

Financial Statements Together with  
Report of Independent Certified Public Accountants

**BANK STREET COLLEGE OF EDUCATION**

June 30, 2011 and 2010

# **BANK STREET COLLEGE OF EDUCATION**

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## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees of the  
**Bank Street College of Education:**

We have audited the accompanying statements of financial position of Bank Street College of Education (the "College") as of June 30, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bank Street College of Education as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

*GRANT THORNTON LLP*

New York, New York  
March 29, 2012

**BANK STREET COLLEGE OF EDUCATION**  
**Statements of Financial Position**  
**As of June 30, 2011 and 2010**

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<b>ASSETS</b>	<b>2011</b>	<b>2010</b>
Cash and cash equivalents	\$ 14,002,914	\$13,796,788
Student accounts and loans receivable, net (Note C)	1,103,955	1,306,986
Grants receivable	3,897,162	2,391,872
Contributions and other receivables, net (Note D)	1,023,267	1,846,061
Bookstore inventory (net of allowance for obsolescence of \$36,807 and \$58,923, respectively)	388,589	486,888
Prepaid expenses, deferred financing costs (Note G) and other assets	1,614,175	1,379,204
Investments and deposits held by third parties (Note E)	30,740,309	26,418,982
Property and equipment, net (Note F)	<u>14,709,052</u>	<u>15,226,775</u>
Total assets	<u>\$ 67,479,423</u>	<u>\$62,853,556</u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 5,667,770	\$ 5,244,981
Deferred revenue:		
Tuition and fees	8,031,948	7,731,252
Grants	641,968	849,585
Conditional asset retirement obligations	415,104	397,229
Refundable government loan program	626,897	642,482
Bonds payable (Note G)	4,935,793	5,694,926
Postretirement health benefit plan (Note H)	<u>5,777,672</u>	<u>5,498,650</u>
Total liabilities	<u>26,097,152</u>	<u>26,059,105</u>
Commitments and contingencies (Note N)		
<b>NET ASSETS</b>		
Unrestricted:		
Undesignated	18,997,265	15,912,045
Board of Trustees designated for endowment (Note I)	<u>776,642</u>	<u>671,221</u>
	19,773,907	16,583,266
Temporarily restricted (Note J)	9,515,408	8,254,151
Permanently restricted (Note I)	<u>12,092,956</u>	<u>11,957,034</u>
Total net assets	<u>41,382,271</u>	<u>36,794,451</u>
Total liabilities and net assets	<u>\$ 67,479,423</u>	<u>\$62,853,556</u>

*The accompanying notes are an integral part of these financial statements.*

**BANK STREET COLLEGE OF EDUCATION**  
**Statements of Activities**  
**For the years ended June 30, 2011 and 2010**

	2011				2010			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>OPERATING ACTIVITIES</b>								
Revenues, gains and other support:								
Tuition and fees	\$ 40,436,845	\$ -	\$ -	\$ 40,436,845	\$ 39,102,733	\$ -	\$ -	\$ 39,102,733
Less: tuition discounts and scholarships	(6,380,379)	-	-	(6,380,379)	(6,461,313)	-	-	(6,461,313)
	<u>34,056,466</u>	<u>-</u>	<u>-</u>	<u>34,056,466</u>	<u>32,641,420</u>	<u>-</u>	<u>-</u>	<u>32,641,420</u>
Contributions	2,070,225	1,006,619	-	3,076,844	2,267,498	1,315,464	-	3,582,962
Research and public service (Note K)	10,736,213	-	-	10,736,213	8,337,112	-	-	8,337,112
Bookstore, publications and media	2,285,631	-	-	2,285,631	2,117,811	-	-	2,117,811
Investment returns (Notes B and E)	803,397	-	-	803,397	387,902	-	-	387,902
Interest income on operating funds	20,901	-	-	20,901	22,507	-	-	22,507
Other revenues	594,010	-	-	594,010	415,019	-	-	415,019
Net assets released from restrictions (Note J)	1,629,182	(1,629,182)	-	-	759,133	(759,133)	-	-
Total revenues, gains and other support	<u>52,196,025</u>	<u>(622,563)</u>	<u>-</u>	<u>51,573,462</u>	<u>46,948,402</u>	<u>556,331</u>	<u>-</u>	<u>47,504,733</u>
Expenses (Note L):								
Instruction	23,593,539	-	-	23,593,539	22,332,873	-	-	22,332,873
Research and public service	11,150,023	-	-	11,150,023	7,775,558	-	-	7,775,558
Bookstore, publications and media	2,431,471	-	-	2,431,471	2,207,583	-	-	2,207,583
Institutional support	13,745,301	-	-	13,745,301	12,887,057	-	-	12,887,057
Total expenses	<u>50,920,334</u>	<u>-</u>	<u>-</u>	<u>50,920,334</u>	<u>45,203,071</u>	<u>-</u>	<u>-</u>	<u>45,203,071</u>
Changes in net assets from operating activities	<u>1,275,691</u>	<u>(622,563)</u>	<u>-</u>	<u>653,128</u>	<u>1,745,331</u>	<u>556,331</u>	<u>-</u>	<u>2,301,662</u>
<b>NONOPERATING ACTIVITIES</b>								
Contributions	-	-	135,922	135,922	-	100,000	197,012	297,012
Investment returns (Notes B and E)	1,695,911	1,883,820	-	3,579,731	1,209,024	665,398	-	1,874,422
Other (Note O)	(7,814)	-	-	(7,814)	(20,970)	-	-	(20,970)
Adjustment to recognize funded status of postretirement health benefit plan (Note H)	226,853	-	-	226,853	(1,707,571)	-	-	(1,707,571)
Changes in net assets from nonoperating activities	<u>1,914,950</u>	<u>1,883,820</u>	<u>135,922</u>	<u>3,934,692</u>	<u>(519,517)</u>	<u>765,398</u>	<u>197,012</u>	<u>442,893</u>
Changes in net assets	<u>3,190,641</u>	<u>1,261,257</u>	<u>135,922</u>	<u>4,587,820</u>	<u>1,225,814</u>	<u>1,321,729</u>	<u>197,012</u>	<u>2,744,555</u>
Net assets, beginning of year	<u>16,583,266</u>	<u>8,254,151</u>	<u>11,957,034</u>	<u>36,794,451</u>	<u>15,357,452</u>	<u>6,932,422</u>	<u>11,760,022</u>	<u>34,049,896</u>
Net assets, end of year	<u>\$ 19,773,907</u>	<u>\$ 9,515,408</u>	<u>\$ 12,092,956</u>	<u>\$ 41,382,271</u>	<u>\$ 16,583,266</u>	<u>\$ 8,254,151</u>	<u>\$ 11,957,034</u>	<u>\$ 36,794,451</u>

