18435186 £10

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

WEDNESDAY

AC56WT77
A03 07/06/2023 #11
COMPANIES HOUSE

✓ **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 r[...] an alteration of manner of c[...] with accounting requirement[...]

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 UNIVSERITY 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'**.

Name of organisation or body ❶: AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

❶ Please insert the name of the appropriate accounting organisation or body.

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 DocuSigned by: Christie Henry 95B4E06470DB457... Director 12/17/2022 | 4:46:22 AM PST 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 AZETS

Address SUITES B & D

BURNHAM YARD

Post town BEACONSFIELD

County/Region BUCKS

Postcode H P 9 2 J H

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:

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

PRINCETON UNIVERSITY PRESS AND SUBSIDIARY
Consolidated Financial Statements
June 30, 2022 and 2021
With Independent Auditor's Report

withum
ADVISORY TAX AUDIT

Princeton University Press and Subsidiary
Table of Contents
June 30, 2022 and 2021

INDEPENDENT AUDITOR'S REPORT

To the Trustees,
Princeton University Press:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Princeton University Press and Subsidiary (the "Press"), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Press as of June 30, 2022 and 2021, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Press, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Press' ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

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In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Press' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Press' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

WithumSmith+Brown, PC

November 29, 2022

Princeton University Press and Subsidiary
Consolidated Statements of Financial Position
June 30, 2022 and 2021

	2022	2021
Assets		
Current assets		
Cash and cash equivalents	$ 485,504	$ 389,661
Accounts receivable, net of allowance for doubtful accounts and sales returns of $1,927,399 in 2022 and $1,937,463 in 2021	6,481,138	5,825,570
Inventories, net	15,134,460	11,292,165
Current portion of due from related parties	19,264	18,719
Other current assets	2,096,890	2,032,433
Total current assets	24,217,256	19,558,548
Author advances	13,611,992	11,688,202
Due from related parties, net of current portion	704,767	724,030
Property and equipment, net	8,224,645	3,880,150
Investments in Princeton University primary pool	108,934,358	115,193,899
Total assets	$ 155,693,018	$ 151,044,829
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities	$ 4,720,696	$ 4,303,820
Deferred revenue	635,504	-
Line of credit	14,205,000	7,355,000
Royalties payable	6,870,075	6,375,330
Subsidies applicable to future publications	1,758,682	1,582,546
Current portion of notes payable	734,694	666,667
Total current liabilities	28,924,651	20,283,363
Notes payable, net of current portion	2,864,702	-
Accrual for postretirement health benefits	598,263	805,418
Net assets		
Without restrictions	90,712,787	95,490,609
With restrictions	32,592,615	34,465,439
Total net assets	123,305,402	129,956,048
Total liabilities and net assets	$ 155,693,018	$ 151,044,829

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

Princeton University Press and Subsidiary
Consolidated Statements of Activities and Changes in Net Assets
Years Ended June 30, 2022 and 2021

	2022			2021		
	Without Restrictions	With Restrictions	Total	Without Restrictions	With Restrictions	Total
Net contract sales with customers	$ 36,033,041	$ -	$ 36,033,041	$ 34,572,209	$ -	$ 34,572,209
Cost of sales	18,347,764	-	18,347,764	17,052,197	-	17,052,197
Gross margin	17,685,277	-	17,685,277	17,520,012	-	17,520,012
Income from publishing rights	3,350,811	-	3,350,811	2,809,692	-	2,809,692
Gross margin including publishing rights	21,036,088	-	21,036,088	20,329,704	-	20,329,704
Operating expenses	26,977,927	-	26,977,927	25,062,741	-	25,062,741
Net deficit from operations	(5,941,839)	-	(5,941,839)	(4,733,037)	-	(4,733,037)
Other income (expense)						
Foreign currency exchange (loss) gain	(363,902)	-	(363,902)	221,838	-	221,838
Other income	633,394	-	633,394	763,046	-	763,046
	269,492	-	269,492	984,884	-	984,884
Excess of expenditures over income from departmental operations	(5,672,347)	-	(5,672,347)	(3,748,153)	-	(3,748,153)
Investment income allocated for spending	4,441,338	1,420,600	5,861,938	4,267,407	1,365,956	5,633,363
(Deficit) surplus before other changes in net assets	(1,231,009)	1,420,600	189,591	519,254	1,365,956	1,885,210
Other changes in net assets						
Amortization of postretirement benefit plan cumulative gain (loss)	177,734	-	177,734	(101,155)	-	(101,155)
Internal subsidies applied	(1,420,735)	-	(1,420,735)	(1,449,032)	-	(1,449,032)
Contributions	665,241	-	665,241	639,652	-	639,652
Interfund transfers	1,420,600	(1,420,600)	-	1,365,956	(1,365,956)	-
Unrealized (loss) gain on investments in primary pool	(4,386,717)	(1,872,824)	(6,259,541)	22,866,119	9,762,243	32,628,362
Cumulative translation adjustment	(2,936)	-	(2,936)	(18,559)	-	(18,559)
Change in net assets	(4,777,822)	(1,872,824)	(6,650,646)	23,822,235	9,762,243	33,584,478
Net assets						
Beginning of year	95,490,609	34,465,439	129,956,048	71,668,374	24,703,196	96,371,570
End of year	$ 90,712,787	$ 32,592,615	$ 123,305,402	$ 95,490,609	$ 34,465,439	$ 129,956,048

