KPMG

UNION COLLEGE

Financial Statements

June 30, 2018 and 2017

(With Independent Auditors' Report Thereon)

UNION COLLEGE

Financial Statements

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KPMG LLP
515 Broadway
Albany, NY 12207-2974

Independent Auditors' Report

The Board of Trustees
Union College:

We have audited the accompanying financial statements of Union College, which comprise the statements of financial position as of June 30, 2018 and 2017, 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 U.S. generally accepted accounting principles; 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 Union College as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

KPMG LLP

October 19, 2018

UNION COLLEGE

Statements of Financial Position

June 30, 2018 and 2017

Assets		**2018**	**2017**
Cash and cash equivalents	$	26,307,109	26,654,554
Deposits with bond trustees		21,328,844	51,481,276
Pledges receivable, net		46,758,183	48,740,562
Notes and accounts receivable, net		10,708,057	11,909,755
Other assets		3,253,830	3,506,465
Investments		489,867,485	455,893,588
Receivable for investments		12,193,634	2,590,853
Beneficial interest in irrevocable trusts		5,601,191	5,776,478
Land, buildings, and equipment, net		229,662,255	194,360,721
Total assets	$	845,680,588	800,914,252
Liabilities and Net Assets			
Liabilities:			
Accounts payable and accrued expenses	$	16,088,875	13,880,336
Construction costs payable		5,705,355	1,510,667
Deposits and advances		2,644,127	2,712,776
Pooled life income and charitable gift annuities payable		4,641,055	4,393,763
Asset retirement obligations		1,157,240	1,305,490
Refundable federal student loan funds		1,907,593	2,092,907
Accrued postretirement benefits		9,385,817	9,894,443
Long-term debt, net		170,652,856	173,126,035
Total liabilities		212,182,918	208,916,417
Net assets:			
Unrestricted		231,527,795	216,071,218
Temporarily restricted		228,979,955	206,235,488
Permanently restricted		172,989,920	169,691,129
Total net assets		633,497,670	591,997,835
Total liabilities and net assets	$	845,680,588	800,914,252

See accompanying notes to financial statements.

UNION COLLEGE

Statement of Activities

Year ended June 30, 2018
(with summarized information for the year ended June 30, 2017)

	2018				2017
	Unrestricted	Temporarily restricted	Permanently restricted	Total	2017 Total
Operating activities:					
Revenue and reclassifications:					
Tuition and fees	$ 114,378,319	—	—	114,378,319	109,664,264
Room and board	26,097,487	—	—	26,097,487	24,631,335
Less student aid	(47,842,011)	—	—	(47,842,011)	(44,815,567)
Net tuition, fees, room and board	92,633,795	—	—	92,633,795	89,480,032
Investment return	23,976,099	—	—	23,976,099	24,504,682
Government grants	2,320,853	229,613	—	2,550,466	2,005,013
Private gifts and grants	9,475,921	9,193,013	—	18,668,934	39,738,889
Intercollegiate athletics and other sources	2,360,141	—	—	2,360,141	3,954,677
Auxiliaries enterprises	3,351,282	—	—	3,351,282	3,307,950
Net assets released from restrictions	3,243,085	(3,243,085)	—	—	—
Total revenue and reclassifications	137,361,176	6,179,541	—	143,540,717	162,991,243
Expenses:					
Instructional and departmental research	47,867,935	—	—	47,867,935	49,618,336
Sponsored research programs	917,155	—	—	917,155	557,148
Academic support	12,654,838	—	—	12,654,838	12,551,645
Student services	8,791,572	—	—	8,791,572	8,956,041
Institutional support	26,335,470	—	—	26,335,470	26,238,463
Auxiliaries operations	24,464,997	—	—	24,464,997	24,410,275
Intercollegiate athletics and other	11,197,453	—	—	11,197,453	11,303,921
Total expenses	132,229,420	—	—	132,229,420	133,635,829
Increase in net assets from operating activities	5,131,756	6,179,541	—	11,311,297	29,355,414
Endowment and other net assets:					
Investment return	16,797,717	30,922,733	—	47,720,450	56,101,852
Endowment gains used to meet spending policy	(6,802,798)	(14,361,833)	—	(21,164,631)	(21,206,689)
Private gifts and grants	23	156,719	3,298,791	3,455,533	1,883,409
Accrued postretirement benefits	5,200	—	—	5,200	3,943,633
Other	171,986	—	—	171,986	(283,280)
Net assets released from restrictions	152,693	(152,693)	—	—	—
Increase in endowment and other net assets	10,324,821	16,564,926	3,298,791	30,188,538	40,438,925
Increase in net assets	15,456,577	22,744,467	3,298,791	41,499,835	69,794,339
Net assets at beginning of year	216,071,218	206,235,488	169,691,129	591,997,835	522,203,496
Net assets at end of year	$ 231,527,795	228,979,955	172,989,920	633,497,670	591,997,835

See accompanying notes to financial statements.

