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PRINCETON-BLAIRSTOWN CENTER, INC.

Financial Statements

June 30, 2014

(With Summarized Comparative Totals for June 30, 2013)

With Independent Auditors' Report

Princeton-Blairstown Center, Inc.
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Florida, and Colorado.

Independent Auditors' Report

To the Board of Directors,
Princeton-Blairstown Center, Inc.

We have audited the accompanying statement of financial position of Princeton-Blairstown Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the Princeton-Blairstown Center, Inc.'s financial statements referred to above present fairly, in all material respects, the financial position of Princeton-Blairstown Center, Inc. as of June 30, 2014, and its activities, changes in its net assets, functional expenses and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Princeton-Blairstown Center's June 30, 2013 financial statements, and we expressed an unqualified opinion on those audited financial statements in our report dated June 11, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013 is consistent, in all material respects, with the financial statements from which it has been derived.

Withum Smith + Brown, PC

December 1, 2014

Princeton-Blairstown Center, Inc.
Statement of Financial Position
June 30, 2014
(With Summarized Comparative Totals for June 30, 2013)

	2014				
	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**	**2013 Total**
Assets					
Current assets					
Cash and cash equivalents	$ 314,809	$ 58,623	$ --	$ 373,432	$ 734,651
Investments	730,730	25,625,042	3,174,890	29,530,662	25,824,432
Grants receivable	--	70,000	--	70,000	125,000
Accounts receivable, net	34,543	--	--	34,543	30,038
Accrued investment income	1,215,734	--	--	1,215,734	1,098,875
Prepaid expenses and other receivables	--	--	--	--	147
Total current assets	2,295,816	25,753,665	3,174,890	31,224,371	27,813,143
Property and equipment, net	2,259,463	--	--	2,259,463	2,243,130
	$ 4,555,279	$ 25,753,665	$ 3,174,890	$ 33,483,834	$ 30,056,273
Liabilities and Net Assets					
Current liabilities					
Accounts payable	$ 83,034	$ --	$ --	$ 83,034	$ 125,234
Accrued expenses	89,772	--	--	89,772	9,166
Deferred revenue	97,665	3,623	--	101,288	88,135
Due to Princeton University	--	--	--	--	247,049
Other current liabilities	2,000	--	--	2,000	2,000
Total current liabilities	272,471	3,623	--	276,094	471,584
Net assets					
Unrestricted					
Undesignated	3,586,928	--	--	3,586,928	3,635,257
Board-designated	695,880	--	--	695,880	607,778
Temporarily restricted	--	25,750,042	--	25,750,042	22,166,764
Permanently restricted	--	--	3,174,890	3,174,890	3,174,890
Total net assets	4,282,808	25,750,042	3,174,890	33,207,740	29,584,689
	$ 4,555,279	$ 25,753,665	$ 3,174,890	$ 33,483,834	$ 30,056,273

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

Princeton-Blairstown Center, Inc.
Statement of Activities and Changes in Net Assets
Year Ended June 30, 2014
(With Summarized Comparative Totals for June 30, 2013)

	2014				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	2013 Total
Support and revenue					
Program fees					
Subsidized fees from primary service population groups	$ 339,607	$ --	$ --	$ 339,607	$ 313,480
General public fees	178,256	--	--	178,256	190,531
Contributions					
Annual giving	99,280	--	--	99,280	100,188
Grants and gifts	212,371	--	--	212,371	269,464
Princeton University	--	--	--	--	152,009
Other	5,452	--	--	5,452	1,017
In kind - Princeton University	62,640	--	--	62,640	62,640
Service fee income	15,735	--	--	15,735	68,853
Miscellaneous income	--	--	--	--	7,887
Interest and dividends	1,167,734	--	--	1,167,734	1,099,177
Net unrealized gains	88,105	3,618,125	--	3,706,230	1,574,572
Net assets released from restrictions	34,847	(34,847)	--	--	--
Total support and revenues	2,204,027	3,583,278	--	5,787,305	3,839,818
Expenses					
Program services	1,556,041	--	--	1,556,041	1,481,336
Administrative services	337,563	--	--	337,563	484,504
Fundraising	24,889	--	--	24,889	126,327
Total expenses	1,918,493	--	--	1,918,493	2,092,167
Change in net assets before separation from Princeton University transition expenses	285,534	3,583,278	--	3,868,812	1,747,651
Separation from Princeton University transition expenses	245,761	--	--	245,761	136,599
Change in net assets	39,773	3,583,278	--	3,623,051	1,611,052
Net assets, beginning of year	4,243,035	22,166,764	3,174,890	29,584,689	27,973,637
Net assets, end of year	$ 4,282,808	$ 25,750,042	$ 3,174,890	$ 33,207,740	$ 29,584,689