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

Princeton University Press and Subsidiary
Consolidated Statements of Functional Expenses
Years Ended June 30, 2022 and 2021

	2022			2021		
	Program Services	Supporting Services	Total	Program Services	Supporting Services	Total
Salaries	$ 9,582,598	$ 3,960,840	$ 13,543,438	$ 8,601,192	$ 3,648,615	$ 12,249,807
Pension plan contributions	832,391	224,971	1,057,362	803,737	228,514	1,032,251
Other employee benefits	2,385,208	431,880	2,817,088	2,130,493	568,181	2,698,674
Payroll taxes	668,069	180,559	848,628	593,315	168,688	762,003
Grants	-	33,950	33,950	-	43,950	43,950
Legal fees	-	79,941	79,941	7,501	13,277	20,778
Accounting fees	23,155	94,078	117,233	20,605	84,609	105,214
Consultants	204,524	207,854	412,378	523,689	369,013	892,702
Advertising	993,622	-	993,622	1,368,100	-	1,368,100
Office expense	547,285	65,561	612,846	506,645	68,766	575,411
Information technology	164,044	694,312	858,356	161,759	661,750	823,509
Occupancy	145,525	241,855	387,380	132,763	161,647	294,410
Travel	234,114	72,698	306,812	52,264	4,163	56,427
Conferences and meetings	7,327	32,407	39,734	-	2,375	2,375
Depreciation	240,469	117,405	357,874	237,393	66,483	303,876
Insurance	79,474	19,199	98,673	56,416	15,472	71,888
Fulfillment	2,817,532	-	2,817,532	2,690,564	-	2,690,564
Other expenses	1,370,530	224,550	1,595,080	885,322	185,480	1,070,802
	$ 20,295,867	$ 6,682,060	$ 26,977,927	$ 18,771,758	$ 6,290,983	$ 25,062,741

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

Princeton University Press and Subsidiary
Consolidated Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	2022	2021
Operating activities		
Change in net assets	$ (6,650,646)	$ 33,584,478
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation and amortization	357,874	303,876
Unrealized loss (gain) on investment in primary pool	6,259,541	(32,628,362)
Change in		
Accounts receivable	(655,568)	(2,405,127)
Inventories	(3,842,295)	(2,317,314)
Other current assets	(64,457)	42,132
Author advances	(1,923,790)	(1,772,046)
Due from related parties	18,718	18,720
Accounts payable and accrued liabilities	416,876	1,277,337
Deferred revenue	635,504	-
Royalties payable	494,745	433,939
Subsidies applicable to future publications	176,136	120,594
Postretirement health benefits obligation	(207,155)	74,183
Net cash used in operating activities	(4,984,517)	(3,267,590)
Investing activity		
Purchase of property and equipment	(1,734,488)	(34,332)
Financing activities		
Interfund transfers from funds invested in the Princeton University market pools	5,861,938	5,633,363
Income allocated for spending	(5,861,938)	(5,633,363)
Proceeds from line of credit, net	6,850,000	3,005,000
Payments on note payable	(38,088)	-
Investment income allocated for spending	(665,241)	(639,652)
Funds withdrawals	665,241	639,652
Net cash provided by financing activities	6,811,912	3,005,000
Effect of foreign currency exchange on cash and cash equivalents	2,936	18,559
Net change in cash and cash equivalents	95,843	(278,363)
Cash and cash equivalents		
Beginning of year	389,661	668,024
End of year	$ 485,504	$ 389,661
Supplemental disclosure of cash flow information		
Cash paid for interest	$ 321,275	$ 150,950
Schedule of non-cash financing activity		
Purchase of property and equipment with notes payable	$ 2,970,817	$ -

