009	747,140	700,111
Net assets		
Unrestricted	74,220,971	67,760,579
Permanently restricted	13,940,594	12,809,842
Total net assets	88,161,565	80,570,421
	$ 98,371,958	$ 89,786,675

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

Princeton University Press
Statements of Activities and Changes in Net Assets
Years Ended June 30, 2010 and 2009

	2010			2009		
	Unrestricted	Permanently Restricted	Total	Unrestricted	Permanently Restricted	Total
Net sales	$ 26,959,564	$ --	$ 26,959,564	$ 22,578,751	$ --	$ 22,578,751
Cost of sales	11,275,700	--	11,275,700	9,748,555	--	9,748,555
Gross margin	15,683,864	--	15,683,864	12,830,196		12,830,196
Income from publishing rights	670,393	--	670,393	596,767	--	596,767
Gross margin including publishing rights	16,354,257	--	16,354,257	13,426,963		13,426,963
Operating expenses	17,084,823	--	17,084,823	15,822,673	--	15,822,673
Net deficit from operations	(730,566)	--	(730,566)	(2,395,710)		(2,395,710)
Other income (expense)						
Foreign currency exchange gain (loss)	(198,017)	--	(198,017)	32,139	--	32,139
Other income	28,414	--	28,414	161,807	--	161,807
Excess of expenditures over income from departmental operations	(900,169)	--	(900,169)	(2,201,764)	--	(2,201,764)
Income allocated for spending	2,639,543	710,684	3,350,227	2,869,049	772,477	3,641,526
Surplus before other changes in net assets	1,739,374	710,684	2,450,058	667,285	772,477	1,439,762
Other changes in net assets						
Amortization of postretirement benefit plan cumulative gain	(75,774)	--	(75,774)	(10,841)	--	(10,841)
Internal subsidies applied	(749,798)	--	(749,798)	(775,449)	--	(775,449)
Contributions	332,800	--	332,800	361,737	--	361,737
Interfund transfers	710,684	(710,684)	--	772,477	(772,477)	--
Unrealized gain (loss) on investments in primary pool	4,503,106	1,130,752	5,633,858	(19,145,458)	(4,826,061)	(23,971,519)
Change in net assets	6,460,392	1,130,752	7,591,144	(18,130,249)	(4,826,061)	(22,956,310)
Net assets, beginning of year	67,760,579	12,809,842	80,570,421	85,890,828	17,635,903	103,526,731
Net assets, end of year	$ 74,220,971	$ 13,940,594	$ 88,161,565	$ 67,760,579	$ 12,809,842	$ 80,570,421

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

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

	2010	2009
Cash flows from operating activities		
Change in net assets	$ 7,591,144	$ (22,956,310)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Bad debts and sales returns	350,000	180,000
Depreciation and amortization	274,023	274,485
Unrealized (gain) loss on investment in primary pool	(5,633,858)	23,971,519
Change in		
(Increase) decrease in accounts receivable	(614,032)	355,600
Decrease (increase) in inventories	58,423	(447,996)
Decrease in other current assets	314,815	570,095
Increase in author advances	(95,242)	(271,898)
Decrease in due from related parties	35,105	18,397
Increase in accounts payable and accrued liabilities	608,618	89,999
Increase (decrease) in royalties payable	678,011	(101,586)
Increase (decrease) in subsidies applicable to future publications	35,165	(15,928)
Increase (decrease) in postretirement major medical benefits obligation	47,029	(18,994)
Net cash provided by operating activities	3,649,201	1,647,383
Cash flows from investing activities		
Purchase of investments	(194,752)	(201,442)
Purchase of property and equipment	(197,247)	(11,580)
Net cash used by investing activities	(391,999)	(213,022)
Cash flows from financing activities		
Interfund transfers to/from funds invested in the Princeton University Market pools	3,350,227	3,641,526
Income allocated for spending	(3,350,227)	(3,641,526)
Repayment of note payable	(374,684)	(289,119)
Investment income allocated for spending	(332,800)	(361,737)
Funds withdrawals	332,800	361,737
Net cash used by financing activities	(374,684)	(289,119)
Net change in cash	2,882,518	1,145,242
Cash and cash equivalents		
Beginning of year	7,859,430	6,714,188
End of year	$ 10,741,948	$ 7,859,430
Supplemental disclosures of cash flow information		
Cash paid during the year for		
Interest	$ 160,800	$ 176,105