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

Princeton-Blairstown Center, Inc.
Statement of Functional Expenses
Year Ended June 30, 2014
(With Summarized Comparative Totals for June 30, 2013)

	2014				2013
	Program Services	Administrative Services	Fundraising	Total	Total
Salaries	$ 923,079	$ 138,421	$ --	$ 1,061,500	$ 1,043,574
Employee benefits	100,572	11,065	--	111,637	290,169
Materials and supplies	95,600	29,435	14,675	139,710	74,929
Food and beverage	38,724	2,392	493	41,609	50,580
Professional services	21,845	30,742	9,685	62,272	174,961
Outside contracted services	18,059	1,439	--	19,498	51,959
Utilities	90,091	10,681	--	100,772	72,540
Repairs and maintenance	51,350	1,261	--	52,611	32,547
Rents	8,917	60,270	--	69,187	68,394
Insurance	54,615	43,827	--	98,442	76,965
Travel and transportation	37,411	3,455	36	40,902	42,882
Depreciation and amortization	115,387	4,575	--	119,962	112,295
Real estate taxes	391	--	--	391	372
Total	$ 1,556,041	$ 337,563	$ 24,889	$ 1,918,493	$ 2,092,167

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

Princeton-Blairstown Center, Inc.
Statement of Cash Flows
Year Ended June 30, 2014
(With Summarized Comparative Totals for June 30, 2013)

	2014	2013
Cash flows from operating activities		
Change in net assets	$ 3,623,051	$ 1,611,052
Adjustments to reconcile change in net assets to net assets provided by operating activities:		
Depreciation and amortization	119,962	112,295
Noncash occupancy expense	62,640	62,640
In-kind contributions	(62,640)	(62,640)
Donated securities for unrestricted purposes	--	24,970
Forgiveness of debt from Princeton University	--	50,000
Unrealized gains	(3,706,230)	(1,574,572)
Allowances for doubtful accounts	(494)	--
Increase (decrease) in cash from		
Grants receivable	55,000	(118,000)
Accounts receivable	(4,011)	(26,314)
Accrued investment income	(116,859)	13,258
Prepaid expenses and other receivables	147	35,009
Accounts payable	(42,200)	69,955
Accrued expenses	80,606	(111,500)
Deferred revenue	13,153	44,254
Other current liabilities	--	2,000
Net cash provided by operating activities	22,125	132,407
Cash flows from investing activities		
Purchases of property and equipment	(136,295)	(64,668)
Purchases of investments	--	(24,970)
Distributions from charitable remainder trust	--	408,094
Net cash (used in) provided by investing activities	(136,295)	318,456
Cash flows (used in) provided by financing activities		
Net (payments to) receipts from Princeton University	(247,049)	148,049
Net cash (used in) provided by financing activities	(247,049)	148,049
Net (decrease) increase in cash and cash equivalents	(361,219)	598,912
Cash and cash equivalents, beginning of year	734,651	135,739
Cash and cash equivalents, end of year	$ 373,432	$ 734,651

Supplemental disclosure of non-cash financing activity:

In June 2013, Princeton University and the Center agreed on a partial debt forgiveness in the amount of $50,000

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

1. Nature of Organization

Princeton-Blairstown Center, Inc. (the "Center") provides social and emotional development to at-risk urban youth through integrated experiential and adventure-based programming in schools and at the Center's 263 acre campus located in Blairstown, New Jersey. The Center's core mission is to transform the lives of vulnerable youth by collaborating with schools, university partners and community-based agencies to develop, in youth, deepened self-awareness, responsible decision-making, teamwork and leadership skills. The Center also maintains an administrative office in Princeton, New Jersey. Effective July 1, 2013, the Center transitioned from a supporting organization of Princeton University into a fully independent non-profit organization and Princeton University affiliate.