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

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Nature of Organization
Princeton University 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. Princeton Asia (Beijing) Consulting Co., Ltd., its wholly foreign owned enterprise ("WFOE") was established on May 1, 2017 to further the Princeton University Press' interest in China.

Principles of Consolidation
The accompanying consolidated financial statements include the accounts of Princeton University Press and its subsidiary. The consolidated entities are collectively referred to as the "Press." All significant intercompany balances and transactions have been eliminated in consolidation.

Basis of Accounting
The consolidated financial statements of the Press have been prepared on the accrual basis of accounting.

Basis of Presentation
The Press' consolidated financial statement presentation follows the recommendations of accounting principles generally accepted in the United States of America for the financial statements of not-for-profit organizations. Under this accounting guidance, the Press is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

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 are provided on a straight-line basis over the following estimated useful lives:

Description	Estimated Life (Years)
Computer equipment and website development	3
Furniture and fixtures	10
Vehicles	5
Building and improvements	10-40

Use of Estimates
The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America 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 consolidated statements of financial position.

Inventories
Inventories consist of books and work in process and are stated at the lower of cost or market determined using the average cost method. The Press expenses all preprinting costs such as composition and platemaking in the year the books are published. The amounts expensed in 2022 and 2021 were $2,421,533 and $1,992,554, respectively.

Revenue Recognition
Revenue is recognized when control of promised goods or services is transferred to customers in an amount that reflects the consideration the Press expects to be entitled to in exchange for those goods or services.

Book Sales
The Press derives a substantial portion of its revenue primarily from the publishing and sale of scholarly and educational books. The sales of the Press' books are handled through a third-party distributor ("Ingram"). Revenues are recognized when control of these products are transferred to its customers. Ingram ships goods freight on board shipping point, indicating control has transferred upon shipment to the end customer. Payment from Ingram is generally received 95 days from when revenues are recognized. Until payment is made, the amount of sales is recognized as accounts receivable from Ingram. Payments received in advance of the customer's control of these products are recognized as deferred revenue. In accordance with industry practice, sales returns are recorded at the time Ingram receives the books and a refund allowance is recorded within accounts receivable.

Royalties
The Press receives revenue related to license and royalty arrangements with other publishers for translation rights, audio rights, and other fees related to the use of the Press' intellectual property. Many of these deals are negotiated through international agencies. If an advance is stipulated in a licensing contract, revenue is recorded when the advance is received, typically three to six months after the signing of the licensing agreement. In addition to an advance, certain royalty percentages are agreed to in the contract. Once an advance has been earned out, royalties are paid based upon the number of sales of the other publisher's version of the work. Royalties are recognized as revenue when royalties are received, usually on a quarterly or semi-annual basis. Some licensing agreements call for a one-time flat fee payment. These payments are also recognized as revenue when they are received.

Contributions
Contributions of cash and other assets received by the Press are reported as net assets with restrictions if they are received with donor stipulations that limit the use of the donated assets. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized in revenue until the conditions on which they depend have been substantially met. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets are reclassified to net assets without restrictions and reported in the consolidated statement of activities and changes in net assets as net assets released from restrictions.

Foreign Currency Translation
Assets and liabilities relating to the foreign subsidiary are translated into U.S. dollars using exchange rates in effect at the consolidated statement of financial position date; revenues and expenses are translated into U.S. dollars using average exchange rates during the year. Translation adjustments associated with assets and liabilities are excluded from income and credited or charged directly to net assets.

Functional Expenses
The costs of providing various services and other activities have been summarized on a functional basis in the consolidated statements of activities and changes in net assets and the consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Costs are allocated between supporting services and program services based on evaluation of the related benefits and departments. The Press has no fundraising expenses. Administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Press.

