

Five Colleges, Incorporated



Annual Report

2007-2008



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Reflections on the year

Five College cooperative programs continued to flourish in fiscal year 2007–2008, bringing together members of our campus communities and expanding links to the Pioneer Valley and beyond. In the summer and fall of 2007 Museums10, the collaboration of campus and affiliated museums, presented the joint exhibition BookMarks. This celebration of the book brought tens of thousands of visitors to not only the museums, but to bookstores, restaurants and other area businesses as well.

Another new cultural celebration attracting area interest was the Five College Jazz Festival, at which student groups from all five campuses came together in a daylong event at the university's Student Union Ballroom. As with other student-based collaborations, such as PoetryFest, the Film and Video Festival and WORD!, it is hoped that the Jazz Festival will become a regular event.

Our collaboration touched the region in other ways as well. In the fall of 2007 the Five College Fiber Optic Network became available, at no charge, to the towns it passes through. Amherst, South Hadley and Chicopee were the first to take advantage of the opportunity. Our dining services have also linked themselves to the region, and we learned during our first Massachusetts Harvest for Students Week celebrations that our campuses purchase an average of 20 percent of their produce locally.



On the academic side, the fall of 2007 saw the launching of the Cognitive Neuroscience Program. Our 12th Five College certificate program explores that place where the study of the mind and the study of the brain coalesce. Combining the academic with the cultural, Five College Africa Day at Mount Holyoke attracted 150 to enjoy African food and music and get a taste of the work our students are doing in African studies.

Finally, as our fiscal and academic year came to a close, the announcement of my impending retirement was made public; in June 2009 I will retire from Five Colleges after working for the consortium for almost three decades and serving as executive director for more than 19 years. As quoted at the time of the announcement, my years at Five Colleges have been extraordinarily fulfilling. The consortium has grown and strengthened, building on the firm foundation established more than 40 years ago. I look forward to reading of more to come and of a grand celebration in 2015, when the consortium will turn 50.

—Lorna M. Peterson, Executive Director

Joint Faculty Appointments

The joint faculty appointment program gives member campuses the ability to develop specialized instruction that none could afford to do alone and to preserve the

breadth of the curriculum as faculty retire and leave. Since the program's beginning in 1973, some 80 joint appointments have been made and 20 are current this year.

Joint appointees and their fields of study 2007–2008

Name	Department/Field of Study	Home Campus
Fumiko Brown	Japanese	Amherst College
Karen Cardozo	American Studies/Asian Pacific American Studies	Amherst College
Richard Chu	History/Pacific Empires and Asian Pacific American Studies	UMass Amherst
Jane Hwang Degenhardt	English/Medieval and Early Modern Mediterranean	UMass Amherst
Robert Eisenstein	Music/Early Music	Mount Holyoke College
Sergey Glebov	History/Russia	Smith College
Constance Valis Hill	Dance/History	Hampshire College
Baba Hillman	Film Studies/Production	Hampshire College
Mohammed Jiyad	Asian Studies/Arabic	Mount Holyoke College
Robert Kaplowitz	Theater/Sound Design	UMass Amherst
Michael Klare	Peace and World Security Studies	Hampshire College
Thom Long	Architectural Studies	Hampshire College
Elizabeth Mazzocco	Languages, Literatures and Cultures/Italian	UMass Amherst
Catharine Newbury	Government/African Studies	Smith College
Bode Omojola	Ethnomusicology	Mount Holyoke
Jenny Perlin	Film Studies/Production	Mount Holyoke College
J. Michael Rhodes	Geology	UMass Amherst
Nadya Sbaiti	Middle Eastern History	Smith College
John Slepian	Art and Technology	Hampshire College
Jon Western	International Relations/US Diplomacy	Mount Holyoke College

Faculty Exchange

The Faculty Exchange program enables member campuses to borrow faculty from each other to teach courses not otherwise available on that campus. In the

2007–2008 academic year, there were 43 exchanges in 20 fields, of which 29 were overtime borrows, eight were release-time arrangements and six were straight exchanges.

Courses offered through Faculty Exchange 2007–2008

Field/Program	Course Title	Lending Institution	Borrowing Institution
Anthropology/ Sociology	Visual Anthropology	Mount Holyoke	Amherst
Art	Art of India	Mount Holyoke	UMass Amherst
Art	Introduction to Art History: Asia	Mount Holyoke	Smith
Art	Special Topics: Sound in Art	Hampshire	UMass Amherst
Chemistry	Chem 347 (Lecture & 2nd Lab)	UMass Amherst	Smith
Complex Organization	Individuals and Organizations	UMass Amherst	Mount Holyoke
Computer Science	Computer Science II	UMass Amherst	Smith
Classics	Latin 16	Smith	Amherst
Classical Languages and Literatures	Advanced Reading in Latin Lit	UMass Amherst	Smith
Classical Languages and Literatures	Classical Echoes	UMass Amherst	Smith
English	Old Norse	Smith	Mount Holyoke
English	Studies in African American Literature: Wright/Ellison/Baldwin	UMass Amherst	Amherst
German	Fantasies of the New World	UMass Amherst	Smith
German	The Crusades and the Image of Islam	UMass Amherst	Amherst
German Studies	Topics in German Studies: What Color is the Earth?	UMass Amherst	Smith
HACU	Black Mountain Blues	Mount Holyoke	Hampshire
HACU	Philosophy of Wittgenstein	Smith	Hampshire
History	From Habsburg to Hitler: Bohemian Politics 1848-1948	Mount Holyoke	Amherst
History	Culture War and Progressive Reform	Amherst	UMass Amherst
History	National Latin America 1821 to the present	Mount Holyoke	Smith
Music	Electro-Acoustic Music	Hampshire	Smith
Music	Electro-Acoustic Music	Hampshire	Smith
Music	Tonal Harmony and Counterpoint	Smith	Amherst
Philosophy	Issues in Aesthetics	Mount Holyoke	Amherst
Philosophy	Philosophical Foundations of Western Thought: The Greek Period	UMass Amherst	Mount Holyoke
Political Science	World Politics	Mount Holyoke	UMass Amherst
Political Science	World Politics	Mount Holyoke	UMass Amherst