UNION COLLEGE

Statement of Activities

Year ended June 30, 2017

	2017			
	Unrestricted	**Temporarily restricted**	**Permanently restricted**	**Total**
Operating activities:				
Revenue and reclassifications:				
Tuition and fees	$ 109,664,264	—	—	109,664,264
Room and board	24,631,335	—	—	24,631,335
Less student aid	(44,815,567)	—	—	(44,815,567)
Net tuition, fees, room and board	89,480,032	—	—	89,480,032
Investment return	24,504,682	—	—	24,504,682
Government grants	1,996,735	8,278	—	2,005,013
Private gifts and grants	4,472,680	35,266,209	—	39,738,889
Intercollegiate athletics and other sources	3,954,677	—	—	3,954,677
Auxiliaries enterprises	3,307,950	—	—	3,307,950
Net assets released from restrictions	6,855,628	(6,855,628)	—	—
Total revenue and reclassifications	134,572,384	28,418,859	—	162,991,243
Expenses:				
Instructional and departmental research	49,618,336	—	—	49,618,336
Sponsored research programs	557,148	—	—	557,148
Academic support	12,551,645	—	—	12,551,645
Student services	8,956,041	—	—	8,956,041
Institutional support	26,238,463	—	—	26,238,463
Auxiliaries operations	24,410,275	—	—	24,410,275
Intercollegiate athletics and other	11,303,921	—	—	11,303,921
Total expenses	133,635,829	—	—	133,635,829
Increase in net assets from operating activities	936,555	28,418,859	—	29,355,414
Endowment and other net assets:				
Investment return	23,324,753	32,777,099	—	56,101,852
Endowment gains used to meet spending policy	(6,902,826)	(14,303,863)	—	(21,206,689)
Private gifts and grants	18	71,870	1,811,521	1,883,409
Accrued postretirement benefits	3,943,633	—	—	3,943,633
Other	(283,280)	—	—	(283,280)
Net assets released from restrictions	55,033	(55,033)	—	—
Increase in endowment and other net assets	20,137,331	18,490,073	1,811,521	40,438,925
Increase in net assets	21,073,886	46,908,932	1,811,521	69,794,339
Net assets at beginning of year	194,997,332	159,326,556	167,879,608	522,203,496
Net assets at end of year	$ 216,071,218	206,235,488	169,691,129	591,997,835

See accompanying notes to financial statements.

UNION COLLEGE

Statements of Cash Flows

Years ended June 30, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Increase in net assets	$ 41,499,835	69,794,339
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
Depreciation and change in asset retirement obligations	10,583,988	10,579,883
Realized gains and change in unrealized appreciation from investments and deposits with bond trustees, net	(48,525,413)	(57,149,905)
Change in gifts of securities	22,208	5,274
Change in present value of pooled life income annuities payable	(229)	(22,110)
Contributions for endowment or long-lived assets	(12,942,771)	(21,364,020)
Loss on disposal of equipment	38,571	37,410
Amortization of discount/premium of long-term debt, net	(311,875)	(45,544)
Changes in assets and liabilities:		
Accounts receivable	1,111,863	(2,070,555)
Pledges receivable, net	1,982,379	(9,984,731)
Irrevocable trusts	175,287	(622,983)
Other assets	252,635	384,914
Accounts payable and accrued expenses	2,208,539	(20,499)
Deposits and advances	(68,649)	315,836
Accrued postretirement benefits	(508,626)	(3,376,869)
Net cash used in operating activities	(4,482,258)	(13,539,560)
Cash flows from investing activities:		
Purchases of investments	(242,380,908)	(167,364,431)
Proceeds from the sales and maturities of investments	247,329,960	194,373,177
Change in deposits with bond trustees	30,129,907	(48,375,284)
Purchases of land, buildings, and equipment	(41,877,655)	(19,501,321)
Student loans issued	(913,899)	(815,002)
Proceeds from collections of student loans	1,003,734	1,020,288
Net cash used in investing activities	(6,708,861)	(40,662,573)
Cash flows from financing activities:		
Decrease in federal student loan funds	(185,314)	(264,584)
Payments of long-term debt	(2,161,304)	(1,988,943)
Issuance of new debt, net of discount and premium	—	74,702,516
Extinguishment of long-term debt	—	(15,259,962)
Debt issuance costs	—	(1,344,950)
Contributions for:		
Investment in endowment	3,821,319	3,848,835
Investment in long-lived assets	8,755,629	17,443,467
Investment in life income and charitable gift annuity agreements	365,823	71,718
Change in charitable gift annuities payable	247,521	(12,709)
Net cash provided by financing activities	10,843,674	77,195,388
Net (decrease) increase in cash and cash equivalents	(347,445)	22,993,255
Cash and cash equivalents, beginning of year	26,654,554	3,661,299
Cash and cash equivalents, end of year	$ 26,307,109	26,654,554
Supplemental data:		
Interest paid	$ 6,305,397	5,750,737
Change in construction costs payable	4,194,688	(219,556)
Change in receivable for investments sold	9,602,781	2,511,540

See accompanying notes to financial statements.

(1) Summary of Significant Accounting Policies

(a) Organization

Union College (the College) was founded in 1795 and is a coeducational, independent, liberal arts and engineering college located in Schenectady, New York. The College is a scholarly community dedicated to shaping the future and to understanding the past. Faculty, staff and administrators welcome diverse and talented students into the community, work closely with them to provide a broad and deep education, and guide them in finding and cultivating their passions. The College does this with a wide range of disciplines and interdisciplinary programs in Liberal Arts and Engineering, as well as academic, athletic, cultural, and social activities, including opportunities to study abroad and to participate in undergraduate research and community service. The College develops in its students the analytic and reflective abilities needed to become engaged, innovative, and ethical contributors to an increasingly diverse, global and technologically complex society.

(b) Basis of Presentation

The financial statements of the College have been prepared on the accrual basis of accounting and in accordance with U.S. generally accepted accounting principles (GAAP). Permanently restricted net assets are those that are subject to donor-imposed stipulations that they be maintained in perpetuity by the College. Generally, the donors of these assets permit the College to use all or part of the investment return on these assets to support program activities such as financial aid and instruction. Such assets primarily include the College’s permanent endowment funds. Temporarily restricted net assets carry specific, donor-imposed stipulations that can be fulfilled by actions of the College pursuant to those stipulations or that expire by the passage of time. Temporarily restricted net assets are generally available for program purposes such as financial aid, specified operating activities, facilities, and equipment. Unrestricted net assets are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the College’s Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

Unconditional contributions are recognized as contributions receivable at their estimated net present value when pledged. Contributions and investment return with donor-imposed restrictions are reported as permanently or temporarily restricted revenues and net assets. Temporarily restricted net assets are reclassified to unrestricted net assets when the College satisfies the donor-imposed restriction. Temporarily restricted contributions and investment return received and expended for the restricted purpose in the same fiscal year are recorded in unrestricted net assets. Expenses are reported as decreases in unrestricted net assets.

