



OFFICE OF
THE PRESIDENT

March 10, 1999

Mr. Marvin M. Mendonca, Sr. Project Manager
Non-Power Reactors and Decommissioning
Project Directorate
Division of Reactor Program Management
Office of Nuclear Reactor Regulation
Mail Stop 011D19
Washington, D.C. 20555-0001

Dear Mr. Mendonca:

The purpose of this letter is to provide the Nuclear Regulatory Commission with assurance that Reed College will fund and carry out the required decommissioning activities for its TRIGA Mark I Research Reactor if and when this reactor is decommissioned.

Currently, we have no plans to decommission the reactor. Therefore, for purposes of planning, we are assuming that the reactor will continue to operate under its current license which does not expire until October 3, 2007.

We have provided your office with documentation as required in accordance with Appendix E to Part 30, Items I, IIA, and IIC, indicating Reed College's ability to provide self-guarantee of decommissioning costs.

Sincerely,

Steven Koblik
President

cc: Stephen Frantz
Peter Steinberger
Edwin O. McFarlane

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Managing Director
Public Finance Ratings

Standard & Poor's

A Division of The McGraw-Hill Companies



July 31, 1998

Mr. Edwin O. McFarlane
Treasurer
Reed College
3203 Southeast Woodstock Boulevard
Portland, OR 97202-8199

Re: **\$21,175,000 Oregon Health Housing Education & Cultural Facility Authority, Revenue Bonds, (Reed College)**

Dear Mr. McFarlane:

This is to inform you that as part of our ongoing debt rating program, we have reviewed the latest annual financial report and other relevant data related to the above debt. As a result of such review, we have confirmed the rating for the above debt at 'A+' with a rating outlook for the intermediate to longer term of stable.

Please continue to send updated information including annual audit reports and budgets, and if applicable, updated operating and construction progress data, addressed to:

*Standard & Poor's Ratings Services
Public Finance Secondary Markets Surveillance
25 Broadway, Muni Drop Box No. 1
New York, NY 10004-1064*

If you have any questions please feel free to contact Stephen Infranco at 212-208-1271.

Thank you for continuing your relationship with Standard & Poor's.

Very truly yours,

jm

THE REED INSTITUTE

Financial Statements and Supplementary Information

June 30, 1998 and 1997

(With Independent Auditors' Report Thereon)

INDEPENDENT AUDITORS' REPORT

The Board of Trustees
The Reed Institute
Portland, Oregon:

We have audited the accompanying statements of financial position of The Reed Institute as of June 30, 1998 and 1997, and the related statements of cash flows for the years then ended and the statement of activities for the year ended June 30, 1998. These financial statements are the responsibility of The Reed Institute's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated 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 Reed Institute as of June 30, 1998 and 1997, and its cash flows for the years then ended and the changes in its net assets for the year ended June 30, 1998 in conformity with generally accepted accounting principles.

Our audit for the year ended June 30, 1998 was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in Schedules 1 through 6 as of and for the year ended June 30, 1998 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information, except for that portion marked "unaudited", on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole for the year ended June 30, 1998.

KPMG Peat Marwick LLP

August 14, 1998

THE REED INSTITUTE

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 1998 AND 1997

	1998	1997
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents (note 3)	\$ 8,425,824	\$ 11,892,280
Deposits with loan trustees (note 4)	40,456	46,811
Accounts receivable - student and other	3,477,028	3,469,728
Investments (note 3)	2,670,582	2,368,416
Contracts receivable	24,500	96,211
Pledges receivable (note 8)	848,427	958,035
Notes payable discount and issuance costs (note 4)	37,879	37,879
Prepaid expenses and other assets	<u>653,982</u>	<u>669,206</u>
 Total current assets	 16,178,678	 19,538,566
 PROPERTY, PLANT AND EQUIPMENT:		
Land and buildings	74,011,868	50,536,690
Construction in progress	373,417	15,461,868
Equipment, furniture, and fixtures	15,646,217	14,961,362
Less: accumulated depreciation	<u>(30,050,263)</u>	<u>(28,413,682)</u>
 Property, plant, and equipment - net	 59,981,239	 52,546,238
 OTHER ASSETS:		
Notes payable discount and issuance costs - noncurrent (note 4)	976,362	1,014,240
Pledges receivable - noncurrent (note 8)	7,879,542	7,048,946
Contracts and trusts receivable - noncurrent (note 7)	630,691	785,800
Long-term investments (note 3)	263,028,561	226,104,549
Other assets	<u>92,903</u>	<u>92,903</u>
 Total other assets	 <u>272,608,059</u>	 <u>235,046,438</u>
 TOTAL ASSETS	 <u>\$ 348,767,976</u>	 <u>\$ 307,131,242</u>

THE REED INSTITUTE

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THE REED INSTITUTE

STATEMENTS OF FINANCIAL POSITION (continued) JUNE 30, 1998 AND 1997

	1998	1997
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 1,151,255	\$ 2,530,645
Accrued salaries and withholdings	2,017,776	1,896,721
Current portion of long-term debt (note 4)	403,124	400,391
Deferred revenue	410,819	785,890
Life income payables	<u>70,532</u>	<u>74,382</u>
Total current liabilities	4,053,506	5,688,029
LONG-TERM LIABILITIES:		
Present value of annuities payable	1,441,510	606,636
Postretirement benefits payable (note 6)	4,180,726	3,743,653
Refundable loan programs	2,719,158	2,610,633
Long-term debt (note 4)	<u>22,058,294</u>	<u>22,461,477</u>
Total long-term liabilities	30,399,688	29,422,399
Total liabilities	<u>34,453,194</u>	<u>35,110,428</u>
NET ASSETS (DEFICIT):		
Unrestricted:		
Operating	195,129	(334,174)
Designated for special programs	18,428,315	15,117,899
Institutional loan programs	1,591,874	1,400,859
Funds functioning as endowment	52,295,295	51,683,710
Accumulated endowment gains	160,620,809	128,900,158
Net investment in plant	<u>33,262,653</u>	<u>31,403,339</u>
Total unrestricted	266,394,075	228,171,791
Temporarily restricted:		
Educational and general programs	5,682,335	4,985,329
Annuity and life income funds	8,111,930	6,648,354
Other temporarily restricted net assets	<u>2,197,207</u>	<u>2,063,617</u>
Total temporarily restricted	15,991,472	13,697,300
Permanently restricted:		
True endowment funds	30,463,061	28,735,411
Annuity and life income funds	<u>1,466,174</u>	<u>1,416,312</u>
Total permanently restricted	<u>31,929,235</u>	<u>30,151,723</u>
Total net assets	<u>314,314,782</u>	<u>272,020,814</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 348,767,976</u>	<u>\$ 307,131,242</u>

See accompanying notes to financial statements.

