000911/20

In accordance with Regulation 32 of the Overseas Companies Regulations 2009

OS AA01

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

Companies House

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

X **What this form**
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FRIDAY

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A10 18/03/2016 #9
COMPANIES HOUSE

Part 1 Corporate company name

→ **Filling in this form**
Please complete in typescript or in bold black capitals.
All fields are mandatory unless specified or indicated by *

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

❶ This is the name of the company in its home state

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

A1 Legislation

Please give the legislation under which the accounts have been prepared and, if applicable, the legislation under which the accounts have been audited

Legislation ❷	USGAP

❷ This means the relevant rules or legislation which regulates the preparation and, if applicable, the audit of accounts.

A2 Accounting principles

Accounts

Have the accounts been prepared in accordance with a set of generally accepted accounting principles?
Please tick the appropriate box

☐ **No.** Go to **Section A3**
☑ **Yes** Please enter the name of the organisation or other body which issued those principles below, and then go to **Section A3**

Name of organisation or body ❸	FINANCIAL ACCOUNTING STANDARDS BOARD

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

A3 Accounts

Accounts

Have the accounts been audited? Please tick the appropriate box

☐ **No.** Go to **Section A5**
☑ **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'**.	❶ Please insert the name of the appropriate accounting organisation or body
Name of organisation or body ❶	AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS	

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 Peter Dougherty Director Princeton University Press

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 Rd

Loudwater

Post town High Wycombe

County/Region BUCKS

Postcode HP10 9QN

Country

DX

Telephone

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

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DX ED235 Edinburgh 1
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WithumSmith+Brown, PC
AUDIT • TAX • ADVISORY

PRINCETON UNIVERSITY PRESS

Financial Statements

June 30, 2015 and 2014

With Independent Auditors' Report

Princeton University Press
Contents to Financial Statements
June 30, 2015 and 2014

WithumSmith+Brown, PC
AUDIT • TAX • ADVISORY

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, Massachusetts Florida,
Colorado and Grand Cayman

Independent Auditors' Report

To the Trustees of
Princeton University Press

We have audited the accompanying financial statements of Princeton University Press (the "Press"), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error

Auditors' Responsibility

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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control Accordingly, we express no such opinion An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

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, 2015 and 2014, and its activities, 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

Withum Smith+Brown, PC

November 23, 2015

Princeton University Press
Statements of Financial Position
June 30, 2015 and 2014

	2015	2014
Assets		
Current assets		
Cash and cash equivalents	$ 3,299,553	$ 7,864,812
Accounts receivable, net of allowance for doubtful accounts and sales returns of $2,470,431 in 2015 and $2,420,462 in 2014	2,293,384	2,045,220
Inventories, net	3,698,987	4,105,773
Other current assets	8,172,646	6,476,304
Total current assets	17,464,570	20,492,109
Author advances	3,691,910	3,143,924
Property and equipment, net	4,180,511	4,346,928
Investments in Princeton University primary pool	121,148,841	109,198,100
	$146,485,832	$137,181,061
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities	$ 2,296,251	$ 2,056,507
Royalties payable	3,863,097	3,604,902
Subsidies applicable to future publications	1,454,237	1,398,474
Total current liabilities	7,613,585	7,059,883
Other liabilities - including reserve for post retirement major medical benefits of $714,439 in 2015 and $764,451 in 2014	739,116	789,751
Net assets		
Unrestricted	116,116,968	108,936,372
Permanently restricted	22,016,163	20,395,055
Total net assets	138,133,131	129,331,427
	$146,485,832	$137,181,061