Endowment net assets include permanently restricted net assets and certain unrestricted and temporarily restricted net assets. Endowment net asset activities include realized and unrealized gains on investments not used to support current operations, investment return in excess or deficit of the College’s spending policy for the year, and additions to or changes in the value of split-interest arrangements and life income and endowment gifts.

The statement of activities reflects a subtotal for the change in net assets from operations. This subtotal reflects revenues the College received for operating purposes, including investment return used for operations and all expenses. Changes in endowment and other net assets reflects all other activity, including, but not limited to, the investment return in excess of the amount appropriated under

(Continued)

the Board of Trustees' approved spending formula and contributions for endowment and plant purposes.

(c) Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the fair value of certain nonmarketable investments, valuation allowances for receivables and the accrual for postretirement benefits. These estimates and assumptions are based on management's best estimates and judgment. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, which management believes to be reasonable under the circumstances. Management adjusts such estimates and assumptions when facts and circumstances dictate. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates. Changes in those estimates resulting from continuing changes in the economic environment will be reflected in the financial statements in future periods.

(d) Cash and Cash Equivalents

Cash and cash equivalents, representing operating funds, include investments with an original maturity of three months or less.

(e) Investments

Investments are reported in the financial statements at fair value. Investment return includes interest income and dividends and net realized and unrealized gains (losses). The fair value of fixed income and publicly traded equity securities is based upon quoted market prices obtained from active markets, or observable prices that are based on inputs not in quoted markets, but corroborated by market data, as applicable. Shares in mutual funds are based on share values reported by the funds as of the last business day of the fiscal year. Limited partnership interests, private equity and venture capital, as well as other nonmarketable investments, including hedge funds, for which a readily determinable fair value does not exist, are carried at net asset values (or its equivalent) (NAV) provided by the investment managers. Such alternative investment funds may hold securities or other financial instruments for which a ready market exists and are priced accordingly. In addition, such funds may hold assets that require the estimation of fair values in the absence of readily determinable market values. Such valuations are determined by fund managers and consider variables such as financial performance of investments, including comparison of comparable companies' earnings multiples, cash flows analysis, recent sales prices of investments, and other pertinent information and may reflect discounts for the illiquid nature of certain investments held. Because of the inherent uncertainty of valuation for these investments, the investment manager's estimate may differ from the values that would have been used had a ready market existed.

(Continued)

The College utilizes the NAV reported by the managers of each of the alternative investment funds as a practical expedient for estimating the fair value of each 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. Changes to the liquidity provisions of the funds may also significantly impact the fair value of the College's interest in the funds. Additionally, although certain 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 from the reported value, and the difference could be material.

Investment securities are exposed to various risks, such as interest rate, market, and credit risks. The Investment Committee of the College's Board of Trustees continually monitors investment market conditions and the impact on the College's investment portfolio. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

(f) Irrevocable Trusts

Several donors have established irrevocable trusts whereby the College is a beneficiary, but not the trustee. The present value of the portion of the trusts estimated to be distributable to the College upon the termination of the trusts is recorded as an asset of the College.

(g) Land, Buildings, and Equipment, Net

Land, buildings, and equipment are recorded at cost, including interest on funds borrowed to finance construction, at the date of acquisition or estimated fair value at the date of donation. The College's policy is to capitalize assets of $2,000 and over. Depreciation is recorded using the straight-line method with estimated useful lives used in the calculation of depreciation by major category of assets are as follows:

Buildings and building improvements	40 years
Equipment:	
Furniture and other improvements	10 years
Vehicles	7 years
Computer equipment	3 years
Library books	10 years

(h) Deposits and Advances

Deposits and advances include student fees related to the College's summer session and other unearned revenue.

(i) Federal Student Loan Funds

This liability represents Perkins Loan funds provided to students by the federal government through the College. The College is required to collect the loans on behalf of the federal government. The amount due from the students is reported in the College's financial statements as a component of notes receivable.

(j) Pooled Life Income and Charitable Gift Annuities Payable

The liability for the present value of the deferred gifts is based upon estimates of the life expectancy of donors and beneficiaries and discount rates. Circumstances affecting these estimates can change the estimate of the liability in future periods.

(k) Revenue Recognition

Tuition and fees and certain auxiliary enterprise revenues are earned over the academic year as services are provided. Funds received in advance of services provided are included in deposits and advances.

(l) Sponsored Research and Programs

Sponsored activities include various research and instructional programs funded by external parties including the federal government, state governments, and private foundations.

(m) Auxiliary Operations

Auxiliary operations include dining services, residence halls, the College bookstore and ice hockey rink.

(n) Functional Expenses

Depreciation, operations and maintenance costs, interest expense, and employee benefits are allocated to the functional expense categories reported within the operating section of the statements of activities. Depreciation and operations and maintenance costs are allocated based upon the estimated use of facilities and equipment. Interest expense is allocated based on specific identification of the use of debt proceeds. Employee benefits are allocated in relation to salary expense.

(o) Tax Status

The College is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from income tax on related income.

The College recognizes the effect of income tax positions only if those positions are more likely than not of being sustained by the relevant tax authority. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The College believes it has taken no significant uncertain tax positions.

On December 22, 2017, the U.S. President signed into law H.R. 1, originally known as the Tax Cuts and Jobs Act. The new law (Public Law No. 115-97) includes substantial changes to the taxation of individuals, businesses, multinational enterprises and others. In addition to many generally applicable provisions, the law contains several specific provisions that result in changes to the tax treatment of tax-exempt organizations and their donors. The College has reviewed these provisions and, based on current guidance available, believes the enactment of H.R. 1 will not have a material effect on the financial condition and operations of the College.

(p) Commitments and Contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, and other sources are recorded when it is possible that a liability has been incurred and the amount can be reasonably estimated. Legal costs associated with loss contingencies are expensed as incurred.

The College is subject to legal proceedings and claims that arise in the ordinary course of its business. In the opinion of management, the amount of any ultimate liability with respect to those actions will not materially affect the College's financial statements.