THE REED INSTITUTE

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS YEAR ENDED JUNE 30, 1998

	Unrestricted	Temporarily Restricted	Permanently Restricted	TOTAL 1998	TOTAL 1997
REVENUES, GAINS AND OTHER SUPPORT:					
Tuition and fees	\$ 26,728,531	\$ -	\$ -	\$ 26,728,531	\$ 25,711,428
Less: college-funded scholarships	(6,045,424)	-	-	(6,045,424)	(5,749,974)
Net tuition and fees	20,683,107	-	-	20,683,107	19,961,454
Auxiliary enterprises	5,613,387	-	-	5,613,387	5,063,551
Gifts and private grants	8,229,403	2,359,726	968,280	11,557,409	10,053,973
Government grants, contracts and student aid	794,180	-	-	794,180	846,135
Endowment investment income	3,305,044	-	-	3,305,044	3,395,138
Realized gains	26,455,176	120,548	56,016	26,631,740	27,649,705
Unrealized gains (losses)	13,220,535	28,790	1,349	13,250,674	12,834,960
Other investment income	1,238,302	384,501	52,041	1,674,844	1,680,129
Other revenues and additions	709,228	117,790	1,878	828,896	603,565
Subtotal	59,565,255	3,011,355	1,079,564	63,656,174	62,127,156
Net assets released from restrictions	164,436	(164,436)	-	-	-
Total revenues, gifts and other support	80,412,798	2,846,919	1,079,564	84,339,281	82,088,610
EXPENSES:					
Educational and general:					
Instruction	13,195,429	-	-	13,195,429	12,151,639
Research	556,523	-	-	556,523	563,716
Academic support	4,020,396	-	-	4,020,396	3,628,189
General institutional support	6,015,749	-	-	6,015,749	5,194,894
Student services	2,683,747	-	-	2,683,747	2,715,249
Scholarships	2,124,599	-	-	2,124,599	1,985,295
External affairs	2,002,224	-	-	2,002,224	1,733,871
Interest on bond indebtedness	1,665,496	-	-	1,665,496	1,698,050
Other interest expense	204,734	-	-	204,734	26,538
Total educational and general	32,468,897	-	-	32,468,897	29,697,441
Auxiliary enterprises	6,896,857	-	-	6,896,857	5,194,918
Total expenses	39,365,754	-	-	39,365,754	34,892,359
INCREASE FROM OPERATING ACTIVITY	41,047,044	2,846,919	1,079,564	44,973,527	47,196,251
NONOPERATING ACTIVITY:					
Investment management fees	(1,829,214)	(72,569)	-	(1,901,783)	(2,281,360)
Present value adjustment on annuities payable	-	(31,109)	(41,136)	(72,245)	716,159
Payments on life income agreements	-	(449,069)	(65,916)	(514,985)	(409,749)
Other deductions	(190,546)	-	-	(190,546)	(298,125)
Total nonoperating activity	(2,019,760)	(552,747)	(107,052)	(2,679,559)	(2,273,075)
INCREASE IN NET ASSETS	39,027,284	2,294,172	972,512	42,293,968	44,923,176
NET ASSETS, BEGINNING OF YEAR	227,366,791	13,697,300	30,956,723	272,020,814	227,097,638
NET ASSETS, END OF YEAR	\$ 266,394,075	\$ 15,991,472	\$ 31,929,235	\$ 314,314,782	\$ 272,020,814

THE REED INSTITUTE
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 1999 AND 1997

	1998	1997
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	\$ 42,293,968	\$ 44,923,176
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	3,087,576	2,065,433
Contributions for investment in endowment	(1,654,116)	(2,253,044)
Contributions for investment in annuity agreements	(1,579,832)	(1,329,576)
Noncash contributions	(5,175,876)	(3,810,943)
Noncash expenditures	21,387	59,140
Net realized gain on investments	(26,631,740)	(27,649,705)
Net unrealized gain on investments	(13,250,674)	(12,834,960)
Actuarial gain (loss) on annuity obligation	72,245	(716,159)
Changes in operating assets and liabilities:		
Increase (decrease) in deposits with loan trustees	6,355	(831)
Increase (decrease) in accounts receivable-students and other	(7,300)	320,373
Increase in pledges receivable	(720,988)	(35,954)
(Increase) decrease in prepaid expenses and other assets	15,224	(95,704)
Increase (decrease) in accounts payable	(1,379,390)	1,376,344
Increase in accrued salaries and withholdings	121,055	219,998
Increase in postretirement benefits payable	437,073	262,948
Decrease in deferred revenue	(375,071)	(91,392)
Increase in life income payable	758,779	113,420
Net cash provided by (used in) operating activities	<u>(3,961,325)</u>	<u>522,564</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from maturities/sales of investments	209,776,117	229,439,601
Purchases of investments	(190,867,918)	(218,264,898)
Cash equivalents unavailable for current spending	(11,097,474)	(21,708,399)
Contracts and trusts receivable advanced	(185,354)	(48,445)
Contracts and trusts receivable collected	412,174	313,790
Purchase of property, plant & equipment	<u>(10,522,577)</u>	<u>(16,185,227)</u>
Net cash used in investing activities	<u>(2,485,032)</u>	<u>(26,453,572)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions received for investment in endowment	1,654,116	2,253,044
Contributions received for investment in annuity agreements	1,579,832	1,329,576
Debt issuance costs	37,878	37,879
Payment of debt principal	(400,450)	(382,776)
Other changes in governmental loan funds	<u>108,525</u>	<u>(500)</u>
Net cash provided by financing activities	<u>2,979,901</u>	<u>3,237,223</u>
Net decrease in cash and cash equivalents	(3,466,456)	(22,693,785)
Cash and cash equivalents, beginning of year	<u>11,892,280</u>	<u>34,586,065</u>
Cash and cash equivalents, end of year	<u>\$ 8,425,824</u>	<u>\$ 11,892,280</u>
SUPPLEMENTAL DISCLOSURES:		
Noncash investing and financing activities:		
Gifts of securities	\$ 5,154,489	\$ 2,859,210
Gifts of real property	0	892,593
Gifts of equipment & artwork	7	51,924
Other noncash gifts	21,380	7,216
Interest paid	1,665,496	1,698,050

THE REED INSTITUTE

Notes to Financial Statements

June 30, 1998 and 1997

(1) Background

The Reed Institute (Reed College), founded in 1908 by Simeon and Amanda Reed, is today one of the nation's preeminent institutions of the liberal arts and sciences. The Reed educational program pays particular attention to a balance between broad study in the various areas of human knowledge and close, in-depth study in a recognized academic discipline.

(2) Summary of Significant Accounting Policies

(a) Accrual Basis

The financial statements of Reed College have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

(b) Basis of Presentation

Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. The definitions used to classify and report net assets are as follows:

- Unrestricted net assets - net assets that are not subject to donor-imposed stipulations.
- Temporarily restricted net assets - net assets subject to donor-imposed stipulations that will be met either by actions of Reed College or the passage of time.
- Permanently restricted net assets - net assets subject to donor-imposed stipulations that they be permanently maintained by Reed College. Generally, the donors of these assets permit Reed College to use all or part of the income earned on related investments for general or specific purposes.