2. Summary of Significant Accounting Policies

Significant accounting policies followed by the Center in the preparation of the accompanying financial statements are summarized below:

Financial Statement Presentation

Financial statement presentation follows the recommendations of the accounting guidance related to Financial Statements of Not-for-Profit Organizations. Under this guidance, the Center is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Method of Accounting

The Center prepares its financial statements on the accrual method of accounting.

Comparative Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended June 30, 2013 from which the summarized information was derived.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Tax Status and Income Taxes

The Center is exempt from income taxes under the Internal Revenue Code Section 501(c)(3). Therefore, no provision has been made for income taxes. The Center is also exempt from state taxes. The Center has been classified as an organization that is not a private foundation under Section 509(a)(3) of the Internal Revenue Code and qualifies for deductible contributions as provided in Section 170(b)(1)(A). The Center was a Type 1 support organization which was substantially controlled by their supported entity (Princeton University) through June 30, 2013. Effective July 1, 2013, the Center has been classified as a public charity under Section 509(a)(1) and Section 170(b)(1)(A)(vi) of the Internal Revenue Code and continues to be classified as an organization exempt from income taxes under Internal Revenue Code Section 501(c)(3).

The Center files tax returns in the United States federal jurisdiction and in the state of New Jersey. The Center has adopted the accounting pronouncement dealing with uncertain tax positions. The Center had no unrecognized tax benefits at June 30, 2014 and 2013. In addition, the Center has no income tax related penalties or interest for the period reported in these financial statements. The Center's tax returns for tax years 2011 and beyond remain subject to examination by the Internal Revenue Service and the State of New Jersey.

Cash and Cash Equivalents
The Center considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents designated for long-term purposes or received with donor-imposed restrictions limiting their use to long-term purposes are not considered cash and cash equivalents for the purposes of the statement of cash flows.

Investments
The Center carries investments in marketable securities with readily determinable market values at fair value and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the Statement of Activities and Changes in Net Assets.

Unconditional Promises to Give
Unconditional promises to give are recognized as revenues in the period that the promise is received. All unconditional promises to give are considered fully collectible within one year.

Accounts Receivable
Accounts receivable include amounts due from program fees and miscellaneous other amounts. Extension of credit and credit terms are determined by management. The amounts are stated at unpaid balances, less an allowance for doubtful accounts. The allowance is based on management estimation of collectability. It is the Center's policy to charge off uncollectible receivables when management determines that it has exhausted all collection efforts. The allowance for doubtful accounts at June 30, 2014 and 2013 was $-0- and $494, respectively.

Property, Plant and Equipment
Land and certain building improvements acquired in 1930 are carried at their 1974 appraised market values. All other plant assets are carried at acquisition cost or fair market value at the date of donation. Assets purchased at a cost of $2,000 or greater are capitalized. Purchases less than $2,000 are expensed in the period purchased. Depreciation is calculated under the straight-line method, assuming no salvage value, based on estimated useful lives of the assets generally as follows:

Classifications	**Estimated Life (Years)**
Building and improvements	5-40
Land improvements	10-20
Equipment	3-15

Repairs and maintenance which do not extend the useful lives of the related assets are expensed as incurred.

Deferred Revenue
Income from program service fees is deferred and recognized over the periods to which the income relates.

Functional Allocation of Expenses
The cost of providing the various programs and other activities has been summarized on a functional basis in the Statement of Functional Expenses.

Costs are allocated between development, support services or the appropriate program based on evaluation of the related benefits. Support service expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Center.

Support Recognition

The Center records contributions and grants as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions. However, if a restriction is fulfilled in the same time period in which the contribution or grant is received, the Center reports the support as unrestricted. Unconditional promises to give are recognized as revenues or gains in the period received as assets, decreases in liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using risk free interest rates applicable to the years in which the promises are received to discount the amounts.

