Wheaton College

FINANCIAL STATEMENTS

June 30, 2015 and 2014

WHEATON COLLEGE

Financial Statements

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Independent Auditors' Report

The Board of Trustees
Wheaton College
Norton, Massachusetts

We have audited the accompanying financial statements of Wheaton College, which comprise the statements of financial position as of June 30, 2015 and 2014 and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wheaton College as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Mayer Hoffman McCann P.C.

October 23, 2015
Boston, Massachusetts

WHEATON COLLEGE
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2015 AND 2014

	2015	2014
Assets		
Cash and cash equivalents	$ 5,836,376	$ 6,550,316
Short-term investments	4,803,892	5,790,126
Receivables and other assets	3,138,499	2,581,017
Student loans receivable, net	2,918,444	2,961,927
Deposits held by bond trustees	1,036,500	1,260,683
Contributions receivable	11,244,223	11,576,181
Investments	206,737,077	205,887,473
Funds restricted for property acquisitions	1,200,014	1,677,390
Land, buildings and equipment, net	105,350,340	107,087,795
Total assets	$ 342,265,365	$ 345,372,908
Liabilities and net assets		
Accounts payable and accrued expenses	$ 6,177,832	$ 5,609,047
Deposits and deferred revenues	721,874	1,097,335
Annuity and life income obligations	3,059,250	3,352,631
Government advances for student loans	2,519,636	2,509,471
Asset retirement obligations	1,344,699	1,313,005
Bonds and leases payable	33,108,988	34,502,773
Total liabilities	46,932,279	48,384,262
Net assets		
Unrestricted	120,403,175	123,295,097
Temporarily restricted	73,727,752	75,255,284
Permanently restricted	101,202,159	98,438,265
Total net assets	295,333,086	296,988,646
Total liabilities and net assets	$ 342,265,365	$ 345,372,908

The accompanying notes are an integral part of the financial statements.

WHEATON COLLEGE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015
(with comparative totals for 2014)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2015 Total	2014 Total
Operating revenues:					
Tuition and fees	$ 72,535,836			$ 72,535,836	$ 73,565,266
Room and board	17,011,863			17,011,863	17,261,799
Less scholarships and grants	(34,519,500)			(34,519,500)	(34,010,056)
Net student revenues	55,028,199			55,028,199	56,817,009
Other auxiliary services	3,011,863			3,011,863	2,428,195
Private gifts, bequests, and grants	2,451,821	$ 3,157,324		5,609,145	5,148,412
Government grants and contracts	517,743			517,743	513,722
Other revenues	434,246	34,858		469,104	447,070
Endowment return utilized for operations	2,920,230	5,811,536		8,731,766	8,157,550
Net assets released from restrictions	9,329,988	(9,329,988)		-	-
Total operating revenues	73,694,090	(326,270)	-	73,367,820	73,511,958
Operating expenses:					
Instruction	28,731,505			28,731,505	27,259,513
Academic support	5,325,681			5,325,681	5,423,185
Student services	13,486,215			13,486,215	13,266,741
Institutional support	14,810,764			14,810,764	14,656,125
Auxiliary services	14,632,397			14,632,397	14,838,997
Total operating expenses	76,986,562	-	-	76,986,562	75,444,561
Operating subtotal	(3,292,472)	(326,270)	-	(3,618,742)	(1,932,603)
Nonoperating:					
Private gifts and pledges	77,209	320,478	$ 2,873,978	3,271,665	6,682,875
Net assets released from restrictions	1,200,000	(1,200,000)		-	-
Endowment return utilized for operations	(2,920,230)	(5,811,536)		(8,731,766)	(8,157,550)
Net investment return	2,043,571	5,489,796	(110,084)	7,423,283	23,888,313
Nonoperating subtotal	400,550	(1,201,262)	2,763,894	1,963,182	22,413,638
Change in net assets	(2,891,922)	(1,527,532)	2,763,894	(1,655,560)	20,481,035
Net assets at beginning of year	123,295,097	75,255,284	98,438,265	296,988,646	276,507,611
Net assets at end of year	$ 120,403,175	$ 73,727,752	$ 101,202,159	$ 295,333,086	$ 296,988,646

The accompanying notes are an integral part of the financial statements.

WHEATON COLLEGE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating revenues:				
Tuition and fees	$ 73,565,266			$ 73,565,266
Room and board	17,261,799			17,261,799
Less scholarships and grants	(34,010,056)			(34,010,056)
Net student revenues	56,817,009			56,817,009
Other auxiliary services	2,428,195			2,428,195
Private gifts, bequests, and grants	2,095,504	$ 3,052,908		5,148,412
Government grants and contracts	513,722			513,722
Other revenues	415,141	31,929		447,070
Endowment return utilized for operations	2,767,243	5,390,307		8,157,550
Net assets released from restrictions	7,922,997	(7,922,997)		-
Total operating revenues	72,959,811	552,147	-	73,511,958
Operating expenses:				
Instruction	27,259,513			27,259,513
Academic support	5,423,185			5,423,185
Student services	13,266,741			13,266,741
Institutional support	14,656,125			14,656,125
Auxiliary services	14,838,997			14,838,997
Total operating expenses	75,444,561	-	-	75,444,561
Operating subtotal	(2,484,750)	552,147	-	(1,932,603)
Nonoperating:				
Private gifts and pledges	81,634	193,195	$ 6,408,046	6,682,875
Net assets released from restrictions	3,213,387	(3,213,387)		-
Endowment return utilized for operations	(2,767,243)	(5,390,307)		(8,157,550)
Net investment return	6,147,049	17,065,652	675,612	23,888,313
Nonoperating subtotal	6,674,827	8,655,153	7,083,658	22,413,638
Change in net assets	4,190,077	9,207,300	7,083,658	20,481,035
Net assets at beginning of year	119,105,020	66,047,984	91,354,607	276,507,611
Net assets at end of year	$ 123,295,097	$ 75,255,284	$ 98,438,265	$ 296,988,646

The accompanying notes are an integral part of the financial statements.