*The accompanying notes are an integral part of these financial statements.*

**BANK STREET COLLEGE OF EDUCATION**  
**Statements of Cash Flows**  
**For the years ended June 30, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 4,587,820	\$ 2,744,555
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,628,646	1,643,770
Change in provision for uncollectible receivables, obsolete bookstore inventory and change in discount to present value for contributions receivable	11,202	(33,292)
Net appreciation in fair value of investments	(3,644,222)	(1,584,715)
Permanently restricted contributions	(135,922)	(332,671)
Changes in assets and liabilities:		
Student accounts and loans receivable	137,468	272,973
Grants receivable	(1,505,290)	(452,903)
Contributions and other receivables	875,293	(43,274)
Bookstore inventory	120,415	(27,846)
Prepaid expenses and other assets	(289,130)	(94,707)
Accounts payable and accrued expenses	422,789	844,955
Deferred tuition and fees	300,696	635,268
Deferred grant revenue	(207,617)	(146,382)
Conditional asset retirement obligations	17,875	17,105
Postretirement health benefit plan	279,022	1,989,325
Net cash provided by operating activities	<u>2,599,045</u>	<u>5,432,161</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(14,642,081)	(26,067,897)
Proceeds from sale of investments	13,964,976	25,363,803
Purchases of property and equipment	(1,056,764)	(350,727)
Other	(20,254)	(20,382)
Net cash used in investing activities	<u>(1,754,123)</u>	<u>(1,075,203)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on bonds	(759,133)	(726,136)
Permanently restricted contributions received	135,922	332,671
Change in refundable government loan program	(15,585)	(1,211)
Net cash used in financing activities	<u>(638,796)</u>	<u>(394,676)</u>
 Increase in cash and cash equivalents	 206,126	 3,962,282
Cash and cash equivalents, beginning of year	<u>13,796,788</u>	<u>9,834,506</u>
Cash and cash equivalents, end of year	<u>\$ 14,002,914</u>	<u>\$ 13,796,788</u>
<b>Supplemental disclosure:</b>		
Cash paid for interest	<u>\$ 264,742</u>	<u>\$ 322,614</u>

*The accompanying notes are an integral part of these financial statements.*

# **BANK STREET COLLEGE OF EDUCATION**

## **Notes to Financial Statements**

### **June 30, 2011 and 2010**

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#### **NOTE A - ORGANIZATION**

Bank Street College of Education (the “College”) is an independent coeducational institution offering an elementary school (“Bank Street School for Children”), a graduate teachers’ college and continuing professional studies. The College derives its operating revenues principally from student tuition and fees as well as government and private grants, contributions and distributions from its endowment. The College spends these resources to meet the instructional and educational mission of the College.

The College has been classified by the Internal Revenue Service as a 501(c)(3) organization and is exempt from Federal income taxes under Section 501(a) of the Internal Revenue Code and a similar provision of the State of New York income tax law.

#### **NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies of the College are described below.

##### **Basis of Presentation**

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”). Preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

The most significant management estimates and assumptions relate to the determination of allowances for uncollectible accounts relating to student accounts and loans, and contribution receivable; postretirement health benefit plan obligations; conditional asset retirement obligations and estimated useful lives of buildings and equipment. Actual results could differ from those estimates.

Net assets are classified as unrestricted, temporarily restricted or permanently restricted based upon the existence or absence of donor-imposed stipulations limiting the use of the contributed assets as follows:

*Unrestricted* - include expendable resources that are used to carry out the College’s operations and are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by the College’s Board of Trustees or may be limited by contractual agreements with outside parties.

*Temporarily Restricted* - include net assets subject to donor-imposed stipulations that either expire with the passage of time or can be fulfilled by the actions of the College pursuant to those stipulations. When a donor restriction expires, that is, when a time restriction ends or a purpose is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. However, when restrictions on donor-restricted contributions are met in the same accounting period in which the contribution is received, such amounts are reported as changes in unrestricted net assets.

