DCLDC

Dutchess County Local Development Corporation

Application For Financial Assistance

3 Neptune Road
Poughkeepsie, NY 12601
Ph: 845.463.5400 Fx: 845.463.5401
Email: dcedc@dcedc.com
www.dcedc.com

For Office Use Only
Project #:

Application Received Date:

Application To Dutchess County Local Development Corporation

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General Information

Application Fee: **$250.00 made payable to DCLDC; due at time of application.**

Administrative Fee: 1% of the first $2.5 million and .25% (1/4 of 1%) of the amount in excess of $2.5 million; due at closing, based upon the amount of the bonds or, in the case of a straight lease transaction, the certified cost of the project.

Instructions

1. Dutchess County Economic Development Corporation (DCEDC) has no authority in the approval of applications and acts only to facilitate appropriate referral to the Dutchess County Local Development Corporation (DCLDC). Applicants may approach the DCLDC directly, however, if you need assistance or require additional information please contact DCEDC at (845)-463-5400.

2. Please answer all questions, attaching additional information as needed. Make sure to indicate "not applicable" or "NA" where appropriate.

3. When submitting the application, be sure to include a check in the amount of $250.00 made payable to Dutchess County Local Development Corporation.

4. Please complete the Short-Form Environmental Assessment Form (Appendix A) and submit evidence of any prior environmental review by other government agencies.

5. Please submit one copy of the completed application to:

Dutchess County Local Development Corporation
3 Neptune Road
Poughkeepsie, NY 12601

Information provided herein will not be made public by the DCLDC prior to the passage of an Inducement Resolution, but may be subject to disclosure under the New York Freedom of Information Act.

This application was prepared by the Dutchess County Economic Development Corporation (DCEDC). Any questions or concerns should be directed to DCEDC at the address below.

Dutchess County Economic Development Corporation
3 Neptune Road
Poughkeepsie, NY 12601

Project Description and Purpose:
Refunding the Dutchess County IDA's outstanding variable rate demand civic facility revenue bonds, Series 2000-A, issued on behalf of the Borrower, the proceeds of which were loaned to the Borrower. The Closing costs will be included in the financing.

A. CORPORATION DATA

1. Applicant Information

Corporation Name: Marist College

Address: 3399 North Road
Poughkeepsie, NY 12601

Phone: (845) 575-3161

Fax: (845) 575-3223

Email: john.pecchia@marist.edu

Federal Employer ID Number: 14-1442493

Contact Person Name: John P. Pecchia Title: VP for Business Affairs/CFO

2. Entity Information

Not-For-Profit Corporation :Yes

Date of Establishment? 1946

Place of Organization? New York
If a foreign organization, is Applicant authorized to do business in State of New York? ________

3. Officers and Directors
List all Officers and Directors of the Not-For Profit Corporation.
See attached

Please provide a schematic of corporate structure if applicant is a subsidiary of or is otherwise affiliated with another entity.

4. Applicant's Counsel

Name: Michael G. Gartland, Corbally Gartland & Rappleyea

Address: 35 Market Street

Poughkeepsie, NY 12601

Phone: (845) 454-1110 Fax: (845) 454-4857

Email: mgg@cgrlaw.com

B. PROJECT INFORMATION

1. Describe the proposed acquisition, construction, or reconstruction, and provide a description of costs and expenditures expected. Indicate size of buildings and square feet by usage (i.e.: office, R&D, manufacturing, retail). Describe and list equipment to be purchased as part of the project. Use attachment if necessary.

   Refunding the Dutchess County IDA's outstanding variable rate demand civic facility revenue bonds, Series 2000-A, issued on behalf of the Borrower, the proceeds of which were loaned to the Borrower. The Closing costs will be included in the financing.

2. Project Address
   3399 North Road

   a. List Name of Town or City in which project is located: Town of Poughkeepsie
   b. List Name of School District in which project is located: Poughkeepsie
   c. List Name of Fire District, if any, in which project is located: Fairview
   d. List any other taxing authorities, if any, in which the project is located: N/A

3. Utilities: Indicate which, if any, utilities are on site

☒ Water ☒ Electric
☒ Gas ☒ Sanitary/Storm Water

4. Present legal owner of site:
   Marist College and Marist Real Property Services, Inc

5. Zoning of Project Site:

   Current ______________________

   Proposed No change

6. Are any variances needed? If so, please list:
   No

7. Principal use of Project after completion: N/A

8. Facility Relocation or Closure: N/A

   Will the project result in the removal of a plant or facility of the Applicant from one area of the State of New York to another area of the State of New York? ☐ Yes ☒ No

   Will the project result in the removal of a plant or facility of another proposed occupant of the Project from one area of the State of New York to another area of the State of New York? ☐ Yes ☒ No

   Will the Project result in the abandonment of one or more plants or facilities located in the State of New York? ☐ Yes ☒ No

   Will the project result in increased employment ☐ Yes ☒ No

9. Any Known Environmental Issues: ☐ Yes ☒ No
   If yes, please list:

   ____

   ____

C. COST/BENEFIT ANALYSIS

1. Costs = Financial Assistance Provided

   Estimated Mortgage Recording Tax Exemption =

Projected Amount of Mortgage	$
x Mortgage Recording Tax	x .0105
Total:	$ N/A

   (Consult with DCEDC for assistance with this calculation)

2. Benefits = Economic Development Impacts **All Not Applicable**

Employment	**Full time**	**Part Time**	**Seasonal**	**Total FTE**
Current number of employees at project location				
Number of current employees to be retained				
Estimated average annual salary of jobs to be retained				
Projected number of employees after year 1				
Projected number of employees after year 2				
Average estimated annual salary of jobs to be created				

Annualized salary range of jobs to be created ______ To: ______

	Temporary	Permanent
Projected No. of Construction Jobs		

Are employees currently covered by a collective bargaining agreement?
If yes, Name and Local.
Yes. SEIU Local 200 and CWA Local 1120

Are employees provided retirement benefits? ☒ Yes ☐ No

Are employees provided health benefits? ☒ Yes ☐ No

New York State corporate taxes paid in prior year $ 0

Private funds invested in this project $ 0

Net new property tax payments resulting from this project $ 0

D. PROJECT COSTS

1. Facility Costs

Please give an accurate estimate of the costs of all of the following items.

Real Estate (Acquisition cost of land and /or existing structures)	$
Construction (How much will be spent on improvements to the existing real estate)	$
Professional Services (Architect, Legal Fees[1], Engineering fees)	$
Other Taxable (Spending that will be subject to sales tax – i.e. machinery and equipment)	$
Other Tax Exempt (non-construction spending that will not be subject to sales tax)	$
Other (please specify)	$
Project Cost	$

2. Financing, Legal, Miscellaneous

Please include estimated costs of Applicant's Counsel, Agency Counsel, Bond Counsel, Underwriter Counsel and Trustee Counsel. Agency costs such as public hearings and legal notice fees are the responsibility of the Applicant from the time an application is submitted. Applicants are encouraged to discuss the project with DCEDC in order to estimate costs.

IDA Administrative Fees (See page 1)	$ 53,237
IDA Counsel	$ 7,500
Applicant Counsel	$ 15,000
Transaction Counsel	
Bond Counsel	$ 20,000
Underwriter Counsel	
Trustee Counsel	$ 2,500
Other Costs of Bond Issue (i.e. printing)	$ 2,000
If this is a bond transaction, will you be refunding bonds? And if so state amount here	$ 13,795,000
Total Fees	$ 13,895,237

3. SOURCES

Amount of equity	$	
Amount of other conventional financing	$	
Amount financed by bond issue	$	13,895,237
Total Project Cost...		$13,895,237

1. Total Funds Required __13,895,237___________ Term ___30 years_______________

2. What portion, if any, of the cost of the Project is to be financed from funds of the Corporation other than from the proposed bond issue?

   ______None____

3. What is the dollar value of "capital expenditures" (as determined in accordance with the provisions of the Internal Revenue Code) that the Corporation or any related Corporation or person has expended within this County within the last three (3) years? __N/A________

4. Has the Corporation arranged for the marketing or the purchase of the bond(s)?
   If so, please explain.
   Yes. TD Bank will do a direct purchase.

E. PROJECT CONSTRUCTION SCHEDULE

1. What is the proposed date for commencement of construction or acquisition of the Project?
   N/A

2. Give an accurate estimate of time schedule to complete the Project and when the first use of Project Funds is expected to occur.
   N/A

3. At what time(s) and in what amount(s) is it estimated that funds will be required?
   N/A

   Will the Corporation be occupying 100% of the completed facility? ☐ Yes ☐ No
   If no, will there be tenants in the remaining space? ______ Any tenant shall be required to submit annual employee statistics as a condition of the lease.