Revenues are reported as increases in unrestricted net assets unless their use is limited by donor-imposed restrictions. All expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted either by donor stipulation or by law. Expirations of temporary restrictions are reported as reclassifications between the applicable classes of net assets and are reported as "Net assets released from restriction" in the statement of activities.

(Continued)

THE REED INSTITUTE

Notes to Financial Statements

Income and net gains on investments of endowment and similar funds are reported as follows:

- Increases in permanently restricted net assets if the terms of the gift or Reed College's interpretation of relevant state law require they be added to the principal of a permanently restricted net asset.
- Increases in temporarily restricted net assets if the terms of the gift impose restrictions on the use of the income.
- Increases in unrestricted net assets in all other cases.

(c) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of 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.

(d) Revenues and Revenue Distribution

The principal sources of revenue, consisting of tuition, room and board, various other educational fees, unrestricted income from funds functioning as endowment, unrestricted gifts and net assets released from restrictions are accounted for in unrestricted net assets. Unrestricted net assets also include revenue from grants, auxiliary enterprises, endowment gains and gains on disposal of assets.

Prepayments of student tuition and fees related to future academic years are deferred and recognized as revenues in the appropriate year.

Net assets released from donor restrictions through the maturation of various planned giving agreements totaled \$164,436 and \$941,742 for 1998 and 1997, respectively. These assets have become available for general operating purposes.

With a few exceptions, the monies in the endowment and similar funds are invested as a pool, and the related income of the pool is distributed to each participating fund based upon a spending formula and its relative proportion of the pool. Realized gains and losses are calculated using the actual carrying value.

Reed College utilizes the "total return" method of pooled investment management. This technique considers both realized and unrealized appreciation or depreciation in the market value of investments, in addition to conventional income sources such as dividends, interest, and rents, net of investment fees as being part of current return. Based on this method, a predetermined percentage of the total return of the endowment funds (computed on a thirteen-quarter moving average market value) is made available each year for operating purposes.

(Continued)

THE REED INSTITUTE

Notes to Financial Statements

In addition, monies which are not required to meet short-term demands are combined and invested. The income earned on these intermediate investments is allocated to each participating fund based upon its relative proportion of the combined investment.

(e) Investments

Equity securities with readily determinable market values and all debt securities are stated at market value.

With the exception of life income investments, gains and losses arising from the sale, collection or other disposition of investments and other noncash assets are accounted for in unrestricted net assets.

(f) Split Interest Agreements

Reed College has been named as a remainder beneficiary for various planned giving agreements. Each agreement provides for contractual payments to stated beneficiaries for their lifetimes, after which remaining principal and interest revert to Reed College. Assets contributed have been recorded at fair market value. In addition, Reed College has recognized, as a liability, the present value of estimated future payments to be made to beneficiaries of annuity agreements over their expected lifetimes. The present values of these estimated payments were determined on the basis of published actuarial factors for ages of the respective annuity beneficiaries discounted using current IRS rates of between 6.8% and 8.2% for the years ended June 30, 1998 and 1997. Differences between the assets contributed and the expected payments to be made to beneficiaries have been recorded as donations in the year established. These donations were either temporarily restricted on the basis of time or permanently restricted based on the intent of the donor.

Gross contributions, present value of estimated payments and net contributions are as follows:

	<u>1998</u>	<u>1997</u>
Gross contributions	\$ 477,201	\$ 361,165
Present value of estimated payments	253,868	144,022
Net contributions	<u>\$ 223,333</u>	<u>\$ 217,143</u>

The number of outstanding gift annuity contracts, amount of required annual payments and the amount Reed College maintains in a separate and distinct trust fund as a reserve fund adequate to meet the future payments under all outstanding gift annuity agreements are as follows:

Number of gift annuity contracts	19	9
Annual payments	\$ 92,728	\$ 93,071
Assets held in trust funds	\$ 969,011	\$ 557,582

(Continued)

THE REED INSTITUTE

Notes to Financial Statements

(g) Grants and Contracts

Revenues and reimbursements receivable under research and instructional grants and contracts are recorded at the time when reimbursable costs are incurred. Indirect cost support for these grants and contracts is generally based upon a standard rate negotiated with the U.S. Department of Health and Human Services.

(h) Pledges

Pledges, including unconditional promises to give, if any, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the donor-imposed restrictions are substantially met. Contributions of assets other than cash are recorded at their estimated fair value on the date of gift. Contributions to be received after one year are discounted at a rate based upon management's judgment of such factors as time-weighted value of money, prior collection history, type of contribution and nature of fund-raising activity. Amortized discounts are recorded as additional contribution revenue and are subject to donor-imposed restrictions. Pledges are generally receivable within five years of the date the commitment was received. Pledges are discounted to their present values using an interest rate of 7.75% (note 8).

(i) Property, Plant and Equipment

Land, buildings, equipment and furnishings are stated at cost at the date of acquisition or fair market value, if known, at the date of donation in the case of gifts. Depreciation is computed on a straight-line basis over the estimated useful lives of buildings (twenty to fifty years) and equipment and furnishings (five years). Routine repair and maintenance expenses and equipment replacement costs are expensed as incurred.

(j) Donated Materials

Donated materials are included in the statement of activities as "Gifts and private grants" at their estimated values at date of receipt when such values are communicated to Reed College by the donor. These materials are subsequently expensed.

(k) Income Tax Status

As a qualified educational institution under the provisions of Section 501(c)(3) of the Internal Revenue Code, Reed College is exempt from federal and state income taxes on related activities. No tax provision has been made in the accompanying statement of activities.

(l) Cash and Cash Equivalents

Cash and cash equivalents represent cash in bank and other liquid investments with original maturities of three months or less.

(Continued)

THE REED INSTITUTE
Notes to Financial Statements

(m) Deferred Revenue

Deferred revenues consist primarily of payments of tuition and fees related to future academic years.

(n) Concentration of Risk

Reed College's financial instruments include commercial paper, U.S. Government and agency securities, corporate obligations, equity securities, mutual funds, insurance contracts and limited partnerships. These financial instruments may subject Reed College to concentrations of risk as, from time to time, cash balances may exceed amounts insured by the Federal Deposit Insurance Corporation. Additionally, the market value of securities is dependent on the ability of the issuer to honor its contractual commitments, and the investments are subject to changes in market values.

(o) Reclassification

Certain amounts previously recorded in the prior year financial statements have been reclassified to conform to current year classifications in the financial statements.

(p) Comparative Totals

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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Reed College's financial statements for the year ended June 30, 1997, from which the summarized information was derived.