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Field/Program	Course Title	Lending Institution	Borrowing Institution
Politics	Punishment, Politics, Culture	Amherst	Mount Holyoke
Psychology	Abnormal Psychology	UMass Amherst	Amherst
Religion	Jewish Spirituality: Philosophers and Mystics	Mount Holyoke	Smith
Social Sciences	Readings in Environmental History: Classics and Cases	Smith	Hampshire
Sport Management	College Athletics	Mount Holyoke	UMass Amherst
Sport Management	College Athletics	Mount Holyoke	UMass Amherst
STPEC	The Crafted City: Urban Regeneration and the New Cultural Economy	Hampshire	UMass Amherst
STPEC	Anarchism and Revolution: The Spanish Civil War	Smith	UMass Amherst
STPEC	Thinking Sexuality and Gender in History	Smith	UMass Amherst
STPEC	Race, Ethnicity and Nationalism: Identity and the Political Order	Hampshire	UMass Amherst
STPEC	Post-September 11 World: An Exception or Business as Usual?	Hampshire	UMass Amherst

40th Anniversary Professors

Initiated in 2005 to celebrate the 40th birthday of the consortium, the 40th Anniversary professorships honor faculty whose teaching and scholarship have remained central to cooperation among Five College institutions. During their three-year appointments, faculty receive an annual research allowance and are released from teaching one course at their home campus. In turn, they teach one course a year at another campus and once during their appointment present a colloquium or public lecture on a topic related to their research.

As of this year, 11 people have been awarded a Five College 40th Anniversary professorship. John Connolly, professor of philosophy, Smith College; and Joseph Skerrett, professor of English, University of Massachusetts Amherst, began serving their term in 2007–2008: .

Indira Peterson, David B. Truman Professor of Asian Studies at Mount Holyoke Col-



John Connolly



Ileana Streinu

lege; and Ileana Streinu, professor of computer science and mathematics at Smith College, were appointed in 2007–2008 to begin their three-year term in 2008–2009.

Five College Fellows

Through the Five College Fellowship Program, each of the four colleges provides a residency for a graduate student completing his or her dissertation. Fellows reside in an academic department at

the hosting institution, usually teaching one course during the year. The program's goal is to support scholars from underrepresented groups and/or scholars with unique interests and histories.

In the 2007–2008 academic year, the following fellows served residencies at the colleges:

Amherst College hosted Arum Park, classics, University of North Carolina.

Mount Holyoke College hosted Melissa Madera, history and gender studies, Binghamton University.

Hampshire College hosted Sepideh Bajracharya, anthropology, Harvard University.

Smith College hosted Terza Silva Lima-Neves, government, Clark Atlanta University.

Faculty Seminars

In 2007–2008, the faculty seminar program distributed \$19,589 in grants to Five College groups who developed proposals to bring together faculty from member institutions to

exchange ideas, read works in progress and host guest speakers. In 2007–2008 there were 33 active seminars. Expenses ranged from less than \$100 to more than \$1,000.

Active Faculty Seminars 2007–2008

Afro-Luso-Brazilian

Architectural Theory

Asian/Pacific/American Studies

Atlantic Studies

Buddhist Studies

Chemistry

Childhood Studies

Classics

Coastal/Marine

Culture, Health, and Science

Education Studies

Film Studies

Folklore

Foundations in Cognitive Science

French

German

History

Inter-Asian Political Cultures

Literary Translation

Marxist and Postcolonial Discourse

Medieval Studies

Native American Indian Studies

New Epistemologies and Contemplation

Number Theory

Performance Studies

Photography

Propositional Attitudes (Philosophy)

Renaissance Studies

Roundtable on God and Science

Slavic Studies

Social Thought and Political Economy (STPEC)

Valley Geometry

Women's Studies

Lecture Fund

The Five College Lecture Fund supports collaborative events that involve at least three of the five campuses, with organizers contributing more than half of the cost of the project. In the 2007–2008 academic year,

the 20 events comprised conferences, lectures, performances, workshops, a symposium, and other special activities, with the Lecture Fund providing a total of \$13,150 in support, ranging from \$209 to \$1,000.

Series of Public Programs	LOSAR: Tibetan New Year's Celebration
Conference	"Wroclaw/Breslau: Poles, Jews and Their City"
Conference	" <i>Bamako</i> : Globalization on Trial in Africa"
Lecture	"An Evening with Marjane Satrapi, author of <i>Persepolis: The Story of a Childhood</i> "
Lecture	J. J. Hoberman: "Caught in the Crossfire: Hollywood 1947, Communist Conspiracy or Jewish Plot?"
Lecture	Maryse Condé and Richard Philcox: "Intimate Enemies"
Lecture	Paul Cartledge on Herodotus
Lecture	Shahid Amin: "The Quest for a Mare (Lilli Ghori): An Episode in the Lore Surrounding 11th-Century Turkic Conquest/Iconoclasm in North India"
Lecture and Class Visit	Makau Mutua: "Can the African State Be Reformed?"
Lecture and Exhibit	Israeli-Palestinian Peace Lecture and Exhibit by Palestinian and Israeli women artists
Lecture and Colloquium	Daniel Mendelsohn: "'Lost' Between Memory and History: Writing the Holocaust for the Next Generation"
Lecture Series	Professor Robert Boyer: "The Political Economy of Macroeconomics, Institutions, and Financial Crisis in Europe and the United States"
Lecture/Performance	"An Evening with Charles Busch"
Lecture	Rosie Molinary: "10 Things That Will Make You Think, Speak & Act"
Performance, Dance	Anita Ratnam: "Neelam (Blue): Drowning in Bliss"
Performances, Lecture	Life and Cultures of Old Japan: Shinnai and Edo Fair and Workshops
Presentations	GIS (Geographic Information System) Day
Symposium	Symposium on Renato Poggioli
Workshop	Students for Free Tibet New England Regional Conference: "Beijing 2008 Olympics: One World, One Dream, Free Tibet!"