The College recognizes a liability for the fair value of conditional asset retirement obligations if their fair values can be reasonably estimated. This liability is initially recorded as an increase to the associated asset and depreciated over the remaining useful life of the asset. The College has identified asbestos abatement as a conditional asset retirement obligation. Asbestos abatement costs are estimated using a per square foot estimate for each impacted location. As of June 30, 2018 and 2017, the College has recorded a liability of $1,157,240 and $1,305,490, respectively, representing the estimated present value of these conditional asset retirement obligations.

Other conditional asset retirement obligations may exist that are not estimable until a triggering event occurs (e.g., building sold) due to the absence of a range of potential settlement dates. Presently, the College does not have sufficient information to estimate the fair value of these obligations but does not believe these items are material to the College's financial statements.

(2) Pledges Receivable

Pledges receivable are expected to be collected as follows at June 30:

		2018	2017
Less than one year	$	5,082,303	6,197,240
Between one year and five years		35,464,274	34,571,156
Greater than five years		9,455,786	11,296,571
		50,002,363	52,064,967
Less:			
Present value discount (0.72%–4.92%)		2,052,159	2,221,331
Allowance for doubtful pledges		1,192,021	1,103,074
	$	46,758,183	48,740,562

(3) Notes and Accounts Receivable

The College extends credit, primarily to students, in the form of notes and accounts receivable for educational expenses. Notes receivable for student loans are expected to be collected within 15 years and interest rates average approximately 7%.

Additionally, notes receivable include employee housing programs, which are expected to be collected within 30 years with interest rates averaging approximately 5.50%.

Notes receivable are recorded at their current unpaid principal balance and associated interest income is accrued based on the principal amount outstanding and applicable interest rates. An allowance for doubtful accounts is recorded, which represents the amount which, in the opinion of management of the College, is necessary to account for probable losses related to current notes receivable. This allowance is determined based upon numerous considerations, including economic conditions, the specific composition of the notes receivable balance, as well as trends of delinquencies and write-offs. On a periodic basis, these factors are considered and the allowance for doubtful accounts is adjusted accordingly with a corresponding adjustment to the provision for allowance for doubtful notes and accounts receivable.

Notes and accounts receivable consist of the following at June 30:

		2018	2017
Notes receivable	$	7,463,597	7,604,696
Accounts receivable		4,950,617	5,967,191
		12,414,214	13,571,887
Less allowance for doubtful accounts		1,706,157	1,662,132
	$	10,708,057	11,909,755

(4) Investments and Fair Value

The fair value and cost of investments by type are as follows at June 30:

		2018		2017	
		Fair value	**Cost**	**Fair value**	**Cost**
Short-term investments	$	19,919,745	19,919,745	25,379,481	25,379,481
Common stocks, mutual and commingled funds		171,863,571	113,244,178	163,937,832	119,868,069
Fixed income – bonds		46,269,284	45,043,963	36,375,665	35,432,735
Private equity and venture capital		50,456,054	38,976,486	37,900,213	33,484,263
Mortgages and other		344,545	338,274	417,301	398,502
Multistrategy funds		26,364,459	19,716,451	25,570,387	19,004,844
Debt-related funds		6,483,471	5,507,510	11,041,993	10,176,946
Hedged equity funds		81,412,217	53,747,100	74,243,542	50,389,038
Emerging markets funds		24,202,627	17,938,948	20,596,191	15,492,484
Distressed debt		21,576,308	9,165,007	19,987,465	9,206,499
Real assets		36,826,467	28,881,843	36,395,813	29,455,662
Assets held in beneficial trust		4,148,737	4,148,737	4,047,705	4,047,705
	$	489,867,485	356,628,242	455,893,588	352,336,228

(Continued)

The College utilizes an endowment spending policy that emphasizes total return. Total return consists of current yield (primarily interest and dividends) as well as the realized and unrealized gains and losses of pooled investments. The College's Board of Trustees designates a portion of the College's total investment return for support of current operations; the remainder is retained to support operations of future years and to offset potential market declines. The pooled endowment total return for the years ended June 30, 2018 and 2017, was approximately 11.9% and 15.2%, respectively.

The following schedule summarizes the investment return and its classification in the statements of activities:

		2018	2017
Interest income and dividends	$	2,811,468	3,297,993
Net realized and unrealized gains		47,720,450	56,101,852
Total return on investments		50,531,918	59,399,845
Investment return designated for current operations		23,976,099	24,504,682
Investment return net of amounts designated for current operations	$	26,555,819	34,895,163

Investment management fees (including any incentive fees) were approximately $9,100,000 and $6,926,000 in 2018 and 2017, respectively. Fees paid of approximately $1,980,000 and $1,385,000 in 2018 and 2017, respectively, were netted against interest income and dividends. The remaining fees are netted against endowment returns.

(a) Fair Value

Fair value represents the price that would be received upon the sale of an asset or paid upon the transfer of a liability in an orderly transaction between market participants as of the measurement date. Except for investments reported at NAV as a practical expedient to estimate fair value, the College uses a three-tiered hierarchy to categorize those assets and liabilities carried at fair value based on the valuation methodologies employed. Financial instruments measured and reported at fair value are classified and disclosed in one of the following categories:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the College has the ability to access at the measurement date.
- Level 2 inputs are observable prices that are based on inputs not quoted in active markets, but corroborated by market data.
- Level 3 inputs are unobservable inputs that are used when little or no market data is available.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

Due from broker represents amounts receivable from unsettled sales and is classified as Level 1 in the fair value hierarchy.