Advertising
Advertising costs are expensed as incurred. Advertising expense was $993,622 and $1,368,100 for the years ended June 30, 2022 and 2021, respectively.

Subsidies
The Press received amounts $530,701 and $238,749 in 2022 and 2021, 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 ($343,795 and $113,000 in 2022 and 2021, respectively) are applied against manufacturing costs in the year of publication.

Postretirement Benefits
The Press follows the accounting guidance for defined benefit pension and other postretirement plans. The standard requires statement of financial position recognition of the overfunded or underfunded status of pension and postretirement benefit plans. Under this guidance, actuarial gains and losses, prior service costs or credits, and any remaining transition assets or obligations that have been recognized in changes in net assets, without restrictions, 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.

New Accounting Pronouncement Issued Not Yet Effective
Leases
In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, *Leases* (Topic 842), which supersedes existing lease accounting standards. Together with subsequent amendments, this created Accounting Standards Codification Topic 842 ("ASC 842"). ASC 842 requires that a lessee recognizes a right-of-use asset and a corresponding liability for its obligation under virtually all operating leases, as well as expands disclosure requirements. ASC 842 is effective for annual reporting periods beginning after December 15, 2021. Early adoption is permitted. The Press is currently evaluating the effect of the adoption of ASC 842 on its results of operations, financial position or cash flows.

The Press is not aware of any other accounting pronouncements, not yet adopted, that would have a material effect on its current or prospective consolidated financial statements.

2. LIQUIDITY

As of June 30, 2022 and 2021, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, were as follows:

	2022	2021
Financial assets		
Cash and cash equivalents	$ 485,504	$ 389,661
Accounts receivable, net	6,481,138	5,825,570
Endowment receivable	1,853,724	1,782,366
Working capital investment at fair value	22,448,774	23,738,715
Total financial assets	31,269,140	31,736,312
Liquidity resources		
Bank line of credit	795,000	2,645,000
Financial assets available to meet general expenditures over the next twelve months	$ 32,064,140	$ 34,381,312

The Press manages its financial assets to be available as its operating expenditures, liabilities and other obligations come due. The Press' cash flows have fluctuations during the year attributable to the timing of sales and operations, investment income and other items. To help manage unanticipated liquidity needs, the Press has an uncommitted line of credit in the amount of $795,000.

3. NET ASSETS WITH RESTRICTIONS

The Einstein Endowment Fund (the "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.

4. NET ASSETS WITHOUT RESTRICTIONS

The following funds have been included in net assets without restrictions and have been established by the trustees primarily to support the book publication program:

The Whitney Darrow Fund was established from funds distributed by Princeton University formerly held to support the Bollingen Series of books. This fund is without restrictions and has 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 consolidated 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, 2022 and 2021, contributions amounting to $665,241 and $639,652, respectively, were received from Princeton University and are reflected as contributions in the consolidated statements of activities and changes in net assets.

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.

5. ENDOWMENT FUNDS

The Press' endowment funds, which are included in net assets with restrictions, 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 accounting principles generally accepted in the United States of America, 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 net assets with restrictions, 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 net assets with restrictions is classified as net assets without restrictions 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

The following presents the June 30, 2022 endowment net asset composition by type of fund:

	Without Restrictions	With Restrictions	Total
Donor restricted	$ -	$ 32,592,615	$ 32,592,615
Board designated	53,892,969	-	53,892,969
Total	$ 53,892,969	$ 32,592,615	$ 86,485,584

The following presents changes in endowment net assets for the year ended June 30, 2022:

	Without Restrictions	With Restrictions	Total
Endowment net assets, beginning of year	$ 56,989,745	$ 34,465,439	$ 91,455,184
Unrealized gain (loss) on investment	(3,096,776)	(1,872,824)	(4,969,600)
Income allocated for spending	4,441,338	1,420,600	5,861,938
Other changes			
Interfund transfer of income allocated for spending	(4,441,338)	(1,420,600)	(5,861,938)
	$ 53,892,969	$ 32,592,615	$ 86,485,584

The following presents the June 30, 2021 endowment net asset composition by type of fund:

	Without Restrictions	With Restrictions	Total
Donor restricted	$ -	$ 34,465,439	$ 34,465,439
Board designated	56,989,745	-	56,989,745
Total	$ 56,989,745	$ 34,465,439	$ 91,455,184

The following presents changes in endowment net assets for the year ended June 30, 2021:

	Without Restrictions	With Restrictions	Total
Endowment net assets, beginning of year	$ 40,847,553	$ 24,703,196	$ 65,550,749
Unrealized gain on investment	16,142,192	9,762,243	25,904,435
Income allocated for spending	4,267,407	1,365,956	5,633,363
Other changes			
Interfund transfer of income allocated for spending	(4,267,407)	(1,365,956)	(5,633,363)
	$ 56,989,745	$ 34,465,439	$ 91,455,184

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. Investment income available for spending is reported in the consolidated statements of activities and changes in net assets as a separate line item.