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, 2015 and 2014

	2015			2014		
	Unrestricted	Permanently Restricted	Total	Unrestricted	Permanently Restricted	Total
Net sales	$ 26,979 069	$ –	$ 26,979,069	$ 26,099,247	$ –	$ 26,099,247
Cost of sales	10,932,700	--	10,932,700	10,801,708	--	10,801,708
Gross margin	16,046,369	--	16,046,369	15 297,539		15,297,539
Income from publishing rights	1,659,208	--	1,659,208	1,657,196	--	1,657,196
Gross margin including publishing rights	17,705,577	--	17,705,577	16,954,735		16,954,735
Operating expenses	20,407,229	--	20,407,229	18,916,741	--	18 916,741
Net deficit from operations	(2,701,652)	–	(2,701,652)	(1,962 006)		(1,962,006)
Other income (expense)						
Foreign currency exchange gain (loss)	(218,914)	--	(218,914)	424,403	--	424,403
California Princeton Fulfillment Services Shut Down Costs	(1,719,344)	--	(1,719,344)	--	--	--
Other income	684,573	--	684 573	434 945	--	434,945
Excess of expenditures over income from departmental operations	(3,955,337)	–	(3,955,337)	(1,102,658)	--	(1 102,658)
Income allocated for spending	3,368,862	907,049	4,275,911	3,208,432	863,855	4,072,287
Surplus (deficit) before other changes in net assets	(586,475)	907,049	320,574	2,105,774	863,855	2,969,629
Other changes in net assets						
Amortization of postretirement benefit plan cumulative gain	33,870	--	33,870	38 757	–	38,757
Internal subsidies applied	(928,237)	–	(928,237)	(920,543)	--	(920,543)
Contributions	424,755	--	424,755	404,527	--	404,527
Interfund transfers	907 049	(907,049)	–	863,855	(863 855)	–
Unrealized gain on investments in primary pool	7 329,634	1,621,108	8,950,742	10,936,627	2,564,372	13,500,999
Change in net assets	7,180,596	1,621,108	8,801,704	13,428,997	2,564,372	15,993,369
Net assets, beginning of year	108,936,372	20,395,055	129,331,427	95,507,375	17,830,683	113,338,058
Net assets, end of year	$ 116,116,968	$ 22,016,163	$ 138,133,131	$ 108,936,372	$ 20,395,055	$ 129,331,427

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

Princeton University Press
Statements of Cash Flows
Years Ended June 30, 2015 and 2014

	2015	2014
Cash flows from operating activities		
Change in net assets	$ 8,801,704	$ 15,993,369
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Bad debts and sales returns	50,000	50,000
Depreciation and amortization	198,392	195,827
Unrealized gain on investment in primary pool	(8,950,742)	(13,500,999)
Change in		
Increase in accounts receivable	(298,164)	(263,547)
Decrease (increase) in inventories	406,786	(24,835)
Increase in other current assets	(1,696,341)	(402,995)
(Increase) decrease in author advances	(547,986)	169,981
Increase in accounts payable and accrued liabilities	239,744	38,768
Increase in royalties payable	258,195	247,066
Increase in subsidies applicable to future publications	55,763	10,555
Decrease in postretirement major medical benefits obligation	(50,635)	(52,225)
Net cash (used) provided by operating activities	(1,533,284)	2,460,965
Cash flows from investing activities		
Purchase of investments	(3,000,000)	(3,197,815)
Purchase of property and equipment	(31,975)	(37,433)
Net cash used by investing activities	(3,031,975)	(3,235,248)
Cash flows from financing activities		
Interfund transfers to/from funds invested in the Princeton University Market pools	4,275,911	4,072,287
Income allocated for spending	(4,275,911)	(4,072,287)
Investment income allocated for spending	(424,755)	(404,527)
Funds withdrawals	424,755	404,527
Net cash used by financing activities	--	--
Net change in cash	(4,565,259)	(774,283)
Cash and cash equivalents		
Beginning of year	7,864,812	8,639,095
End of year	$ 3,299,553	$ 7,864,812
Supplemental disclosures of cash flow information		
Cash paid during the year for		
Interest	$ --	$ --