*Permanently Restricted* - include net assets subject to donor-imposed stipulations that require the corpus to be maintained permanently (Note I). The donors of these assets typically permit the College to use the income and appreciation on related investments for general or specific purposes.

# **BANK STREET COLLEGE OF EDUCATION**

## **Notes to Financial Statements**

### **June 30, 2011 and 2010**

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Revenues and other income are reported as changes in unrestricted net assets unless limited by explicit donor-imposed stipulations. Expenses are reported as decreases in unrestricted net assets.

The statements of activities distinguish between operating and nonoperating activities. Operating activities include all revenues, gains and expenses that are an integral part of the College's educational programs and supporting activities. Nonoperating activities include investment returns in excess of or less than distributions from the endowment contributions to the endowment, certain changes to postretirement benefit obligations, and other nonrecurring items, if any.

#### **Cash and Cash Equivalents**

Cash and cash equivalents include all money market funds and highly liquid financial instruments with original maturities of three months or less.

#### **Concentration of Credit Risk**

Financial instruments that potentially subject the College to concentrations of credit and market risk consist principally of cash and cash equivalents and investments on deposit with financial institutions, that exceed the Federal Deposit Insurance Corporation ("FDIC") limit. The College does not believe that a significant risk of loss due to the failure of a financial institution, is likely.

#### **Bookstore Inventory**

Inventories are stated at the lower of cost or market, less an estimated reserve for obsolete and slow-moving items.

#### **Investments, Investment Returns and Deposits Held by Third Parties**

Investments include the following:

- Endowment funds permanently restricted by donors for:
  - Specific programs
  - Student financial assistance:
    - Scholarships with unique criteria
    - General tuition discounts and scholarships
- Funds temporarily restricted by donors for purposes other than endowments
- Unrestricted funds designated as an endowment by the Board of Trustees
- Other unrestricted funds
- Unexpended investment returns on each of the above categories

Investments and deposits held by third parties are reported at fair value. The College uses a hierarchy of measuring fair value established in GAAP that prioritizes observable and unobservable input techniques for fair value measurements. Level 1 inputs are the highest priority and Level 3 inputs are the lowest priority. A financial instrument's level is the lowest level of input that is significant to its fair value measurement, as follows:

Level 1 - Unadjusted quoted prices in active markets for identical assets.

**BANK STREET COLLEGE OF EDUCATION**  
**Notes to Financial Statements**  
**June 30, 2011 and 2010**

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Level 2 - Quoted prices for similar assets in active markets; quoted prices for identical or similar assets in markets that are not considered active; observable inputs other than quoted prices; or inputs derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Significant unobservable inputs.

Investment returns reported in the accompanying statements of activities include dividends, interest income and realized and unrealized appreciation and depreciation in fair values, net of investment management and transaction fees. Securities transactions are recorded on a trade-date basis, dividends are recorded as of the ex-dividend date and interest income is recorded on the accrual basis.

The Board of Trustees each year has authorized an annual investment return distribution rate of 4% of the average fair value at the end of the twelve immediately preceding calendar quarters (twenty calendar quarters beginning in fiscal 2012) of the endowment funds designated by donors for general tuition discounts and scholarships, unrestricted funds designated as an endowment by the Board of Trustees and other unrestricted funds. Investment returns to the extent of the Board of Trustees authorized distribution are reported as unrestricted operating revenues. The remaining investments returns on endowment funds designated by donors for general tuition discounts and scholarships are reported in temporarily restricted non-operating activities. The remaining investment returns on unrestricted funds designated as an endowment by the Board of Trustees and other unrestricted funds are reported in unrestricted non-operating activities.

In years prior to fiscal year 2011, the remaining investment returns on endowment funds designated by donors for general tuition discounts and scholarships noted above were reported in unrestricted non-operating activities. The New York Prudent Management of Institutional Funds Act (“NYPMIFA”), that became effective for the College’s fiscal year 2011, requires that all expenditures of endowment funds restricted by donors be authorized by the Board of Trustees. Absent such formal approval, donor restrictions remain and the amounts that were included in unrestricted net assets at June 30, 2009 and for the year ended June 30, 2010 have been reclassified to temporarily restricted net assets in the accompanying financial statements.

Investment returns on endowment funds designated by donors for specific programs and for scholarships with unique criteria and on funds temporarily restricted by donors for purposes other than endowments are reported in temporarily restricted non-operating activities until authorized for expenditure for the designated purposes, at which time the amounts are reported as net assets released from restrictions (Note J).

If as a result of investment losses, the fair value of invested endowment funds restricted by donors is less than the related donors’ original gift amounts, the deficiency is reported as a reduction of unrestricted net assets in non-operating activities. Subsequent investment income related to those invested endowment funds is reported as an increase in unrestricted net assets in non-operating activities until the deficiency is eliminated.