WHEATON COLLEGE
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
Cash flows from operating activities:		
Change in net assets	$ (1,655,560)	$ 20,481,035
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation, amortization and accretion	7,558,719	7,318,650
Net (gains)/losses on asset disposal and asset retirement	(26,075)	14,468
Gain on retirement of debt	-	(86,708)
Net realized and unrealized gains on investments	(36,125)	(19,240,529)
Contributions restricted for long-term investments	(3,384,084)	(3,802,507)
Provision for uncollectible accounts	(42,896)	186,182
Change in operating assets and liabilities:		
Receivables and other assets	(557,482)	206,349
Contributions receivable	374,854	(2,415,352)
Accounts payable and accrued expenses	(763,295)	(744,434)
Deposits and deferred revenue	(375,461)	146,406
Asset retirement obligations	(52,658)	(68,426)
Net cash provided by operating activities	1,039,937	1,995,134
Cash flows from investing activities:		
Student loans issued	(414,370)	(385,416)
Student loans repaid	457,853	421,242
Purchase of land, buildings and equipment	(4,376,041)	(3,840,223)
Change in funds restricted for property acquisitions	477,376	1,597,875
Sales of investments	34,200,756	14,634,741
Purchases of investments	(34,028,001)	(11,970,967)
Net cash (used in) provided by investing activities	(3,682,427)	457,252
Cash flows from financing activities:		
Change in funds held by bond trustees	224,183	2,369,049
Proceeds from issuance of bonds	1,292,274	7,203,807
Payments on bonds and leases payable	(2,688,775)	(11,630,892)
Change in annuity and life income obligations	(293,381)	(9,106)
Change in advances for student loans	10,165	7,584
Contributions, grants and investment income restricted for:		
Investment in endowment and facilities	3,384,084	3,639,961
Investment in life income and annuity funds	-	162,546
Net cash provided by financing activities	1,928,550	1,742,949
Change in cash and cash equivalents	(713,940)	4,195,335
Cash and cash equivalents at beginning of year	6,550,316	2,354,981
Cash and cash equivalents at end of year	$ 5,836,376	$ 6,550,316
Supplemental data:		
Noncash investing activity: Gifts of stock	$ 2,720,853	$ 2,392,097
Noncash investing activity: Gifts of tangible assets	10,000	318,750
Fixed asset additions remaining in accounts payable	1,966,903	634,823
Interest paid	1,395,219	1,752,424

The accompanying notes are an integral part of the financial statements.

1. Nature of Business

Wheaton College (the "College") is a private, coeducational, liberal arts college located in Norton, Massachusetts and is accredited by the New England Association of Schools and Colleges. Founded as a Female Seminary in 1834 and chartered as a four-year college in 1912, the College became coeducational in 1988. The College provides academic, residential and other services to a diverse student population of approximately 1,590 drawn from schools predominately in the Northeast region of the United States, as well as from many other U.S. states and territories and approximately 45 foreign countries.

The College's mission is to provide a transformative liberal arts education for intellectually curious students in a collaborative, academically vibrant residential community that values a diverse world. The curriculum features more than 40 majors and 50 minors in the humanities, the social sciences, and the natural sciences. The College offers the Bachelor of Arts degree at the undergraduate level, and the Masters of Arts degree under special circumstances.

The College participates in student financial aid programs sponsored by the United States Department of Education, the Commonwealth of Massachusetts, and other states within the United States of America, which facilitate the payment of tuition and other expenses for students.

2. Summary of Significant Accounting Policies

Basis of Presentation
The College's financial statements have been prepared on the accrual basis of accounting following accounting principles generally accepted in the United States of America which require that the College report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Statement of Financial Position

Net Assets
Unrestricted net assets are those which are not subject to donor-imposed restrictions or for which donor restrictions have expired, and include the carrying value of physical properties, revenues, expenses, gains and losses that are not changes in temporarily or permanently restricted net assets. Unrestricted net assets may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

Temporarily Restricted net assets generally result from contributions and other inflows of assets whose use by the College is limited by donor-imposed restrictions that either expire by the passage of time or can be fulfilled and removed by actions of the College.

Permanently Restricted net assets are those that are subject to donor-imposed restrictions requiring that they be maintained permanently. Unexpended appreciation of permanently restricted net assets is included in temporarily restricted net assets.

Fair Value Measurements
The College reports certain assets and liabilities at fair value on a recurring and nonrecurring basis depending on the underlying accounting policy for the particular item in accordance with fair value standards. Recurring fair value measurements include the College's investment accounts, funds restricted for property acquisitions and deposits held by bond trustees. Nonrecurring measurements include contributions receivable, annuity and life income obligations, and the asset retirement obligations. These standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value. In addition, the College reports certain investments using the net asset value per share as determined by investment managers under the so called "practical expedient." The practical expedient allows net asset value per share to represent fair value for reporting purposes when the criteria for using this method are met. Fair value standards also require the College to classify these financial instruments into a three-level hierarchy, based on the priority of inputs to the valuation technique or in accordance with net asset value practical expedient rules, which allow for either Level 2 or Level 3 depending on lock up and notice periods associated with the underlying funds.

Instruments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical instruments as of the reporting date. Instruments which are generally included in this category include listed equity and debt securities publicly traded on a stock exchange.

Level 2 – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Level 2 methods include investments reported at net asset values per share with lock up periods of 90 days or less. The College also includes its certificates of deposit held as part of its short-term investments in this category.

Level 3 – Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation. Level 3 methods include investments reported at net asset value per share with lock up periods in excess of 90 days.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such instances, an instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The College’s endowment investments include alternative investments for which the College has concluded that the net asset value (“NAV”) reported by each of the underlying funds approximates the fair value of the investment. These investments are redeemable at NAV under the original terms of the subscription agreements and operations of the underlying funds. However, it is possible that these redemption rights may be restricted or eliminated by the funds in the future in accordance with the underlying fund agreements. Due to the nature of the investments held by these funds, changes in market conditions and the economic environment may significantly impact the NAV of the funds and, consequently, the fair value of the College’s interests in the funds. Furthermore, changes to the liquidity provisions of the funds may significantly impact the fair value of the College’s interest in the funds. Although such investments may be sold in a secondary market transaction, subject to meeting certain requirements of the governing documents of the funds, the secondary market is not active and individual transactions are not necessarily observable. It is, therefore, reasonably possible that if the College were to sell a fund in the secondary market, the sale could occur at an amount different than the reported value, and the difference could be material.