Five College Programs

Five College certificate programs, akin to academic minors, offer students the opportunity for focused study in areas in which most campuses don't offer a major. In the 2007–2008 academic year, 102 students earned certificates in 8 of the 12 programs, dispersed among the campuses as follows:

Amherst: 9 students

Hampshire: 9 students

Mount Holyoke: 27 students

Smith: 21 students

UMass Amherst: 36 students

Certificate Programs

African Studies

Asian/Pacific/American Studies

Buddhist Studies

Coastal & Marine Sciences

Cognitive Neuroscience

Culture, Health, and Science

International Relations

Latin American Studies

Logic

Middle Eastern Studies

Native American Studies

Russian, East European, Eurasian Studies

Five College Major, Departments and Graduate Program

Responding to student and faculty interests to expand the scope of certain fields, Five Colleges has created two departments, a major and a graduate program, each built on the strengths of combined campus offerings. In 2008, 11 seniors graduated from the Five College Astronomy department and 42 seniors graduated from the Five College Dance department. In the new Five College Dance department. In the new Five College Film major, 12 seniors graduated, and the UMass/Five College Graduate Program in History awarded seven master's degrees and one doctorate.

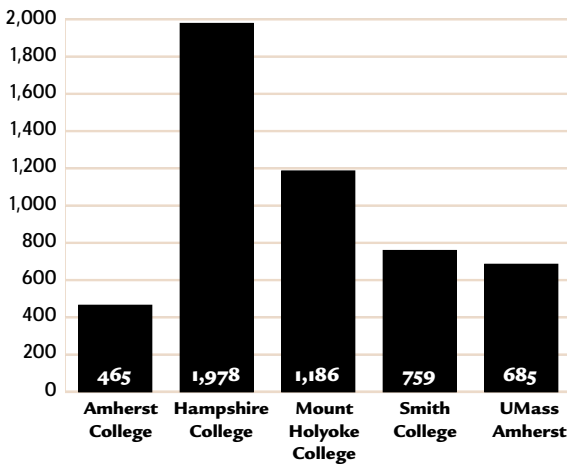
Five College Interchange

The Five College Interchange offers students enrolled at one college the option of taking courses at any of the other four without paying additional fees. The interchange has made possible a range of

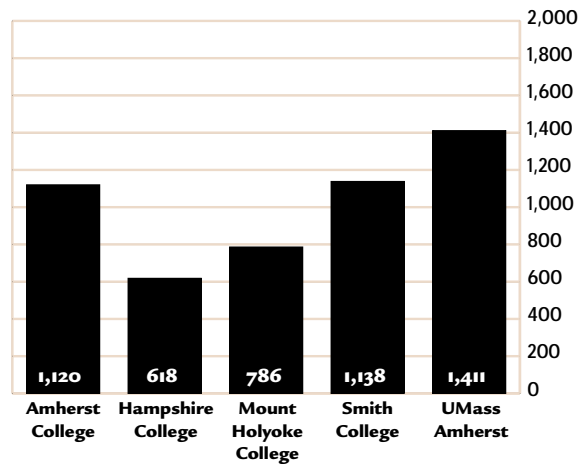
Five College curricular structures, including the astronomy and dance departments and Five College programs ranging from the certificate program in logic to the Five College drawing seminar.

Course Enrollments through Five College Interchange 2007–2008:

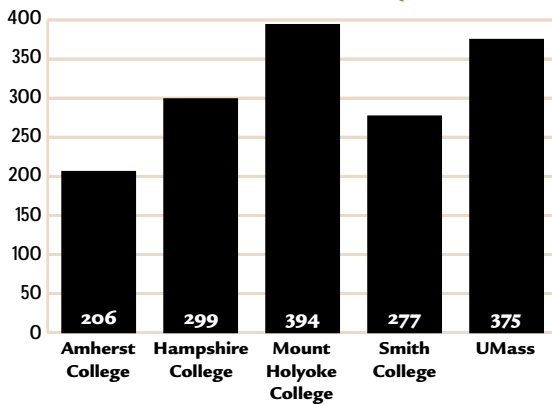
Numbers of Enrollments Leaving from:



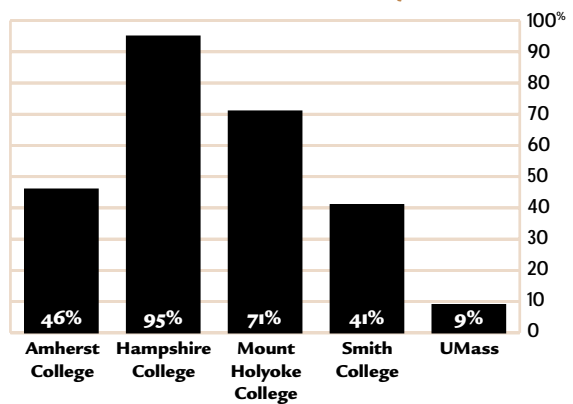
Numbers of Enrollments Going to:



Number of graduating seniors in class of 2008 taking at least one course at another institution in four years



Percentage of graduating seniors in class of 2008 taking at least one course at another institution in four years





FIVE COLLEGES, INCORPORATED AND SUBSIDIARY

Consolidated Financial Statements

June 30, 2008 and 2007

(With Independent Auditors' Report Thereon)

FIVE COLLEGES, INCORPORATED

Financial Statements

June 30, 2008 and 2007

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KPMG LLP
One Financial Plaza
Hartford, CT 06103-4103

Independent Auditors' Report

Board of Directors
Five Colleges, Incorporated:

We have audited the accompanying consolidated statements of financial position of Five Colleges, Incorporated and Subsidiary (the Corporation) as of June 30, 2008 and 2007, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Corporation'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. 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 Corporation's internal control over financial reporting. Accordingly, we express no such opinion. An audit 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 the Corporation as of June 30, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