F. CORPORATION FINANCIAL INFORMATION

Please attach the following information:

1. The Corporation's Audited financial statements for the last two years.

2. A copy of the Corporation's most recent Annual Report.

3. The Corporation's income projections.

ITEMS NEEDED FOR A BOND CLOSING

The following items shall be furnished to the LDC within thirty (30) days following a bond closing:

1. Cost of Issuance
2. True Interest Cost
3. CUSIP Number
4. Interest type or rate
5. Trustee bank, address, contact person, and account number
6. Schedule of indebtedness
7. Any other documentation reasonably requested by the DC LDC

Please sign below to indicate that you have read and understand the above and will provide information on a timely basis.

John P. Pecchia

Chief Executive Officer of Applicant

Jan. 4, 2016

Date

CERTIFICATION

JOHN P. PECCHIA deposes and says that he is
(Name of ~~CEO~~ CFO of Corporation submitting application)

the V.P. for Business Affairs / CFO of MARIST College,
(Title) (Corporation Name)

the corporation named in the attached application; that he has read the forgoing application and knows the contents thereof; that the same is true to his knowledge.

Deponent further says that the reason this verification is being made by the deponent and not by Marist College is because it is a Corporation.
(Corporation Name)

The grounds of deponent's belief relative to all matters in the said application which are not stated upon his own personal knowledge, are investigations which deponent has caused to be made concerning the subject matter of this application as well as information acquired by deponent in the course of his duties as an officer of and from the books and papers of said corporation.

As an officer of said corporation (hereinafter referred to as the "applicant"), deponent acknowledges and agrees that applicant shall be and is responsible for all costs incurred by the Dutchess County Local Development Corporation (hereinafter referred to as the "Agency") acting on behalf of the applicant during the attendant negotiations and leading to the issue of bonds. If, for any reason whatsoever, the applicant fails to conclude or consummate necessary negotiations or fails to act within a reasonable or specified time to take reasonable, proper, or request action, or withdraws, abandons, cancels, or neglects the application, or if the Agency or applicant are unable to find buyers willing to purchase the total bond issue required, then upon presentation of invoice, applicant shall pay to the Agency, its' agents, or assigns, all actual costs incurred with respect to the application, up to that date and time, including fees of bond counsel for the Agency and fees of general counsel for the Agency. Upon successful conclusion and sale of the required bond issue, the applicant shall pay to the Agency an administrative fee set by the Agency not to exceed an amount equal to 1% of the total project cost financed by the bond issue, in accordance with the adopted fee schedule of the Agency.

John P. Pecchia
(Chief Officer of Corporation submitting)

JOHN P. Pecchia	CFO	01/04/2016
Print Name	Title	Date

NOTARY: Sworn to me before this 4 day of January, 2016

Jayne M Griesemer
Notary Public (Please Affix Stamp)

JAYNE M. GRIESEMER, NOTARY PUBLIC
Qualified in Dutchess County, NYS
Reg. No. 01GR5074613
Commission Expires 3/17/19

NEW YORK STATE FINANCIAL REPORTING REQUIREMENTS FOR LOCAL DEVELOPMENT AGENCIES

1. New York Law requires financial reporting requirements from all LDC's in New York State.

   a. All bonds issued, outstanding or retired during the year must indicate the following:

   Month and year issued; Interest rate at year end; outstanding beginning of year; issued during year; principal payments during year; outstanding at end of year; and final maturity date. This information will be requested from you in January of each year.

   b. All new bonds issued need the following supplemental information:

   Name of the project; tax exemptions separated by State and local sales tax, County and school taxes; Mortgages recording; Payments in lieu of taxes; New tax revenue if no exemption is granted; number of jobs created and other economic benefits. This information is required each year and will be requested from you in September of each year.

2. The Public Authority Accountability Act of 2005 and the Public Authorities Reform Act of 2009, if determined applicable, impose additional reporting requirements on the DCLDC. The applicant agrees to promptly, diligently and accurately provide all information required by the DCLDC to meets its obligations under these laws.

   Please sign below to indicate that you have read and understand the above and will provide information on a timely basis.

John P. Pecchia, CFO — Jan. 4, 2016

Chief Executive Officer of Applicant — Date

NEW YORK STATE EMPLOYMENT REPORTING REQUIREMENTS

Job Listings

The Applicant understands and agrees that, if the Project receives any Financial Assistance from the DCLDC, except as otherwise provided by collective bargaining agreements, new employment opportunities created as a result of the Project will be listed within the New York State Department of Labor Community Services Division (the DOL) and with the One-Stop Center of the service delivery area created by the federal Workforce Investment Act (WIA) in which the Project is located.

First Consideration for Employment

The Applicant understands and agrees that, if the Project receives any Financial Assistance from the Agency, except as otherwise provided by collective bargaining agreements, where applicable, the Applicant will first consider persons eligible to participate in WIA programs who shall be referred by the One-Stop Center for new employment opportunities created as a result of the Project.

Annual Employment Reports

The Applicant understands and agrees that, if the Project receives any Financial Assistance from the Agency, the Applicant agrees to file, or cause to be filed, with the Agency, on an annual basis, reports regarding the number of people employed at the project site.

Signed: John P. Peckens, CFO
Corporation Officer

Date: Jan. 4, 2016

ABSENCE OF CONFLICTS OF INTEREST

The Applicant has received from the Agency a list of the directors, officers and employees of the Agency. No director, officers or employees of the Agency has an interest, whether direct or indirect, in any transaction contemplated by this Application, except as hereinafter described:

None known

The Applicant and the individual executing this Application on behalf of the Applicant acknowledge that the Agency will rely on the representations made herein when acting on this Application and hereby represent that the statements made herein do not contain any untrue statement of a material fact and do not omit to state a material fact necessary to make the statements contained herein not misleading.

Applicant: John P. Pecchia

By: MARIST College

Name: John Pecchia

Title: V.P. for Business Affairs / CFO

Board of Trustees

Officers:

Dr. Dennis J. Murray, President

Dr. Geoffrey L. Brackett, Executive Vice President

John P. Pecchia, Vice President for Business Affairs/CFO

Dr. Thomas S. Wermuth, Vice President for Academic Affairs/Dean of Faculty

Consolidated Financial Statements and
Report of Independent Certified Public Accountants

MARIST COLLEGE AND AFFILIATES

For the years ended June 30, 2015 and 2014

MARIST COLLEGE AND AFFILIATES

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Grant Thornton

Grant Thornton LLP
757 Third Avenue, 9th Floor
New York, NY 10017

T 212.599.0100
F 212.370.4520
GrantThornton.com
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twitter.com/GrantThorntonUS

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees of
Marist College and Affiliates:

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

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

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the College's preparation and fair presentation of the consolidated 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 College'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Marist College, as of June 30, 2015 and 2014, and the changes in their consolidated net assets and their consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Grant Thornton LLP

New York, New York
November 20, 2015

MARIST COLLEGE AND AFFILIATES
Consolidated Statements of Financial Position
As of June 30, 2015 and 2014

	2015	2014
ASSETS		
Cash and cash equivalents	$ 37,895,309	$ 29,895,189
Short-term investments	22,455,693	22,290,892
Accounts receivable, net	5,729,603	5,638,574
Contributions receivable, net	2,685,898	4,005,167
Deposits with trustees	81,507,117	2,747,983
Other assets	1,375,134	973,700
Student loans receivable, net	6,165,965	6,110,266
Assets held in charitable remainder trust	733,976	963,128
Investments	226,761,287	220,888,946
Construction in progress	20,898,715	6,838,052
Land, buildings and equipment, net of accumulated depreciation	278,822,833	274,661,090
Bond issuance costs, net of accumulated amortization	2,086,249	1,357,474
Total assets	$ 687,117,779	$ 576,370,461
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued liabilities	$ 19,890,359	$ 17,246,529
Deferred revenue	11,481,707	9,885,983
Annuities payable	349,227	421,507
Obligations under capital leases	123,495	409,924
U.S. government advances refundable	5,531,824	5,478,819
Long-term debt	183,010,335	96,018,589
Accrued post-retirement benefits	14,151,561	6,829,287
Interest rate swap obligation	6,691,214	6,601,083
Total liabilities	241,229,722	142,891,721
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Unrestricted	375,282,375	364,230,069
Temporarily restricted	42,072,294	41,904,909
Permanently restricted	28,533,388	27,343,762
Total net assets	445,888,057	433,478,740
Total liabilities and net assets	$ 687,117,779	$ 576,370,461

The accompanying notes are an integral part of these consolidated financial statements.