Cash and Cash Equivalents and Short-Term Investments
Cash and cash equivalents consist principally of accounts with maturities of three months or less when purchased. Cash equivalents held by investment managers are considered part of investments given the expectation of near term reinvestment. The College maintains its cash balances at several financial institutions which, at times, may exceed federally insured limits. The College monitors its exposure associated with cash and cash equivalents and has not experienced any material losses in such accounts.

Short-term investments consist principally of money market instruments and certificates of deposit with maturities of one year or less when purchased, and are available for general operating purposes. Management reports short-term investments at fair value as determined pursuant to the fair value measurements policy previously in this section utilizing Level 1 or Level 2 inputs as applicable.

Receivables and Other Assets
Student accounts are reported at their net realizable value. Management estimates the allowance for uncollectible accounts by identifying problematic accounts and by using historical experience applied to the remainder of the balances. Student accounts are written off only when they are deemed to be permanently uncollectible. At June 30, 2015 and 2014, student accounts receivable are net of an allowance for doubtful accounts of $390,000.

Student Loans Receivable and Government Advances for Student Loans
Student loans receivable are recorded at their estimated net realizable value. Student Perkins loans are funded through Federal government loan programs or institutional resources. For all loans, management estimates the allowance for credit losses based on historical collection experience and current economic conditions. At June 30, 2015 and 2014, student loans receivable are net of an allowance for doubtful accounts of $185,000.

Perkins funds may be reloaned by the College after collection, but in the event that the College no longer participates in the program, a portion of the amounts are generally refundable to the Federal government. Perkins loans that are in default and meet certain requirements can be assigned to the Department of Education, which reduces the government advances for student loans.

Deposits Held by Bond Trustees
Deposits held by bond trustees are reported at fair value and consist of unexpended debt proceeds and funds held for debt service that have been invested in high-quality money market instruments and have been deposited with trustees as required under certain loan agreements. Fair value is determined as per the fair value measurements policy discussed

previously in this section utilizing Level 1 inputs. These amounts have been designated for specific purposes within unrestricted net assets on the Statements of Financial Position.

Contributions Receivable
Contributions receivable are initially recorded at their fair value utilizing Level 2 or Level 3 inputs based on the present value using a risk adjusted discount rate (ranging from 1% to 7%) taking into account expected collections. Amortization of the discount is included in private gifts and pledges revenue. Unconditional promises to give are periodically reviewed to estimate an allowance for doubtful collections. Management estimates the allowance based on a review of historical experience and a specific review of collection trends that differ from the plan on individual accounts. Adjustments to the allowance are charged to private gift and grant revenue. An account is considered uncollectible when all collection efforts have been exhausted.

Investments
Investments include endowment, charitable gift annuities, pooled life income funds, perpetual trusts and unrestricted operating investments. Investments are reported at fair value. Fair value is determined pursuant to the fair value measurements policy. Cost represents the historical cost of investments.

Funds Restricted for Property Acquisitions
Funds restricted for property acquisitions consist of donor restricted gifts that are earmarked for land improvements, buildings and equipment acquisitions. These amounts are separately invested from other investments of the College in money market instruments with maturities of one year or less when purchased and are reported at fair value utilizing Level 1 inputs.

Land, Buildings and Equipment
Land, buildings and equipment are valued at cost of acquisition or construction or at fair value at the date of the gift utilizing Level 2 and Level 3 inputs such as appraisals if donated, less accumulated depreciation, computed on the straight-line basis over the estimated useful lives of the assets as follows:

Land improvements	10 years
Buildings	40 years
Building improvements	10 - 20 years
Equipment	3 - 7 years
Automobiles	3 years

Land, buildings and equipment, including related accumulated depreciation, are removed from the College’s records at the time of disposal and any resulting gain or loss is reflected in the Statements of Activities as unrestricted other revenue. Ordinary repairs and maintenance are charged to expenses, and major improvements are capitalized. Works of art and rare books are considered inexhaustible because they have historical or cultural value that will be preserved and, therefore, are not subject to depreciation.

Annuity and Life Income Obligations
The College’s split interest agreements consist of charitable gift annuity, pooled life income funds and charitable remainder trusts for which the College is the trustee. The annuity and life income obligations associated with these arrangements are recorded at the present value of the aggregate liability to the beneficiaries based upon their life expectancy, utilizing a discount rate at the original date of the instrument (ranging from 3.8% to 7.0%). Life expectancies are periodically updated to reflect current expectations.

Asset Retirement Obligations
An asset retirement obligation (“ARO”) is a conditional legal obligation associated with the retirement of long-lived assets. These liabilities are initially recorded at fair value utilizing Level 2 inputs and the related asset retirement costs are capitalized by increasing the carrying amount of the related assets by the same amount as the liability. Asset retirement costs are subsequently depreciated over the useful lives of the related assets. Subsequent to initial recognition, the College records period-to-period changes in the ARO liability resulting from the passage of time, new laws and regulations and revisions to either the timing or amounts of the original estimate of undiscounted cash flows. Upon settlement of the obligation, any difference between the cost to settle the ARO and the liability recorded will be recognized as a gain or loss in the Statements of Activities as unrestricted other revenue.

Bonds and Leases Payable
At June 30, 2015 and 2014, bond issuance costs of $587,639 are included in bonds and leases payable net of accumulated amortization of $100,088 and $65,866, respectively. These costs are capitalized and amortized on the straight-line basis over the life of the bonds. During 2014, in conjunction with the bond refinancing (see Note 9), the

College recognized as expense bond issuance costs related to the Series E and D of $123,861 and capitalized new issuance costs related to Series G-1 and G-2 of $138,885. Amortization expense amounted to $34,222 in 2015 and $36,331 in 2014.

Statements of Activities

Revenue Recognition
Revenues are reported as increases in unrestricted net assets unless use of related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Realized and unrealized 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 by explicit donor stipulations or law.

Nonoperating revenues include permanently restricted gifts, gifts for property, plant and equipment, net investment returns less endowment return utilized for operations, deferred giving contributions, and net assets released from restrictions for capital acquisitions and debt service on capital improvements.

A substantial portion of the College's revenue is derived from student tuition and fees and room and board services provided by the College. These student revenue streams are recognized as revenue in the period the services are provided. Student deposits, along with advance payments for tuition and auxiliary enterprises, are recorded as deposits and deferred revenue and are recognized as income when the related services are provided.