(Continued)

THE REED INSTITUTE

Notes to Financial Statements

(3) Cash and Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value. Real estate values are determined based on independent appraisals. The aggregate cost and market values of cash and investments at June 30, 1998 and 1997 are as follows:

	<u>1998</u>		<u>1997</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Total cash and investments		<u>\$ 274,124,967</u>		<u>\$ 240,365,245</u>
Cash and cash equivalents	<u>\$ 8,425,824</u>	<u>8,425,824</u>	<u>\$ 11,892,280</u>	<u>\$ 11,892,280</u>
Investments				
Short-term investments	32,805,873	32,805,873	21,708,399	21,708,399
Equities	115,288,038	155,407,150	120,167,514	154,230,694
Government fixed	3,450,460	3,539,239	4,948,071	4,702,898
Corporate fixed	1,505,848	1,557,533	909,348	933,111
Limited partnerships	53,538,282	65,483,847	36,825,305	42,156,051
Real estate	<u>6,445,476</u>	<u>6,905,501</u>	<u>4,499,838</u>	<u>4,741,812</u>
Total investments	<u>\$ 213,033,977</u>	<u>\$ 265,699,143</u>	<u>\$ 139,058,475</u>	<u>228,472,965</u>
Less amounts reported as current assets		<u>(2,670,582)</u>		<u>(2,368,416)</u>
Long-term investments		<u>\$ 263,028,561</u>		<u>\$ 226,104,549</u>

(4) Long-term Debt

Real Estate Note

Reed College acquired a warehouse in 1990 for \$240,000; a \$40,000 cash down payment was made and a note was issued for the remaining balance. The note bears interest at 9.5% and requires monthly installments of principal and interest with a balloon payment of the remaining balance on September 1, 1999.

Bonds

First mortgage Housing and Dining System Bonds, Series C through E, have been issued primarily to various agencies of the United States Government. These bonds bear interest at rates from 2-7/8% to 3-5/8%. A bond and interest sinking fund is maintained for these bonds with balances of \$40,456 and \$46,811 at June 30, 1998 and 1997, respectively, and are included under the caption "Deposits with loan trustees".

Certain income generated from dormitories and the Gray Center are pledged to meet the debt service requirements of the bonds. Commercial paper with a market value of \$240,828 and \$735,311 at June 30, 1998 and 1997, respectively, and all land and buildings are pledged as collateral for the bonds.

(Continued)

THE REED INSTITUTE
Notes to Financial Statements

State of Oregon Notes Payable

Reed College borrowed \$14,825,000 from the State of Oregon on May 1, 1991 to be used for capital improvements and for reimbursement of certain capital improvement projects. The full amount borrowed, net of unamortized debt issuance costs and discount, was expended on projects by June 30, 1993. Effective December 1, 1995, Reed College refinanced all but \$1,565,000 of their 1991 State of Oregon notes payable. Interest on these notes varies from 5.7% to 6.75% at June 30, 1998. Debt issuance costs and discounts are amortized over the life of the notes.

Reconciliation of discount and debt issuance cost as a result of refinancing is as follows:

	1995 <u>notes</u>	1991 <u>notes</u>
State of Oregon notes payable:		
Balance at June 30, 1997	\$ 21,255,000	\$ 1,100,000
Payments	<u>(80,000)</u>	<u>(250,000)</u>
Balance at June 30, 1998	<u>\$ 21,175,000</u>	<u>\$ 850,000</u>
Discount and issuance costs:		
Balance at June 30, 1997	1,001,223	50,896
Amortization	<u>(35,758)</u>	<u>(2,120)</u>
Balance at June 30, 1998	<u>\$ 965,465</u>	<u>\$ 48,776</u>

Principal payments on long-term debt become due as follows:

	1995 State of Oregon notes payable	1991 State of Oregon notes payable	Real estate note	Bonds	Total
Year ending June 30:					
1999	\$ 80,000	\$ 265,000	\$ 8,124	\$ 50,000	\$ 403,124
2000	85,000	285,000	145,294	51,000	566,294
2001	90,000	300,000	-	56,000	446,000
2002	430,000	-	-	41,000	471,000
2003	450,000	-	-	40,000	490,000
Thereafter	<u>20,040,000</u>	<u>-</u>	<u>-</u>	<u>45,000</u>	<u>20,085,000</u>
Total	<u>\$21,175,000</u>	<u>\$ 850,000</u>	<u>\$ 153,418</u>	<u>\$ 283,000</u>	<u>\$ 22,461,418</u>

(Continued)

THE REED INSTITUTE

Notes to Financial Statements

Interest on the Housing and Dining System Bonds, State of Oregon notes payable, real estate note and amortization of debt issuance costs and discount are as follows:

	<u>1998</u>	<u>1997</u>
Housing and Dining Systems Bonds	\$ 10,742	\$ 12,894
State of Oregon notes payable	1,607,484	1,626,409
Real estate note	9,392	20,868
Amortization of debt issuance costs and discount	<u>37,878</u>	<u>37,879</u>
Interest paid, net of capitalized interest	<u>\$ 1,665,496</u>	<u>\$ 1,698,050</u>

(5) Operating Leases

Reed College leases copiers over various terms. These leases have been recorded as operating leases. Future minimum rental payments under the leases are as follows:

1999	\$70,421
2000	\$65,904
2001	\$40,490

Lease expense was \$113,674 and \$109,265 for the years ended June 30, 1998 and 1997, respectively.

(6) Pension and Postretirement Benefits

Reed College has a defined contribution noncontributory pension plan administered through Teachers Insurance and Annuity Association - College Retirement Equities Fund. Certain employees are eligible to participate and must be employed one year and have attained the age of twenty-one. All contributions vest immediately with the employee. Reed College's policy is to fund pension expenses as incurred. Expenditures relating to the plan were \$1,261,228 and \$1,096,781 for the years ended June 30, 1998 and 1997, respectively.

Reed College carries a defined benefit medical insurance plan which is administered by Blue Cross and Blue Shield of Oregon, and is not funded. The plan covers premiums for medical insurance for eligible retirees and their dependents. In order to participate, employees must retire from Reed College at age fifty-five or older with at least ten years of service and must be enrolled in Reed College's medical insurance plan at the time of retirement.

The following table sets forth the status of the plan as of June 30, 1998 and 1997:

	<u>1998</u>	<u>1997</u>
Accumulated postretirement benefit of obligation (APBO):		
Retirees	\$ 1,915,693	\$ 1,806,072
Active Employees	<u>2,265,033</u>	<u>1,937,581</u>
Total APBO	<u>\$ 4,180,726</u>	<u>\$ 3,743,653</u>

(Continued)

THE REED INSTITUTE

Notes to Financial Statements

The components of net periodic postretirement benefit cost for the years ended June 30, 1998 and 1997 are as follows:

	<u>1998</u>	<u>1997</u>
Interest cost	\$ 290,133	\$ 269,755
Service cost	179,747	200,002
Amortization of net gain or loss	<u>-</u>	<u>9,339</u>
Net periodic postretirement benefit expense	<u>\$ 469,880</u>	<u>\$ 479,096</u>

Assumptions used in determining the postretirement benefit obligation were:

	<u>1998</u>	<u>1997</u>
Weighted average discount rate	6.00%	7.75%
Rate of return on plan assets	6.00%	7.75%
Health care cost trend rate	4.25%	6.00%

(7) Trusts Receivable and Trusts Held for Others

Reed College has been named beneficiary of a portion of the remainder of four trusts maturing at a specified date in the future. These trusts are administered by other entities. Reed College revalues these receivables annually based on the fair market value of the trust assets and the trust period remaining. At June 30, 1998 and 1997, the trusts receivable was \$ 322,005 and \$155,957, respectively, and was included under "Contracts and trusts receivable-noncurrent".