MARIST COLLEGE AND AFFILIATES

Consolidated Statement of Activities

For the year ended June 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
OPERATING REVENUES				
Tuition and fees	$ 175,254,133	$ -	$ -	$ 175,254,133
Less: scholarships and grants	(49,563,211)	-	-	(49,563,211)
Net tuition and fees	125,690,922	-	-	125,690,922
Government grants and contracts	3,283,330	-	-	3,283,330
Private grants and contracts	2,103,359	-	-	2,103,359
Contributions	1,795,192	1,192,306	1,188,322	4,175,820
Interest and dividends	1,615,347	31,483	137	1,646,967
Investment return designated for operations	323,915	1,522,959	-	1,846,874
Other income	3,141,599	-	-	3,141,599
Auxiliary enterprises, net	43,663,693	-	-	43,663,693
Net assets released from restrictions	1,906,483	(1,906,483)	-	-
Total operating revenues	183,523,840	840,265	1,188,459	185,552,564
OPERATING EXPENSES				
Instructional	66,334,272	-	-	66,334,272
Research	1,078,024	-	-	1,078,024
Public service	697,880	-	-	697,880
Academic support	16,235,096	-	-	16,235,096
Student services	33,645,147	-	-	33,645,147
Institutional support	20,097,126	-	-	20,097,126
Scholarships and fellowships	348,734	-	-	348,734
Auxiliary enterprises	30,173,163	-	-	30,173,163
Total operating expenses	168,609,442	-	-	168,609,442
Changes in net assets from operating activities	14,914,398	840,265	1,188,459	16,943,122
NONOPERATING ACTIVITIES				
Net loss on disposal of fixed assets	(478,338)	-	-	(478,338)
Net realized and unrealized gain (loss) on investments in excess of amounts designated for operations	2,937,479	(672,880)	1,167	2,265,766
Change in fair value of interest rate swap obligation	(90,131)	-	-	(90,131)
Pension and post-retirement related changes other than net periodic pension and benefit costs	(6,231,102)	-	-	(6,231,102)
Changes in net assets from nonoperating activities	(3,862,092)	(672,880)	1,167	(4,533,805)
Changes in net assets	11,052,306	167,385	1,189,626	12,409,317
Net assets, beginning of year	364,230,069	41,904,909	27,343,762	433,478,740
Net assets, end of year	$ 375,282,375	$ 42,072,294	$ 28,533,388	$ 445,888,057

The accompanying notes are an integral part of this consolidated financial statement.

MARIST COLLEGE AND AFFILIATES
Consolidated Statement of Activities
For the year ended June 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
OPERATING REVENUES				
Tuition and fees	$ 168,850,237	$ -	$ -	$ 168,850,237
Less: scholarships and grants	(48,083,645)	-	-	(48,083,645)
Net tuition and fees	120,766,592	-	-	120,766,592
Government grants and contracts	5,816,223	-	-	5,816,223
Private grants and contracts	1,902,393	-	-	1,902,393
Contributions	1,948,177	2,303,001	655,823	4,907,001
Interest and dividends	2,605,289	400,461	339	3,006,089
Investment return designated for operations	294,240	1,295,945	-	1,590,185
Other income	3,933,095	-	-	3,933,095
Auxiliary enterprises, net	42,529,519	-	-	42,529,519
Net assets released from restrictions	3,431,402	(3,431,402)	-	-
Total operating revenues	183,226,930	568,005	656,162	184,451,097
OPERATING EXPENSES				
Instructional	64,798,192	-	-	64,798,192
Research	790,696	-	-	790,696
Public service	563,950	-	-	563,950
Academic support	14,387,911	-	-	14,387,911
Student services	32,349,893	-	-	32,349,893
Institutional support	16,828,634	-	-	16,828,634
Scholarships and fellowships	351,539	-	-	351,539
Auxiliary enterprises	29,845,787	-	-	29,845,787
Total operating expenses	159,916,602	-	-	159,916,602
Changes in net assets from operating activities	23,310,328	568,005	656,162	24,534,495
NONOPERATING ACTIVITIES				
Net loss on disposal of fixed assets	(1,686,486)	-	-	(1,686,486)
Net loss on redemption of bonds	(519,704)	-	-	(519,704)
Net realized and unrealized gain on investments in excess of amounts designated for operations	25,482,433	5,116,271	-	30,598,704
Change in fair value of interest rate swap obligation	169,862	-	-	169,862
Pension and post-retirement related changes other than net periodic pension and benefit costs	1,726,907	-	-	1,726,907
Transfers amongst net asset classifications	28,480	(55,650)	27,170	-
Changes in net assets from nonoperating activities	25,201,492	5,060,621	27,170	30,289,283
Changes in net assets	48,511,820	5,628,626	683,332	54,823,778
Net assets, beginning of year	315,718,249	36,276,283	26,660,430	378,654,962
Net assets, end of year	$ 364,230,069	$ 41,904,909	$ 27,343,762	$ 433,478,740

The accompanying notes are an integral part of this consolidated financial statement.

MARIST COLLEGE AND AFFILIATES
Consolidated Statements of Cash Flows
For the years ended June 30, 2015 and 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ 12,409,317	$ 54,823,778
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Nonoperating items:		
Contributions restricted for investment in endowment	(1,464,804)	(610,578)
Gifts of stock	(266,018)	(244,016)
Interest and dividends restricted for endowment	(31,483)	(400,461)
Net realized gain on investments	(6,568,289)	(46,885,854)
Net realized loss (gain) on short-term investments	57,382	(203,974)
Net investment loss (gain) on assets held in charitable remainder trust	229,152	(98)
Noncash items:		
Depreciation	13,154,129	12,585,692
Amortization of bond issuance costs	106,133	78,303
Amortization of bond premium	(151,473)	(299,545)
Bad debt expense	13,583	14,131
Net unrealized loss on investments	2,358,468	14,155,538
Net unrealized loss on short-term investments	59,569	76,879
Net loss (gain) on interest rate swap obligation	90,131	(169,862)
Non-cash contributions	(199,500)	(432,628)
Loss on disposal of fixed assets	478,338	1,686,486
Loss on redemption of bonds	-	519,704
(Increase) decrease in:		
Accounts receivable	(91,029)	(1,948,099)
Contributions receivable	1,305,683	(88,165)
Other assets	(401,434)	1,060,791
Increase (decrease) in		
Accounts payable and accrued liabilities	(3,290,367)	(4,185,447)
Deferred revenue	1,595,724	1,991,765
Annuities payable	(72,280)	(71,413)
Accrued post-retirement benefits	7,322,274	(1,644,890)
Net cash provided by operating activities	26,643,206	29,808,037
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	69,252,171	226,207,947
Purchases of investments	(70,648,674)	(228,523,570)
Purchase of short-term investments	(2,467,514)	(4,325,930)
Proceeds from sale of short-term investments	2,185,762	226,395
Proceeds from sale of fixed assets	25,918	48,108
Purchase of property and equipment	(25,694,085)	(26,231,592)
Disbursements of loans to students	(1,140,517)	(1,158,801)
Repayments on student loans	1,084,818	885,029
Net cash used in investing activities	(27,402,121)	(32,872,414)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of principal on indebtedness	(3,414,390)	(2,245,000)
Proceeds from issuance of bonds	90,557,609	33,045,000
Extinguishment of long-term debt	-	(33,045,000)
Payments on bond issuance costs	(834,908)	(320,947)
Repayments of principal on capital lease obligations	(286,429)	(368,940)
Change in deposits with trustees related to construction financing	(78,759,134)	3,584,920
Interest and dividends restricted for endowment	31,483	400,461
Contributions restricted for investment in endowment	1,464,804	610,578
Net cash provided by financing activities	8,759,035	1,661,072
Net increase (decrease) in cash and cash equivalents	8,000,120	(1,403,305)
Cash and cash equivalents, beginning of year	29,895,189	31,298,494
Cash and cash equivalents, end of year	$ 37,895,309	$ 29,895,189
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid during the year for interest	$ 3,094,352	$ 3,106,742
Purchases of land, buildings and equipment within accounts payable and accrued liabilities	$ 5,987,205	$ 2,774,945

The accompanying notes are an integral part of these consolidated financial statements.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Marist College (the "College") is an independent, comprehensive institution located on a 180 acre main campus in the Hudson River Valley of New York, a branch campus in Florence, Italy, extension centers throughout New York, and educational offerings around the world through its online and study abroad programs. Marist is dedicated to helping students develop the intellect, character and skills required for enlightened, ethical, and productive lives in the global community of the 21st century.

The consolidated financial statements of the College have been prepared using the accrual basis of accounting, and include the accounts of the College's wholly owned subsidiaries, Marist Real Property Service, Inc., Marist Real Property Service II, Inc., and VAYU, LLC. All significant intercompany transactions have been eliminated. Marist Real Property Services, Inc. and Marist Real Property Services II, Inc. are corporations that were formed by the College to purchase and hold real estate for the benefit and use of the College. The College is the single member of VAYU, LLC which holds real and personal property. The real and personal property have been used for a limited number of activities to date as of June 30, 2015 and the College plans to expand operations at these facilities in the next several years.

Basis of Presentation

Resources are reported for accounting purposes in separate classes of net assets based on the existence or absence of donor-imposed restrictions. In the accompanying consolidated financial statements, net assets that have similar characteristics have been combined into the following categories:

Unrestricted Net Assets
Unrestricted net assets are net assets that are not subject to donor-imposed stipulations. 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 (see also Notes 17 and 18).