6. INVENTORY

Inventory consists of the following at June 30:

	2022	2021
Finished goods	$ 16,038,824	$ 13,976,545
Work in process	4,218,648	3,315,620
Valuation allowance	(5,123,012)	(6,000,000)
Inventory, net	$ 15,134,460	$ 11,292,165

7. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30:

	2022	2021
Computer equipment	$ 2,779,962	$ 2,775,856
Furniture and fixtures	1,851,221	1,851,647
Vehicles	30,701	30,701
Building and improvements	12,066,430	7,368,447
	16,728,314	12,026,651
Accumulated depreciation and amortization	(8,503,669)	(8,146,501)
Property and equipment, net	$ 8,224,645	$ 3,880,150

Depreciation and amortization expense totaled $357,874 and $303,876 for the years ended June 30, 2022 and 2021, respectively.

8. INVESTMENTS

A summary of investments at fair value at June 30 is as follows:

	2022	2021
Whitney Darrow Fund	$ 49,108,501	$ 51,930,354
Scribner Fund	740,257	782,794
McGraw Fund	4,044,211	4,276,597
Einstein Endowment Fund	32,592,615	34,465,439
Working Capital Investment	22,448,774	23,738,715
	$ 108,934,358	$ 115,193,899

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 consolidated statements of financial position the value of investments in the Primary Pool at the market value as reported by Princeton University in their audited financial statements.

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 consolidated financial statements.

9. 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. 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. Fair value measurements 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, which consists of the following:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Press has the ability to access at the measurement date. Instruments categorized in Level 1 primarily consist of a broadly traded range of equity and debt securities.

Level 2 - Inputs other than quoted prices included within Level 1 that are either directly or indirectly observable for the asset or liability, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived from observable market data by correlation or other means.

Level 3 - Unobservable inputs for the asset or liability, including situations 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.

Investments in investee funds that are valued using the net asset values ("NAV") of the underlying investee fund as a practical expedient have been excluded from the fair value hierarchy and are shown as a separate column in the fair value leveling table. Where the Press has the ability to redeem its investment with the investee at NAV per share (or the equivalent) using the practical expedient, such investments have been excluded from the fair value hierarchy. Certain of these investments may be subject to modest holdback provisions to cover audit and other potential expenses or adjustments in the event of a complete withdrawal.

The following tables present the Press' assets that are measured at fair value for each hierarchy level at June 30: and 2021

	2022				
	Level 1	Level 2	Level 3	NAV	Total
Investment in primary pool					
Developed markets	$ 83,151	$ -	$ 1,227	$ 8,497,979	$ 8,582,357
Emerging markets	614	(68,116)	-	7,926,967	7,859,465
Independent return	21,478	-	1,534	26,514,455	26,537,467
Private equity	5,216	1,549,801	8,898	46,393,086	47,957,001
Real assets	2,109,460	(275,841)	66,890	10,722,808	12,623,317
Fixed income	4,361,903	-	-	-	4,361,903
Cash and other	2,216,851	(1,204,003)	-	-	1,012,848
	$ 8,798,673	$ 1,841	$ 78,549	$ 100,055,295	$ 108,934,358

	2021				
	Level 1	Level 2	Level 3	NAV	Total
Investment in primary pool					
Developed markets	$ 102,045	$ (31,446)	$ 1,541	$ 10,374,724	$ 10,446,864
Emerging markets	1,556,578	(74,299)	-	8,172,885	9,655,164
Independent return	45,011	-	1,541	25,958,081	26,004,633
Private equity	9,865	(141,199)	9,249	50,695,933	50,573,848
Real assets	2,612,487	298,121	9,249	10,707,990	13,627,847
Fixed income	3,559,261	-	-	-	3,559,261
Cash and other	1,446,209	(119,927)	-	-	1,326,282
	$ 9,331,456	$ (68,750)	$ 21,580	$ 105,909,613	$ 115,193,899