(8) Pledges

Pledges receivable consist of the following:

	<u>1998</u>	<u>1997</u>
Annual Fund	\$ 295,553	\$ 508,739
Campaign Fund	6,671,908	6,423,127
Campus Center	<u>2,776,736</u>	<u>2,675,010</u>
Gross pledges receivable	<u>\$ 9,744,197</u>	<u>\$ 9,606,876</u>

(Continued)

THE REED INSTITUTE
Notes to Financial Statements

Pledges receivable reported on the statements of financial position were as follows:

	<u>1998</u>	<u>1997</u>
Current:		
Gross pledges receivable	\$ 893,427	\$ 1,009,035
Less allowance for doubtful accounts	<u>(45,000)</u>	<u>(51,000)</u>
Total current net receivables	<u>848,427</u>	<u>958,035</u>
Long-term:		
Gross pledges receivable	8,850,770	8,597,841
Less discount	<u>(556,228)</u>	<u>(1,177,895)</u>
Net present value	8,294,542	7,419,946
Less allowance for doubtful accounts	<u>(415,000)</u>	<u>(371,000)</u>
Total long-term net receivables	<u>7,879,542</u>	<u>7,048,946</u>
Total net pledges receivable	<u><u>\$ 8,727,969</u></u>	<u><u>\$ 8,006,981</u></u>

(9) Commitments and Contingencies

On July 1, 1988, Reed College elected to place its liability insurance coverage with the College Liability Insurance Company, Ltd. (CLIC), formulated by seven similar western colleges and universities for the purpose of providing liability insurance to higher education institutions. As a portion of its capital, CLIC has placed a \$2,000,000 standby letter of credit of which Reed College is contingently liable for a pro rata portion based upon premium contributions from covered institutions. In the event the losses of CLIC exceed its capital and secondary coverages, the maximum contingent liability exposure to Reed College is approximately \$121,200. As of June 30, 1998 and 1997, there were no amounts outstanding against the standby letter of credit.

(10) Fair Value of Financial Instruments

The estimated fair values of financial instruments have been determined by Reed College using available market information and appropriate valuation methodologies. At June 30, 1998 and 1997, the carrying values of cash, accounts and notes receivable, accounts payable and accrued liabilities approximate fair value due to the short-term nature of these instruments. The carrying values of all debt also approximate fair value at June 30, 1998 and 1997 as the interest rates approximate current market rates.

THE REED INSTITUTE

FIVE-YEAR HIGHLIGHTS

YEARS ENDED JUNE 30, 1994, 1995, 1996, 1997, AND 1998

	93-94	94-95	95-96	96-97	97-98	% change from 96-97 to 97-98
CURRENT OPERATING FUNDS:						
Revenues and other additions:						
Student tuition and fees	\$ 22,367,100	\$ 23,545,997	\$ 24,455,337	\$ 25,711,428	\$ 26,728,521	4%
Annual fund	\$ 1,717,055	\$ 1,739,445	\$ 1,754,424	\$ 1,844,579	\$ 1,891,890	3%
Endowment:						
Net investment income	\$ 709,509	\$ 1,128,375	\$ 944,865	\$ 1,142,297	\$ 1,446,622	27%
Scholarship support	1,106,635	1,045,810	1,357,290	1,394,975	1,474,560	6%
Chair support	1,086,157	1,124,954	1,348,872	1,417,322	1,606,156	13%
Total return	2,100,595	2,150,407	2,618,631	2,463,352	2,840,842	15%
Other	81,317	194,843	162,095	156,494	161,867	3%
Net endowment support	\$ 5,084,213	\$ 5,644,389	\$ 6,431,753	\$ 6,574,440	\$ 7,530,047	15%
Total educational and general expenditures	\$ 25,984,131	\$ 26,862,280	\$ 29,724,096	\$ 29,697,441	\$ 32,468,897	9%
FINANCIAL AID (SCHOLARSHIPS):						
Current unrestricted funds	\$ 5,604,922	\$ 5,672,459	\$ 5,909,139	\$ 5,749,974	\$ 6,045,424	5%
Restricted funds	943,912	909,283	968,687	940,474	1,035,299	10%
Endowment	1,106,635	1,045,810	1,357,290	1,394,975	1,474,560	6%
Total	\$ 7,655,469	\$ 7,627,552	\$ 8,235,116	\$ 8,085,423	\$ 8,555,283	6%
STUDENTS:						
Enrollment, equivalent full paying (unaudited)	1,171	1,180	1,187	1,205	1,205	- %
Degrees conferred, under-graduate (unaudited)	210	274	272	249	262	5%
Tuition fee	\$ 19,100	\$ 19,960	\$ 20,610	\$ 21,330	\$ 22,180	4%
Student body fee	\$ 150	\$ 150	\$ 150	\$ 160	\$ 160	- %
Room and board fee	\$ 5,230	\$ 5,490	\$ 5,750	\$ 6,000	\$ 6,200	3%
ENDOWMENT AND QUASI ENDOWMENT FUNDS:						
Net assets	\$ 128,981,280	\$ 151,716,012	\$ 172,993,543	\$ 209,319,279	\$ 243,379,165	16%
Gifts and grants received	\$ 2,184,261	\$ 2,387,069	\$ 3,235,626	\$ 2,253,044	\$ 1,654,116	-27%
Pooled funds, market value per unit	\$ 6.408	\$ 7.404	\$ 8.370	\$ 9.807	\$ 11.292	15%
ANNUITY AND LIFE INCOME FUNDS:						
Net assets	\$ 6,000,930	\$ 7,120,767	\$ 6,397,601	\$ 8,064,666	\$ 9,578,104	19%
PLANT FUNDS:						
Net assets	\$ 20,624,446	\$ 24,161,020	\$ 29,806,448	\$ 33,466,956	\$ 35,459,860	6%
Gifts and grants received	\$ 2,004,579	\$ 1,115,798	\$ 4,236,158	\$ 2,228,601	\$ 3,720,268	67%
Book value	\$ 41,248,684	\$ 40,083,960	\$ 53,342,167	\$ 58,253,336	\$ 58,194,294	0%
TOTAL ASSETS:						
All funds, including investments at market	\$ 196,927,741	\$ 220,971,850	\$ 261,426,183	\$ 307,131,242	\$ 348,767,976	14%