Temporarily Restricted Net Assets
Temporarily restricted net assets are net assets subject to donor-imposed stipulations that will be met either by actions of the College and/or the passage of time. The College reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends and/or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions. Temporarily restricted net assets also include earnings on permanently restricted endowment funds that have not yet been appropriated by the College's Board of Trustees for expenditure.

Permanently Restricted Net Assets
Permanently restricted net assets result from donors who stipulate that their donated resources be maintained in perpetuity by the College. Generally, the College is permitted to expend part or all of the income and gains derived from these donated assets, restricted only by donors' stipulations.

Fair Value Measurements

The College follows guidance that provides a consistent definition of fair value which focuses on an exit price between market participants in an orderly transaction.

The guidance also prioritizes, within the measurement of fair value, the use of market-based information over entity-specific information and establishes a three-level hierarchy for fair value measurements based on the transparency of information used in the valuation of the respective asset or liability as of the measurement date.

Investments 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 investments as of the reporting date. The types of investments in Level 1 include listed equities held in the name of the College, and exclude listed equities and other securities held indirectly through commingled funds.

Level 2 - Pricing inputs, including broker quotes, are generally those other than exchange 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. Also included in Level 2 are investments measured using a net asset value ("NAV") per share, or its equivalent, that may be redeemed at that NAV at the date of the consolidated statement of financial position or in the near term, which the College has generally considered to be within 90 days.

Level 3 - Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs used in the determination of fair value require significant management judgment or estimation. Investments that are included in this category generally include privately held investments, partnerships and similar interests. Also included in Level 3 are investments measured using a NAV per share, or its equivalent, that can never be redeemed at NAV or for which redemption at NAV is uncertain due to lockup periods or other investment restrictions.

As of June 30, 2015 and 2014, the carrying value of the College's cash and cash equivalents, receivables, accounts payable and accrued liabilities, deferred income, annuities payable and long-term debt approximate fair value. A reasonable estimate of the fair value of loans to students under government loan programs cannot be made because the loans are not saleable and can only be assigned to the U.S. Government or its designees.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments consisting of demand deposits accounts, money market funds, and debt instruments with original maturities of three months or less at the time of purchase. Cash and cash equivalents held in the investment portfolio are excluded as a result of the College's intent to segregate these designated funds from cash available for current operations.

Accounts Receivable

Accounts receivable include student accounts receivable, grants receivable and other receivables and are reported net of allowance for doubtful accounts. The College provides for potentially uncollectible amounts through a provision for bad debts and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Receivables are written-off when deemed uncollectible and payments subsequently collected are recorded as revenue in the period received.

Contributions

Contributions or gifts, including unconditional promises to give, are recognized as revenue when received. Non-cash gifts are recorded at fair value at the date of donation.

Contributions and investment return with donor-imposed restrictions are reported as temporarily restricted revenues and are released to unrestricted net assets when donor-imposed restrictions are satisfied.

Contributions restricted for the acquisition of land, buildings and equipment or for the construction of assets are reported as temporarily restricted revenues. These contributions are released to unrestricted net assets upon acquisition of the assets or when the assets are placed into service.

The College has capitalized its collections since its inception. If purchased, items accessioned into the collection are capitalized at cost, and if donated, they are capitalized at their fair value as of the accession date. Gains or losses on the deaccession of collection items are classified on the consolidated statement of activities as unrestricted or temporarily restricted support depending on donor restrictions, if any, placed on the item at the time of accession.

Student Loans Receivable and U.S. Government Advances Refundable

Student loans receivable are carried at unpaid principal balances, which represent net realizable value. These loans have mandated interest rates and repayment terms subject to significant restrictions as to their transfer and disposition. Amounts received from the federal government to fund a portion of the student loans are ultimately refundable to the federal government and are classified as U.S. government advances refundable in the consolidated statement of financial position.

Investments

The estimated fair value of investments is based on quoted market prices, except for certain investments, principally limited partnerships and similar interests, for which quoted market prices are not available. The estimated fair value of limited partnerships and similar investments is based on valuations provided by external investment managers as of the measurement date. Because alternative investments are not readily marketable, their estimated fair value is subject to uncertainty and therefore may differ from the value that would have been used had a ready market for such investments existed. Such differences could be material.

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

Deposits with Trustees

Deposits with trustees represent funds held by designated bond trustees for debt service payments and future construction costs. Deposits with trustees are held in cash and money market funds, are recorded at fair value, and were classified as Level 1 within the fair value hierarchy as of June 30, 2015 and 2014.

Land, Buildings and Equipment

Land, buildings and equipment purchased in excess of $5,000 are recorded at cost or, if donated, at fair value at the date of the donation. Depreciation is computed on a straight-line basis, using the half-year convention, over the estimated useful lives of the related assets as follows:

	Years
Buildings and building improvements	20 - 45
Ground improvements	15 - 20
Equipment, furniture and fixtures	3 - 10
Library books	5
Vehicles	5

Works of art, historical treasures and similar assets (collectively "Collections") have been recognized at their estimated fair value based upon appraisals or similar valuations at the date of acquisition or donation. Works of art, historical treasures and similar assets are capitalized but not depreciated.

Bond Issuance Costs

Bond issuance costs are amortized over the lives of the respective bonds to which they pertain and are reported net of amortization expense.

Deferred Income

Deferred income primarily consists of tuition and matriculation deposits and other payments for upcoming semesters that have been received prior to the fiscal year-end. As of June 30, 2015, deferred income also consists of $4 million received from the College's dining service provider prior to the fiscal year-end, which will be recognized as revenue as earned over the contract term of 10 years.

Interest Rate Swap Obligation

The College makes limited use of derivative financial instruments, specifically an interest rate swap, for the purpose of managing interest rate risks associated with its variable rate debt obligations. An interest rate swap agreement is used to mitigate the variability of future changes in net assets and cash flows caused by movement in interest rates. The differentials paid or received on the interest rate swap agreement are recognized as adjustments to interest expense. The reported fair value of the interest rate swap obligation represents the cost to terminate the agreement at the measurement date, taking into account current and projected market interest rates. Changes in fair value are reported as part of nonoperating activities on the consolidated statement of activities.

Revenue Recognition

Tuition revenues for the fall and spring terms are recognized in the academic semester to which they relate. Revenues and expenses relating to summer session activities are recognized as earned. The carrying value of student receivables has been reduced by an appropriate allowance for uncollectible accounts, based on historical collection experience and therefore approximates net realizable value. Receivables are written-off in the period in which they are deemed uncollectible.

Revenue from government grants and contracts is recognized when earned, that is, generally as related costs are incurred under the grant or contract. Amounts expended in excess of reimbursements are reported as accounts receivable on the consolidated statement of financial position.

Other income consists principally of revenue from student club activities and athletic events among others, and is recorded when earned on the consolidated statements of activities.

Functional Expenses

Operation and maintenance expenses, depreciation and amortization of plant assets and interest on long-term debt are allocated to program and supporting activities based on the primary use of the facilities.

Conditional Asset Retirement Obligation

Under accounting principles generally accepted in the United States of America ("U.S. GAAP"), the College is required to recognize the costs associated with the eventual remediation and abatement of asbestos located within the construction of certain of its buildings. However, based on the results of surveys performed by independent environmental consultants, the College concludes that the cost of remediation is immaterial to the accompanying consolidated financial statements, and accordingly, has not recognized a liability for this obligation as of June 30, 2015 and 2014.

Income Taxes

Tax effects from an uncertain tax position are recognized in the consolidated financial statements only if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged. The College is exempt from income tax under IRC Section 501(c)(3), though it is subject to tax on income unrelated to its exempt purposes, unless that income is otherwise excluded by the Code. The tax years ended June 30, 2012, 2013, 2014, and 2015 are still open to audit for both federal and state purposes.

Advertising

Advertising costs are expensed as incurred. Advertising expense amounted to $2,125,361 and $1,759,261 for the years ended June 30, 2015 and 2014, respectively. Such amounts are included in institutional support on the accompanying consolidated statements of activities.

Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. In addition, estimates and assumptions are used to determine disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates are used in the determination of depreciation, post-retirement benefits, allowance for doubtful accounts and contributions receivable, certain accrued liabilities and certain overhead allocations, among others.

Concentrations of Credit Risk

The College maintains its cash and money market funds with high credit quality financial institutions, which at times may exceed federally insured limits. The College has not experienced, nor does it anticipate, any losses with respect to such accounts. The College has a significant investment in equities, fixed income securities, mutual and exchange-traded funds and alternative investments, both marketable and non-marketable, and is therefore subject to concentrations of credit risk.

Measure of Operations

The accompanying consolidated statements of activities present the changes in net assets distinguishing between operating and nonoperating activities. Operating activities principally include all revenues and expenses that relate to the College's educational programs, research, training and supporting activities. Operating revenues also include investment return pursuant to the College's spending rate policy earned on long-term investments held for endowment and similar purposes.