KPMG LLP

December 11, 2009

FIVE COLLEGES, INCORPORATED
Consolidated Statements of Financial Position
June 30, 2008 and 2007

Assets	2008	2007
Cash and cash equivalents	\$ 1,669,849	2,727,972
Short-term investments (note 13)	3,006,127	3,653,737
Due from member institutions	361,626	1,150,196
Other assets	263,894	299,376
Contributions receivable (note 4)	725,030	152,161
Mortgages and notes receivable (note 10)	44,630	45,229
Investments, at fair value (note 5)	11,513,672	12,183,752
Property and equipment, net (note 6)	4,885,418	5,381,894
Total assets	\$ 22,470,246	25,594,317
Liabilities		
Accounts payable	\$ 679,866	1,855,470
Grants payable (note 7)	—	1,459,265
Accrued liabilities	138,904	178,260
Due to member institutions	572,740	458,100
Deferred revenue (note 3)	1,643,300	1,596,108
Total liabilities	3,034,810	5,547,203
Net Assets		
Unrestricted	6,010,719	6,235,816
Temporarily restricted (note 8)	11,048,161	11,475,794
Permanently restricted (note 9)	2,376,556	2,335,504
Total net assets	19,435,436	20,047,114
Commitments and contingencies (note 12)		
Total liabilities and net assets	\$ 22,470,246	25,594,317

See accompanying notes to consolidated financial statements.

FIVE COLLEGES, INCORPORATED

Consolidated Statement of Activities

Year ended June 30, 2008

	Unrestricted	Temporarily restricted	Permanently restricted	2008 Total
Revenue, gains and other support:				
Member institution assessments	\$ 4,865,489	—	—	4,865,489
Student government contribution	149,764	—	—	149,764
Interest income	76,059	384,387	—	460,446
Net realized and unrealized losses	(26,292)	(697,938)	—	(724,230)
Other revenue	584,145	108,117	41,052	733,314
Grant revenue	452,002	1,627,571	—	2,079,573
Net assets released from restrictions (note 8)	1,849,770	(1,849,770)	—	—
Total revenue, gains and other support	<u>7,950,937</u>	<u>(427,633)</u>	<u>41,052</u>	<u>7,564,356</u>
Expenses and other deductions:				
Operation of buses and vans	652,752	—	—	652,752
Cooperative programs	4,362,968	—	—	4,362,968
Joint faculty appointments and development	1,556,834	—	—	1,556,834
Affiliated programs	190,649	—	—	190,649
Coordinator's and business office	1,369,287	—	—	1,369,287
Investment expense	43,544	—	—	43,544
Total expenses and other deductions	<u>8,176,034</u>	<u>—</u>	<u>—</u>	<u>8,176,034</u>
Change in net assets	(225,097)	(427,633)	41,052	(611,678)
Net assets, beginning of year	<u>6,235,816</u>	<u>11,475,794</u>	<u>2,335,504</u>	<u>20,047,114</u>
Net assets, end of year	<u>\$ 6,010,719</u>	<u>11,048,161</u>	<u>2,376,556</u>	<u>19,435,436</u>

See accompanying notes to consolidated financial statements.

FIVE COLLEGES, INCORPORATED

Consolidated Statement of Activities

Year ended June 30, 2007

	Unrestricted	Temporarily restricted	Permanently restricted	2007 Total
Revenue, gains and other support:				
Member institution assessments	\$ 4,069,097	—	—	4,069,097
Student government contribution	149,764	—	—	149,764
Interest income	105,873	462,668	—	568,541
Net realized and unrealized gains	106,828	1,466,207	—	1,573,035
Other revenue	2,091,288	354,884	—	2,446,172
Grant revenue	503,026	1,021,414	—	1,524,440
Net assets released from restrictions (note 8)	5,217,771	(5,217,771)	—	—
Total revenue, gains and other support	<u>12,243,647</u>	<u>(1,912,598)</u>	<u>—</u>	<u>10,331,049</u>
Expenses and other deductions:				
Operation of buses and vans	474,759	—	—	474,759
Cooperative programs	7,784,128	—	—	7,784,128
Joint faculty appointments and development	1,280,131	—	—	1,280,131
Affiliated programs	215,945	—	—	215,945
Coordinator's and business office	1,488,863	—	—	1,488,863
Investment expense	40,770	—	—	40,770
Total expenses and other deductions	<u>11,284,596</u>	<u>—</u>	<u>—</u>	<u>11,284,596</u>
Change in net assets	959,051	(1,912,598)	—	(953,547)
Net assets, beginning of year	<u>5,276,765</u>	<u>13,388,392</u>	<u>2,335,504</u>	<u>21,000,661</u>
Net assets, end of year	<u>\$ 6,235,816</u>	<u>11,475,794</u>	<u>2,335,504</u>	<u>20,047,114</u>

See accompanying notes to consolidated financial statements.

FIVE COLLEGES, INCORPORATED

Consolidated Statements of Cash Flows

Years ended June 30, 2008 and 2007

	2008	2007
Cash flows from operating activities:		
Change in net assets	\$ (611,678)	(953,547)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	595,401	357,865
Net realized and unrealized losses (gains) on long-term investments	724,230	(1,573,035)
Change in due from member institutions	788,570	132,950
Change in other assets	35,482	(36,895)
Change in contributions receivable	(572,869)	720,522
Change in accounts payable	(1,175,604)	847,194
Change in accrued liabilities	(39,356)	36,318
Change in grants payable	(1,459,265)	1,459,265
Change in due to member institutions	114,640	(158,278)
Change in deferred revenue	47,192	448,981
Net cash (used in) provided by operating activities	(1,553,257)	1,281,340
Cash flows from investing activities:		
Issuance of mortgages and notes receivable	(1,852)	(733)
Payments received on mortgages and notes receivable	2,451	7,466
Purchase of property and equipment	(98,925)	(2,141,404)
Purchases of short-term investments	(304,727)	(1,065,308)
Sales/maturities of short-term investments	952,337	2,356,012
Purchases of investments	(54,150)	(1,357,263)
Sales/maturities of investments	—	1,300,000
Net cash provided by (used in) investing activities	495,134	(901,230)
Net (decrease) increase in cash and cash equivalents	(1,058,123)	380,110
Cash and cash equivalents, beginning of year	2,727,972	2,347,862
Cash and cash equivalents, end of year	\$ 1,669,849	2,727,972

See accompanying notes to consolidated financial statements.