THE REED INSTITUTE
STATEMENT OF FINANCIAL POSITION
JUNE 30, 1998

ASSETS	Unrestricted	Restricted	Loan Funds	Endowment Funds	Annuity & Life Income Funds	Plant Funds	1998 Total
CURRENT ASSETS:							
Cash & cash equivalents	\$ (444,948)	\$ 12,615,041	\$ 1,516,263	\$ -	\$ -	\$ (5,260,532)	\$ 8,425,824
Deposits with loan trustees	-	-	-	-	-	40,456	40,456
Accounts receivable - student and other	313,684	261,836	2,788,979	153,800	-	(41,271)	3,477,028
Investments	2,670,582	-	-	-	-	-	2,670,582
Contracts receivable	-	-	-	24,500	-	-	24,500
Pledges receivable	185,000	405,427	-	-	-	258,000	848,427
Notes payable discount and issuance costs	-	-	-	-	-	37,879	37,879
Prepaid expenses and other assets	649,028	-	-	-	-	4,954	653,982
Total current assets	3,373,346	13,282,304	4,305,242	178,300	-	(4,960,514)	16,178,678
PROPERTY, PLANT AND EQUIPMENT:							
Land and buildings	-	-	-	-	-	74,011,868	74,011,868
Construction in progress	-	-	-	-	-	373,417	373,417
Equipment, furniture, and fixtures	-	-	-	-	-	15,646,217	15,646,217
Less accumulated depreciation	-	-	-	-	-	(30,050,263)	(30,050,263)
Property, plant, and equipment, net	-	-	-	-	-	59,981,239	59,981,239
OTHER ASSETS:							
Notes payable discount and issuance costs	-	-	-	-	-	976,362	976,362
Pledges receivable - noncurrent	87,201	5,595,134	-	-	-	2,197,207	7,879,542
Contracts and trusts receivable - noncurrent	-	-	-	308,686	322,005	-	630,691
Long-term investments	-	5,266,418	-	246,994,002	10,768,141	-	263,028,561
Other assets	-	-	14,000	78,903	-	-	92,903
Total other assets	87,201	10,861,552	14,000	247,381,591	11,090,146	3,173,569	272,608,059
TOTAL ASSETS	\$ 3,460,547	\$ 24,143,856	\$ 4,319,242	\$ 247,559,891	\$ 11,090,146	\$ 58,194,294	\$ 348,767,976

THE REED INSTITUTE

STATEMENT OF FINANCIAL POSITION (continued)

JUNE 30, 1998

	Unrestricted	Restricted	Loan Funds	Endowment Funds	Annuity & Life Income Funds	Plant Funds	1998 Total
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES:							
Accounts payable	\$ 829,567	\$ 45,869	\$ 2,803	\$ -	\$ -	\$ 273,016	\$ 1,151,255
Accrued salaries and withholdings	1,979,362	38,414	-	-	-	-	2,017,776
Current portion of long-term debt	-	-	-	-	-	403,124	403,124
Deferred revenue	369,288	36,124	5,407	-	-	-	410,819
Life income payables	-	-	-	-	70,532	-	70,532
Total current liabilities	3,178,217	120,407	8,210	-	70,532	676,140	4,053,506
LONG-TERM LIABILITIES:							
Present value of annuities payable	-	-	-	-	1,441,510	-	1,441,510
Postretirement benefits payable	-	-	-	4,180,726	-	-	4,180,726
Refundable loan programs	-	-	2,719,158	-	-	-	2,719,158
Long-term debt	-	-	-	-	-	22,058,294	22,058,294
Total long-term liabilities	-	-	2,719,158	4,180,726	1,441,510	22,058,294	30,399,688
Total liabilities	3,178,217	120,407	2,727,368	4,180,726	1,512,042	22,734,434	34,453,194
NET ASSETS:							
Unrestricted:							
Operating	195,129	-	-	-	-	-	195,129
Designated for special programs	-	18,428,315	-	-	-	-	18,428,315
Institutional loan programs	-	-	1,591,874	-	-	-	1,591,874
Funds functioning as endowment	-	-	-	52,295,295	-	-	52,295,295
Accumulated endowment gains	-	-	-	160,620,809	-	-	160,620,809
Net investment in plant	-	-	-	-	-	33,262,653	33,262,653
Total unrestricted	195,129	18,428,315	1,591,874	212,916,104	-	33,262,653	266,394,075
Temporarily restricted:							
Educational and general programs	87,201	5,595,134	-	-	-	-	5,682,335
Annuity and life income funds	-	-	-	-	8,111,930	-	8,111,930
Other temporarily restricted net assets	-	-	-	-	-	2,197,207	2,197,207
Total temporarily restricted	87,201	5,595,134	-	-	8,111,930	2,197,207	15,991,472
Permanently restricted:							
True endowment funds	-	-	-	30,463,061	-	-	30,463,061
Annuity and life income funds	-	-	-	-	1,466,174	-	1,466,174
Total permanently restricted	-	-	-	30,463,061	1,466,174	-	31,929,235
Total net assets	282,330	24,023,449	1,591,874	243,379,165	9,578,104	35,459,860	314,314,782
TOTAL LIABILITIES AND NET ASSETS	\$ 3,460,547	\$ 24,143,856	\$ 4,319,242	\$ 247,559,891	\$ 11,090,146	\$ 58,194,294	\$ 348,767,976