The College has defined nonoperating activities principally to include investment income earned, and gains and losses on investments held for long-term purposes and gift revenue restricted or designated for long-term investment or capital expenditures, net of amounts distributed to support operations in accordance with the endowment spending policy; gains or losses on interest rate swap obligations; and activity related to pension and post-retirement benefit plans. Certain other gains and losses considered to be of a more unusual or non-recurring nature are also included as part of nonoperating activities.

Reclassifications

Certain reclassifications of prior year amounts have been made to conform to the current year presentation. Such reclassifications did not change total assets, liabilities, revenues, expenses or changes in net assets as reflected in the fiscal 2015 consolidated financial statements.

Subsequent Events

The College evaluated its June 30, 2015 consolidated financial statements for subsequent events through November 20, 2015, the date the consolidated financial statements were issued. The College is not aware of any subsequent events which would require recognition or disclosure in the consolidated financial statements.

2. SHORT-TERM INVESTMENTS

Short-term investments consist of certificates of deposit with original maturities of greater than 90 days and a short-term bond fund comprised primarily of U.S. Government obligations and obligations of government-sponsored entities. The fair value as of June 30, 2015 and 2014 is $22,455,693 and $22,290,892, including $59,569 and $84,453 in unrealized depreciation, respectively.

3. ACCOUNTS RECEIVABLE, NET

Accounts receivable, net, consists of the following at June 30, 2015 and 2014:

	2015	2014
Student accounts receivable	$ 960,472	$ 970,961
Less: allowance for doubtful accounts	(216,000)	(229,045)
	744,472	741,916
Grants and contracts receivable	3,346,401	3,718,461
Other receivables	1,638,730	1,178,197
Accounts receivable, net	$ 5,729,603	$ 5,638,574

4. CONTRIBUTIONS RECEIVABLE, NET

Contributions receivable, net, consists of unconditional promises to give and are summarized as follows at June 30, 2015 and 2014:

	2015	2014
Unconditional promises to give are expected to be collected in:		
Less than one year	$ 1,608,333	$ 1,968,269
One to five years	1,268,451	2,190,664
More than five years	758,092	823,043
	3,634,876	4,981,976
Less:		
Allowance for uncollectible amounts	(408,145)	(394,618)
Discount to present value (with rates ranging from 0.02% to 3.11%)	(540,833)	(582,191)
Contributions receivable, net	$ 2,685,898	$ 4,005,167

At June 30, 2015 and 2014, the College had outstanding conditional pledges and bequests of $1,395,745 which, in accordance with U.S. GAAP, have not been recorded in the accompanying consolidated financial statements.

5. STUDENT LOANS RECEIVABLE

The College makes uncollateralized loans to students based on financial need. Student loans are funded through federal government loan programs or institutional resources. At June 30, 2015 and 2014, student loans represented 0.9% and 1.06% of total assets and totaled $6,165,965 and $6,110,266, respectively.

The College participates in the federal Perkins revolving loan program. The availability of funds for loans under this program is dependent on reimbursements to the pool from repayments on outstanding loans. Funds advanced by the Federal government of $5,531,824 and $5,478,819 at June 30, 2015 and 2014, respectively, are ultimately refundable to the government and are classified as liabilities in the consolidated statements of financial position. Outstanding loans cancelled under the program result in a reduction of the funds available for future loans and a decrease in the College's liability to the government.

Amounts due under the federal Perkins loan program are almost fully guaranteed by the government and, therefore, no reserves are placed on any past due balances. On October 1, 2015, the federal Perkins loan program expired. Students who received a Perkins loan in the 2014-2015 academic year or a prior academic year may continue to receive the loan for up to five additional years but no new loans will be made.

At June 30, 2015 and 2014, the following amounts were past due under student loan programs:

	2015	2014
1-60 days past due	$ 35,584	$ 20,586
60-90 days past due	1,196	37,413
90+ days past due	1,180,346	1,005,016
Total past due	$ 1,217,126	$ 1,063,015

6. INVESTMENTS

The fair value of investments at June 30, 2015 and 2014, is as follows:

	2015	2014
Endowments and other investible funds:		
Cash and cash equivalents	$ 16,266,693	$ 19,521,178
Fixed income securities	13,369,948	8,835,206
Domestic equity securities	29,872,603	27,957,534
International equity securities	32,229,477	39,838,833
Commingled fund	74,952,918	79,993,795
Hedge funds	53,855,346	43,329,719
Private equity	5,547,171	872,590
Total pooled investments	226,094,156	220,348,855
Operating and other investments:		
Cash and cash equivalents	16,077	16,411
Domestic equity securities	139,312	138,915
Investment in TIAA-CREF annuities and mutual funds	511,742	384,765
Total operating and other investments	667,131	540,091
Total investments	$ 226,761,287	$ 220,888,946

Investment returns (losses) on short-term and long-term investments and the classification in the consolidated statements of activities For the years ended June 30, 2015 and 2014 is as follows:

2015	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowments and other investible funds:				
Dividends and interest	$ 1,612,962	$ 31,483	$ 137	$ 1,644,582
Realized gains	5,171,298	1,304,415	1,097	6,476,810
Unrealized (depreciation) appreciation	(1,984,688)	(454,336)	70	(2,438,954)
Total return on pooled investments	4,799,572	881,562	1,304	5,682,438
Operating and other investments:				
Dividends and interest	2,385	-	-	2,385
Realized gains	245	-	-	245
Unrealized appreciation	74,539	-	-	74,539
Net investment income	$ 4,876,741	$ 881,562	$ 1,304	$ 5,759,607

2014	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowments and other investible funds:				
Dividends and interest	$ 2,603,165	$ 400,461	$ 339	$ 3,003,965
Realized gains	37,448,507	9,295,191	-	46,743,698
Unrealized depreciation	(11,716,592)	(2,882,975)	-	(14,599,567)
Total return on pooled investments	28,335,080	6,812,677	339	35,148,096
Operating and other investments:				
Dividends and interest	2,124	-	-	2,124
Realized gains	14,642	-	-	14,642
Unrealized appreciation	30,116	-	-	30,116
Net investment income	$ 28,381,962	$ 6,812,677	$ 339	$ 35,194,978

7. CONSTRUCTION IN PROGRESS

Construction in progress consists of the following at June 30, 2015 and 2014:

	2015	2014
Natural Science and Allied Health Building	$ 10,930,475	$ -
North Campus Housing Project	7,948,143	2,250,827
Fulton Street Warehouse Renovation	887,235	300,500
Other projects and renovations	1,132,862	4,286,725
Total construction in progress	$ 20,898,715	$ 6,838,052

In January 2015, construction commenced on a Science and Allied Health building with an expected completion in early spring 2016 at an estimated cost of $33 million. The North Campus Housing project will consist of four residence halls totaling 796 beds to be constructed in two phases at an estimated cost of $108 million. The first phase is estimated to be completed in January 2017, and the second phase is expected to be completed in August 2017. The estimated costs to be incurred in fiscal 2016 to complete other renovations and projects at the College total approximately $6 million.

8. LAND, BUILDINGS AND EQUIPMENT, NET

Land, buildings, and equipment consist of the following at June 30, 2015 and 2014:

	2015	2014
Buildings and building improvements	$ 366,180,525	$ 351,810,810
Equipment, furniture and fixtures	60,991,950	59,111,418
Equipment acquired under capital leases	1,529,153	1,675,480
	428,701,628	412,597,708
Less: Accumulated depreciation	(171,526,187)	(159,366,448)
	257,175,441	253,231,260
Land	13,889,708	13,889,708
Art work and collectibles	7,757,684	7,540,122
Land, buildings, and equipment, net	$ 278,822,833	$ 274,661,090

Depreciation expense for the years ended June 30, 2015 and 2014 totaled $13,154,129 and $12,585,692, respectively, and is allocated to functional expense categories on the accompanying consolidated statements of activities.

9. BOND ISSUANCE COSTS

Bond issuance costs consist of the following at June 30, 2015 and 2014:

	2015	2014
Bond issuance costs	$ 2,635,672	$ 1,800,765
Less: Accumulated amortization	(549,423)	(443,291)
Bond issuance costs, net	$ 2,086,249	$ 1,357,474

Amortization expense for the years ended June 30, 2015 and 2014 amounted to $106,133 and $78,303, respectively. During the years ended June 30, 2015 and 2014, the College paid $834,908 and $320,947, respectively, of bond issuance costs which have been reflected in the accompanying consolidated statements of cash flows.

10. PENSION PLANS

Defined Contribution Plans

The College has a defined contribution pension plan for all eligible employees as defined in the "Retirement Resolution." Pension obligations under the plan are funded monthly by the College as they become due. Contributions are applied to annuities for each participant by the Teachers Insurance and Annuity Association ("TIAA") and/or College Retirement Equities Fund ("CREF"). College contributions are dependent upon employee contributions in accordance with a schedule of percentages in the plan agreement. Employee contributions are normally made on a pre-tax basis unless an after tax agreement is so authorized by the employee. The College's contributions to the plan for the years ended June 30, 2015 and 2014 totaled $5,277,635 and $4,483,074, respectively.