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, 2020	$ 443,480
Change in unrealized appreciation	(421,780)
Purchases	274
Sales and settlements	(394)
Transfers into Level 3	-
Balance as of June 30, 2021	21,580
Change in unrealized appreciation	(133,134)
Purchases	41
Sales and settlements	(520)
Transfers into Level 3	190,582
Balance as of June 30, 2022	$ 78,549

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. The Press' policy is to recognize transfers at the beginning of the reporting period.

The following tables and disclosures set forth the significant terms of the agreements with investment managers or funds by major category at June 30, 2022 and 2021. The information is presented on a "manager-mandate" basis.

	2022			
	June 30 Fair Value	**Unfunded Commitments**	**Redemption Frequency (if currently eligible)**	**Redemption Notice Period**
Managed investments (gross)				
Developed markets (a)	$ 8,582,357	$ 208,952	daily - annually	10 - 120 days
Emerging markets (b)	7,859,465	854,830	daily - annually	7 - 90 days
Independent return (c)	26,537,467	1,555,938	monthly - annually	60 - 90 days
Fixed income and cash (d)	5,374,751	-	daily	1 - 7 days
Marketable asset classes	48,354,040	2,619,720		
Private equity (e)	47,957,002	11,531,613		
Real assets (f)	12,623,316	6,509,717		
Nonmarketable asset classes	60,580,318	18,041,330		
Total gross investments	$ 108,934,358	$ 20,661,050		

	2021			
	June 30 Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Managed investments (gross)				
Developed markets (A)	$ 10,446,864	$ 437,778	daily - annually	10 - 120 days
Emerging markets (B)	9,655,164	6,782	daily - annually	7 - 90 days
Independent return (C)	26,004,634	1,405,514	monthly - annually	60 - 90 days
Fixed income and cash (D)	4,885,542	-	daily	1 - 7 days
Marketable asset classes	50,992,204	1,850,074		
Private equity (E)	50,573,849	7,947,213		
Real assets (F)	13,627,846	5,061,578		
Nonmarketable asset classes	64,201,695	13,008,791		
Total gross investments	$ 115,193,899	$ 14,858,865		

(A) Developed markets - This asset class includes funds and accounts primarily invested in equities traded on domestic exchanges, over-the-counter markets, or equity and debt securities traded on exchanges in countries with developed economies. The fair values of the investments in this asset class have been estimated using the NAV per share of the investee funds. Investments representing approximately 4% of the market value of this asset class are in nonredeemable assets.

(B) Emerging markets - This asset class includes funds primarily invested in public equity and debt securities traded in countries with emerging economics. The fair values of the investments in this asset class have been estimated using the NAV 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 32% of the market value of this asset class are invested in nonredeemable assets.

(C) 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 investment strategies such as long/short equity investments and event-driven/arbitrage based upon the fund's investment mandate and the current opportunity set. Investments representing approximately 25% of the market value of this asset class are invested in nonredeemable assets.

(D) 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. The majority of the investments in these asset classes can be liquidated on a daily basis.

(E) 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.

(F) Real assets - This asset class includes funds invested primarily in real estate and natural resources. 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 $2,624,000 at June 30, 2022 and approximately $3,331,000 at June 30, 2021, was invested in redeemable funds. More broadly, distributions from investee funds are received as the underlying investments are liquidated.

10. 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, 2022 and 2021. In addition, the Press has no income tax related penalties or interest for the periods reported in the consolidated financial statements.

11. LINE OF CREDIT

The Press has entered into a $10,000,000 line of credit agreement with a bank. The unsecured line bears interest at a rate equal to LIBOR for the applicable interest period, as defined, plus 2.00%. As of June 30, 2021, the amount outstanding was $7,355,000.

During the year ended June 30, 2022, the Press increased the line of credit agreement to an aggregate amount of $15,000,000. The unsecured loan bears interest at a rate equal to 2.10% plus the SOFR or 3.6% at June 30, 2022. The Press is required to comply with certain loan covenants. As of June 30, 2022, the Press was in compliance with all of the covenants. As of June 30, 2022, the amount outstanding was $14,205,000.