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

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 2015 and 2014 were $1,509,684 and $1,762,965, respectively Work in process totaled $1,459,210 and $1,503,354 for the years ended June 30, 2015 and 2014, respectively The inventory valuation allowance aggregates $2,661,433 and $2,567,127 at June 30, 2015 and 2014, 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 $1,025,264 and $1,136,026 for the years ended June 30, 2015 and 2014, respectively

Subsidies
The Press receives amounts ($126,983 and $134,748 in 2015 and 2014, 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 ($192,880 and $217,082 in 2015 and 2014, respectively) are applied against manufacturing costs in the year of publication Amounts incurred in pre-editorial costs $4,225 and $1,575 in 2015 and 2014, 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 changes in unrestricted net assets and 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 11)

Reclassifications
Certain items in the 2014 Statement of Financial Position have been reclassified to conform to the 2015 presentation

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

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, 2015 and 2014, contributions amounting to $424,755 and $404,527, 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 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, 2015 Endowment Net Asset Composition by Type of Fund

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted	$ --	$ --	$ 22,016,163	$ 22,016,163
Board-designated endowment	81,769,977	--	--	81,769,977
Total	$ 81,769,977	$ --	$ 22,016,163	$ 103,786,140

Changes in Endowment Net Assets for the year ended June 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 75,749,040	$ --	$ 20,395,055	$ 96,144,095
Unrealized gain on investment	6,020,937	--	1,621,108	7,642,045
Income allocated for spending	3,368,862	--	907,049	4,275,911
Other changes				
Interfund transfer of income allocated for spending	(3,368,862)	--	(907,049)	(4,275,911)
Endowment net assets, end of year	$ 81,769,977	$ --	$ 22,016,163	$ 103,786,140

June 30, 2014 Endowment Net Asset Composition by Type of Fund

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted	$ --	$ --	$ 20,395,055	$ 20,395,055
Board-designated endowment	75,749,040	--	--	75,749,040
Total	$ 75,749,040	$ --	$ 20,395,055	$ 96,144,095

Changes in Endowment Net Assets for the year ended June 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 66,224,734	$ --	$ 17,830,683	$ 84,055,417
Unrealized gain on investment	9,524,306	--	2,564,372	12,088,678
Income allocated for spending	3,208,432	--	863,855	4,072,287
Other changes				
Interfund transfer of income allocated for spending	(3,208,432)	--	(863,855)	(4,072,287)
Endowment net assets, end of year	$ 75,749,040	$ --	$ 20,395,055	$ 96,144,095

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

	2015	2014
Computer equipment	$ 2,420,838	$ 2,394,653
Furniture and fixtures	1,524,102	1,518,313
Delivery equipment	17,913	17,913
Building and improvements	7,002,422	7,002,422
	10,965,276	10,933,301
Less accumulated depreciation and amortization	(6,784,765)	(6,586,373)
Property and Equipment, Net	$ 4,180,511	$ 4,346,928

Depreciation and amortization expense totaled $198,392 and $195,827 for the years ended June 30, 2015 and 2014, 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, 2015 and 2014 are as follows

	2015	2014
Whitney Darrow Fund	$ 33,172,568	$ 30,729,985
Paul Mellon Fund	45,365,523	42,025,140
Scribner Fund	500,040	463,221
McGraw Fund	2,731,846	2,530,693
Einstein Endowment Fund	22,016,163	20,395,055
Working Capital Investment	17,362,701	13,054,006
	$ 121,148,841	$ 109,198,100

The Press invests in Princeton University's Primary 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

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 Instruments categorized in Level 2 consist primarily of investments in certain entities that calculate net asset value per share (or its equivalent) and can be redeemed in the near term
- Level 3 – Unobservable inputs for the asset or liability, including situation where there is little, if any, market activity for the asset or liability Instruments categorized in Level 3 consist primarily of limited partnership interests and other similar investment vehicles

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, 2015 and 2014, respectively