THE REED INSTITUTE
STATEMENT OF ACTIVITIES BY FUND
YEAR ENDED JUNE 30, 1998

	Unrestricted	Restricted	Loan Funds	Endowment Funds	Annuity & Life Income Funds	Plant Funds	1998 Total
REVENUES, GAINS AND OTHER SUPPORT:							
Tuition and fees	\$ 26,728,531	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,728,531
Less: college-funded scholarships	(6,045,424)	-	-	-	-	-	(6,045,424)
Net tuition and fees	20,683,107	-	-	-	-	-	20,683,107
Auxiliary enterprises	5,613,387	-	-	-	-	-	5,613,387
Gifts and private grants	1,718,422	2,884,771	-	1,654,116	1,579,832	3,720,268	11,557,409
Government grants, contracts and student aid	227,368	566,812	-	-	-	-	794,180
Endowment investment income	1,446,622	1,831,875	26,547	-	-	-	3,305,044
Realized gains (losses)	-	(6,481)	-	26,308,543	176,564	153,114	26,631,740
Unrealized gains (losses)	346,442	54,447	-	12,819,646	30,139	-	13,250,674
Other investment income	416,705	523,530	124,895	-	431,469	178,245	1,674,844
Other revenues and additions	371,426	192,275	15,244	-	119,668	130,283	828,896
Total revenues, gifts and other support	30,823,479	6,047,229	166,686	40,782,305	2,337,672	4,181,910	84,339,281
EXPENSES:							
Educational and general:							
Instruction	12,592,931	602,498	-	-	-	-	13,195,429
Research	-	556,523	-	-	-	-	556,523
Academic support	3,869,422	150,974	-	-	-	-	4,020,396
General institutional support	5,655,520	360,229	-	-	-	-	6,015,749
Student services	2,517,679	166,068	-	-	-	-	2,683,747
Scholarships	-	2,124,599	-	-	-	-	2,124,599
External affairs	1,802,700	199,524	-	-	-	-	2,002,224
Interest on bond indebtedness	-	-	-	-	-	1,665,496	1,665,496
Other interest expense	-	-	-	-	-	204,734	204,734
Total educational and general	26,438,252	4,160,415	-	-	-	1,870,230	32,468,897
Auxiliary enterprises	6,896,857	-	-	-	-	-	6,896,857
Total expenses	33,335,109	4,160,415	-	-	-	1,870,230	39,365,754
INCREASE (DECREASE) FROM OPERATING ACTIVITY	(2,511,630)	1,886,814	166,686	40,782,305	2,337,672	2,311,680	44,973,527
NONOPERATING ACTIVITY:							
Investment management fees	(804,330)	(1,010,338)	(14,546)	-	(72,569)	-	(1,901,783)
Present value adjustment on annuities payable	-	-	-	-	(72,245)	-	(72,245)
Payments on life income agreements	-	-	-	-	(514,985)	-	(514,985)
Other deductions	-	-	(19,416)	-	-	(171,130)	(190,546)
Total nonoperating activity	(804,330)	(1,010,338)	(33,962)	-	(659,799)	(171,130)	(2,679,559)
TRANSFERS:							
Mandatory transfers	(1,666,068)	-	-	-	-	1,666,068	-
Non-mandatory transfers	(199,518)	-	-	-	-	199,518	-
Special support	(216,938)	(410,363)	7,768	(557,167)	-	1,176,700	-
Total return	2,840,842	3,523,415	50,523	(6,414,780)	-	-	-
Reserve for plant renewal	(444,788)	-	-	-	-	444,788	-
Depreciation/plant costs	3,467,614	271,244	-	-	-	(3,738,858)	-
Returns to principal	-	(85,093)	-	85,093	-	-	-
Construction support transfers	(104,138)	-	-	-	-	104,138	-
Annuity/life income terminations	-	-	-	164,435	(164,435)	-	-
Total transfers	3,677,006	3,299,203	58,251	(6,722,419)	(164,435)	(147,646)	-
INCREASE IN NET ASSETS	361,046	4,175,679	191,015	34,059,886	1,513,438	1,992,904	42,293,968
Net assets (deficit), beginning of year	(78,716)	19,847,770	1,400,859	209,319,279	8,064,666	33,466,956	272,020,814
NET ASSETS, END OF YEAR	\$ 282,330	\$ 24,023,449	\$ 1,591,874	\$ 243,379,165	\$ 9,578,104	\$ 35,459,860	\$ 314,314,782

THE REED INSTITUTE

COMPARISON OF BUDGETED TO ACTUAL EDUCATIONAL AND GENERAL EXPENDITURES OF THE CURRENT UNRESTRICTED FUNDS YEAR ENDED JUNE 30, 1998

	Budgeted expenditures (Unaudited)	Actual expenditures	
		Total	Teaching faculty salaries
Academic expenditures:			
Instruction and research:			
Instruction and research	\$ 1,060,667	\$ 1,055,487	\$ 709,617
Literature and language	1,906,591	1,890,976	1,736,560
History and social science	1,187,776	1,173,351	1,133,236
Philosophy, psychology, religion and P.E.	1,190,108	1,167,225	855,951
Mathematics and natural science	2,215,219	2,181,734	1,597,265
Other	239,046	209,756	54,900
Faculty benefits	2,712,166	2,763,239	-
Total instruction and research	10,511,573	10,441,768	6,087,529
Academic support:			
Computer-academic	141,216	128,224	-
Computer-hardware service	100,677	90,859	-
Computer-user services	205,322	190,831	-
Computer resale	(3,852)	3,238	-
CIS administration	452,798	447,174	-
Faculty secretaries	225,175	225,208	-
Library	2,213,469	2,104,738	-
Other	155,625	190,146	-
Total academic support	3,490,430	3,380,418	-
Total academic expenditures	14,002,003	13,822,186	6,087,529
Institutional support:			
General institutional:			
Computer-administrative	286,324	285,561	-
Telephone	175,610	176,336	-
Mail service	118,180	139,314	-
Print shop	22,369	47,797	-
Community safety	369,396	371,962	-
Staff benefits	2,088,000	2,471,087	-
General and miscellaneous	437,910	555,430	-
Total general institutional	3,497,789	4,047,487	-
General administrative:			
President's office	328,272	328,749	-
Vice Presidents' offices	381,298	371,465	-
Controller's office	374,106	370,262	-
Human resources	136,710	127,696	-
Institutional research	119,768	118,334	-
Total general administrative	1,340,154	1,316,506	-

Actual expenditures, continued

Supervisory and staff salaries	Wages and student assistants	Materials and supplies	Contracted fees and services	Improvements and equipment	Other*
\$ 158,459	\$ 22,592	\$ 58,279	\$ 153,309	\$ -	\$ (46,769)
28,617	7,064	30,134	12,286	-	76,315
-	10,063	26,310	3,742	-	-
187,873	38,975	63,664	11,129	-	9,633
273,950	104,791	163,233	36,564	-	5,931
-	839	18,603	21,712	111,023	2,679
5,857	16,824	31,880	2,447	-	2,706,231
<u>654,756</u>	<u>201,148</u>	<u>392,103</u>	<u>241,189</u>	<u>111,023</u>	<u>2,754,020</u>
97,802	19,279	5,459	30	-	5,654
44,082	13,292	48,596	-	-	(15,111)
136,377	30,157	19,088	1,393	61,563	(57,747)
25,648	-	13,592	-	478,060	(514,062)
73,691	187	8,112	123,362	234,734	7,088
217,266	-	6,500	1,442	-	-
581,727	124,808	75,005	135,982	114,221	1,072,995
-	30,627	29,894	8,258	-	121,367
<u>1,176,593</u>	<u>218,350</u>	<u>206,246</u>	<u>270,467</u>	<u>888,578</u>	<u>620,184</u>
<u>1,831,349</u>	<u>419,498</u>	<u>598,349</u>	<u>511,656</u>	<u>999,601</u>	<u>3,374,204</u>
256,021	2,003	13,760	1,423	-	12,354
61,920	99	65,507	48,810	-	-
75,092	32,908	54,857	5,410	-	(28,953)
82,455	1,430	116,249	150,550	-	(302,887)
376,614	6,742	24,106	12,405	-	(47,905)
-	-	-	-	-	2,471,087
-	10,099	36,031	134,666	-	374,634
<u>852,102</u>	<u>53,281</u>	<u>310,510</u>	<u>353,264</u>	<u>-</u>	<u>2,478,330</u>
228,933	495	8,608	1,995	-	88,718
327,589	1,093	11,203	6,133	-	25,447
278,145	2,695	31,208	51,301	-	6,913
101,832	28	9,592	12,598	-	3,646
104,480	1,675	8,347	-	-	3,832
<u>1,040,979</u>	<u>5,986</u>	<u>68,958</u>	<u>72,027</u>	<u>-</u>	<u>128,556</u>