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

Princeton University Press
Notes to Financial Statements
June 30, 2010 and 2009

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 2010 and 2009 were $1,821,115 and $1,701,100, respectively Work in process totaled $1,066,104 and $1,131,605 for the years ended June 30, 2010 and 2009, respectively The inventory valuation allowance aggregates $1,863,160 and $1,741,280 at June 30, 2010 and 2009, 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

Advertising

Advertising costs are expensed as incurred Advertising expense was $1,245,929 and $1,265,649 for the years ended June 30, 2010 and 2009, respectively

Subsidies

The Press receives amounts ($96,881 and $81,468 in 2010 and 2009, respectively, excluding amounts received from the Whitney Darrow, Einstein Endowment, McGraw and Johnson Letters Funds) to help finance publication costs of specific titles, not otherwise self-supporting, and pre-editorial costs of specific projects which may result in publications Amounts used to help offset publication costs ($-0- in 2010 and 2009) are applied against manufacturing costs in the year of publication Amounts incurred in pre-editorial costs $50,792 and $96,983 in 2010 and 2009, 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)

Reclassification

Certain amounts contained in the accompanying 2009 financial statements have been reclassified to conform to the 2010 presentation These reclassifications had no effect on the change in net assets of the Press

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

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, 2010 and 2009, contributions amounting to $332,800 and $361,737, 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 adopted the accounting standard for endowments of Not-for-Profit Organizations, effective June 30, 2009 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), which serves as a model act for states to use in enacting legislation This standard also improves disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds)

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

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	$ 51,784,284	$ --	$ 13,940,594	$ 65,724,878

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	(2,639,543)	--	(710,684)	(3,350,227)
Endowment net assets, end of year	$ 51,784,284	$ --	$ 13,940,594	$ 65,724,878

June 30, 2009 Endowment Net Asset Composition by Type of Fund

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted	$ --	$ --	$ 12,809,842	$ 12,809,842
Board-designated endowment	47,584,519	--	--	47,584,519
Total	$ 47,584,519	$ --	$ 12,809,842	$ 60,394,361

Changes in Endowment Net Assets for the year ended June 30, 2009

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 65,508,678	$ --	$ 17,635,903	$ 83,144,581
Unrealized loss on investment	(17,924,159)	--	(4,826,061)	(22,750,220)
Income allocated for spending	2,869,049	--	772,477	3,641,526
Other changes				
Interfund transfer of income allocated for spending	(2,869,049)	--	(772,477)	(3,641,526)
Endowment net assets, end of year	$ 47,584,519	$ --	$ 12,809,842	$ 60,394,361

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

	2010	2009
Computer equipment	$ 2,341,573	$ 2,299,965
Furniture and fixtures	1,484,985	1,481,860
Delivery equipment	17,913	17,913
Building and improvements	6,372,628	6,372,628
Construction in progress	164,096	11,582
	10,381,195	10,183,948
Less accumulated depreciation and amortization	(5,720,701)	(5,446,678)
Property and Equipment, Net	$ 4,660,494	$ 4,737,270

Depreciation and amortization expense totaled $274,023 and $274,485 for the years ended June 30, 2010 and 2009, 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, 2010 and 2009 are as follows

	2010	2009
Whitney Darrow Fund	$ 21,004,810	$ 19,301,064
Paul Mellon Fund	28,725,367	26,395,390
Scribner Fund	316,625	290,943
McGraw Fund	1,729,800	1,589,492
Einstein Endowment Fund	13,940,594	12,809,842
Johnson Letters	7,682	7,631
Working Capital Investment	3,739,797	3,241,703
	$ 69,464,675	$ 63,636,065

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

Effective July 1, 2008, The Press 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

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 in September 2009, 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, 2010 and 2009, respectively

	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
	$16,306,410	$ 4,291,847	$59,027,960	$79,626,217

	2009			
	Level 1	**Level 2**	**Level 3**	**Total**
Money Market Funds	$ 7,745,845	$ --	$ --	$ 7,745,845
Investment in primary pool	5,033,822	3,484,833	55,109,779	63,628,434
Investment in secondary pool	7,631	--	--	7,631
	$12,787,298	$ 3,484,833	$55,109,779	$71,381,910