The College's investments as of June 30, 2018, are summarized in the following table:

	Total	Level 1	Level 2	Redemption frequency	Days' notice
Investments measured at fair value:					
Short-term investments	$ 19,919,745	19,919,745	—	Daily	1
Common stocks and mutual funds	40,956,452	40,956,452	—	Daily	4
Fixed income – bonds	46,269,284	46,269,284	—	Daily	1
Mortgages and other	344,545	—	344,545	Daily	1
Debt-related funds	449,644	449,644	—	Daily	15
Emerging markets funds	4,897,051	—	4,897,051	Daily	1
Real assets	11,127,503	11,127,503	—	Daily	1
Assets held in beneficial trust	4,148,737	3,734,004	414,733	Illiquid	N/A
Total investments at fair value	128,112,961	$ 122,456,632	5,656,329		
Investments measured at NAV:					
Commingled funds:					
U.S. equities	71,225,682			Annual rolling – 5 years	30–90
International equities	59,681,437			Monthly – Quarterly	6–60
Private equity and venture capital	50,456,054			Illiquid	N/A
Multistrategy funds	26,364,459			Annual – Illiquid	60–N/A
Debt-related funds	6,033,827			Monthly	30–60
Hedged equity funds	81,412,217			Monthly – Illiquid	60–N/A
Emerging markets funds	19,305,576			Monthly – Quarterly	6–90
Distressed debt	21,576,308			Semi Annual – Illiquid	60–N/A
Real assets	25,698,964			Illiquid	N/A
Total investments measured at NAV	361,754,524				
Total investments	$ 489,867,485				

The College's investments as of June 30, 2017, are summarized in the following table:

		Total		Level 1	Level 2	Redemption frequency	Days' notice
Investments measured at fair value:							
Short-term investments	$	25,379,481		25,379,481	—	Daily	1
Common stocks and mutual funds		35,945,950		35,945,950	—	Daily	4
Fixed income – bonds		36,375,665		36,375,665	—	Daily	1
Mortgages and other		417,301		—	417,301	Daily	1
Debt-related funds		5,250,904		5,250,904	—	Daily	15
Emerging markets funds		2,449,327		—	2,449,327	Daily	1
Real assets		11,043,299		11,043,299	—	Daily	1
Assets held in beneficial trust		4,047,705		3,491,837	555,868	Illiquid	N/A
Total investments at fair value		120,909,632	$	117,487,136	3,422,496		
Investments measured at NAV:							
Commingled funds:							
U.S. equities		81,633,092				Quarterly rolling – 5 years	30–90
International equities		46,358,790				Monthly – Quarterly	6–60
Private equity and venture capital		37,900,213				Illiquid	N/A
Multistrategy funds		25,570,387				Quarterly – Illiquid	60–N/A
Debt-related funds		5,791,089				Monthly	30–60
Hedged equity funds		74,243,542				Monthly rolling- 3 years	60–90
Emerging markets funds		18,146,864				Monthly – Quarterly	6–90
Distressed debt		19,987,465				Quarterly – Illiquid	60–N/A
Real assets		25,352,514				Illiquid	N/A
Total investments measured at NAV		334,983,956					
Total investments	$	455,893,588					

There were no Level 3 investments, nor were there transfers between Level 1 and Level 2 investments during the years ended June 30, 2018 or 2017.

(b) Liquidity

The limitations and restrictions on the College's ability to redeem or sell these investments vary by investment and range from required notice periods (generally 30 to 180 days after initial lock-up periods) for certain limited partnership and hedge funds, to specified terms at inception (generally 10 years) associated with private equity and venture capital interests. Based upon the terms and conditions in effect at June 30, 2018, the College's investment funds can be redeemed or sold as follows:

Investments redemption period:		
Daily	$	124,014,223
Monthly		66,370,643
Quarterly		40,951,904
Semi-annual		23,337,750
Annual		37,898,856
1 year		67,221,395
3 years		49,718,042
Locked-up until liquidated		80,354,672
Total	$	489,867,485

Investment funds that are in the locked-up until liquidated category are primarily related to private equity and venture capital investments. The period of time until liquidation is not necessarily determinable by management, as liquidation terms are at the discretion of the applicable fund's investment manager subject to market conditions and the underlying complexities of the individual investments. These liquidity restrictions have been in effect since the initial purchase of the applicable funds, which date back as far as 2002.

Under the terms of certain limited partnership agreements, the College is obligated periodically to advance additional funding for certain funds that the College is invested in. At June 30, 2018, the College had commitments of approximately $21,128,000, due through June 2028, for which capital calls had not been exercised. Such commitments generally have fixed expiration dates or other termination clauses. The College maintains sufficient liquidity in its investment portfolio to cover such calls.

(5) Endowment

The College's endowment and similar funds consist of gifts restricted by donors, unrestricted net assets designated by management and the Board of Trustees for long-term support of the College's activities, and the accumulated investment return on these gifts and designated assets. Accumulated investment return consists of total endowment net investment return that has not been appropriated by the Board of Trustees for expenditure to support the operating activities of the College. Generally, only a portion of accumulated net investment return is made available for spending each year in accordance with an endowment utilization policy approved by the Board of Trustees and in accordance with the laws of the State of New York.

College designated endowment funds are unrestricted net assets that may be re-designated for authorized expenditures. At June 30, 2018 and 2017, endowment and similar funds balances are approximately

$456,500,000 and $427,600,000, respectively, which includes pooled endowment net assets of approximately $427,800,000 and $397,300,000, respectively.

The College follows the New York Uniform Prudent Management of Institutional Funds Act (NYPMIFA) in the management of its endowment. The College has interpreted NYPMIFA as allowing the College to spend or accumulate the amount of an endowment fund that the College determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. The College classifies as permanently restricted net assets (a) the original values of gifts donated to permanent endowments, (b) the original values of subsequent gifts to permanent endowments, and (c) accumulations to permanent endowments made in accordance with the directions of the applicable donors' gift instruments at the times the accumulations are added to the funds. The portion of a donor restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for spending by the College's Board of Trustees in a manner consistent with the standard of prudence prescribed by NYPMIFA.