FIVE COLLEGES, INCORPORATED

Notes to Consolidated Financial Statements

June 30, 2008 and 2007

(1) Nature of Operations

Five Colleges, Incorporated (the Corporation) is a consortium of Amherst, Hampshire, Mount Holyoke and Smith Colleges and the University of Massachusetts at Amherst, whose mission is to more effectively allocate and conserve resources of staff and facilities and to enhance educational and administrative programs. The five member institutions conduct other cooperative activities outside of the Corporation, which are, therefore, not included in these financial statements. The Corporation is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and is generally exempt from income taxes pursuant to Section 501(a) of the Code.

On January 30, 2004, Five Colleges, Incorporated, as sole member, established Five Colleges Net, Limited Liability Company (LLC). The purpose of the LLC is to construct, manage and maintain a fiber optic cable system. The LLC is a disregarded entity for federal income tax purposes.

(2) Summary of Significant Accounting Policies

(a) Principles of Consolidation

The consolidated financial statements of Five Colleges, Incorporated and Subsidiary (the Corporation) include the accounts of Five Colleges, Incorporated and its wholly owned subsidiary, Five Colleges Net, LLC. All intercompany transactions and balances are eliminated in consolidation.

(b) Basis of Accounting

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

(c) Classification of Net Assets

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. In the accompanying consolidated financial statements, net assets that have similar characteristics have been combined as follows:

Unrestricted – Net assets that are not subject to donor-imposed stipulations. Net assets may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

Temporarily Restricted – Net assets whose use by the Corporation is subject to donor-imposed stipulations that can be fulfilled by actions of the Corporation or that expire by the passage of time. Such assets consist primarily of realized and unrealized appreciation and restricted grants.

Permanently Restricted – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Corporation. Generally, the donors of these assets permit the Corporation to use all or part of the income earned on these assets. Such assets include permanent endowment funds.

FIVE COLLEGES, INCORPORATED

Notes to Consolidated Financial Statements

June 30, 2008 and 2007

(d) *Classification of Revenues, Expenses, Gains and Losses*

Deferred revenue results from unspent program allocations designated for specific future projects. Contributions are reported as increases in the category of net assets dependent upon the donor's restriction, if any. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law. Expirations of temporary restrictions recognized on net assets (i.e., the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications from temporarily restricted net assets to unrestricted net assets. Temporary restrictions on gifts to acquire long-lived assets are considered met in the year in which the assets are acquired or placed in service. Exchange transactions are recorded as unrestricted revenues when they are earned.

Contributions, including unconditional promises to give and nonexchange grant awards, are recognized as revenues in the period the commitment is received. Contributions received with donor-imposed restrictions are reported permanently or temporarily restricted revenues depending upon the specific restriction. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions to be received after one year are discounted at a risk-free rate appropriate for the expected payment term. Amortization of the discount is recorded as contribution revenue in the appropriate net asset category. Allowance is made for uncollectible contributions based upon management's judgment and analysis of the creditworthiness of the donors, past collection experience and other relevant factors.

(e) *Cash and Cash Equivalents*

Cash and cash equivalents include amounts on deposit in banks, certificates of deposit and money market accounts.

(f) *Investments*

Investments consist primarily of units of Commonfund pooled investment funds. These investments are recorded at fair value as obtained from the Commonfund, based on the net asset value of the Corporation's units. Commonfund unit values are based on quoted market prices of underlying marketable securities and estimates of fair value obtained from investment managers for underlying nonmarketable securities.

Purchases and sales of investments are recorded at the trade date of the transaction. Realized investment gains and losses are recorded based on the average cost method for all investments except where specific identification is required by tax law.

Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is possible that changes in the values of investment securities could occur in the near term and that such changes could materially affect investment balances included in the consolidated financial statements.

FIVE COLLEGES, INCORPORATED

Notes to Consolidated Financial Statements

June 30, 2008 and 2007

(g) *Spending Policy*

The Corporation has interpreted relevant state law as generally permitting the spending of gains on endowment funds over a stipulated period of time. State law allows the Board to appropriate all of the income and a specified percentage of the net appreciation as is prudent considering the Corporation's long- and short-term needs, present and anticipated financial requirements, expected total return on its investments, price level trends and general economic conditions. The Corporation has an endowment total return spending policy, which is within the guidelines specified under State law, limiting the annual distribution of return to 4.5% of a three-year average market value.

(h) *Property and Equipment*

Property and equipment are recorded at cost, except for contributed property and equipment, which are recorded at fair value at date of gift. Depreciation and amortization are charged to expense using the straight-line method over the estimated useful lives of the assets, or for leasehold improvements, over the shorter of the estimated useful life or the lease term. When an asset is sold or retired, the related cost and accumulated depreciation are removed from the accounts and the resulting gain or loss is reflected in operations for the period. Maintenance and repairs are charged to expense as incurred.

(i) *Use of Estimates*

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. Significant estimates made by management include the valuation of contributions receivable, the valuation of contributed property and equipment, and recognition of accounts payable related to the operation of buses and vans.

(j) *Reclassifications*

Certain items in the 2007 financial statements have been reclassified to conform with the 2008 presentation.