The College funds a pension plan for all eligible employees in the SEIU Local 200 Union by participating in the pension plan provided by the 1199 Health Care Employees Pension Fund. The College's contribution is a fixed percentage of monthly gross wages for all employees covered under the agreement. The College's contributions for the years ended June 30, 2015 and 2014 totaled $511,501 and $539,255, respectively.

Deferred Compensation Plans

The College has deferred compensation plans for several employees based on years of service, which provide for cash payments at the end of the employment contract which are not guaranteed. The cost of the plans is being accrued over the period of active employment from the contract date. The liability under the agreements is determined based on the contributions required by the plans. The plans require annual contributions from $25,000 to $50,000, ranging from five to seven years and coincide with the end of the respective employee's contract. The plans require that the contributions be deposited in separate investment accounts. The assets related to these plans are maintained at TIAA-CREF, and are included in investments on the accompanying consolidated statements of financial position. The obligation related to these plans at June 30, 2015 and 2014 was $288,046 and $157,704, respectively, and is included in the accompanying consolidated statements of financial position as part of accounts payable and accrued liabilities. Total contributions to these plans for the years ended June 30, 2015 and 2014 totaled $75,000. The fair value of the assets related to these plans totaled $288,046 and $157,704 as of June 30, 2015 and 2014, respectively.

Defined Benefit Plan

The College has a non-qualified supplemental retirement plan for the President based on years of service, which provides for cash payments after retirement which are not guaranteed. The cost of the plan is being accrued over the period of active employment from the contract date. The College's obligation under the agreement is determined actuarially. The benefit obligation related to this plan at June 30, 2015 and 2014 totaled $180,118 and $131,325, respectively, and is included in the accompanying consolidated statements of financial position as part of accounts payable and accrued liabilities. The plan expires on June 30, 2016.

11. CHARITABLE REMAINDER TRUST

A donor has established and funded a trust under which the College serves as the custodian and trustee. Assets held in this trust are stated separately in the consolidated statements of financial position. The fair value of the assets at June 30, 2015 and 2014 totaled $733,976 and $963,128, respectively. Specified distributions are to be made to a designated beneficiary over the trust's term. Upon termination of the trust, the College receives the assets remaining in the trust. The trust is recorded as an increase to net assets at the fair value of the trust's assets, less the present value of estimated future payments to be made under the specific terms of the trust and is revalued at the end of each fiscal year.

12. OBLIGATIONS UNDER CAPITAL LEASES

During the years ended June 30, 2015 and 2014, the College leased equipment under agreements that meet the criteria for capital lease treatment. The cost of the equipment acquired under these capital leases totaled $1,529,153 and is included in the consolidated statements of financial position as part of land, buildings and equipment at June 30, 2015 and 2014, respectively. Accumulated depreciation of the equipment totaled $1,494,220 and $1,509,386 at June 30, 2015 and 2014, respectively. Amortization of assets under the capital leases is included within depreciation expense.

As of June 30, 2015, the future minimum lease payments required under these capital leases total $126,792 and are due in 2016. The present value of the net minimum lease payments as of June 30, 2015 total $123,495, which includes $3,297 representing interest.

13. LONG-TERM DEBT

Long-term debt consists of the following at June 30, 2015 and 2014:

June 30, 2015	Maturity Date	Interest Rate	Total	
Dutchess County Industrial Development Agency:				
Series 2000-A Variable Rate Demand Bonds	July 1, 2031	0.08 %*	$ 14,375,000	A
Series 2008-A Variable Rate Demand Bonds	July 1, 2038	0.06 %*	17,500,000	B
Dutchess County Local Development Corp.				
Series 2012-A Revenue Bonds	July 1, 2021	2.43 %	12,570,000	C
Series 2013-A Fixed Rate Bonds	July 1, 2043	4.04 %	14,430,000	D
Series 2013B-1 Revenue Bonds	July 1, 2028	0.57 %	6,185,517	E
Series 2013B-2 Revenue Bonds	July 1, 2028	0.57 %	9,447,058	E
Series 2013B-3 Revenue Bonds	July 1, 2035	0.57 %	16,138,035	E
Series 2015-A Revenue Bonds	July 1, 2045	4.07 %	80,885,000	F
Total prinicpal			171,530,610	
Unamortized bond premium			11,479,725	
Total long-term debt			$ 183,010,335	

June 30, 2014	Maturity Date	Interest Rate	Total	
Dutchess County Industrial Development Agency:				
Series 2000-A Variable Rate Demand Bonds	July 1, 2031	0.06 %*	$ 14,930,000	A
Series 2008-A Variable Rate Demand Bonds	July 1, 2038	0.06 %*	17,955,000	B
Dutchess County Local Development Corp.				
Series 2012-A Revenue Bonds	July 1, 2021	2.43 %	13,420,000	C
Series 2013-A Fixed Rate Bonds	July 1, 2043	4.04 %	14,710,000	D
Series 2013B-1 Revenue Bonds	July 1, 2028	0.54 %	6,505,000	E
Series 2013B-2 Revenue Bonds	July 1, 2028	0.54 %	9,935,000	E
Series 2013B-3 Revenue Bonds	July 1, 2035	0.54 %	16,605,000	E
Total prinicpal			94,060,000	
Unamortized bond premium			1,958,589	
Total long-term debt			$ 96,018,589	

* The variable interest rate is the interest rate which, in the best judgment of the remarketing agent, is the lowest rate of interest which would permit the remarketing agent to sell such bonds in a secondary market at par plus accrued interest. Amounts shown represent the rate in effect as of June 30, 2015 and 2014.

A. *Series 2000-A*

On November 1, 2000, the College entered into an agreement with the Dutchess County IDA and BNY Capital Markets to issue variable rate demand bonds in the amount of $20,000,000. Proceeds were used to finance construction of additional student townhouses on West Cedar Street in Poughkeepsie, New York and to make renovations to three existing dormitories. Interest is payable monthly based upon a variable rate not to exceed 12% per annum, which is adjusted weekly. Principal payments will be made annually through July 1, 2031 based upon a predetermined schedule. The initial principal payment was $330,000 and gradually increases to $1,175,000 in the final year. The collateral on the bonds is a mortgage on the Upper West Cedar Townhouses, Leo Hall, Sheahan Hall, Champagnat Hall, as well as all related furniture, fixtures and equipment. A letter of credit issued by TD Bank provides a liquidity facility for the bonds that expires in March 2016.

B. Series 2008-A

On January 1, 2008, the College entered into an agreement with the Dutchess County IDA and Morgan Stanley & Company to issue variable rate demand bonds in the amount of $20,000,000. Proceeds were used to finance construction of additional student townhouses, parking lots and roadways on Fulton Street in Poughkeepsie, New York. Interest is payable monthly based upon a variable rate not to exceed 12% per annum, which is adjusted weekly. Principal payments will be made annually through July 1, 2038 based upon a predetermined schedule. The initial principal payment was $380,000 and gradually increases to $1,065,000 in the final year. The bonds have a springing lien on Lower Fulton Townhouses, as well as all related furniture, fixtures and equipment. A letter of credit issued by TD Bank provides a liquidity facility for the bonds that expires in January 2016.

C. Series 2012-A

On May 17, 2012, the College entered into an agreement with the Dutchess County Local Development Corporation and RBC Capital Markets to issue fixed rate serial bonds in the par amount of $13,420,000. The College also recorded a premium amount on the bond of $1,995,962. Proceeds were used to refund the Series 2003 bonds issued by the Dutchess County Industrial Development Agency. Accordingly, the College recognized a loss on the 2012 consolidated statement of activities for this refinancing. The Series 2003 bonds were issued to refund the Series 1990 and 1992 bonds issued by the Dormitory Authority of the State of New York. Interest is payable semi-annually based on predetermined interest rates starting at 4.0% in the initial year and increasing to 5.0% in 2017. Principal payments will be made annually through July 1, 2021 based upon a predetermined schedule ranging from $850,000 to $2,070,000. There is no collateral on the bonds. Debt covenants include a debt service coverage ratio of at least 1.0.

D. Series 2013-A

On March 28, 2013, the College entered into an agreement with the Dutchess County Local Development Corporation and RBC Capital Markets to issue fixed rate serial bonds in the par amount of $14,710,000. The College also recorded a premium amount on the bond of $552,546. Proceeds were used to finance construction of multi-purpose academic building in Poughkeepsie, New York. Interest is payable semi-annually based on predetermined interest rates starting at 2.0% in the initial year and increasing to 5.0% in 2033. Principal payments will be made annually through July 1, 2043 based upon a predetermined schedule ranging from $290,000 to $835,000. There is no collateral on the bonds. Debt covenants include a debt service coverage ratio of at least 1.0.