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**Notes to Financial Statements**  
**June 30, 2011 and 2010**

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**Property and Equipment**

Property and equipment with an acquisition cost of \$500 or more are capitalized at cost at the date of acquisition or fair value, estimated when necessary, at the date of contribution, if donated. The College's building and equipment are depreciated using the straight-line basis over their estimated useful lives. Leasehold improvements are amortized over the shorter of their estimated useful lives or the remaining life of the related lease on a straight-line basis. The estimated useful lives of the College's fixed assets follow:

Building	50 years
Furniture and equipment	5-10 years
Computer equipment	5 years

**Contributions**

Gifts and pledges representing unconditional promises to give are recorded in the period received or pledged, respectively. Noncash gifts and pledges are recorded at their fair value, estimated when necessary. Pledges are recorded net of an allowance for estimated uncollectible amounts. Pledges that will be received over periods in excess of one year are discounted to present value at a risk-adjusted interest rate at the date of the contribution. Amortization of the discounts in subsequent periods is reported as additional contribution revenue.

Contributions, including cash or other assets, to be used to acquire long-lived assets are reported as additions to the temporarily restricted net asset class. Restrictions are considered released when the long-lived assets are constructed or acquired.

**Fair Value of Financial Instruments Other Than Investments**

The carrying amounts of cash and cash equivalents, student accounts, grants and contributions receivable, prepaid expenses and other assets, and accounts payable and accrued expenses and other liabilities approximate fair value due to the short-term maturity of these financial instruments.

A reasonable estimate of the fair value of student loans receivable under the Federal Perkins Loan program could not be made because the notes are not saleable and can only be assigned to the U.S. Government or its designees.

**Refundable Government Loan Program**

Funds provided by the U.S. Government under the Federal Perkins Loan program are loaned to qualified students and may be reloaned after collection. These funds are ultimately refundable to the U.S. Government and are presented in the accompanying statements of financial position as a liability.

**Conditional Asset Retirement Obligations**

The College has conditional asset retirement obligations associated with asbestos in its building. Those obligations are defined as legal obligations associated with the retirement of tangible long-lived assets in which the timing and/or method of settlement is conditional on a future event that may or may not be within the control of the College.

# **BANK STREET COLLEGE OF EDUCATION**

## **Notes to Financial Statements**

### **June 30, 2011 and 2010**

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#### **Postretirement Health Benefit Plan**

The College has an unfunded postretirement health benefit plan for retirees and their spouses and accrues the cost of the benefits during the employees' active service period.

#### **Endowments**

The College has endowment funds permanently restricted by donors where the donors have specified that the gift amounts be invested and only the related investment returns may be spent for the donor designated purposes. The Board of Trustees has interpreted the NYPMIFA as requiring the College, absent explicit donor stipulations to the contrary, to act in good faith and with the care that an ordinary person in a like position would exercise under similar circumstances in making determinations to authorize for expenditure and accumulate endowment funds, taking into account both its obligation to preserve the value of the endowment and its obligation to use endowment funds to achieve the purpose for which it was donated.

The College reports as permanently restricted net assets the original fair value of gifts donated to permanent endowments and accumulations, if any, to the permanent endowments required by the applicable donors' gift instruments. The remaining portion of donor-restricted endowment funds that is not reported as permanently restricted net assets is reported as temporarily restricted net assets until such amounts are authorized for expenditure by the Board of Trustees at which time the amounts are reported as net assets released from restrictions. If the authorization is for expenditure in a future year, the amounts are reported as net assets released from restrictions in that year.

The College also has Board of Trustees designated endowment funds that are reported as unrestricted net assets as there are no donor-imposed restrictions applicable to such funds.

The College's endowment funds investment goal is to generate total returns (dividend and interest together with increases in fair value) that provide a relatively predictable source of funds to fulfill the endowments' designated purposes while maintaining the investments' long term earning power. Specifically the College seeks to realize an average return (net of all investment fees and expenses) equal to or exceeding the authorized annual distributions plus the inflation rate as measured by the Consumer Price Index. To achieve the desired returns, the College has typically allocated investments 60% - 70% to equity securities with the balance primarily allocated to debt securities (Note E).

#### **Revenue**

Tuition and fees are recognized as revenues in the period in which the related instruction is delivered. Grants received are recognized as revenues in the period in which the related research or public services are performed. Unrecognized portions are reported as deferred revenues.

#### **Sabbatical Program**

The College has a sabbatical leave program for professional employees. After each 10 years of service, those employees may spend the equivalent of 6 months in pre-approved professional development activities, an exchange that is for the mutual benefit of the individuals and the College.

#### **Income Taxes**

In July 2006, guidance was issued governing "Accounting for Uncertainty in Income Taxes." This standard clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This standard provides that

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the tax benefit from an uncertain tax position may be recognized in the financial statements only if the position is “more-likely-than-not” to be sustained upon examination of the taxing authorities based solely on the technical merits of the tax position. The standard also provides guidance on measurement, classification, interest and penalties, and disclosure. The standard was effective for the College on July 1, 2008, and had no material impact on the accompanying financial statements. The College’s tax years ended 2008, 2009, and 2010 are still open to audit for both federal and state purposes. The College has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions.

**Subsequent Events**

Management of the College has evaluated all transactions and events that occurred after June 30, 2011 through March 29, 2012, the date the accompanying financial statements were available to be issued.