Gifts, including unconditional promises to give, are initially recorded as revenue at fair value when verifiably committed. Unconditional promises to give, that will be paid by the donor's estate, are recorded when verifiably committed and are discounted using the remaining life expectancy of the donor. Fair value is determined at the original date of record as earlier described in these notes using Level 2 fair value inputs. Conditional contributions and intentions to give are recorded as revenue when the conditions have been met. Contributions are reflected as unrestricted, temporarily restricted or permanently restricted based on the existence or absence of donor restrictions. Amounts received with donor-imposed restrictions that are recorded as temporarily restricted revenues are reclassified to unrestricted net assets when the time or purpose restriction has been satisfied.

Grants and Contracts
Government grants and contracts normally provide for the recovery of direct and indirect costs, subject to an audit. The College recognizes revenue associated with direct and indirect costs as direct costs are incurred. The recovery of indirect costs is pursuant to an agreement, which provides for a predetermined fixed indirect cost rate.

Functional Allocation of Certain Expenses
The Statements of Activities present expenses by functional classification. During 2015, the College re-assessed its allocations to program and supporting activities based upon current building usage and certain allocations have changed and the 2014 amounts have been reclassified to conform to the 2015 presentation. The reclassification does not impact changes in net assets from operations.

Operation and maintenance of plant is allocated to program and supporting activities based upon building usage. Depreciation of plant assets is allocated based on the functional classifications based on use of the asset. Interest expense is allocated to the functional classifications that benefited from the use of the proceeds of the debt. Included in institutional support expenses are costs associated with carrying out the fund-raising activities of the College, which amounted to $5,239,720 and $5,481,090 for the years ended June 30, 2015 and 2014, respectively.

Income Tax Status
The College is recognized by the Internal Revenue Service as an organization described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from Federal and state income taxes on related income. Given the limited taxable activities of the College, management has concluded that disclosures relative to tax provisions are not necessary.

Uncertain Tax Positions
The College accounts for the effect of any uncertain tax positions based on a "more likely than not" threshold to the recognition of the tax positions being sustained based on the technical merits of the position under scrutiny by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a "cumulative probability assessment" that aggregates the estimated tax liability for all uncertain tax positions. The College has identified its tax status as a tax exempt entity as its only significant tax position; however, the College has determined that such tax position does not result in an uncertainty

requiring recognition. The College is not currently under examination by any taxing jurisdictions. The College's Federal and state tax returns are generally open for examination for three years following the date filed.

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates. Significant management estimates included in the financial statements relate to the allowance for doubtful loans, student accounts, pledges and other accounts receivable, fair value of certain financial instruments, contributions receivable from remainder trusts, annuity and life income obligations, asset retirement obligations, and the allocation of common expenses over program functions.

Reclassifications
Certain amounts have been reclassified in the prior year financial statements to conform to current year presentation. During 2015, the College adopted Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2015-15, *Interest-Imputation of Interest*, and debt issuance costs are presented as a reduction of debt on the financial statements at June 20, 2015 and 2014. Additionally, as noted above, certain amounts related to the functional allocation of certain expenses have been reclassified in the prior year financial statements to conform to current year presentation.

Subsequent Events
The College has evaluated subsequent events through October 23, 2015 the date the financial statements were issued.

3. Financing Receivables

Student loans receivable consist of the following at June 30:

	2015	2014
Perkins loans	$ 2,846,546	$ 2,910,135
College loans	256,898	236,792
	3,103,444	3,146,927
Less allowance for doubtful accounts:		
Beginning of year	(185,000)	(185,000)
Charge-off's	-	-
Recoveries	-	-
Provision	-	-
End of year	(185,000)	(185,000)
Student loans receivable, net	$ 2,918,444	$ 2,961,927

At June 30, 2015 and 2014, the following is an aging analysis of amounts due under the student loan programs:

	Borrowers not in repayment	Borrowers on schedule in repayment	Borrowers in default: under 270 days	Borrowers in default: 270 days to 5 years	Borrowers in default: over 5 years	Total
2015						
Perkins loans	$ 1,416,529	$ 651,308	$ 173,996	$ 237,478	$ 367,235	$ 2,846,546
College loans	92,090	64,148	20,682	68,278	11,700	256,898
	$ 1,508,619	$ 715,456	$ 194,678	$ 305,756	$ 378,935	$ 3,103,444
2014						
Perkins loans	$ 1,446,736	$ 694,688	$ 162,102	$ 260,726	$ 345,883	$ 2,910,135
College loans	56,459	95,400	54,509	18,724	11,700	236,792
	$ 1,503,195	$ 790,088	$ 216,611	$ 279,450	$ 357,583	$ 3,146,927

4. Contributions Receivable

Unconditional promises to give are expected to be realized as follows at June 30, 2015 and 2014:

	Temporarily restricted	Permanently restricted	Total
2015			
Unconditional promises to give	$ 4,206,974	$ 5,399,077	$ 9,606,051
Contributions receivable held in outside trusts	1,371,244	1,610,905	2,982,149
Total unconditional promises to give	5,578,218	7,009,982	12,588,200
Less allowance for uncollectibles	(269,329)	(449,521)	(718,850)
Less unamortized discount	(101,874)	(523,253)	(625,127)
Contributions receivable, net	$ 5,207,015	$ 6,037,208	$ 11,244,223
Amounts due in:			
One year or less	$ 1,599,201	$ 301,307	$ 1,900,508
Two to five years	2,236,571	3,621,408	5,857,979
More than five years	1,371,244	2,114,492	3,485,736
Total	$ 5,207,016	$ 6,037,207	$ 11,244,223

	Temporarily restricted	Permanently restricted	Total
2014			
Unconditional promises to give	$ 4,994,937	$ 5,797,361	$ 10,792,298
Contributions receivable held in outside trusts	910,101	1,487,260	2,397,361
Total unconditional promises to give	5,905,038	7,284,621	13,189,659
Less allowance for uncollectibles	(307,254)	(454,492)	(761,746)
Less unamortized discount	(174,295)	(677,437)	(851,732)
Contributions receivable, net	$ 5,423,489	$ 6,152,692	$ 11,576,181
Amounts due in:			
One year or less	$ 595,472	$ 201,175	$ 796,647
Two to five years	3,876,706	3,953,698	7,830,404
More than five years	951,311	1,997,819	2,949,130
Total	$ 5,423,489	$ 6,152,692	$ 11,576,181

Conditional promises to give, due to uncertainties with regard to their realizability and valuation, are not estimated by management and are recognized as pledges receivable if and when the specific conditions are met. Conditional promises to give were approximately $34,132,707 at June 30, 2015.