E. Series 2013B

On September 12, 2013, the College converted the Series 1998-A, 1999-A, and 2005-A bonds totaling $33,045,000 from variable rate bonds to revenue bonds, whereby TD Bank became the sole holder of these bonds until they expire.

Proceeds from the Series 2013B-1 bonds of $6,505,000 were used primarily to refund the Dutchess County IDA Series 1998-A bonds which were previously used for the construction of the West Cedar student housing facility. Proceeds from the Series 2013B-2 bonds of $9,935,000 were used primarily to refund the Dutchess County IDA Series 1999-A bonds which were previously used for the construction of the library facility and humanities building. Proceeds from the Series 2013B-3 bonds of $16,605,000 were used primarily to refund the Dutchess County IDA 2005-A bonds which were previously used for the construction of the Upper Fulton Street student housing facility. The remaining proceeds from the Series 2013B bonds were used to pay the bond issuance and other costs associated with the Series 2013B issue.

Interest is paid monthly based on a variable rate using LIBOR. Principal payments will be made annually through July 1, 2028 for the Series 2013B-1 and 2013B-2 bonds and through July 1, 2035 for the Series 2013B-3 bonds, based on a predetermined schedule ranging from $865,000 to $2,225,000. There is no collateral on the bonds.

F. Series 2015-A

On June 25, 2015, the College entered into an agreement with the Dutchess County Local Development Corporation to issue fixed rate serial bonds in the par amount of $80,885,000. The College also recorded a premium amount on the bond of $9,672,609. Proceeds are being used to finance construction of the

Science and Allied Health Building and Phase I of the North Campus student housing facility in Poughkeepsie, New York. Interest is payable semi-annually based on a coupon rate of to 5.0%. Since the bonds were sold at a premium, the effective interest rate is 4.07%. Principal payments, starting on July 1, 2018, will be made annually through July 1, 2045 based upon a predetermined schedule ranging from $1,385,000 to $5,170,000. There is no collateral on the bonds. Debt covenants include a debt service coverage ratio of at least 1.0.

At June 30, 2015 and 2014, interest expense related to long-term debt totaled $1,269,563 and $1,275,179, respectively.

The letters of credit issued by TD Bank require the College to meet certain financial and reporting covenants. The College is in compliance with all required loan covenants at June 30, 2015.

Based on current rates and credit qualities, the fair value of long-term debt approximates carrying amounts.

At June 30, 2015, aggregate principal maturities of long-term debt for each of the next five years and in total thereafter are as follows:

Fiscal year ending:	
2016	$ 4,387,566
2017	4,545,726
2018	4,732,031
2019	6,330,506
2020	6,599,070
Thereafter	144,935,711
	171,530,610
Plus: unamortized bond premium	11,479,725
Total	$ 183,010,335

14. INTEREST RATE SWAP OBLIGATION

In order to mitigate the College's interest rate exposure on variable rate debt obligations, the College entered into an interest rate swap agreement with Morgan Stanley Capital Services, Inc. (the "Counterparty"). The notional principal amount of the swap was $46,145,610 and $47,975,000 at June 30, 2015 and 2014, respectively. The swap agreement matures on July 1, 2035, which coincides with the Series 2000-A and 2013-B bond obligations. Under the terms of the agreement, the College will continue to pay the bondholders interest at variable rates. The Counterparty will reimburse the College a variable interest rate at 68% of LIBOR (0.1865% and 0.1570% at June 30, 2015 and 2014, respectively) while the College is obligated to pay the Counterparty a fixed rate of 3.42%.

The fair value of this obligation as of June 30, 2015 and 2014 totals $6,691,214 and $6,601,083, respectively, and is categorized as Level 2 within the fair value hierarchy. The change in the fair value of this obligation totals ($90,131) and $169,862 during the years ended June 30, 2015 and 2014, respectively, and is included in the accompanying consolidated statements of activities as change in fair value of interest rate swap obligation.

Additional interest paid by the College related to the swap agreement amounted to approximately $1,497,475 and $1,561,646 for the years ended June 30, 2015 and 2014, respectively.

Under the terms of the agreement, cash serves as collateral when the fair value of the swap liability exceeds a threshold of $10 million. The cash is restricted as to withdrawal or use and is held in custody by the Counterparty. As of June 30, 2015 and 2014, the College had no restricted cash.

The swap agreement contains provisions that require the College to meet certain financial covenants. The College was in compliance with these covenants at June 30, 2015. Had the College not been in compliance, an additional termination event will occur and the Counterparty has the right to early terminate the agreement and the College will be responsible for a settlement amount based on market quotation.

15. POST-RETIREMENT HEALTH CARE BENEFITS

The College sponsors three defined benefit post-retirement plans which cover substantially all employees that attain either pre-defined ages and/or years of service, or retirement with a disability benefit. The College offers a medical benefits plan, a dental benefits plan and a life insurance benefits plan. Under the medical plan, eligible retirees have a choice of one indemnity plan and one PPO. Both the indemnity plan and the PPO plan are contributory with retiree contributions adjusted annually. For all active and new employees, only the PPO plan is available. Effective July 1, 2012, the College's Board of Trustees froze the postretirement plan and it is now closed to new participants.

The following table provides a reconciliation of the changes in the Plans' benefit obligations and fair value of assets for the years ended June 30, 2015 and 2014:

	2015	2014
Reconciliation of benefit obligation:		
Obligation at beginning of year	$ 6,829,287	$ 8,474,177
Service cost, including expenses	453,001	150,445
Interest cost	523,344	283,733
Plan participants' contributions	162,446	306,154
Amendments	6,679,441	-
Actuarial gain	140,107	(952,601)
Benefits payments and expected expenses	(704,079)	(1,432,621)
Medicare Part D reimbursements	68,014	-
Obligation at end of year	14,151,561	6,829,287
Reconciliation of fair value of plan assets:		
Fair value of plan assets at beginning of year	-	-
Employer contributions	473,619	1,126,467
Plan participants' contributions	162,446	306,154
Benefit payments and actual expenses	(704,079)	(1,432,621)
Medicare Part D reimbursements	68,014	-
Fair value of plan assets at end of year	-	-
Unfunded status at end of year	$ 14,151,561	$ 6,829,287

The effect of a one-percentage-point increase/decrease in the assumed health care cost trend rates for each future year on the accumulated post-retirement benefit obligation for health care benefits and the aggregate on the service and interest cost components of net periodic postretirement health care benefit cost are shown below:

	Post-Retirement Benefits	
	Accumulated Post-retirement Benefit Obligation	Service Cost Plus Interest Cost
At trend	$ 14,151,561	$ 976,345
At trend + 1%	15,328,415	1,051,167
Dollar impact	1,176,854	74,822
Percentage impact	8.32 %	7.66 %
At trend - 1%	13,398,304	928,455
Dollar impact	(753,257)	(47,890)
Percentage impact	(5.32)%	(4.91)%

The amounts recognized in unrestricted net assets on the consolidated statements of financial position at June 30, 2015 and 2014, consisted of:

	2015	2014
Prior service cost	$ (250,145)	$ (6,915,378)
Actuarial gain	2,910,442	2,870,954
Total	$ 2,660,297	$ (4,044,424)

Components of net periodic cost on the consolidated statements of activities for the years ended June 30, 2015 and 2014 consist of the following:

	2015	2014
Net periodic benefit cost:		
Service cost	$ 453,001	$ 150,445
Interest cost	523,344	283,733
Amortization of prior service cost	14,208	(459,958)
Amortization of net loss	100,619	135,537
Net periodic benefit cost	$ 1,091,172	$ 109,757

Amounts recognized in unrestricted net assets as of June 30, 2015 and 2014 are as follows:

	2015	2014
Prior service credit	$ -	$ -
Net gain	140,107	(952,601)
Amortization of prior service cost	(14,208)	459,958
Amortization of net loss	100,619	(135,537)
Total other amounts recognized in unrestricted net assets	$ 226,518	$ (628,180)

The expected effect in unrestricted net assets of the estimated transition obligation, prior service credit, and net loss for the Plan that will be recognized as components of net periodic benefit cost for the year ending June 30, 2016 are $0, ($14,208) and ($100,619), respectively.