(k) *New Accounting Pronouncements*

Effective July 1, 2007, the Corporation adopted Financial Accounting Standards Board (FASB) Interpretation No. 48, *Accounting for Uncertainty in Income Taxes – An Interpretation of FASB Statement No. 109* (FIN 48). FIN 48 clarifies the accounting for uncertainty in income tax recognized in an entity's financial statements. FIN 48 requires entities to determine whether it is more likely than not that a tax position will be sustained upon examination by the appropriate taxing authorities before any part of the benefit can be recorded in the financial statements. It also provides guidance on the recognition, measurement, and classification of income tax uncertainties, along with any related interest or penalties. A tax position is measured at the largest amount of benefit that is greater than fifty percent likely of being realized upon settlement. The adoption of FIN 48 had no impact on the Corporation's financial statements.

FIVE COLLEGES, INCORPORATED

Notes to Consolidated Financial Statements

June 30, 2008 and 2007

In September 2006, the Statement of Financial Accounting Standards No. 157, *Fair Value Measurement* (SFAS 157), was issued and is effective for fiscal years beginning after November 15, 2007. This standard expands the disclosure that is required for the use of fair value measure assets and liabilities. The new disclosure will focus on the inputs used to measure fair value and the effect, if any, on the measurement of changes in net assets for the period. The Corporation will adopt this standard in its financial statements for the year ended June 30, 2009.

In August 2008, FASB Staff Position No. FAS 117-1, *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* (FSP), was issued, and its guidance is effective for fiscal years ending after December 15, 2008. A key component of that FSP that pertains to the Corporation is a requirement for expanded disclosures for all endowment funds. The Corporation will adopt this standard in its financial statements for the year ended June 30, 2009.

(3) Member Assessments

The Corporation assesses each of the five member institutions for its share of the current year expenditures determined on a formula basis and recognizes this revenue in the year that the related expenses are incurred. Amounts collected but not spent are recorded as deferred revenue of \$1,643,300 and \$1,596,108 at June 30, 2008 and 2007, respectively.

(4) Contributions Receivable

Unconditional promises to give the Corporation of \$725,030 and \$152,161 are outstanding as of June 30, 2008 and 2007, respectively. The discount rate used to calculate the present value of contributions receivable is 6%.

Contributions receivable at June 30 are summarized as follows:

	<u>2008</u>	<u>2007</u>
Unconditional promises expected to be collected within:		
Less than one year	\$ 670,340	110,000
One to five years	60,214	50,214
	<u>730,554</u>	<u>160,214</u>
Gross pledges receivable	730,554	160,214
Less discount to present value	<u>(5,524)</u>	<u>(8,053)</u>
Net pledges receivable	<u>\$ 725,030</u>	<u>152,161</u>

FIVE COLLEGES, INCORPORATED

Notes to Consolidated Financial Statements

June 30, 2008 and 2007

(5) Investments

Investments at June 30 are as follows:

	2008	2007
Equity funds	\$ 7,953,819	8,738,519
Fixed income funds	3,518,582	3,413,073
Limited partnership	41,271	32,160
Total investments	\$ 11,513,672	12,183,752

(6) Property and Equipment

Property and equipment at June 30 consist of the following:

	2008	2007	Estimated useful lives
Land	\$ 5,271	5,271	—
Leasehold improvements	321,851	321,851	15
Equipment	5,962,887	6,262,993	5-20
Vehicles	35,515	35,515	5
	6,325,524	6,625,630	
Less accumulated depreciation	(1,440,106)	(1,243,736)	
	\$ 4,885,418	5,381,894	

(7) Grants Payable

During 2007, a program of the Corporation, the National Collegiate Inventors and Innovators Alliance (NCIIA), incorporated and applied for and received recognition as a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code. Effective July 1, 2007, NCIIA is no longer affiliated with the Corporation. At June 30, 2008 and 2007, \$0 and \$1,459,265 was payable to foundations and NCIIA on grants held by the Corporation.

(8) Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30 are comprised of the following:

	2008	2007
Accumulated realized and unrealized gains	\$ 6,805,340	7,516,020
Unexpended gifts and grants	4,242,821	3,959,774
	\$ 11,048,161	11,475,794

FIVE COLLEGES, INCORPORATED

Notes to Consolidated Financial Statements

June 30, 2008 and 2007

During the years ended June 30, 2008 and 2007, temporarily restricted net assets of \$1,849,770 and \$5,217,771, respectively, were released from restrictions to support the Corporation's program activities.

(9) Permanently Restricted Net Assets

Permanently restricted net assets are comprised of the following at June 30:

	<u>2008</u>	<u>2007</u>
Neill Fund	\$ 1,028,000	1,028,000
National Endowment for the Humanities	1,307,504	1,307,504
Center for World Languages Endowment Fund	<u>41,052</u>	<u>—</u>
	<u>\$ 2,376,556</u>	<u>2,335,504</u>

(10) Related-Party Transactions

At June 30, 2008 and 2007, the Corporation was owed \$43,742 and \$44,792, respectively, under a thirty-year mortgage loan provided to an employee of the Corporation. This mortgage bears interest at a rate of 4.46%. Combined principal and interest payments are \$252 per month over the term of the mortgage. These amounts are included as part of mortgages and notes receivable on the statement of financial position.

The Corporation is provided with office and program space at no cost by the member institutions.

(11) Retirement Plan

The Corporation has a Contributory retirement plan with Teachers Insurance and Annuity Association of America (TIAA) and College Retirement Equities Fund (CREF). Contributions of \$162,928 and \$192,375 were made in 2008 and 2007, respectively, by the Corporation to TIAA/CREF for eligible and enrolled employees based upon 10% of their salaries. In addition, employees enrolled in the plan contribute 5% of their salary to the plan.

(12) Commitments

Under the terms of a limited partnership agreement with Commonfund Capital Partners 2000, L.P. (CCP 2000), the Corporation is obligated to remit additional funding periodically as capital calls are exercised. The Corporation has an outstanding commitment to CCP 2000 of \$10,432 at June 30, 2008. The commitment is anticipated to be fulfilled in various installments through the fiscal year ending June 30, 2009.