12. NOTES PAYABLE

	2022	2021
Promissory note payable - Fulfillment company; non-interest bearing and due upon termination of the distribution agreement in effect between the two parties	$ 666,667	$ 666,667
Mortgage note payable - HSBC; twenty-five year amortization plus monthly interest at 3.2% above the Bank of England base rate (4.5% at June 30, 2022)	2,932,729	-
	$ 3,599,396	$ 666,667

Current portion of notes payable totals $734,694 as of June 30, 2022. Long-term notes payable totals $2,864,702 as pf June 30, 2022. As of June 30, 2021, the full note payable amount of $666,667 was considered current. The Press is required to comply with certain loan covenants related to the mortgage note payable. As of June 30, 2022, the Press was in compliance with all of the covenants.

Future minimum annual principal payments for the mortgage note payable as of June 30, 2022 are as follows:

2023	$ 68,027
2024	71,117
2025	74,347
2026	77,724
2027	81,254
Thereafter	2,560,260
	$ 2,932,729

13. DUE FROM RELATED PARTIES

At June 30, 2022 and 2021, the Press had one loan outstanding from a key employee in the amount of $724,031 and $742,749, respectively. The current portion of $19,264 and $18,719 at June 30, 2022 and 2021, respectively, is included in other current assets. The outstanding loan at June 30, 2022 is secured by certain real estate and bears interest at 2.875% per annum and is payable over a 30-year term with a maturity date of March 30, 2048. Interest income earned on the loan amounted to $21,097 and $21,628 for the years ended June 30, 2022 and 2021, respectively.

14. 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 for up to the maximum social security level and 15% thereafter) and are used to purchase individual insured annuity contracts. Contributions to the plan aggregated $1,057,362 and $1,032,251 in 2022 and 2021, respectively.

15. 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:

	2022	2021
Projected APBO as of the end of the previous fiscal year	$ 781,689	$ 701,614
Fiscal year actuarial (gains) losses	(177,734)	114,005
Service cost	2,385	1,168
Interest cost	18,858	16,207
Estimated net benefit payments	(55,171)	(51,305)
Projected APBO as of the end of the current year	570,027	781,689
Fair value of plan assets	-	-
Unfunded status at end of year	570,027	781,689
Unrecognized net gain	39,600	230,184
Gain subject to amortization	(39,600)	(230,184)
Accrued postretirement benefit	$ 570,027	$ 781,689

The net periodic postretirement benefit cost ("NPPBC") is the amount to be expensed for any given year. The NPPBC for fiscal years 2022 and 2021 included the following components:

	2022	2021
Service cost benefits attributed to		
Employee service	$ 2,385	$ 1,168
Interest cost on APBO	18,858	16,207
NPPBC	$ 21,243	$ 17,375

Actuarial assumptions used to calculate the APBO were as follows for years ended June 30:

	2022	2021
Discount rate	4.25%	2.50%

Contributions to the plan totaled $25,750 and $21,473 for 2022 and 2021, respectively.

16. CONCENTRATION OF 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.

17. COMMITMENTS

The Press has operating leases for office space, as well as for equipment. The leases expire on various dates through 2025. The estimated future minimum rental payments are as follows for the years ending June 30:

2023	$ 81,000
2024	44,000
2025	9,000
2026	8,000
2027	8,000
	$ 150,000

Total rent expense was $213,305 and $213,554 for the years ended June 30, 2022 and 2021, respectively.

The Press has entered into two lease agreements with Princeton University, a related party, for office space, both of which expire in May 2025. The lease income under these agreements was $163,837 and $159,377 for the years ended June 30, 2022 and 2021, respectively.

During the year ended June 30, 2022, the Press entered into two lease agreements for their UK location, both of which expire in November 2024. The lease income under these agreements was $1,606 for the year ended June 30, 2022.

The estimated future minimum rental income is as follows for the years ending June 30:

2023	$ 234,000
2024	210,000
2025	170,000
	$ 614,000

18. SUBSEQUENT EVENTS

The Press has evaluated subsequent events occurring after the consolidated statement of financial position date through the date of November 29, 2022, which is the date the consolidated financial statements were available to be issued. Based upon this evaluation, the Press has determined that no subsequent events require disclosure within the consolidated financial statements.