**NOTE C - STUDENT ACCOUNTS AND LOANS RECEIVABLE**

Student accounts receivable, principally relating to tuition and fees, consisted of the following at June 30:

	<u>2011</u>	<u>2010</u>
Student accounts receivable	\$ 781,183	\$ 941,488
Less: allowance for uncollectible accounts		
Beginning of year	(111,599)	(100,373)
Increase to reserve	(278,362)	(36,798)
Write-offs	<u>221,618</u>	<u>25,572</u>
End of year	<u>(168,343)</u>	<u>(111,599)</u>
Net student accounts receivable	<u>\$ 612,840</u>	<u>\$ 829,889</u>

The College maintains an allowance for uncollectible accounts for estimated losses that may result from the inability of students or donors to make required payments. Such allowances are based upon several factors including, but not limited to, historical collection experience and the credit worthiness of the respective student or donor.

Student loans receivable under the Federal Perkins Loan program consisted of the following at June 30:

	<u>2011</u>	<u>2010</u>
Student loans receivable	\$ 513,006	\$ 490,169
Less: allowance for doubtful accounts		
Beginning of year	(13,072)	(17,552)
Increase to reserve	(9,973)	(7,016)
Write-offs	<u>1,154</u>	<u>11,496</u>
End of year	<u>(21,891)</u>	<u>(13,072)</u>
Net student loans receivable	<u>\$ 491,115</u>	<u>\$ 477,097</u>

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Student loans receivable enter into repayment status 30 days after a student is no longer matriculated at the College and the loans are payable over a 10-year term. The College generally is authorized by the U.S. Government to reduce the refundable amount (Note B) for loans it is unable to collect and, accordingly, the College incurs no expense for uncollectible loans.

**NOTE D - CONTRIBUTIONS AND OTHER RECEIVABLES**

Contributions receivable, net, consisted of the following at June 30:

	<u>2011</u>	<u>2010</u>
Due within one year	\$ 100,000	\$ 391,303
Due in one to five years	<u>121,960</u>	<u>721,960</u>
	221,960	1,113,263
Less: Allowance for uncollectible amounts	<u>(69,954)</u>	<u>(112,326)</u>
	152,006	1,000,937
Discount to present value (at a risk-adjusted rate of return of 2% - 5%)	<u>(30,978)</u>	<u>(41,105)</u>
	<u>\$ 121,028</u>	<u>\$ 959,832</u>

Other receivables primarily represent amounts due from publication contracts and interest and dividends receivable consisted of the following at June 30:

	<u>2011</u>	<u>2010</u>
Other receivables	\$ 944,305	\$ 928,295
Allowance for uncollectible accounts	<u>(42,066)</u>	<u>(42,066)</u>
	<u>\$ 902,239</u>	<u>\$ 886,229</u>

**NOTE E - INVESTMENTS AND DEPOSITS HELD BY THIRD PARTIES**

The College's investments, all of which were Level 1 under fair value measurements criteria, consisted of the following at June 30:

	<u>2011</u>	<u>2010</u>
Funds managed by external investment managers:		
Common stock	\$ 16,022,798	\$ 12,241,753
Fixed income securities	10,657,662	11,032,400
Cash/cash equivalents	<u>1,416,290</u>	<u>1,334,777</u>
	28,096,750	24,608,930
Cash held by the College for investment purposes	<u>1,466,105</u>	<u>556,419</u>
	<u>\$ 29,562,855</u>	<u>\$ 25,165,349</u>

**BANK STREET COLLEGE OF EDUCATION**  
**Notes to Financial Statements**  
**June 30, 2011 and 2010**

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Investments were derived from the following at June 30:

	<u>2011</u>	<u>2010</u>
Permanently restricted net assets (Note I)	\$ 11,856,226	\$ 11,261,545
Temporarily restricted net assets	6,855,617	4,886,391
Unrestricted net assets	<u>10,851,012</u>	<u>9,017,413</u>
Total	<u>\$29,562,855</u>	<u>\$ 25,165,349</u>

The changes in these investments are summarized as follows for the years ended June 30:

	<u>2011</u>	<u>2010</u>
Investments, beginning of the year	\$25,165,349	\$22,906,946
Contributions invested	783,795	632,571
Investment funds transferred to operating accounts	(769,417)	(636,492)
Investment returns	<u>4,383,128</u>	<u>2,262,324</u>
Investments, end of year	<u>\$29,562,855</u>	<u>\$25,165,349</u>

Investment returns consisted of the following for the years ended June 30:

	<u>2011</u>	<u>2010</u>
Net appreciation in fair value of investments	\$ 3,644,222	\$ 1,584,715
Interest and dividends	<u>956,674</u>	<u>892,100</u>
	4,600,896	2,476,815
Less: Investment fees	<u>(217,768)</u>	<u>(214,491)</u>
Investment returns, net	<u>\$ 4,383,128</u>	<u>\$ 2,262,324</u>

Deposits held by third parties, all of which were Level 1 fair value measurements, consisted of the following at June 30:

	<u>2011</u>	<u>2010</u>
Planned Giving	\$ 164,400	\$ 165,166
457(b) Plan Assets – Mutual Fund	81,781	36,220
U.S. Treasury Bills – Debt Service Reserve	<u>931,273</u>	<u>1,052,247</u>
	<u>\$1,177,454</u>	<u>\$ 1,253,633</u>

**BANK STREET COLLEGE OF EDUCATION**  
**Notes to Financial Statements**  
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**NOTE F - PROPERTY AND EQUIPMENT**

Property and equipment, net, consisted of the following at June 30:

	<u>2011</u>	<u>2010</u>
Land	\$ 767,580	\$ 767,580
Building	17,430,887	17,430,889
Building and leasehold improvements	10,576,644	10,047,051
Furniture and equipment	4,483,674	4,331,709
Computer equipment	<u>6,584,758</u>	<u>6,209,550</u>
	39,843,543	38,786,779
Less: Accumulated depreciation	<u>(25,134,491)</u>	<u>(23,560,004)</u>
	<u>\$ 14,709,052</u>	<u>\$ 15,226,775</u>

Depreciation expense amounted to \$1,574,487 and \$1,588,850 for the years ended June 30, 2011 and 2010, respectively.