As of June 30, 2008, the Corporation had open commitments under contracts with vendors of \$699,946.

FIVE COLLEGES, INCORPORATED

Notes to Consolidated Financial Statements

June 30, 2008 and 2007

(13) Disclosure of Subsequent Events

The Corporation is an investor in the Commonfund for Short-Term Investments (the Fund). On September 29, 2008, the Corporation was notified that Wachovia Bank, N.A., as trustee of the Fund, would resign as trustee, initiate the termination of the Fund, and establish procedures to liquidate and distribute the Fund's net assets over a period of time. As of December 11, 2008, the Corporation had \$562,125 remaining in the Fund. The Corporation believes that the Fund's liquidation and distribution plans will not impede its ability to meet near- and long-term obligations, which will be satisfied if necessary through alternative financial resources.

Due to the nature of the Fund's underlying holdings, the Corporation has classified its holdings of \$1,755,253 therein as of June 30, 2008 as a short-term investment and reclassified its holdings of \$1,498,762 therein as of June 30, 2007 from cash and cash equivalents to short-term investments. Additionally, for purposes of the Statements of Cash Flows, the Corporation has accounted for its activity in the Fund on a gross basis and has reported the activity in the investing section of the Statements of Cash Flows.

Grants in Progress July 1, 2007–June 30, 2008

Project/ Program	Award Amount	Grant Period	Funding Source
African Studies			
Five College African Scholars Residency Program	\$1,000,000	11/01–12/08	The Bill and Melinda Gates Foundation
Center for East Asian Studies			
East Asia in New England: Continuity in a Time of Change	\$36,000	9/06–9/09	United States–Japan Foundation
East Asia for Teachers Newsletter Support	\$30,000	1/08 - 12/10	American Institute for Foreign Study Foundation
National Consortium for Teaching about Asia: IX–X	\$1,025,000	7/06–6/08	The Freeman Foundation
Resource Library, Newsletter and Related Activities	\$220,000	10/06–9/08	The Freeman Foundation
Seminar Series Support	\$2,500	7/07–6/08	Massachusetts Geographic Alliance
National Consortium for Teaching About Asia XI–XII	\$1,320,680	7/08–6/10	The Freeman Foundation
Five College Center for the Study of World Languages			
Five College CultureTalk Islamic Worlds	\$361,000	7/06–6/09	U.S. Department of Education
Hindi and Arabic: Expanding Opportunities for Independent Learners	\$600,000	7/06–6/10	The Andrew W. Mellon Foundation
Five College Depository			
Five College Depository and Online Finding Aids Access Project	\$1,100,000	1/00–6/08	The Andrew W. Mellon Foundation
Five College Learning in Retirement			
Support for the 2007 Creative Aging conference	\$7,500	10/06–9/07	Highland Valley Elderly Services, Inc.
Five College Net, LLC			
Building the Future through Collaboration: The Five College Fiber Optic Network	\$325,000	7/04–8/07	The Andrew W. Mellon Foundation

Grants in Progress—*continued*

Project/ Program	Award Amount	Grant Period	Funding Source
Five Colleges, Incorporated			
Joint Faculty Appointments and Academic Network Planning	\$600,000	1/03–7/08	The Andrew W. Mellon Foundation
Administrative Cooperation at the Five Colleges: The Next Phase	\$275,000	1/04–12/07	The Andrew W. Mellon Foundation
Sustaining High-Quality and Contemporary Curricula through Collaboration: New Shared and Joint Appointments at the Five Colleges	\$2,000,000	7/05–3/13	The Andrew W. Mellon Foundation
UISFL Title VI—Expanding African Languages & African Studies at the Five Colleges: A Consortial Approach	\$337,000	7/05–6/08	U.S. Department of Education
Major Research Instrumentation: Acquisition of a Laboratory Testbed for Networked Embedded Systems and Sensor Research	\$318,000	9/05–8/09	National Science Foundation
Archivists' Toolkit Phase II	\$13,603	1/07–12/08	The Andrew W. Mellon Foundation (University of California San Diego, subcontract)
Support for University of Massachusetts	\$10,000	2/07–7/07	National Association of County and City Health Officials Medical Reserve Corps
Mathematics			
Five College Number Theory Seminar	\$14,241	6/05–6/08	National Security Agency
Museums10			
Museums10: Building a Bigger Engine for Cultural Tourism	\$150,000	1/07–12/08	Massachusetts Cultural Council
National Collegiate Inventors and Innovators Alliance			
Collaborative Research: RAPD—The BME-IDEA Competition, Assessing Innovative Design in Biomedical Engineering Education	\$141,645	3/06–2/09	National Science Foundation

Grants in Progress—*continued*

Project/ Program	Award Amount	Grant Period	Funding Source
<hr/> National Collegiate Inventors and Innovators Alliance			
Kern Entrepreneurship Education Network	\$202,270	12/06–8/07	Kern Family Foundation
<hr/> Peace and World Security Studies			
Program Support	\$2,500	7/07–6/08	The Paul and Edith Babson Foundation
<hr/> Public School Partnership			
Teaching American History II (Title II-C)	\$205,120	10/04–6/08	U.S. Department of Education (City of Springfield, Massachusetts, subcontract)
South Africa Study Tour and Curriculum Development Project	\$80,000	4/06–8/07	U.S. Department of Education Fulbright-Hays
Teaching American History III (Title II-C)	\$132,000	9/06–8/08	U.S. Department of Education (City of Springfield, Massachusetts, subcontract)

Academic Committees and Programs 2007–2008

Academic Career Network

African Studies Council

- African Scholars Program
- African Studies–UISFL Steering Committee

Architectural Studies

Art Committee for Advanced Drawing Seminar

Asian/Pacific/American Studies Certificate Program

Astronomy Senate

Buddhist Studies Certificate Program

Coastal and Marine Sciences Certificate Program

Cognitive Neuroscience Certificate Program

Community-Based Learning

Crossroads in the Study of the Americas (CISA)