	2015			
	Level 1	**Level 2**	**Level 3**	**Total**
Money Market Funds	$ 1,519,516	$ --	$ --	$ 1,519,516
Investment in primary pool				
Domestic equity	(450,676)	473,857	11,792,510	11,815,691
International equity	3,750,961	3,577,376	11,386,579	18,714,916
Independent return	--	4,245,843	25,593,117	29,838,960
Private equity	3,774	--	36,892,364	36,896,138
Real assets	667,389	1,311,597	15,759,646	17,738,632
Fixed income	4,056,624	--	--	4,056,624
Cash and other	2,585,457	(497,577)	--	2,087,880
	$12,133,045	$ 9,111,096	$101,424,216	$122,668,357

	2014			
	Level 1	**Level 2**	**Level 3**	**Total**
Money Market Funds	$ 5,707,490	$ --	$ --	$ 5,707,490
Investment in primary pool				
Domestic equity	(306,522)	1,337,551	8,515,320	9,546,349
International equity	2,624,103	3,842,304	9,488,515	15,954,922
Independent return	--	2,782,884	24,442,376	27,225,260
Private equity	--	--	33,262,642	33,262,642
Real assets	457,417	785,496	17,157,350	18,400,263
Fixed income	428,500	--	--	428,500
Cash and other	5,647,262	(1,269,201)	2,103	4,380,164
	$14,558,250	$ 7,479,034	$92,868,306	$114,905,590

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, 2013	$ 78,783,279
Realized gain (loss)	–
Change in unrealized appreciation	14,262,865
Purchases	1,080,830
Sales and settlements	(1,422,707)
Transfers in to Level 3	164,039
Balance as of June 30, 2014	92,868,306
Realized gain (loss)	–
Change in unrealized appreciation	9,664,613
Purchases	957,445
Sales and settlements	(1,313,044)
Transfers out of Level 3	(753,104)
Balance as of June 30, 2015	$101,424,216

The Press assesses the valuation hierarchy for each asset or liability measured on an annual basis From time to time, assets or liabilities will be transferred within hierarchy levels as a result of changes in valuation methodologies, liquidity, and/or redemption terms In the year ended June 30, 2015, four managed investments transferred from Level 3 to Level 2 In the year ended June 30, 2014, one managed investment transferred from Level 2 to Level 3 The Press' policy is to recognize transfers at the beginning of the reporting period

Unrealized gains of $9,664,613 and $14,262,865 related to Level 3 investments are included in unrealized gain on investments in primary pool in the statements of activities and changes in net assets for the years ended June 30, 2015 and 2014, respectively

The following tables and disclosures set forth the significant terms of the agreements with investment managers or funds by major category at June 30, 2015 and 2014 The information is presented on a "manager-mandate" basis

	2015			
	June 30 Fair Value	**Unfunded Commitments**	**Redemption Frequency (if currently eligible)**	**Redemption Notice Period**
Managed Investments (gross)				
Domestic equity (a)	$ 11,815,691	$ 976,824	daily - annually	4 – 90 days
International equity – developed (b)	5,805,419	--	daily - annually	7 – 90 days
International equity – emerging (c)	12,909,497	733,157	daily - annually	7 – 90 days
Independent return (d)	29,838,960	1,650,682	monthly - annually	30 – 90 days
Fixed income (e)	4,056,624	--	daily	same day
Cash and other (e)	2,087,881	--	daily	same day
Marketable asset classes	66,514,072	3,360,663		
Private equity (f)	36,896,138	11,710,569		
Real assets (g)	17,738,631	8,210,283		
Nonmarketable asset classes	54,634,769	19,920,852		
Total gross investments	$121,148,841	$ 23,281,515		