**NOTE G - BONDS PAYABLE**

The College had the following bonds payable outstanding at June 30:

	<u>2011</u>	<u>2010</u>
1970 academic bonds payable to the United States Commission of Education, paid at maturity in October 2010, interest at 3% annual percentage rate due semiannually, secured by the College's land, buildings and equipment.	\$ -	\$ 113,000
1997 serial bonds payable to the New York City Industrial Development Agency, annual principal payments to maturity in July 2012, interest at 4.9% annual percentage rate due semiannually, secured by tuitions received.	565,373	830,372
2002 serial bonds payable to the New York City Industrial Development Agency, interest ranging from 2.25% to 5% annual percentage rate due semiannually, secured by tuitions received:		
Maturity July 2015; annual principal payments currently \$270,000, increasing to \$390,000 at maturity	1,790,776	2,098,928
Maturity July 2030; annual principal payments currently \$65,000, increasing to \$205,000 at maturity	<u>2,579,644</u>	<u>2,652,626</u>
	<u>\$4,935,793</u>	<u>\$ 5,694,926</u>

**BANK STREET COLLEGE OF EDUCATION**  
**Notes to Financial Statements**  
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The College is required to maintain debt service reserve accounts (Note E) with the trustees for the bonds that may be used by the trustees, if necessary, to pay annual debt service on those bonds.

Principal repayments under all bond obligations follow:

**Year Ending June 30:**

2012	\$ 675,000
2013	710,375
2014	440,000
2015	460,000
2016	490,000
Thereafter	<u>2,185,000</u>
Total principal	4,960,375
Less: Discount	<u>(24,582)</u>
Total	<u>\$ 4,935,793</u>

Interest expense for the years ended June 30, 2011 and 2010 was \$261,318 and \$294,878, respectively.

Deferred financing costs, associated with the Series 1997 and 2002 issuances, are amortized, on the straight-line basis over the maturity periods of the respective issuances. The remaining balance of unamortized deferred financing costs was \$330,459 and \$384,618 at June 30, 2011 and 2010, respectively.

**NOTE H - POSTRETIREMENT HEALTH BENEFIT PLAN**

The College provides, through an unfunded Medicare HMO point of service plan, postretirement health benefits at age 65 to retirees (and their spouses) with 10 years of service. Upon retirement, retirees or their spouses pay a portion of the premiums for the benefits that range from 30% for those retiring on or after January 1, 2008 to 0% for those who retired prior to January 1, 1993.

Accumulated benefit obligation, funded status and other information for the plan follows:

	<u>2011</u>	<u>2010</u>
<b>At June 30,</b>		
Accumulated benefit obligation, representing funded status, discount rate 5.75% and 5.60% respectively	<u>\$ 5,777,672</u>	<u>\$ 5,498,650</u>
Amounts not recognized in net periodic healthcare expenses:		
Prior service credit	\$ (148,813)	\$ (193,288)
Net loss	<u>1,570,272</u>	<u>1,841,600</u>
	<u>\$ 1,421,459</u>	<u>\$ 1,648,312</u>
<b>For the year ended June 30,</b>		
Net periodic healthcare expense, discount rate 5.60% and 6.75%, respectively	<u>\$ 597,686</u>	<u>\$ 396,274</u>

**BANK STREET COLLEGE OF EDUCATION**  
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	<u>2011</u>	<u>2010</u>
Amortization included in net periodic healthcare expense:		
Net loss	\$ <u>92,201</u>	\$ <u>-</u>
Prior service credit	\$ <u>(44,475)</u>	\$ <u>(44,475)</u>
Amounts arising:		
Net (gain)/ loss	\$ <u>(179,127)</u>	\$ <u>1,663,096</u>
Contributions (premiums paid) by the College	\$ <u>91,811</u>	\$ <u>87,520</u>
Contributions (premiums paid) by retirees	\$ <u>18,066</u>	\$ <u>14,168</u>

Annual insurance premiums are assumed to increase 11.75% in fiscal 2012, with increases trending to 5% in 2019. The estimated amortization of prior service credit to be recognized in fiscal 2012 is \$44,475 of net loss is \$70,742.