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, 2008	$ 76,166,096
Realized gain (loss)	--
Change in unrealized depreciation	(21,230,788)
Net purchases (sales)	174,471
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	(840,147)
Balance as of June 30, 2010	$ 59,027,960

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, 2010

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, 2010 and 2009, $2,781,876 and $3,156,560, respectively, remained outstanding on the Note The Press incurred $159,094 and $174,809 of interest expense in 2010 and 2009, respectively related to the Note

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

2011	$ 239,207
2012	164,081
2013	167,360
2014	258,595
2015	272,137
Thereafter	1,680,496
	$ 2,781,876

10 Due from Related Parties

Loans totaling $183,785 and $218,890 were outstanding from key employees of the Press at June 30, 2010 and 2009, 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, 2010 and 2009 totaled $2,933,709 and $2,365,846, respectively, and are within accounts receivable and other current assets on the statement of financial position The Press incurred $2,379,255 and $2,095,116 in fulfillment fees payable to CPFS for the year ended June 30, 2010 and 2009, 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, 2010 and 2009 was $-0- The CPFS financial statements as of and for the years ended June 30, include the following

	2010	**2009**
Total Assets	$ 7,205,589	$ 6,429,996
Total Liabilities	$ 7,346,130	$ 6,806,825
Increase (Decrease) in Net Assets	$ 236,288	$ (317,796)

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 $519,262 and $514,125 in 2010 and 2009, 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

The following table shows the summary of the projected benefit obligation and plan assets as of June 30

	2010	2009
Projected APBO as of the End of the Previous Fiscal Year	$ 675,151	$ 692,185
Fiscal year actuarial losses	70,985	7,512
Service cost	5,158	6,438
Interest cost	36,100	39,498
Estimated net benefit payments	(65,213)	(70,482)
Projected APBO as of the End of the Current Year	$ 722,181	$ 675,151

	2010	2009
Accumulated Postretirement Benefit Obligation	$ (722,181)	$ (675,151)
Fair value of plan assets	--	--
Unfunded status at end of year	(722,181)	(675,151)
Unrecognized net gain	(40,603)	(116,377)
Gain subject to amortization	40,603	116,377
Accrued Postretirement Benefit Cost	$ (722,181)	$ (675,151)

The Net Periodic Postretirement Benefit Cost ("NPPBC") is the amount to be expensed for any given year The NPPBC for fiscal years 2010 and 2009 included the following components

	2010	2009
Service Cost Benefits Attributed to Employee Service	$ 5,158	$ 6,438
Interest at cost on APBO	36,100	39,498
Amortization of gains and losses	(4,654)	(5,487)
NPPBC	$ 36,604	$ 40,449

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

	2010	2009
Discount rate	5 50%	6 25%

The amount recognized in the Statements of Financial Position for the years ended June 30, 2010 and 2009 for reserve for postretirement major medical benefits is $722,181 and $675,151, respectively Contributions to the plan totaled $28,090 and $29,593 for 2010 and 2009, 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 up to $250,000 At times the deposits in the financial institutions may exceed the amount of insurance provided on such deposits The Press monitors the financial health of these financial institutions Historically, the Press has not experienced any losses on deposits

15. Commitments

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

2011	$ 40,639
2012	2,258
	$ 42,897

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 $2,510 and $210 for the years ended June 30, 2011 and 2012, respectively

The Press also has operating leases for office equipment The leases expire on various dates from August 2011 through June 2015 and the estimated future minimum rental payments are as follows for the years ended June 30

2011	$ 106,486
2012	97,920
2013	95,447
2014	56,105
2015	39,457
	$ 395,415

Total rent expense was $138,299 and $141,099 for the years ended June 30, 2010 and 2009, 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 are as follows for the years ended June 30

2011	$ 84,779
2012	63,364
	$ 148,143

16 Subsequent Events

The Company has evaluated subsequent events occurring after the balance sheet date through the date of November 22, 2010, which is the date the financial statements were available to be issued Based on this evaluation, the Company has determined that no subsequent events have occurred which require disclosure in the financial statements