	2014			
	June 30 Fair Value	**Unfunded Commitments**	**Redemption Frequency (if currently eligible)**	**Redemption Notice Period**
Managed Investments (gross)				
Domestic equity (a)	$ 9,546,349	$ 433,758	daily - annually	4 – 90 days
International equity – developed (b)	5,352,833	--	daily - annually	7 – 90 days
International equity – emerging (c)	10,602,089	932,185	daily - annually	7 – 90 days
Independent return (d)	27,225,260	1,560,476	monthly - annually	30 – 90 days
Fixed income (e)	428,500	--	daily	same day
Cash and other (e)	4,380,164	--	daily	same day
Marketable asset classes	57,535,195	2,926,419		
Private equity (f)	33,262,642	12,098,947		
Real assets (g)	18,400,263	8,155,696		
Nonmarketable asset classes	51,662,905	20,254,643		
Total gross investments	$ 109,198,100	$ 23,181,062		

(a) **Domestic Equity.** This asset class includes funds and accounts primarily invested in equities traded on domestic exchanges or in domestic over-the-counter markets The fair values of the investments in this asset class have been estimated using the net asset value per share of the investee funds, or, in the case of custodied accounts, the fair value of the securities held Investments representing approximately 4 percent of the market value of this asset class are invested in nonredeemable assets

(b) **International Equity – Developed.** This asset class includes funds primarily invested in public equity and debt securities traded in countries with developed economies other than the United States The fair values of the investments in this asset class have been estimated using the net asset value per share of the investee funds Investments representing approximately 7 percent of the market value of this asset class are invested in nonredeemable assets

(c) **International Equity – Emerging** This asset class includes funds primarily invested in public equity and debt securities traded in countries with emerging economies The fair values of the investments in this asset class have been estimated using the net asset value per share of the investee funds or in the case of custodied accounts, the fair value of the securities held, at prevailing exchange rates Investments representing approximately 5 percent of the market value of this asset class are invested in nonredeemable assets

(d) **Independent Return** This asset class includes funds invested in equity and debt securities and financial instruments such as options, swaps, futures, and other derivatives Funds in this asset class may hold both long and short positions in any of these instruments and pursue a variety of investments strategies based upon the fund's investment mandate and the current opportunity set In general terms, approximately 33 percent of market value is invested in funds principally focused on long/short equity investments, 24 percent is invested in event-driven/arbitrage strategies, and 43 percent is invested in funds that opportunistically engage in both strategies Investments representing approximately 20 percent of the market value of this asset class are invested in nonredeemable assets

(e) **Fixed Income and Cash** On a combined basis, these asset classes include primarily U S government and U S government-guaranteed securities held in separate accounts at the custodial bank Virtually all of the investments in these asset classes can be liquidated on a daily basis

(f) **Private Equity:** This asset class includes funds invested primarily in buyouts or venture capital The fair values of the investments in this asset class have generally been estimated using partners' capital statements issued by the funds, which reflect the Press' ownership interest Generally, investments in this asset class are not redeemable Distributions from investee funds in the portfolio are received as the underlying investments of the funds are liquidated

(g) **Real Assets**· This asset class includes funds invested primarily in real estate, energy, and timber The fair values of the investments in this asset class have been estimated using partners' capital statements issued by the funds, which reflect the Press' ownership interest Generally, investments in this asset class are not redeemable However, a small portion, approximately $1,058,000 at June 30, 2015, and approximately $1,023,000 at June 30, 2014, was invested in redeemable funds More broadly, distributions from investee funds are received as the underlying investments

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 had no unrecognized tax benefits at June 30, 2015 and 2014 In addition, the Press has no income tax related penalties or interest for the periods reported in the financial statements

9 Investment in Joint Venture

The Press and the University of California Press equally owned a joint venture, California Princeton Fulfillment Services, Inc , ("CPFS") which provided 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, 2015 and 2014 totaled $1,554,871 and $2,654,900, respectively, and are within accounts receivable and other current assets on the statement of financial position The Press incurred $1,925,321 and $2,194,540 in fulfillment fees payable to CPFS for the year ended June 30, 2015 and 2014, respectively This amount is within operating expenses on the statement of activities The Press' investment in CPFS was accounted for by the equity method of accounting The Press's equity in CPFS at June 30, 2015 and 2014 was $-0-