Estimated contributions (premium payments) by the College for fiscal years ending June 30 follow:

2012	\$ 142,689
2013	164,743
2014	183,467
2015	209,054
2016 - 2020	1,542,879

**NOTE I - ENDOWMENTS**

The College's endowments consisted of the following at June 30:

<u>2011</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted	\$ (14,770)	\$ 757,689	\$ 12,092,956	\$ 12,835,875
Board of Trustees designated	<u>776,642</u>	<u>-</u>	<u>-</u>	<u>776,642</u>
Total	<u>\$ 761,872</u>	<u>\$ 757,689</u>	<u>\$ 12,092,956</u>	<u>\$ 13,612,517</u>
<u>2010</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted	\$ (426,615)	\$ 9,413	\$ 11,957,034	\$ 11,539,832
Board of Trustees designated	<u>671,211</u>	<u>-</u>	<u>-</u>	<u>671,211</u>
Total	<u>\$ 244,596</u>	<u>\$ 9,413</u>	<u>\$ 11,957,034</u>	<u>\$ 12,211,043</u>

**BANK STREET COLLEGE OF EDUCATION**  
**Notes to Financial Statements**  
**June 30, 2011 and 2010**

Changes in the College's endowments by net asset classification for the years ended June 30, 2011 and 2010 follow:

<u>2011</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 244,596	\$ 9,413	\$11,957,034	\$ 12,211,043
Investment returns:				
Interest and dividends	25,272	420,285	-	445,557
Net appreciation in fair value of investments	<u>517,276</u>	<u>930,408</u>	<u>-</u>	<u>1,447,684</u>
Net investment returns	542,548	1,350,693	-	1,893,241
Contributions	-	-	135,922	135,922
Appropriation for expenditure	<u>(25,272)</u>	<u>(602,417)</u>	<u>-</u>	<u>(627,689)</u>
Endowment net assets, end of year	<u>\$ 761,872</u>	<u>\$ 757,689</u>	<u>\$ 12,092,956</u>	<u>\$13,612,517</u>
<u>2010</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ (574,383)	\$ 7,198	\$ 11,760,022	\$ 11,192,837
Investment returns:				
Interest and dividends	60,439	190,796	-	251,235
Net appreciation in fair value of investments	<u>818,976</u>	<u>2,215</u>	<u>-</u>	<u>821,191</u>
Net investment returns	879,415	193,011	-	1,072,426
Contributions	-	-	197,012	197,012
Appropriation for expenditure	<u>(60,436)</u>	<u>(190,796)</u>	<u>-</u>	<u>(251,232)</u>
Endowment net assets, end of year	<u>\$ 244,596</u>	<u>\$ 9,413</u>	<u>\$ 11,957,034</u>	<u>\$ 12,211,043</u>

Permanently restricted endowment net assets were restricted by donors for the following purposes at June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Programs	\$ 4,964,026	\$ 4,931,578
Student financial assistance:		
Scholarship with unique criteria	4,662,250	4,786,976
General tuition discounts and scholarships	<u>2,466,380</u>	<u>2,238,480</u>
	<u>\$ 12,092,956</u>	<u>\$ 11,957,034</u>

**BANK STREET COLLEGE OF EDUCATION**  
**Notes to Financial Statements**  
**June 30, 2011 and 2010**

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Investments of permanently restricted amounts consisted of the following at June 30 (Note 5):

	<u>2011</u>	<u>2010</u>
Permanently restricted endowment amounts	\$ 12,092,956	\$ 11,957,034
Endowment pledges receivable	(221,960)	(278,278)
Investment losses-reported a reduction of unrestricted net assets	<u>(14,770)</u>	<u>(417,211)</u>
	<u>\$ 11,856,226</u>	<u>\$ 11,261,545</u>

**NOTE J - TEMPORARILY RESTRICTED NET ASSETS**

Net assets were temporarily restricted for the following, including time restrictions, at June 30:

	<u>2011</u>	<u>2010</u>
Kerlin Institute, teaching natural and environmental sciences	\$ 3,771,349	\$ 3,267,350
Urban Teacher Leadership	1,174,589	1,125,100
Retirement Initiative	375,000	-
Web Site redesign	320,796	985,808
Undistributed endowment income, scholarships and other programs, purpose restricted	1,508,379	1,113,627
Milstein Project, supporting special education	275,509	275,509
Liberty Leads	91,469	22,409
School for Children Make A Wish	167,470	86,570
Straus Infancy Scholarships	266,373	265,936
Niemeyer Policy Series, current issues in education	251,701	178,594
Wallace Scholarship	212,204	174,664
Napel Partnership	99,830	97,662
Parson Minority Fellowship	214,903	154,308
Government Relations	42,104	183,682
Spiegler Math/Science, Graduate School programs	207,515	131,372
Facilities	-	107,971
Teachers for a New Era	277,430	37,174
Stone Scholarship	80,855	1,579
	<u>\$ 9,515,408</u>	<u>\$ 8,254,151</u>

**BANK STREET COLLEGE OF EDUCATION**  
**Notes to Financial Statements**  
**June 30, 2011 and 2010**

Net assets released from donor restrictions consisted of the following for the years ended June 30:

	<u>2011</u>	<u>2010</u>
Purpose restrictions:		
Urban Teacher Leadership	\$ -	\$ 26,851
Website redesign	655,012	-
Kerlin Institute	124,064	318,670
Niemeyer Policy Series	12,607	16,831
Endowment support for programs/scholarships	182,132	229,533
Fundraising Software	50,000	-
On-Line Education	248,743	-
Government relations	141,578	-
Facilities Master Plan	215,046	-
Other purpose restricted	-	167,248
	<u>\$ 1,629,182</u>	<u>\$ 759,133</u>

**NOTE K - RESEARCH AND PUBLIC SERVICE GRANTS**

The College receives grants to perform research and public service. Grant revenue consisted of the following for the years ended June 30:

	<u>2011</u>	<u>2010</u>
Private grants	\$ 2,556,988	\$ 2,874,406
Federal grants	4,142,087	2,108,273
State and local grants	<u>4,037,138</u>	<u>3,354,433</u>
	<u>\$ 10,736,213</u>	<u>\$ 8,337,112</u>

**NOTE L - EXPENSES**

Expenses of the College's functional activities presented in the accompanying statements of activities include expenses by natural classifications as shown below. Certain expenses, principally utilities, maintenance services, depreciation and amortization and interest expense are allocated based on square footage.