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

During the years ended June 30, 2014 and 2013, there were no contributed services meeting the requirements for recognition in the financial statements, however, many individuals volunteer their time and perform a variety of tasks that assist the Center with its programs.

Donations of property and equipment are recorded as contributions at their estimated fair values at the dates of donation. Such donations are reported as increases in unrestricted net assets, unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their uses and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Center reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Center reclassifies temporarily restricted net assets at that time.

Revenue Recognition

The Center recognizes revenues from program fees and fees for services in the period the service is rendered.

3. Investments

Investments are held in Princeton University's investment pools and consist of nine primary pool accounts, eight of which are permanently restricted and beneficial interests in charitable remainder trusts (See Note 4). Fair value and unrealized appreciation (excess of cost over fair value):

For the year ended June 30, 2014:

	Cost	Fair Value	Unrealized Appreciation
Unrestricted	$ 70,254	$ 730,730	$ 660,476
Temporarily restricted	120,778	25,625,042	25,504,264
Permanently restricted	3,174,890	3,174,890	--
	$ 3,360,922	$29,530,662	$26,164,740

For the year ended June 30, 2013:

	Cost	Fair Value	Unrealized Appreciation
Unrestricted	$ 70,254	$ 607,778	$ 537,524
Temporarily restricted	426,907	22,041,764	21,614,857
Permanently restricted	3,174,890	3,174,890	--
	$ 3,672,051	$25,824,432	$22,152,381

The following schedules summarize the investment return and its classification in the statement of activities:

For the year ended June 30, 2014:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest and dividends	$ 1,167,734	$ --	$ --	$ 1,167,734
Net unrealized gains	88,105	3,618,125	--	3,706,230
Total investment return	$ 1,255,839	$ 3,618,125	$ --	$ 4,873,964

For the year ended June 30, 2013:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest and dividends	$ 1,099,177	$ --	$ --	$ 1,099,177
Net unrealized losses	36,526	1,538,046	--	1,574,572
Total investment return	$ 1,135,703	$ 1,538,046	$ --	$ 2,673,749

4. Fair Value Measurements

The Center has adopted the accounting guidance related to Fair Value Measurements with respect to its financial assets and liabilities. Fair Value Measurements 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 Fair Value Measurements as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participations on the measurement date. Valuation techniques used to measure fair value under Fair Value Measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value are the following:

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

In accordance with Fair Value Measurements, the following tables represent the Center's fair value hierarchy for its financial assets (cash equivalents and investments) measured at fair value on a recurring basis as of June 30, 2014:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 373,432	$ --	$ --	$ 373,432
Investments				
Domestic equity	--	279,676	2,301,576	2,581,252
International equity	--	1,754,069	2,564,632	4,318,701
Independent return	--	754,882	6,606,444	7,361,325
Private equity	--	--	8,990,443	8,990,443
Real assets	--	337,151	4,637,400	4,974,552
Fixed income	--	116,234	--	116,234
Other	--	1,187,587	568	1,188,155
	$ 373,432	$ 4,429,599	$25,101,063	$ 29,904,094

In accordance with Fair Value Measurements, the following tables represent the Center's fair value hierarchy for its financial assets (cash equivalents and investments) measured at fair value on a recurring base as of June 30, 2013:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 734,651	$ --	$ --	$ 734,651
Investments				
Domestic equity	--	442,685	1,744,317	2,187,002
International equity	--	1,257,382	1,905,186	3,162,568
Independent return	--	621,195	6,004,420	6,625,615
Private equity	--	--	8,209,034	8,209,034
Real assets	--	192,368	4,592,116	4,784,484
Fixed income	--	--	11,449	11,449
Other	--	843,546	734	844,280
	$ 734,651	$ 3,357,176	$22,467,256	$ 26,559,083

The fair value of the investments in private equity have generally been estimated using partners' capital statements, which reflect the ownership interests in partners' capital. Generally, investments in this class are not redeemable. However, at June 30, 2014 and 2013, the asset class market value included swap positions, which offset $-0-, in private equity assets and was subject to investor-initiated liquidation. More broadly, distributions from investee funds in the private equity portfolio will be received as the underlying investments when the funds are liquidated.