5. Fair Value and Investments

The following tables summarize the College's financial instruments as of June 30, 2015 and 2014, as well as related strategy and liquidity:

2015:	Total	Level 1	Level 2	Level 3	Redemption Restrictions Level 2 & 3	Unfunded Commitments
Endowment investments:						
Cash and short-term investments	$ 15,497,840	$ 15,497,840	-	-		
Equities						
U.S. equities funds	46,650,426	46,650,426	-	-		
International equity funds	29,914,846	29,914,846	-	-		
Emerging markets equity funds	6,185,260	6,185,260	-	-		
Hedge funds						
Hedged Equity - Developed Markets	30,265,627	-	$19,640,740	$ 10,624,887	Special Investments/Monthly, Quarterly & Semi annually with 30-60 days notice	
Opportunistic Credit/Distressed funds	29,211,107	-	5,000,000	24,211,107	Special Investments/Quarterly /Semi annual with 40-90 days notice/max 25% per quarter	
Private equity	15,429,274	-	-	15,429,274	Illiquid	$ 3,783,261
Real property and commodities funds						
Real estate	12,346,007	-	-	12,346,007	Illiquid	
Timber	2,332,242	-	-	2,332,242	Illiquid	
Commodities	6,896,451	-	-	6,896,451	Special Investments/Semi annual with 60 days notice	
Endowment investments	194,729,080	98,248,372	24,640,740	71,839,968		
Other investments:						
Real estate	697,000	-	697,000	-		
Fixed income - Developed markets	4,222,705	562,622	3,660,083	-		
Cash & cash equivalents held in split-interest agreements	78,430	-	78,430	-		
Money market funds	121,949	121,949	-	-		
Domestic & international equities funds	4,696,034	319,048	4,376,986	-		
Beneficial interest in perpetual trusts	740,044	-	-	740,044		
Real property and commodities funds	542,491	-	542,491	-		
Other	909,344	-	754,844	154,500		
Total other investments	12,007,997	1,003,619	10,109,834	894,544		
Total investments	206,737,077	99,251,991	34,750,574	72,734,512		
Other Assets:						
Short-Term Investments						
Money market funds	4,803,892	4,803,892	-	-		
Deposits held by bond trustees						
Money market funds	1,036,500	1,036,500	-	-		
Funds restricted for property acquisitions						
Money market funds	1,200,014	1,200,014	-	-		
Total other assets	7,040,406	7,040,406	-	-		
Total	$213,777,483	$106,292,397	$34,750,574	$ 72,734,512		

The other investments that are valued using Level 2 and 3 inputs utilize inputs such as quoted prices for similar instruments and appraisals and market comparisons for other investments.

2014:	Total	Level 1	Level 2	Level 3	Redemption Restrictions Level 2 & 3	Unfunded Commitments
Endowment investments:						
Cash and short-term investments	$ 20,232,465	$ 20,232,465	-	-		
Equities						
U.S. equities funds	43,135,785	43,135,785	-	-		
International equity funds	28,583,436	28,583,436	-	-		
Emerging markets equity funds	9,917,702	9,917,702	-	-		
Hedge funds						
Hedged Equity - Developed Markets	27,898,596	-	$17,426,839	$ 10,471,757	Special Investments/Monthly, Quarterly & Semi annually with 30-60 days notice	
Opportunistic Credit/Distressed funds	23,817,029	-	-	23,817,029	Special Investments/Quarterly /Semi annual with 40-90 days notice/max 25% per quarter	
Private equity	16,833,319	-	-	16,833,319	Illiquid	$ 6,813,425
Real property and commodities funds						
Real estate	11,862,096	-	-	11,862,096	Illiquid	
Timber	2,649,127	-	-	2,649,127	Illiquid	
Commodities	8,615,095	-	-	8,615,095	Special Investments/Semi annual with 60 days notice	
Endowment investments	193,544,650	101,869,388	17,426,839	74,248,423		
Other investments:						
Real estate	683,600	-	683,600	-		
Fixed income - Developed markets	4,062,163	558,571	3,503,592	-		
Cash & cash equivalents held in split-interest agreements	26,541	-	26,541	-		
Money market funds	119,645	119,645	-	-		
Domestic & international equities funds	5,287,554	315,351	4,972,203	-		
Beneficial interest in perpetual trusts	683,170	-	-	683,170		
Real property and commodities funds	889,350	-	889,350	-		
Other	590,800	-	436,300	154,500		
Total other investments	12,342,823	993,567	10,511,586	837,670		
Total investments	205,887,473	102,862,955	27,938,425	75,086,093		
Other Assets:						
Short-Term Investments						
Money market funds	5,790,126	5,790,126	-	-		
Deposits held by bond trustees						
Money market funds	1,260,683	1,260,683	-	-		
Funds restricted for property acquisitions						
Money market funds	1,677,390	1,677,390	-	-		
Total other assets	8,728,199	8,728,199	-	-		
Total	$214,615,672	$111,591,154	$27,938,425	$ 75,086,093		

Management has no intention or plans to liquidate any NAV practical expedient investment at other than the NAV per share.

Under certain unusual circumstances, investment managers may alter redemption provisions of their investment vehicles, which could impact the ultimate liquidity of funds.

Beneficial interests in perpetual trusts included in Level 3 consist of trusts with marketable underlying investments; however, the College’s share of the trust is not marketable.