In May 2014, the Press announced that CPFS would be closing their warehouse and distribution operations effective April 30, 2015 As of June 30, 2015 CPFS' activities are limited to selling, collecting or otherwise realizing the value of its remaining assets, making tax and other regulatory filings, winding down remaining business activities, paying (or adequately providing for the payment) of valid creditor claims and obligations, and making distributions to its owners Accordingly, CPFS' Statement of Net Assets as of June 30, 2015 was prepared on a liquidation basis

The CPFS financial statement as of and for the years ended June 30, include the following

	2015
Total Assets in Liquidation	$ 4,847,737
Total Liabilities in Liquidation	$ 4,847,737
Net Assets in Liquidation	$ --

	2014
Total Assets	$ 5,733,004
Total Liabilities	$ 6,808,191
Decrease in Net Assets	$ (254,989)

Also, in May 2014, the Press entered into a contract to appoint another company to perform fulfillment services, order processing, invoicing, credit, maintaining and collecting accounts receivable, stocking, warehousing, shipping and returns handling on behalf of the Press

10. 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 $720,148 and $626,208 in 2015 and 2014, respectively

The Press also provides certain health care benefits for retired employees (see Note 11)

11. 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 accumulated postretirement benefit obligation ("APBO") and plan assets as of June 30

	2015	2014
Projected APBO as of the End of the Previous Fiscal Year	$ 764,451	$ 816,682
Fiscal year actuarial gains	(33,870)	(37,216)
Service cost	2,931	2,905
Interest cost	24,552	28,320
Estimated net benefit payments	(43,625)	(46,240)
Projected APBO as of the End of the Current Year	$ 714,439	$ 764,451

	2015	2014
Accumulated Postretirement Benefit Obligation	$ (714,439)	$ (764,451)
Fair value of plan assets	--	--
Unfunded status at end of year	(714,439)	(764,451)
Unrecognized net loss	23,683	57,553
Loss subject to amortization	(23,683)	(57,553)
Accrued Postretirement Benefit Cost	$ (714,439)	$ (764,451)

The Net Periodic Postretirement Benefit Cost ("NPPBC") is the amount to be expensed for any given year The NPPBC for fiscal years 2015 and 2014 included the following components

	2015	2014
Service Cost Benefits Attributed to		
Employee Service	$ 2,931	$ 2,905
Interest at cost on APBO	24,552	28,320
Amortization of gains and losses	--	1,541
NPPBC	$ 27,483	$ 32,766

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

	2015	2014
Discount rate	3 60%	3 60%

The amount recognized in the Statements of Financial Position for the years ended June 30, 2015 and 2014 for reserve for postretirement major medical benefits is $714,439 and $764,451, respectively Contributions to the plan totaled $27,483 and $32,772 for 2015 and 2014, respectively

12 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, subject to various limitations, 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

13 Commitments

The Press has an operating lease for its editorial office in the United Kingdom, which expires in July 2016 The estimated future minimum rental payments are as follows for the years ended June 30

2016	$ 40,062
2017	3,339
	$ 43,401

The Press also has an operating lease for office space, with Princeton University, a related party The lease expires in August 2016 and the estimated future minimum rental payments are $2,520 and $420 for the years ended June 30, 2016 and 2017, respectively

The Press also has operating leases for office equipment The leases expire on various dates from August 2016 through October 2019 and the estimated future minimum rental payments are as follows for the years ended June 30

2016	$ 68,780
2017	66,191
2018	44,161
2019	21,037
2020	3,079
	$ 203,248

Total rent expense was $132,106 and $138,669 for the years ended June 30, 2015 and 2014, respectively

The Press has entered into two lease agreements with Princeton University, a related party, for office space, both of which expire in May 2016 Future minimum lease income under these agreements for the year ended June 30, 2016 is $118,053

The lease income under these agreements was $128,785 and $143,677 for the years ended June 30, 2015 and 2014, respectively

14 Subsequent Events

The Press has evaluated subsequent events occurring after the balance sheet date through the date of November 23, 2015, 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