Culture, Health, and Science Certificate Program

Dance Department Program

- Dance Department Executive Committee

East Asian Studies

- East Asian Languages Program
- Center for East Asian Studies Fellowship
Advisory Committee

Fellowship Program Committee

Film Council

- Film Major

Geology Chairs

History Graduate Program

International Relations Program/Certificate Program

Latin American Studies Council/Certificate Program

Logic Certificate Program

Middle Eastern Studies Certificate Program

Music Chairs

- Choral Directors
- Composition and Performance Faculty
- Early Music
- Ethnomusicology/World Music
- Opera Task Force

Native American Indian Studies Certificate Program

Peace and World Security Studies

Physics Chairs

PoetryFest Committee

Public School Partnership Program

Russian, East European and Eurasian Studies
(REEES)

Theater Chairs

- Costume/Design
- Multicultural Theater
- Technical Directors

Women's Studies Research Center Steering
Committee

- Women's Studies Chairs

Administrative Committees 2007–2008

Academic Calendar Committee

Admissions Officers

Affirmative Action Officers

America Reads

Audit Committee

Benefits Directors

Conference Service Directors

Controllers

Council on Religious Life

Cycles

Development

- Chief Advancement Officers
- Corporation/Foundation Officers

Emergency Preparedness Committee

Energy Management

Food Service Directors

Human Resources Directors

Information Technology Directors

- Amherst College/Town Health Preparedness Working Group
- Authentication Committee
- Digital Assets Management
- Education Technology Directors
- Electronic Cross-Registration Task Force
- Information Technology Governing Board
- MIMSY XG Users Group
- Networking Committee
- One Card

International Student Affairs

Investment Committee

Learning in Retirement (LIR)

Librarians Council

Management Training and Development

Massachusetts Review (Editorial Board)

Mental Health Directors

Museums10 Directors

- Museums10 Education Curators
- Museums10 Marketing and Public Relations

News Directors

Physical Plant Directors

Principal Student Affairs Officers

- Multicultural Affairs
- Orientation Directors
- Residential Life
- Section 504 Committee (ADA) Disability Service
- Sexual Assault Prevention and Intervention
- Student Activities
- Student Coordinating Board

Public Safety

Recycling

Registrars

Risk Management

Transportation

WFCR Five College Radio Advisory Committee

Governance 2007–2008

Board of Directors, Five Colleges, Incorporated

Anthony W. Marx, *President, Amherst College*

Ralph J. Hexter, *President, Hampshire College*

Joanne V. Creighton, *President, Mount Holyoke College*

Carol Tecla Christ, *President, Smith College; President, Five Colleges, Incorporated*

Thomas W. Cole, Jr., *Interim Chancellor, University of Massachusetts Amherst*

Jack Wilson., *President, University of Massachusetts System*

Lorna M. Peterson, *Executive Director, Five Colleges, Incorporated*

Deans Council

Gregory S. Call, *Dean of the Faculty, Amherst College*

Aaron Berman, *Vice President and Dean of Faculty, Hampshire College*

Donal O'Shea, *Dean of Faculty and Vice President for Academic Affairs, Mount Holyoke College*

Susan Bourque, *Provost and Dean of the Faculty, Smith College*

John Davis, *Associate Provost and Dean for Academic Development, Smith College*

Mary Deane Sorcinelli, *Director, Center for Teaching, University of Massachusetts Amherst*

Joel Martin, *Dean, College of Humanities and Fine Arts, University of Massachusetts Amherst*

Lorna M. Peterson, *Executive Director, Five Colleges, Incorporated*

Nate Therien, *Director of Academic Programs, Five Colleges, Incorporated*

Principal Business Officers

Peter Shea, *Treasurer, Amherst College*

Gerry Bohdanowicz, *Acting Treasurer, Hampshire College (fall)*

Mark Spiro, *Vice President for Finance and Administration, Hampshire College (spring)*

Mary Jo Maydew, *Vice President for Finance and Administration, Mount Holyoke College*

Ruth Constantine, *Vice President for Finance and Administration, Smith College*

Joyce Hatch, *Vice Chancellor for Administration and Finance, University of Massachusetts Amherst*

Marie Hess, *Treasurer and Business Manager, Five Colleges, Incorporated*

Lorna M. Peterson, *Executive Director, Five Colleges, Incorporated*

Principal Student Affairs Officers

Ben Lieber, *Dean of Students, Amherst College*

R. Michelle Green, *Dean of Student Services, Hampshire College*

Lee Bowie, *Dean of the College, Mount Holyoke College*

Maureen A. Mahoney, *Dean of the College, Smith College (fall)*

Tom Riddell, *Acting Dean of the College, Smith College (spring)*

Jo-Anne Vanin, *Associate Vice Chancellor/Dean of Students, University of Massachusetts Amherst*

Administration 2007–2008

Staff

Lorna M. Peterson, *Executive Director*

Donna Baron, *Director, Information Technology*

Sue Dickman, *Staff Assistant*

Nancy Goff, *Director, Program Planning and Development*

Cynthia Goheen, *Coordinator, Academic Career Network*

Marie Hess, *Treasurer and Business Manager*

Kevin Kennedy, *Director of Communications*

Nate Therien, *Director, Academic Programs*

M. Sue Thrasher, *Coordinator, Five College Public School Partnership*

Carol Aleman, *Executive Assistant*

Sharon Cady-Harrison, *Administrative Assistant/Scheduling*

Robyn Cutler, *Graphic Designer/Webmaster*

Nancy Eckert, *Receptionist/Administrative Assistant*

Jean Morrier, *Grants Assistant*

Yvette Mourneau, *Assistant to Treasurer and Business Manager*

Gail Porter, *Administrative Assistant/Bookkeeper*

Elke Ryan, *Catering Assistant*

Maria Toyofuku, *Technical Support Specialist*

Dora Tudryn, *Five College Library and Mail Messenger*

Colophon

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