The calculation of fair value may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the College believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The following table is a rollforward of the Statements of Financial Position amounts for financial instruments classified by the College within Level 3 of the fair value hierarchy:

	Fair value July 1, 2014	Realized and unrealized gains (losses)	Gross Purchases	Gross sales and settlements	Transfers out of Level 3	Fair value June 30, 2015
Endowment investments:						
Hedge funds	$ 34,288,786	$ 592,233	$ -	$ (45,025)	$ -	$ 34,835,994
Private equity	16,833,319	(4,018,385)	2,614,340	-	-	15,429,274
Real property and commodities funds	23,126,318	(1,549,519)	-	(2,099)	-	21,574,700
Other investments:						
Other	154,500	-	-	-	-	154,500
Beneficial interest in perpetual trusts	683,170	56,874	-	-	-	740,044
Total	$ 75,086,093	$ (4,918,797)	$ 2,614,340	$ (47,124)	$ -	$ 72,734,512

	Fair value July 1, 2013	Realized and unrealized gains (losses)	Gross Purchases	Gross sales and settlements	Transfers out of Level 3	Fair value June 30, 2014
Endowment investments:						
Hedge funds	$ 24,204,704	$ 2,139,988	$ 9,950,000	$ (2,005,906)	$ -	$ 34,288,786
Private equity	17,348,140	(4,368,511)	3,853,690	-	-	16,833,319
Real property and commodities funds	22,591,668	535,418	-	(768)	-	23,126,318
Other investments:						
Other	154,500	-	-	-	-	154,500
Beneficial interest in perpetual trusts	654,691	28,479	-	-	-	683,170
Total	$ 64,953,703	$ (1,664,626)	$ 13,803,690	$ (2,006,674)	$ -	$ 75,086,093

Transfers into Level 3 represent changes in the liquidity provisions of the underlying investments

The fair value of the College's bonds payable approximates $34,950,269 and $35,904,630 at June 30, 2015 and 2014, respectively, based upon quoted market prices for the same or similar issues utilizing Level 2 inputs. The market prices utilized reflect the rate the College would have to pay a creditworthy third party to assume its obligation and do not reflect an additional liability to the College.

Management has assessed that fair value approximates carrying value for cash and cash equivalents, student receivables, accounts payable and accrued expenses and student deposits given the short-term nature of these instruments. Management has no practical or cost effective way of determining fair value for student loans receivable and contributions receivable. The fair values of such instruments have been derived, in part, by management's assumptions, under Level 2 fair value methods. Different assumptions could significantly affect these estimated fair values. Accordingly, the net realizable values could be materially different from the estimates presented on the Statements of Financial Position at June 30, 2015 and 2014. In addition, the estimates are only indicative of the value of individual financial instruments and should not be considered an indication of the fair value of the College.

The following schedule summarizes the investment return from the Statements of Activities for the years ended June 30:

	2015				2014
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Net realized and unrealized gains	$ 4,700,430	$ 19,580,761	329,208	$ 24,610,399	$ 38,433,029
Net realized and unrealized losses	(2,918,569)	(15,500,357)	(463,301)	(18,882,227)	(16,621,839)
Dividends and interest	261,710	1,409,392	24,009	1,695,111	2,077,123
Net investment return	$ 2,043,571	$ 5,489,796	$ (110,084)	$ 7,423,283	$ 23,888,313

Management, advisory and performance fees for the endowment investments and other College investments are charged to the investment portfolios and were estimated to be $2,597,149 and $4,129,106 for the years ended June 30, 2015 and 2014, respectively, and are netted with net realized and unrealized gains or losses.

6. Endowment Investments

The College has established two endowment investment pools ("Pools A and B"). The original pool, Pool A, represents the majority of endowment funds of the College and had a fair value of $187,149,843 and $185,413,088 at June 30, 2015 and 2014, respectively. Pool B funds are designated by the Board of Trustees to fund capital projects and had a fair value of $7,579,237 and $8,131,562 at June 30, 2015 and 2014, respectively. The College's endowment consists of approximately 592 donor-restricted and 31 board-restricted individual funds established for a variety of purposes. Net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law
The Board of Trustees of the College has interpreted the Massachusetts Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the historic dollar value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the College classifies as permanently restricted net assets: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The accumulated unspent gains associated with the donor-restricted endowment funds are classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the College in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the College considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the College and the donor-restricted endowment fund
- General economic conditions
- The possible effects of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the College
- The investment policies of the College

Funds with Deficiencies
From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the College to retain as a fund of perpetual duration. Deficiencies of this nature that are reported in unrestricted net assets were $3,051 at June 30, 2015. There were no funds with deficiencies at June 30, 2014. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of new permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by the Board of Trustees. Subsequent gains that restore the fair value of the assets of the endowment fund to the required level will be classified as an increase in unrestricted net assets.

Return Objectives and Risk Parameters
The College has adopted investment and spending policies for endowment assets that attempt to preserve their purchasing power in order to provide a growing stream of endowment support for the College's programs. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that equal the annual inflation rate plus the annual spending rate (e.g., CPI + 5%).

Spending Policy
The Board of Trustees designates only a portion of the College's Pool A cumulative investment return for support of current operations. The portion to be spent is determined by a budgetary process whereby the objective of the governing board is that the actual spending does not exceed a certain percentage (5.0%) of the average market value of the Pool A funds for the twenty quarters of the five prior fiscal years for 2015 and 2014. Permanently restricted individual endowed funds with a deficiency as of June 30 will receive no distribution in the subsequent fiscal year with the exception of any current income generated by the fund. The distribution from Pool A is estimated to be $8,750,000 for the year ending June 30, 2016, and includes an additional draw of up to $500,000 to support marketing efforts. The amount of

investment income and appreciation earned by the investments of Pool B is used for capital projects and other special allocations at the discretion of the Board of Trustees. The College distributed $903,000 and $845,000 of the Pool B earnings for the years ended June 30, 2015 and 2014, respectively. The distribution from Pool B is estimated to be $945,000 for the year ending June 30, 2016, and includes an allocation of up to $100,000 to support Presidential initiatives.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the College relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The College seeks broad diversification among assets having different characteristics with the intent to endure lower relative performance in strong markets in exchange for greater downside protection in weak markets.

Under the College's total return policy, during periods when endowment investment return exceeds the distribution, such excess return is added to the endowment funds as unrestricted and temporarily restricted net assets depending if the underlying funds have restrictions. Conversely, when endowment investment return is less than the distribution, such deficit is funded by accumulated excess return of the respective funds with unrestricted funds being charged if no accumulated unspent gains remain.