THE REED INSTITUTE

COMPARISON OF BUDGETED TO ACTUAL EDUCATIONAL AND GENERAL EXPENDITURES OF THE CURRENT UNRESTRICTED FUNDS YEAR ENDED JUNE 30, 1998

	Budgeted expenditures (Unaudited)	Actual expenditures	
		Total	Teaching faculty salaries
Institutional support, continued:			
External affairs and public information:			
External affairs	970,072	976,597	-
Campaign	160,381	0	-
Alumni Director	199,082	200,522	2,800
Information services	370,457	360,468	-
Public occasions	198,900	204,578	-
Total external affairs and public information	1,898,892	1,742,165	2,800
Total institutional support	6,736,835	7,106,158	2,800
Physical plant operation and maintenance:			
Plant Director	103,610	93,872	-
Janitorial	589,653	584,343	-
Buildings	462,053	520,748	-
Grounds	141,967	139,165	-
Utilities and other	940,917	788,456	-
Total physical plant operation and maintenance	2,238,200	2,126,584	-
Student services:			
Registrar	231,682	222,038	-
Student services	533,262	481,554	-
Counseling	114,140	113,226	-
Financial aid	118,562	115,320	-
Admissions	1,347,196	1,170,253	-
Medical services	214,665	192,489	-
Career placement	143,680	139,340	-
Total student services	2,703,187	2,434,220	-
Scholarships	6,245,000	6,045,424	-
Total	\$ 31,925,225	\$ 31,534,572	\$ 6,090,329

* Reductions arise from expenditures charged to auxiliary enterprises.

Actual expenditures, continued

Supervisory and staff salaries	Wages and student assistants	Materials and supplies	Contracted fees and services	Improvements and equipment	Other*
614,184	12,046	168,223	58,294	-	123,650
43,355	-	15,492	18,780	-	(77,627)
105,335	13,542	59,332	21,739	-	(2,226)
162,075	2,964	147,445	40,239	-	7,745
103,037	6,819	31,852	33,806	-	29,064
1,027,986	35,371	422,344	172,858	-	80,806
2,921,067	94,638	801,812	598,149	-	2,687,692
79,461	1,911	3,515	5,730	-	3,255
536,047	7,953	42,319	17,704	-	(19,980)
314,771	9,051	92,198	104,728	-	-
85,734	11,266	18,609	23,556	-	-
22,165	-	515,723	99,547	192,575	(41,554)
1,038,178	30,181	672,664	251,265	192,575	(58,279)
175,248	10,736	29,965	2,619	-	3,470
328,978	32,925	32,750	44,595	-	42,306
93,134	-	1,985	11,442	-	6,665
86,971	-	7,838	16,957	-	3,554
404,667	29,909	417,193	51,810	-	266,674
161,436	689	34,314	16,002	-	(19,952)
110,604	2,412	8,048	7,542	-	10,734
1,361,038	76,671	532,093	150,967	-	313,451
-	-	-	-	-	6,045,424
\$ 7,151,632	\$ 620,988	\$ 2,604,918	\$ 1,512,037	\$ 1,192,176	\$ 12,362,492

THE REED INSTITUTE

TOTAL EXPENDITURES FOR EDUCATIONAL AND GENERAL
PURPOSES AND AUXILIARIES BY THE CURRENT FUNDS
YEAR ENDED JUNE 30, 1998

	CURRENT FUNDS					
	Total	UNRESTRICTED			RESTRICTED AND TRUSTEE DESIGNATED	
		Instruction and Research	General	Auxiliaries	General	Research Grants and Contracts
Faculty salaries and wages	\$ 6,319,516	\$ 6,087,530	\$ 2,800	\$ -	\$ 177,066	\$ 52,120
Other salaries and wages	8,672,592	855,903	6,916,713	505,918	263,322	130,736
Total salaries and wages	14,992,108	6,943,433	6,919,513	505,918	440,388	182,856
Other expense:						
Pension plan	1,348,377	627,548	720,829	-	-	-
Other fringe benefits	3,871,664	1,984,300	1,750,258	74,505	23,941	38,660
Contracted fees and services	3,656,484	241,188	1,270,849	1,866,639	271,349	6,459
Supplies	2,965,812	392,105	2,212,813	121,549	201,137	38,208
Equipment	1,586,607	111,023	1,081,152	115,924	276,666	1,842
Scholarships	8,170,022	-	6,045,424	-	2,124,598	-
Travel	1,121,024	118,620	831,329	-	165,872	5,203
Other	5,828,850	2,174,714	(941,422)	4,212,322	99,941	283,295
Total other	28,548,840	5,649,498	12,971,232	6,390,939	3,163,504	373,667
Total	\$ 43,540,948	\$ 12,592,931	\$ 19,890,745	\$ 6,896,857	\$ 3,603,892	\$ 556,523

THE REED INSTITUTE
SUMMARY OF AUXILIARY ENTERPRISES
(CURRENT FUNDS - UNRESTRICTED)
YEAR ENDED JUNE 30, 1998

	<u>Total</u>	<u>Commons</u>	<u>Dormitories</u>	<u>Other</u>
Operating revenue	\$ 4,608,179	\$ 2,182,658	\$ 2,370,254	\$ 55,267
Residential fees	<u>49,988</u>	<u>49,988</u>	<u>-</u>	<u>-</u>
Gross profit	<u>4,658,167</u>	<u>2,232,646</u>	<u>2,370,254</u>	<u>55,267</u>
Operating expenses:				
Staff salaries and wages	331,252	-	330,622	630
Student wages	174,665	1,795	172,870	-
Staff benefits	74,505	-	74,505	-
Security and janitorial services	76,100	31,200	44,900	-
Heat, light, and utilities	444,921	112,131	322,632	10,158
Supplies	121,550	17,434	89,462	14,654
Insurance	68,012	4,797	63,215	-
Repairs and equipment	115,923	10,473	100,635	4,815
Contracted fees and services	196,995	19,682	146,822	30,491
Board contract charges	1,339,776	1,339,776	-	-
Catering contract charges	329,868	329,868	-	-
Other expenses	<u>34,257</u>	<u>-</u>	<u>21,270</u>	<u>12,987</u>
Total operating expenses	<u>3,307,824</u>	<u>1,867,156</u>	<u>1,366,933</u>	<u>73,735</u>
Net revenue	<u>1,350,343</u>	<u>365,490</u>	<u>1,003,321</u>	<u>(18,468)</u>
Transfers:				
Mandatory transfers for principal and interest on debt	(830,432)	-	(830,432)	-
Non-mandatory transfers for principal and interest on debt	(177,143)	-	(177,143)	-
Reserve for plant renewal and replacement and debt payment	<u>(194,788)</u>	<u>(194,788)</u>	<u>-</u>	<u>-</u>
Total transfers	<u>(1,202,363)</u>	<u>(194,788)</u>	<u>(1,007,575)</u>	<u>-</u>
Excess of revenues over expenses and transfers	\$ <u>147,980</u>	\$ <u>170,702</u>	\$ <u>(4,254)</u>	\$ <u>(18,468)</u>

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