In accordance with NYPMIFA, the Investment Committee of the College's Board of Trustees considers the following factors in making a determination to appropriate or accumulate endowment funds:

- The duration and preservation of the fund
- The purposes of the College and the endowment fund
- General economic conditions
- The expected total return from income and the appreciation of investments
- Other resources of the College
- Where appropriate and where circumstances would otherwise warrant, alternatives to expenditure of and endowment fund, giving due consideration to the effect that such alternatives may have on the College
- The investment policies of the College

Total endowment net assets are classified as follows at June 30:

	2018			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor restricted	$ (2,356,133)	152,529,339	168,949,402	319,122,608
Board designated	137,404,978	—	—	137,404,978
Total	$ 135,048,845	152,529,339	168,949,402	456,527,586

	2017			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor restricted	$ (2,782,966)	135,964,412	164,503,173	297,684,619
Board designated	129,901,934	—	—	129,901,934
Total	$ 127,118,968	135,964,412	164,503,173	427,586,553

(Continued)

The following is a summary of the changes in endowment net assets for the year ended June 30, 2018:

	Board designated Unrestricted	Donor restricted Temporarily restricted	Donor restricted Permanently restricted	Total
Pooled endowment net assets, June 30, 2017	$ 116,333,402	130,404,675	150,595,950	397,334,027
Gifts and other additions:				
Contributions (excluding pledges)	23	152	3,821,144	3,821,319
Investment income added to principal	794,913	—	—	794,913
Transfers from (to) other funds	(876,899)	—	436,007	(440,892)
Subtotal	(81,963)	152	4,257,151	4,175,340
Investment income:				
Interest and dividends	324,001	—	—	324,001
Net realized and unrealized gains	16,545,434	30,922,733	—	47,468,167
Subtotal	16,869,435	30,922,733	—	47,792,168
Income distributed for operating purposes:				
Cash and accrued interest and dividends	324,001	—	—	324,001
Gains used to meet endowment spending	6,802,798	14,361,833	—	21,164,631
Subtotal	7,126,799	14,361,833	—	21,488,632
Pooled endowment net assets, June 30, 2018	125,994,075	146,965,727	154,853,101	427,812,903
Other endowment and similar net assets, June 30, 2017	10,785,566	5,559,737	13,907,223	30,252,526
Investment income:				
Interest and dividends	203,324	—	—	203,324
Net realized and unrealized gains	17,652	—	—	17,652
Subtotal	220,976	—	—	220,976
Contributions (excluding pledges)	—	116,112	209,256	325,368
Actuarial adjustments	31,307	—	—	31,307
Other changes	(1,983,079)	(112,237)	(20,178)	(2,115,494)
Other endowment and similar net assets, June 30, 2018	9,054,770	5,563,612	14,096,301	28,714,683
Total endowment and similar net assets, June 30, 2018	$ 135,048,845	152,529,339	168,949,402	456,527,586

The following is a summary of the changes in the endowment net assets for the year ended June 30, 2017:

	Board designated	Donor restricted		
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Pooled endowment net assets, June 30, 2016	$ 100,623,476	111,931,288	147,500,770	360,055,534
Gifts and other additions:				
Contributions (excluding pledges)	18	152	3,848,665	3,848,835
Investment income added to principal	476,188	—	—	476,188
Transfers from (to) other funds	1,019,527	—	(753,485)	266,042
Subtotal	1,495,733	152	3,095,180	4,591,065
Investment income:				
Interest and dividends	523,077	—	—	523,077
Net realized and unrealized gains	21,117,019	32,777,098	—	53,894,117
Subtotal	21,640,096	32,777,098	—	54,417,194
Income distributed for operating purposes:				
Cash and accrued interest and dividends	523,077	—	—	523,077
Gains used to meet endowment spending	6,902,826	14,303,863	—	21,206,689
Subtotal	7,425,903	14,303,863	—	21,729,766
Pooled endowment net assets, June 30, 2017	116,333,402	130,404,675	150,595,950	397,334,027
Other endowment and similar net assets, June 30, 2016	9,664,504	5,543,052	13,962,962	29,170,518
Investment income:				
Interest and dividends	199,910	—	—	199,910
Net realized and unrealized gains	1,005,461	—	—	1,005,461
Subtotal	1,205,371	—	—	1,205,371
Contributions (excluding pledges)	—	71,718	—	71,718
Actuarial adjustments	1,002,363	—	—	1,002,363
Other changes	(1,086,672)	(55,033)	(55,739)	(1,197,444)
Other endowment and similar net assets, June 30, 2017	10,785,566	5,559,737	13,907,223	30,252,526
Total endowment and similar net assets, June 30, 2017	$ 127,118,968	135,964,412	164,503,173	427,586,553

(a) Spending Policy

The College has a policy of appropriating for distribution to the budget each year a percentage of its pooled endowment based on the three-year average market value as of June 30, with a one-year lag. For the year ended June 30, 2018, the three fiscal years used in the calculation are the fiscal years ended June 30, 2014, 2015, and 2016. For the year ended June 30, 2017, the three fiscal years used in the calculation are the fiscal years ended June 30, 2013, 2014, and 2015.

The total pooled endowment spending was 5.32% and 5.72% for the fiscal years ended June 30, 2018 and 2017, respectively. This rate includes the base spending rate of 4.86% and 5.05% for the fiscal years ended June 30, 2018 and 2017, respectively, as well as additional spending that was undertaken to launch the College's Minerva Houses (the U2K initiative). The Board of Trustees approved in 2001 additional endowment spending to cover the debt service and other costs associated with the Minerva House System project, one of the College's most important academic initiatives.

(b) Return Objectives and Risk Parameters

Investment objectives focus on generating a return sufficient to cover the spending rate, inflation, and the preservation of the purchasing power of the endowment while minimizing investment risk in the portfolio. The College is committed to a long-term investment policy that is based on balancing principles of strong growth over time, diversity of the portfolio, liquidity for the annual draw, and benchmarking against market indices and appropriate peer schools. Growth in the endowment depends on contributions to the endowment from capital campaigns, the success of investment management, and the rate at which income is withdrawn from the endowment in support of the College's operating budget. The Investment Committee of the College's Board of Trustees meets quarterly to discuss various issues such as investment performance, market outlook, and liquidity needs.

(c) Funds with Deficiencies

As of June 30, 2018 and 2017, certain endowment funds have a current market value per share that is less than the original market value per share at the time of gift. Where normal investment performance has driven the endowment fund below the historic dollar value, the account is commonly termed "underwater".