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

Balance as of June 30, 2012	$ 21,452,420
Unrealized appreciation	1,014,836
Contributions	--
Balance as of June 30, 2013	22,467,256
Unrealized appreciation	2,633,807
Contributions	--
Balance as of June 30, 2014	$ 25,101,063

In February 2007, the FASB issued accounting guidance related to The Fair Value Option for Financial Assets and Financial Liabilities. This accounting guidance permits entities to choose to measure eligible financial instruments and certain other items at fair value. It became effective for fiscal years beginning after November 15, 2007. The Center has not adopted this accounting guidance. The effect on the financial statements is negligible.

5. Charitable Remainder Trusts

In December 2000, the Center was named a remainder beneficiary of three charitable remainder trusts. The trusts are held by a third-party trustee. The Center will receive its portion upon the termination of each trust. The Cornwall Charitable Remainder Trust was terminated in April 2013 and, per the terms of the trust agreement, 49 percent of the value of this trust property was distributed to the Center. On April 29, 2013, the Center received a distribution in the amount of $408,072.

The fair value of the two trusts at the Center's allocated percentages, which are reflected as other investments in Note 4 and in temporarily restricted net assets, are as follows:

	2014	2013
Bolster Charitable Remainder Trust	$ 20,043	$ 19,193
Short Charitable Remainder Trust	127,127	115,060
Total	$ 147,170	$ 134,253

6. Accounts Receivable, net

Accounts receivable, net consists of the following at June 30:

	2014	2013
Program fees receivable	$ 34,543	$ 9,150
Service fees receivable	--	21,147
Other receivables	--	235
Less: allowance for doubtful accounts	--	(494)
Total	$ 34,543	$ 30,038

7. Property and Equipment

Property and equipment consists of the following at June 30:

	2014	2013
Land (non-depreciable)	$ 616,033	$ 616,033
Land improvements	240,139	180,842
Buildings and improvements	3,471,056	3,460,856
Equipment	714,013	691,967
Construction in progress	129,034	94,187
Software	9,905	--
	5,180,180	5,043,885
Less: accumulated depreciation and amortization	(2,920,717)	(2,800,755)
	$ 2,259,463	$ 2,243,130

Depreciation and amortization included as a charge to revenue amounted to $119,962 and $112,295 for the years ended June 30, 2014 and 2013, respectively.

8. Restrictions on Net Assets

Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes or periods at June 30:

	2014	2013
Dam renovation	$ 175,153	$ 210,000
Restricted appreciation on permanently restricted gifts	25,427,719	21,822,511
Charitable remainder trusts (Note 5)	147,170	134,253
Total	$25,750,042	$22,166,764

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

	2014	2013
Purpose restrictions accomplished:		
Grants to be spent in FY 2013	$ --	$ 525,648
Grants to be spent in FY 2014	34,847	--
Total	$ 34,847	$ 525,648

Permanently Restricted Net Assets

Permanently restricted net assets are restricted for the following purposes at June 30:

	2014	2013
Staff Salary Enhancement	$ 1,018,221	$ 1,018,221
Egner Endowment	1,582,577	1,582,577
Meech Johnson Endowment	215,000	215,000
Dodge Endowment	50,605	50,605
Princeton Summer Camp	150,830	150,830
Post-Secondary Fund	10,000	10,000
Good Samaritan Program Grant	100,000	100,000
Conover YES Program	42,657	42,657
Nimick Trust	5,000	5,000
Total	$ 3,174,890	$ 3,174,890

The permanently restricted contributions, generally, are such that the original contribution amount is permanently restricted and the unrealized gain is temporarily restricted, except for a portion of the unrealized gain that is distributed to the Center by Princeton University from the investment pools as unrestricted funds each year. The amount of this distributed portion is in accordance with Princeton University's endowment spending policy.