Endowment net assets consist of the following at June 30, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ (3,051)	$ 61,581,341	$ 87,834,853	$ 149,413,143
Board-designated endowment funds	45,315,937	-	-	45,315,937
Total endowed net assets	$ 45,312,886	$ 61,581,341	$ 87,834,853	$ 194,729,080

Endowment net assets consist of the following at June 30, 2014:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 62,355,693	$ 85,165,711	$ 147,521,404
Board-designated endowment funds	46,023,246	-	-	46,023,246
Total endowed net assets	$ 46,023,246	$ 62,355,693	$ 85,165,711	$ 193,544,650

Changes in endowment net assets for the year ended June 30, 2015 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, July 1, 2014	$ 46,023,246	$ 62,355,693	$ 85,165,711	$ 193,544,650
Investment return:				
Investment income	263,458	1,370,781	-	1,634,239
Net appreciation	1,860,392	3,666,403	-	5,526,795
Total investment return	2,123,850	5,037,184	-	7,161,034
Gifts and additions	86,020	-	2,669,142	2,755,162
Appropriation of endowment assets for expenditure	(2,920,230)	(5,811,536)	-	(8,731,766)
Endowment net assets, June 30, 2015	$ 45,312,886	$ 61,581,341	$ 87,834,853	$ 194,729,080

Changes in endowment net assets for the year ended June 30, 2014 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, July 1, 2013	$ 42,731,293	$ 50,957,146	$ 82,373,873	$ 176,062,312
Investment return:				
Investment income	512,489	1,503,590	-	2,016,079
Net appreciation	5,440,142	15,277,507	-	20,717,649
Total investment return	5,952,631	16,781,097	-	22,733,728
Gifts and additions	106,565	7,757	2,791,838	2,906,160
Appropriation of endowment assets for expenditure	(2,767,243)	(5,390,307)	-	(8,157,550)
Endowment net assets, June 30, 2014	$ 46,023,246	$ 62,355,693	$ 85,165,711	$ 193,544,650

7. Land, Buildings and Equipment

Land, buildings and equipment are as follows at June 30:

	2015	2014
Land and land improvements	$ 13,527,910	$ 13,449,371
Buildings and building improvements, including fixed equipment	163,584,213	162,376,188
Equipment	10,608,206	9,606,600
Library books and artwork	582,740	554,920
Automobiles	450,137	469,190
Construction in progress	4,081,459	871,962
	192,834,665	187,328,231
Accumulated depreciation	(87,484,325)	(80,240,436)
Land, buildings and equipment, net	$ 105,350,340	$ 107,087,795

Depreciation expense was $7,477,854 and $7,419,517 for the years ended June 30, 2015 and 2014, respectively.

The College disposed of $239,692 and $650,481 of land, buildings and equipment with an accumulated depreciation of $233,965 and $638,346 and proceeds of $38,000 and $0 for the years ended June 30, 2015 and 2014, respectively. A gain (loss) on asset disposal of $32,274 and $(12,135) was recorded in the Statements of Activities for the years ended June 30, 2015 and 2014, respectively.

Equipment includes assets recorded under capital leases of $369,107 at June 30, 2015 and June 30, 2014, respectively. Accumulated depreciation on the assets amounted to $329,341 and $255,520 in 2015 and 2014, respectively.

8. Asset Retirement Obligations

The primary condition that led to the asset retirement obligation was asbestos abatement. A liability of $1,344,699 and $1,313,015 for conditional asset retirement obligations is reported on the Statements of Financial Position at June 30, 2015 and 2014, respectively. In fiscal years 2015 and 2014, the College recognized a loss of $6,199 and $2,333, respectively, due to differences between actual and original estimated asset retirement obligations. In fiscal years 2015 and 2014, the College incurred $51,632 and $65,540, respectively, in costs related to the abatement of asbestos previously accrued.

Interest accretion costs were $78,153 and $77,523 for the years ended June 30, 2015 and 2014, respectively.

9. Bonds and Leases Payable

Revenue Bonds were issued through the Massachusetts Health and Educational Facilities Authority (MHEFA) for the acquisition, installation, construction, renovation, and equipping of various academic, residential and administrative facilities. Bonds and capital leases are as follows at June 30:

	Maturity	Interest rate	2015	2014
Massachusetts Development Finance Authority (MDFA)				
(a) Series F (2010)	July 1, 2041	fixed - 4.875%	$ 26,095,000	$ 27,295,000
(b) Series G-1 (2014)	July 1, 2019	fixed - 2.15%	5,313,576	6,713,798
(c) Series G-2 (2014)	July 1, 2026	fixed - 2.4%, 3.15% & 3.4%	1,355,381	63,107
			32,763,957	34,071,905
		Unamortized premium	803,391	834,897
		Debt issuance costs, net	(487,551)	(521,773)
		Total bonds payable	33,079,797	34,385,029
Capital leases	September 1, 2015 - June 1, 2017	various imputed	29,191	117,744
		Total bonds and leases payable	$ 33,108,988	$ 34,502,773

In April 2014, the College refunded its Series E fixed rate bonds with a Series G-1 2.15% fixed rate issue. The Series G-1 bond is a private placement with a bank and matures July 1, 2019, the same maturity date as the original debt. The outstanding principal of $7,470,000 on Series E was paid using funds held by the bond trustee of $580,028 and the issuance of $7,140,700 of new debt. The balance of the proceeds was used to fund closing cost of $75,778 and interest of $174,950. The Series E bonds had an unamortized premium of $210,571 and unamortized issuance costs of $112,033. During 2014, the College recognized a gain on the pay off and refunding of its debt of $86,708, which is included in net investment return on the statement of activities. Also in April 2014, the College issued Series G-2 bonds in an amount up to $6,063,107 through a private placement with a bank as a draw down note. Draws will be allowed for a period of thirty-six months from the closing date and bears an interest rate of 2.40% for years one through three, then 3.15% for years four through eight, and then 3.40% for years nine through maturity. Proceeds of $63,107 from the G-2 bonds were used to fund closing costs.

An original issue premium of $966,169 was received on the issuance of Series F bonds and is being amortized over the life of the bond.