For funds that are underwater, the gap between the current income and the spending formula is covered through appropriations from other board designated endowments and accumulated realized gains on these board designated endowments or other unrestricted funds. At June 30, 2018, 114 endowment accounts (approximately 9% of the total number of pooled endowment accounts), totaling approximately $26,000,000, were underwater with total market value less than book of approximately $2,400,000. At June 30, 2017, 149 endowment accounts (approximately 12% of the total number of pooled endowment accounts), totaling approximately $29,000,000, were underwater with total market value less than book of approximately $2,800,000.

(6) Land, Buildings, and Equipment

The following is a summary of land, buildings, and equipment at June 30:

		2018	2017
Land	$	101	101
Buildings		167,907,643	167,809,504
Improvements		97,787,942	95,564,034
Equipment		120,076,420	112,431,921
Library books		40,941,086	40,383,626
Construction in progress		56,737,960	21,659,783
		483,451,152	437,848,969
Less accumulated depreciation		(253,788,897)	(243,488,248)
	$	229,662,255	194,360,721

Capitalized interest was $3,063,298 and $795,918 during the years ended June 30, 2018 and 2017, respectively. Depreciation expense and change in asset retirement obligation was $10,583,988 and $10,579,883 for the years ended June 30, 2018 and 2017, respectively. For the years ended June 30, 2018 and 2017, fixed assets (original cost) disposed were $470,163 and $383,092, respectively, resulting in losses on disposal of $38,571 and $37,410, respectively.

At June 30, 2018, the College has outstanding contracts totaling approximately $39,250,000, a majority of which relates to the renovation of the Science and Engineering Center. Completion of this project is expected to occur within the next two years.

(7) Long-Term Debt

The following is a summary of long-term debt:

	Maturity date	Interest rate		Outstanding at June 30 2018	Outstanding at June 30 2017
2012A Issue – Refunding Revenue Bond	2032	Fixed at 3.82%	$	21,530,356	22,702,168
2013 Taxable Bonds – M&T Trust Company	2043	Fixed at 5.642%		39,100,706	39,048,334
2013 Capital Lease – First American	2019	Fixed at 4.006%		130,073	191,377
2015 Taxable Bonds – M&T Trust Company	2036	Fixed at 4.877%		10,037,698	10,027,848
2015A Taxable Bonds – M&T Trust Company	2032	Fixed at 3.95%		26,844,102	27,847,252
2017 Tax-exempt Bond – M&T Trust Company	2047	Fixed at 5.00%		73,009,921	73,309,056
Total debt			$	170,652,856	173,126,035

Interest expense on long-term debt was $4,752,284 and $5,126,368 for 2018 and 2017.

Proceeds of long-term debt have been used by the College to primarily finance building and construction programs, as well as student loan programs. The College is required to maintain various reserve accounts in conjunction with the debt agreements that are reported as deposits with bond trustees on the statements of financial position. Deposits with bond trustees are classified as Level 1 in the fair value hierarchy. Certain debt is collateralized by municipal bond insurance.

In April 2012, the College borrowed $21,640,000 through the Schenectady County Capital Resource Corporation, utilizing a tax-exempt revenue bond. The debt was used to refinance amounts outstanding on prior debt issues. The final maturity of the bond will be July 1, 2032, subject to the College’s optional redemption on June 1, 2022.

In November 2013, the College borrowed $40,410,000 through taxable financing, with JPMorgan acting as the underwriter. The debt will be used for the project costs of various building renovation/construction projects through 2019. The final maturity of the bond will be November 15, 2043 with a balloon payment due.

In June 2015, the College borrowed $10,215,000 through taxable financing, with JPMorgan acting as the underwriter. The debt will be used for the project costs of various building renovation/construction projects occurring over the next four years. The final maturity of the bond will be July 1, 2035 with a balloon payment due.

In October 2015, the College borrowed $28,325,000 through taxable financing, with JP Morgan Chase acting as the underwriter. The debt was used to refinance amounts outstanding on prior debt issue. The final maturity of the bond will be July 1, 2031.

In April 2017, the College borrowed $74,702,514 through the Schenectady County Capital Resource Corporation, utilizing a tax-exempt revenue bond. $50,000,000 of the debt will be used toward the financing of the renovation/construction of the Science and Engineering Center. $15,300,000 was used to refund the Series 2010 bonds. The remaining amount of the debt proceeds was used to fund the Capitalized Interest Fund in the amount of $7,900,000, as well as costs of issuance. The final maturity of the bond will be January 1, 2047. The bonds were issued at a premium of approximately $10,000,000.

Principal payments and maturities of long-term debt at June 30, 2018 are summarized as follows:

Year ending June 30:		
2019	$	2,238,759
2020		2,316,313
2021		5,430,000
2022		5,525,000
2023		5,635,000
Thereafter		141,270,000
Principal maturities		162,415,072
Add unamortized bond premium		11,789,879
Less unamortized bond discounts		(1,198,100)
Less deferred cost of issuance		(2,353,995)
Total long-term debt	$	170,652,856

Line of Credit

The College has an unsecured line of credit in the amount of $5,000,000 with Bank of America, which expires March 21, 2019. Each advance under the line of credit will carry one of two interest rates: a variable rate equal to the Bank of America prime rate or a fixed rate equal to the one-month LIBOR rate plus 0.70% (adjusted each month). During the years ended June 30, 2018 and 2017, the College had not borrowed against this line of credit.

(8) Benefit Plans

(a) Retirement Plan

The College has a defined contribution retirement plan under arrangements with Teachers’ Insurance and Annuity Association and College Retirement Equities Fund (TIAA-CREF) and Fidelity, which provide for purchases of annuities and investments for all of its faculty members and nonacademic employees.

The College’s contribution expense under this plan was $5,662,062 and $5,614,613 for the years ended June 30, 2018 and 2017, respectively.

(b) Postretirement Healthcare Plan

The College has also elected to pay for a portion of healthcare benefits for retired employees based upon years of service at retirement date. The College recognizes the cost of healthcare benefits on an accrual basis over the working lifetime of employees.