9. Endowment Funds

The Center's endowment consists of nine individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the Center to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Center to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. In August 2008, the FASB issued accounting guidance related to Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment

Funds, which the Center adopted effective June 30, 2009. This provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA"), which serves as a model act approved by the Uniform Law Commission and which serves as a model act for states to use in enacting legislation. UPMIFA was enacted in the State of New Jersey in June 2009. This guidance also improves disclosures about an organization's endowment funds (both donor-restricted endowment funds and the Center's-designated endowment funds). The enhanced disclosures required as a result of the adoption of this guidance have been incorporated within this note.

The Center interprets the Uniform Prudent Management of Institutional Funds Act, which became effective June 2009, as requiring the preservation of the fair value at the original gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Center classifies as permanently restricted net assets:

(a) the original value of gifts donated to the permanent endowment
(b) the original value of subsequent gifts to the permanent endowment
(c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund

The remaining portion of the donor-restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Center in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Center considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the Center and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the Center
(7) The investment policies of the Center

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Center to retain as a fund of perpetual duration. In accordance with GAAP, there were no deficiencies of this nature that are reported in unrestricted net assets as of June 30, 2014 and 2013.

The Center adheres to the Princeton University investment and spending policies for endowment assets that attempt to support the Center's current and future operating needs, while preserving intergenerational equity. Endowment assets include those assets of donor-restricted funds that the Center must hold in perpetuity or for donor-specified periods as well as Center-designated funds. Under these policies, the endowment assets are invested in a manner that is intended to produce returns that exceed both the annual rate of spending and Princeton University inflation.

The vast majority of the endowment assets are actively managed by Princo, which is structured as a Princeton University office, but maintains its own Board of Directors, and operates under the final authority of the University's Board of Trustees (the "Trustees"). In pursuit of the investment return objectives, Princo maintains an equity-based portfolio and seeks to partner with best-in-class investment management firms across diverse asset categories.

Each year the Trustees decide upon an amount to be spent from the endowment for the following fiscal year. In their deliberations, the Trustees use a spending framework that is designed to enable sizable amounts to be spent in a reasonably stable fashion, while allowing for reinvestment sufficient to preserve purchasing power in perpetuity. The framework targets annual spending rates of between 4.0% and 5.75%. The endowment must seek investment returns sufficient to meet spending policy targets as well as to maintain future purchasing power without deterioration of corpus resulting from Princeton University inflation.

For the fiscal year 2012, the University increased total endowment spending distribution by five percent per unit above the fiscal year 2011 level. Three and a half percent of the five percent increase was distributed to support endowed programs. One and a half percent of the five percent endowment spending increase was distributed to a central pool as an Infrastructure and Administrative Charge (“IAC”) to help offset system and administrative costs. The IAC is applied to all invested funds. Secondary pool interest and external trust income are not controlled by the unit-based endowment spending rule, so an equivalent IAC is applied to these funds’ income.

The following table provides information regarding the change in endowment net assets:

	Board Restricted	Permanently Restricted
Endowment net assets, as of June 30, 2012	$ 569,189	$ 3,174,890
Unrealized investment gain	38,589	--
Contributions	--	--
Endowment net assets, as of June 30, 2013	607,778	3,174,890
Unrealized investment gain	88,102	--
Distributions	--	--
Endowment net assets, as of June 30, 2014	$ 695,880	$ 3,174,890

10. Taxes

All required tax returns have been filed and all payroll taxes have been paid on a timely basis.

11. Separation from Princeton University Transition Expenses

Effective July 1, 2013, the Center is no longer a support organization of Princeton University. Due to the separation, the Center incurred additional administrative expenses relating to the transition. As a result, for the years ended June 30, 2014 and 2013, the Center’s total administrative expenses to total expenses ratio was greater than in previous years. For the years ended June 30, 2014 and 2013, total transition expenses totaled $245,761 and $136,599, respectively, which are presented as their own line item on the Statement of Activities and Changes in Net Assets.

12. Related Party

Investments

The Center’s investments are held primarily in Princeton University’s investment pools. The University distributes an amount to the Center, while the investments may earn a different amount. When the University distributes more or less than the investments earn, the difference is added or deducted from the Center’s investment pools, thus adjusting the unit values. For the year ended June 30, 2014, the University distributed less than what was earned, distributing $1,215,734 to the Center, which was recorded as accrued investment income at June 30, 2014. Total accrued investment income at June 30, 2013, was $1,098,875.