Maturities of outstanding bonds and leases for each of the next five fiscal years, and to maturity, are as follows:

2016	$ 2,153,494
2017	2,192,911
2018	1,510,733
2019	1,286,584
2020	232,120
Thereafter	25,417,306
	32,793,148
Unamortized premium	803,391
Debt issuance costs	(487,551)
Total	$ 33,108,988

The College is restricted from granting any lien on its facilities, assets or revenues to a third party, except as specifically permitted by the Revenue Bond agreements or unless the Authority is granted an equivalent or superior lien. The agreements contain various covenants regarding such items as additional permitted encumbrances, submission of audited financial statements, permitted dispositions and acquisitions of property, and meeting certain debt coverage financial ratios if new debt is incurred.

The College is required to maintain certain debt service funds with the bond trustee. Deposits held by bond trustees for Series F were $1,036,650 and $1,260,683, respectively, at June 30, 2015 and 2014:

On June 28, 2012, the College entered into a three year unsecured line of credit agreement with Wells Fargo in the amount of $10,000,000 to be available for working capital and capital projects. On June 4, 2015, the College amended its agreement with Wells Fargo to a three-year agreement in the amount of $10,000,000. The interest rate on the line is the College's choice at the time of draw of either daily one month London Interbank Offered Rate ("LIBOR") plus 0.65% or Federal Funds Rate plus 0.50%. The credit agreement includes a 0.22% annual fee on the unused portion of the line, which is reflected in interest expense. At June 30, 2015 and 2014 there were no amounts outstanding on the line.

10. <u>Net Assets</u>

Unrestricted net assets are available for the following purposes at June 30:

	2015	2014
Designated for specific purposes	$ 4,779,990	$ 4,313,165
Net investment in plant	70,310,299	72,958,686
Board-designated funds operating as endowment	45,315,937	46,023,246
Endowment unrealized losses	(3,051)	-
Unrestricted restricted nets assets	$ 120,403,175	$ 123,295,097

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

	2015	2014
Purpose restricted:		
Capital improvements	$ 3,398,732	$ 4,388,627
Financial aid	2,787,140	3,057,148
Instruction	1,368,929	1,171,363
Academic support	621,451	552,903
Contributions receivable and planned giving arrangements	3,691,220	3,382,962
Other	426,540	493,300
Total purpose restricted	12,294,012	13,046,303
Accumulated unspent gains on permanently restricted net assets:		
Capital improvements	5,913,930	5,981,939
Financial aid	26,033,222	26,332,124
Instruction	18,890,603	19,167,402
Academic support	7,922,152	8,015,535
Other	2,673,833	2,711,981
Total accumulated unspent gains	61,433,740	62,208,981
Temporarily restricted nets assets	$ 73,727,752	$ 75,255,284

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

	2015	2014
Instruction	$ 30,400,572	$ 29,596,881
Financial aid	36,512,503	35,582,222
Academic support	9,870,741	10,704,518
Plant and general operations	11,369,613	10,037,140
Contributions receivable and planned giving arrangements	13,048,730	12,517,504
Permanently restricted net assets	$ 101,202,159	$ 98,438,265

11. Net Assets Released from Restrictions

Net assets were released from donor restrictions as a result of incurring expenses satisfying the restricted purposes or the occurrence of events specified by the donors. Net assets released from restrictions for the years ended June 30, 2015 and 2014 were for the following purposes:

	2015	2014
Capital improvements	$ 710,913	$ 1,710,869
Debt service on capital improvements	1,200,000	1,900,000
Financial aid	5,551,483	4,530,521
Instruction	2,400,146	2,203,418
Academic support and other	667,446	791,576
Net assets released from restrictions	$ 10,529,988	$ 11,136,384

12. Commitments and Contingencies

During 1996, the College entered into an agreement to lease certain land to a lessee. The agreement provides for the land ownership to be retained by the College and for the lessee to lease the property for 99 years. Concurrent with the land lease, the lessee constructed a medical center on the property and assumed the role of the College's health center and also is serving the residents of the Town of Norton. An agreement was entered into by the two parties whereby the College pays $100,000 annually for the aforementioned provided services and the rental of the space used by the College's employees who are housed at the center. This agreement is automatically renewable annually (unless otherwise agreed to by the parties) at a rate of $100,000 per year adjusted by the value of the CPI. For the years ended June 30, 2015 and 2015, the expense was $148,030 and $146,913, respectively.

The College has long-term contracts with outside service vendors for food services and bookstore operations through June 30, 2017 and May 31, 2016, respectively. Expenses incurred under these contracts are variable each year based on the number of students served and actual expenses incurred. These contracts include terms that are typical in the higher education sector.

The College entered in a twenty-year agreement with the Town of Norton to become part of a regional sewer system. The agreement includes a capital investment by of the college of approximately $4,600,000 financed over the twenty years. Payments under this agreement will not commence until the College is tied into the municipal sewer system, which is expected to occur in the summer of 2016.

The College is engaged in several legal cases, which have arisen in the normal course of its operations. The College believes the outcome of these cases will have no material adverse effect on the financial position of the College.

The College participates in certain prepaid tuition programs that allows participants to lock in tuition prices by limiting future increases. This could result in discounts on tuition charged to students in the future.

All funds expended by the College in connection with government grants are subject to review or audit by governmental agencies. There were no reviews or audits in process by governmental agencies as of June 30, 2015.

The College has employment agreements with certain employees that range from one to five years which stipulate a variety of business terms typical in the education sector.

13. Benefit Plans

The College has a defined contribution pension plan that is designed to meet the requirements of Section 403(b) of the Internal Revenue Code. The plan is administered by Teachers Insurance and Annuity Association ("TIAA") and College Retirement Equities Fund ("CREF"). Any College employee (excluding student employees) may make voluntary pre-tax contributions to the plan. Employees are eligible to receive a contribution to the plan from the College after meeting specific requirements. There is no required employee contribution in order to receive the College's contribution. The College's total pension expense was $2,636,015 and $2,592,066 for the years ended June 30, 2015 and 2014, respectively.

The College maintains a plan in accordance with Section 457(b) of the Internal Revenue Code. Under the terms of this plan, annual contributions are made by the College for highly-compensated employees. The assets and liabilities of this plan are recorded in the Statements of Financial Position and total $84,261 and $81,726 at June 30, 2015 and 2014, respectively. The assets and liabilities are recorded in investments and accounts payable and accrued expenses, respectively.