<u>2011</u>	<u>Compensation and Benefits</u>	<u>Professional and Contract Services</u>	<u>Materials and Supplies</u>	<u>Facilities Operations and Maintenance</u>	<u>Depreciation and Amortization</u>	<u>Interest</u>	<u>Total</u>
Instruction	\$ 19,054,664	\$ 894,716	\$ 1,550,566	\$ 1,006,107	\$ 937,124	\$ 150,362	\$ 23,593,539
Research and public service	5,366,715	4,182,543	1,584,545	6,799	8,118	1,303	11,150,023
Bookstore, publications and media	491,556	484,060	1,363,565	51,790	33,300	7,200	2,431,471
Institutional support	<u>9,466,125</u>	<u>1,914,983</u>	<u>546,073</u>	<u>1,065,563</u>	<u>650,104</u>	<u>102,453</u>	<u>13,745,301</u>
	<u>\$34,379,060</u>	<u>\$ 7,476,302</u>	<u>\$ 5,044,749</u>	<u>\$ 2,130,259</u>	<u>\$ 1,628,646</u>	<u>\$ 261,318</u>	<u>\$ 50,920,334</u>

**BANK STREET COLLEGE OF EDUCATION**  
**Notes to Financial Statements**  
**June 30, 2011 and 2010**

<u>2010</u>	<u>Compensation and Benefits</u>	<u>Professional and Contract Services</u>	<u>Materials and Supplies</u>	<u>Facilities Operations and Maintenance</u>	<u>Depreciation and Amortization</u>	<u>Interest</u>	<u>Total</u>
Instruction	\$ 18,073,995	\$ 880,500	\$ 1,269,595	\$ 1,031,759	\$ 913,203	\$ 163,821	\$ 22,332,873
Research and public service	4,806,613	2,046,124	907,172	6,296	7,930	1,423	7,775,558
Bookstore, publications and media	488,497	476,439	1,153,388	42,585	37,828	8,846	2,207,583
Institutional support	<u>8,392,576</u>	<u>1,803,115</u>	<u>1,030,658</u>	<u>855,111</u>	<u>684,809</u>	<u>120,788</u>	<u>12,887,057</u>
	<u>\$ 31,761,681</u>	<u>\$ 5,206,178</u>	<u>\$ 4,360,813</u>	<u>\$ 1,935,751</u>	<u>\$ 1,643,770</u>	<u>\$ 294,878</u>	<u>\$ 45,203,071</u>

Fundraising expenses incurred by the College included in institutional support for the years ended June 30, 2011 and 2010, totaled \$1,294,781 and \$1,563,130, respectively.

**NOTE M - DEFINED CONTRIBUTION RETIREMENT PLAN**

The College provides retirement benefits for its instructional and administrative employees through a defined contribution plan that purchases individual annuities through Teachers Insurance and Annuity Association and College Retirement Equity Fund (“TIAA-CREF”). Participation in the retirement plan is mandatory for all employees who are appointed on a 70 percent or more load basis and have worked for the College a minimum of one year. The College contributes, for each eligible employee, an amount equal to 7.5% of their compensation to TIAA-CREF. The employee is responsible for establishing with TIAA-CREF their own investment strategy for their individual retirement portfolio. The cost of this employee benefit to the College for the years ended June 30, 2011 and 2010 was \$1,563,580 and \$1,442,894, respectively.

**NOTE N - COMMITMENTS AND CONTINGENCIES**

Amounts received and expended by the College under various Federal and New York State grants and contracts are subject to audit by governmental agencies. In the opinion of management, audit adjustments, if any, are not expected to have a significant effect on the financial position or changes in net assets of the College.

The College leases office equipment and office space under non-cancellable operating leases which expire through 2016. Minimum future rental payments under such leases are as follows at June 30, 2011:

**Year Ending June 30:**

2012	\$ 1,084,529
2013	1,104,636
2014	1,111,039
2015	806,382
2016 and thereafter	<u>53,584</u>
	<u>\$ 4,160,170</u>

Total rent expense for the years ended June 30, 2011 and 2010 was \$1,172,319 and \$1,137,459, respectively.

**BANK STREET COLLEGE OF EDUCATION**  
**Notes to Financial Statements**  
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**NOTE O - INSURANCE RECOVERY**

In January 2009, the College's Bookstore was damaged by a flood from a broken sprinkler in the store's ceiling and, in August 2008, the College's library was damaged by a flood from a broken pipe in the building. Insurance recoveries of \$112,967 were received in 2010 and repairs of \$7,814 and \$133,937 were incurred and completed during fiscal years 2011 and 2010, respectively. The College expects repairs for the library to be completed during fiscal 2012.