Due to Princeton University
During the year ended June 30, 2013, Princeton University provided the Center with certain services, which included processing cash receipts and disbursements on the Center's behalf. Due to timing differences of deposits and withdrawals, there were times when the Center's cash balance was negative, and thus the University advanced the funds necessary to cover disbursements. The accumulated result was shown as "Due to Princeton University" in the Statement of Financial Position. The amounts due bore no interest and had no stated repayment terms. At June 30, 2014 and 2013, $-0- and $247,049 was due to Princeton University, respectively. The June 30, 2013 balance due was repaid to the University in August, 2013.

Princeton University Support
The Center received contributions from the University for continuing operations in the amount of $-0- and $152,009 in 2014 and 2013, respectively.

In-kind Contributions – Princeton University
During the years ended June 30, 2014 and 2013, the business office of the Center was located on the campus of Princeton University, which provided the Center with various support services and facilities at no cost. The fair value of the contributed office space was determined to be $58,000 and the fair value of the contributed utilities was determined to be $4,640, for the years ended June 30, 2014 and 2013. The fair value of the donated office space and utilities have been included as in-kind contributions in the financial statements for the years ended June 30, 2014 and 2013.

Payroll and Employee Benefits
During the year ended June 30, 2013, salaried employees of the Center were included on the payroll of Princeton University. The Center reimbursed Princeton University for the inclusion of Center employees on University payroll. Salaried employees of the Center participated in the Teachers Insurance and Annuity Association ("TIAA") and College Retirement Equities Fund ("CREF") defined-contribution plan for faculty and certain administrative employees of Princeton University. The Center employees were included with Princeton University employees when the University made contributions to the plan. The Center reimbursed the University for its portion of the contributions. In addition to providing retirement benefits, the University provided certain health-care and life-insurance benefits to current and retired employees. The Center also reimbursed the University for the cost of those Center employees eligible to participate in these University benefits. The cost to the Center for the years ended June 30, 2014 and 2013 was $-0- and $81,303, respectively.

13. Operating Lease Commitments

The Center has a non-cancelable operating lease for equipment that expires in December 2017. Monthly rent expense is approximately $854. Rental expense for the lease was $10,247 and $8,267 for the years ended June 30, 2014 and 2013, respectively.

The Center entered into a non-cancelable operating lease for office space that expires in March 2018. The lease includes provisions which may require the Center to pay additional rent for real estate taxes, utilities and operation and maintenance costs.

The future aggregate minimum lease payments under operating leases for the fiscal years ended June 30 are as follows:

2015	$ 23,207
2016	41,999
2017	43,295
2018	35,843
2019	5,121
	$ 149,465

14. Concentration of Credit Risk

The Center maintains cash balances with major financial institutions. At various times during the year, these balances may exceed the $250,000 insured by the Federal Deposit Insurance Corporation. The Center has not experienced any losses in such accounts. Management monitors the soundness of these institutions and has not experienced any losses.

Cash and investments are primarily held in Princeton University's primary and secondary pools. Princeton University guarantees the principal of investments in the secondary pool. Historically, the Center has not experienced any credit-related losses.

15. Subsequent Events

The Center has evaluated subsequent events occurring after the balance sheet through the date of December 1, 2014, which is the date the financial statements were available to be issued. Based on this evaluation, with the exception of the items noted below, no additional subsequent events have occurred which require disclosure in the financial statements.

On August 8, 2014, the Center entered into a variable rate nondisclosable revolving line of credit with a bank for a maximum borrowing of $500,000, which matures on August 8, 2015. The interest rate is subject to change based on changes in an independent index which is the highest Prime Rate as published in the "Money Rates" section of The Wall Street Journal (the "Index"). Interest on the unpaid principal balance will be computed on a 365/365 simple interest basis, using a rate of 0.500 percentage points over the index. The line of credit is collateralized by substantially all of the Center's assets.

On October 13, 2014, the Center entered into an operating lease for office space commencing on January 1, 2015. See Note 13 for further disclosure.