The College provides health insurance benefits for eligible employees upon retirement and recognizes the overfunded or underfunded status of a defined benefit postretirement plan as an asset or liability and recognizes changes in that funded status in the year they occur. The College uses a June 30 measurement date for its postretirement healthcare plan (the Plan).

The Plan's funded status, amounts recognized, significant assumptions used, contributions made, and benefits paid as of and for the years ended June 30, 2018 and 2017 are as follows:

		2018	2017
Change in benefit obligations:			
Benefit obligation at beginning of year	$	9,894,443	13,271,312
Service cost		346,159	527,992
Interest cost		300,085	418,485
Plan amendments		—	(2,480,360)
Actuarial (gain) loss		(289,647)	80,526
Benefits paid		(865,223)	(463,998)
Curtailments		—	(1,459,514)
Benefit obligation at end of year	$	9,385,817	9,894,443

		2018	2017
Accrued benefit cost:			
Funded status	$	(9,385,817)	(9,894,443)
Weighted average assumptions as of June 30:			
Discount rate – benefit obligation		3.70 %	3.07 %
Discount rate – periodic postretirement benefit cost		3.07	3.20

For measurement purposes, a 6.6% annual rate of increase in the per capita cost of covered healthcare benefits was assumed for 2018. The rate was assumed to decrease to 6.0% for 2019, and then decrease gradually from 5.4% to 4.0% for 2020 and thereafter.

		2018	2017
Components of net periodic benefit cost:			
Service cost	$	346,159	527,992
Interest cost		300,085	418,485
Amortization of loss		130,863	211,711
Amortization of prior service credit		(415,310)	(93,832)
Effect of curtailment		—	(33,594)
Net periodic postretirement benefit cost	$	361,797	1,030,762

Amounts recorded in unrestricted net assets as of June 30, 2018 and 2017, but not yet amortized as components of net periodic benefit costs are as follows:

		2018	2017
Unamortized prior service credit	$	2,165,616	2,580,926
Unamortized actuarial loss		(1,332,882)	(1,753,392)
Amount recognized as an increase in unrestricted net assets	$	832,734	827,534

The amortization of the above items expected to be recognized in net periodic costs for the year ending June 30, 2019 is ($317,000).

Assumed healthcare cost trend rates may have a significant effect on the amounts reported for the healthcare plan. A one-percentage-point change in the healthcare trend rates would have the following effect:

		One-percentage-point	
		Increase	Decrease
Effect on total of service and interest cost components	$	28,476	(25,453)
Effect on postretirement benefit obligation		289,430	(262,281)

The following benefit payments, which reflect expected future service and the impact of the Medicare Part D subsidy, as appropriate, are expected to be paid:

		Postretirement benefit payments
2019	$	934,882
2020		948,499
2021		921,913
2022		953,744
2023		978,487
2024–2028		4,644,624
Total	$	9,382,149

(9) Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets consist of the following at June 30:

		2018	2017
Pledges for instruction, scholarship, facilities, and other departmental support	$	42,717,665	43,552,606
Capital projects		29,251,647	21,596,932
Pooled term endowments		146,965,727	130,404,675
Life income and annuity agreements		2,213,764	2,169,432
Funds in trust and other nonpooled endowments		3,349,848	3,390,305
Annual restricted scholarships and other funds		4,481,304	5,121,538
Total	$	228,979,955	206,235,488

Permanently restricted net assets consist of the following at June 30:

		2018	2017
Pledges to endowment for scholarship and other departmental support	$	4,040,518	5,187,956
Pooled endowments		154,853,101	150,595,950
Nonpooled endowments		7,627,331	7,627,331
Life income and annuity agreements		1,076,346	887,268
Funds in trust		5,392,624	5,392,624
Total	$	172,989,920	169,691,129

(10) Expenses and Discounts Prior to Allocation

The following table compares expenses and student aid, reported as a reduction of tuition, fees, room and board in the statements of activities, for the years ended June 30, 2018 and 2017, prior to the allocation of operations and maintenance of plant, employee benefits, depreciation, and interest expense:

		2018	2017
Instructional and departmental research	$	31,356,135	31,282,435
Sponsored research programs		917,155	557,148
Academic support		8,590,933	8,173,143
Student services		5,696,532	5,558,598
Institutional support		18,523,001	18,046,278
Intercollegiate athletics		5,975,262	6,039,469
Student aid		47,842,011	44,815,567
Auxiliaries operations		12,768,583	12,857,317
Other		1,057,075	719,064
Total expenses and discounts prior to allocation		132,726,687	128,049,019

(Continued)

		2018	2017
Operations and maintenance of plant	$	11,042,271	11,044,791
Employee benefits		20,966,201	23,651,335
Depreciation and change in asset retirement obligations		10,583,988	10,579,883
Interest on long-term debt		4,752,284	5,126,368
Total allocated expenses		47,344,744	50,402,377
Total	$	180,071,431	178,451,396

Included in institutional support are $4,756,836 and $4,855,106 of fund-raising expenses for the years ended June 30, 2018 and 2017, respectively. Costs incurred include expenses related to solicitation activities to obtain gifts and bequests, as well as special cultivation events that may result in contributions that will be received in future periods.

(11) Collections

The College's collections are made up of approximately 19,000 objects and their estimated fair value is approximately $19,400,000. The College's policy is not to capitalize its collections. The College's collections comprise paintings and portraits, furniture, works on paper, scientific instrumentation, and other objects.

The College's collections are held for educational, research, scientific, and curatorial purposes. Each of the items is catalogued, preserved, and cared for, and activities verifying their existence and assessing their condition are performed periodically. All proceeds resulting from the deaccession of objects from the permanent collection are allocated for the benefit of the collections. During the years ended June 30, 2018 and 2017, no objects were deaccessioned.

(12) Subsequent Events

For purposes of determining the effects of subsequent events on these financial statements, management has evaluated events subsequent to June 30, 2018 and through October 19, 2018, the date on which the financial statements were issued.