Weighted average assumptions as of June 30th (measurement date):

	2015	2014
Discount rate	4.15 %	3.97 %
Expected return on Plan assets	N/A	N/A
Assumed pre-65 medical trend rates:		
Initial trend rate for the coming fiscal year	7.75 %	7.50 %
Ultimate trend rate	3.89 %	5.00 %
Year that the rate reaches ultimate trend rate	2075	2024
Assumed post-65 medical trend rates:		
Initial trend rate for the coming fiscal year	6.75 %	6.25 %
Ultimate trend rate	3.89 %	5.00 %
Year that the rate reaches ultimate trend rate	2075	2024
Assumed prescription drug trend rates:		
Initial trend rate for the coming fiscal year	8.50 %	6.75 %
Ultimate trend rate	3.89 %	5.00 %
Year that the rate reaches ultimate trend rate	2075	2024

The following schedule summarizes the benefits to be paid by the Plan in each of the next five years along with the aggregate to be paid for the five years thereafter:

Fiscal year ending June 30th	Net Benefits
2016	$ 676,331
2017	717,185
2018	767,538
2019	816,363
2020	833,940
2021 through 2025	4,971,299
Total	$ 8,782,656

The College's post-retirement benefit plan prescription drug coverage is at least actuarially equivalent to the new Medicare coverage. The disclosure reflects, as of June 30, 2015, the subsidy payments from Medicare that commenced in 2007. The value of the subsidy is reflected as an actuarial gain and reduces the Plan's accumulated post-retirement benefit obligation, service cost and the net periodic post-retirement benefit cost.

16. FAIR VALUE MEASUREMENTS

Assets and liabilities measured at fair value on a recurring basis at June 30, 2015 are as follows:

	Fair Value	Level 1	Level 2	Level 3
ASSETS				
Short-term investments:				
Fixed income securities	$ 22,455,693	$ 22,455,693	$ -	$ -
Assets held in charitable remainder trusts:				
Cash equivalents	733,976	-	733,976	-
Endowments and other investible funds:				
Cash equivalents	16,266,693	16,266,693	-	-
Fixed income securities	13,369,948	13,369,948	-	-
Domestic equity securities	29,872,603	29,872,603	-	-
International equity securities	32,229,477	32,229,477	-	-
Commingled funds	74,952,918	-	74,952,918	-
Hedge funds	53,855,346	-	24,013,708	29,841,638
Private equity	5,547,171	-	-	5,547,171
Total pooled investments	226,094,156	91,738,721	98,966,626	35,388,809
Other investments:				
Cash equivalents	16,077	16,077	-	-
Domestic equity securities	139,312	139,312	-	-
Investment in TIAA-CREF annuities and mutual funds	511,742	-	511,742	-
Total assets	$ 249,950,956	$ 114,349,803	$ 100,212,344	$ 35,388,809
LIABILITIES				
Interest rate swap obligation	$ 6,691,214	$ -	$ 6,691,214	$ -

Assets and liabilities measured at fair value on a recurring basis at June 30, 2014 were as follows:

	Fair Value	Level 1	Level 2	Level 3
ASSETS				
Short-term investments:				
Fixed income securities	$ 18,279,060	$ 18,279,060	$ -	$ -
Assets held in charitable remainder trusts:				
Cash equivalents	963,128	-	963,128	-
Endowments and other investible funds:				
Cash equivalents	19,521,178	19,521,178	-	-
Fixed income securities	8,835,206	8,835,206	-	-
Domestic equity securities	27,957,534	27,957,534	-	-
International equity securities	39,838,833	39,838,833	-	-
Commingled funds	79,993,795	-	79,993,795	-
Hedge funds	43,329,719	-	16,689,940	26,639,779
Private equity	872,590	-	-	872,590
Total pooled investments	220,348,855	96,152,751	96,683,735	27,512,369
Other investments:				
Cash equivalents	16,411	16,411	-	-
Domestic equity securities	138,915	138,915	-	-
Investment in TIAA-CREF annuities and mutual funds	384,765	-	384,765	-
Total assets	$ 240,131,134	$ 114,587,137	$ 98,031,628	$ 27,512,369
LIABILITIES				
Interest rate swap obligation	$ 6,601,083	$ -	$ 6,601,083	$ -

Fair values of financial instruments measured using Level 3 inputs at June 30, 2015 and 2014 are as follows:

	2015	2014
Fair value, beginning of year	$ 27,512,369	$ 6,276,992
Purchases	15,222,293	20,625,000
Redemptions	(7,638,812)	(38,822)
Realized and unrealized gains	292,959	649,199
Fair value, end of year	$ 35,388,809	$ 27,512,369

All net unrealized gains (losses) in the table above are reflected in net realized and unrealized gains (losses) in the accompanying consolidated statements of activities. Management fees approximating $186 thousand and $179 thousand, are included within realized and unrealized gains within the rollforward above for the years ended June 30, 2015 and 2014, respectively.

The College uses the NAV to determine the fair value of all the underlying investments which (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. The following table lists investments by major category as of June 30, 2015 and 2014:

2015

Fund Strategy	Number of Funds	NAV	Remaining Life	$ Amount of Unfunded Commitments	Timing to Draw Down Commitments	Notice Required	Lock-up and Redemption Terms
Commingled funds	12	$ 74,952,918	N/A	None	N/A	5 - 60 days	Redemptions range from daily to quarterly
Multi-Strategy Hedge Fund of Funds	25	53,855,346	N/A	None	N/A	45 - 90 days	Redemptions range from monthly to every 36 months; 12 funds have lock-ups ranging from 6 months to 36 months; 4 funds have a quarterly gate of 25% and 1 fund has an annual gate of 33%
Private equity	8	5,547,171	4 - 16 years	$ 15,430,357	N/A	N/A	N/A
Total	45	$ 134,355,435					

2014

Fund Strategy	Number of Funds	NAV	Remaining Life	$ Amount of Unfunded Commitments	Timing to Draw Down Commitments	Notice Required	Lock-up and Redemption Terms
Commingled funds	9	$ 79,993,795	N/A	None	N/A	5 - 60 days	Redemptions range from daily to monthly
Multi-Strategy Hedge Fund of Funds	14	43,329,719	N/A	None	N/A	45 - 90 days	Redemptions range from monthly to bi-annually; 5 funds have lock-ups ranging from 3 months to 33 months; 1 fund has a quarterly gate of 25% and 1 fund has annual gate of 33%
Private equity	2	872,590	1 fund with 8 years and 1 fund with 15 years	$ 9,138,822	N/A	1 fund with 30 days and 1 fund with no liquidy	N/A
Total	25	$ 124,196,104					

17. NET ASSETS

Net assets consist of the following at June 30, 2015 and 2014:

	2015	2014
Unrestricted net assets:		
For general operations	$ 252,161,322	$ 224,652,215
Designated for quasi-endowment	9,323,001	9,147,459
Designated for investment in plant	113,798,052	130,430,395
	375,282,375	364,230,069
Temporarily restricted net assets:		
Instruction, research and divisional support	5,573,708	5,183,455
Building and construction activities	17,394,826	17,909,751
Scholarships and endowment	19,103,760	18,811,703
	42,072,294	41,904,909
Permanently restricted net assets:		
Endowment funds	28,533,388	27,343,762
Total net assets	$ 445,888,057	$ 433,478,740

18. ENDOWMENT

The College's endowment consists of both donor-restricted endowment funds established for a variety of purposes and funds designated by the College's Board of Trustees to function as quasi-endowments. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

On September 17, 2010, New York State passed the New York State Prudent Management of Institutional Funds Act ("NYPMIFA"), its version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). All not-for-profit organizations formed in New York must apply this law. The College classifies donor-restricted endowment funds as permanently restricted net assets, unless otherwise stipulated by the donor as follows: (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 funds.

From time to time, the fair value of assets associated with an individual donor-restricted endowment fund may fall below the fund's historic dollar value. Under NYPMIFA, the College may spend below the historical dollar value of its endowment funds, if determined to be prudent, unless specific donors have stipulated to the contrary. The College has received instructions from donors, who have contributed $333,464 and $319,829 in permanently restricted contributions (with a fair value of $459,958 and $453,285 as of June 30, 2015 and 2014), for which the College must maintain the historical dollar value of these funds. At June 30, 2015 and 2014, the College had not spent below the historical dollar value of its endowments.

The investment objectives for the College's endowment are to preserve the principal value of those funds, in both absolute as well as real terms, and to maximize, over the long-term, the total rate of return earned without assuming an unreasonable degree of risk. In connection with these investment objectives, the

Board of Trustees has adopted a spending policy. The amount available for spending is determined annually by applying a rate of 5% to the average fair value of the endowment for the preceding three fiscal years.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until such amounts are appropriated for expenditure by the College's Board of Trustees in a manner consistent with the standard of prudence prescribed by NYPMIFA. In accordance with NYPMIFA, the College considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the endowment fund
(2) The purposes of the College and its donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the College
(7) The investment policies of the College and
(8) Where appropriate, alternatives to spending from the donor-restricted endowment fund and the possible effects on the College.

The tables which follow present information with respect to the College's endowment, inclusive of pledges, as of June 30, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 19,103,760	$ 28,533,388	$ 47,637,148
Board-designated endowment funds	9,323,001	-	-	9,323,001
Total endowment net assets	$ 9,323,001	$ 19,103,760	$ 28,533,388	$ 56,960,149

The tables which follow present information with respect to the College's endowment, inclusive of pledges, as of June 30, 2014:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 18,811,703	$ 27,343,762	$ 46,155,465
Board-designated endowment funds	9,147,459	-	-	9,147,459
Total endowment net assets	$ 9,147,459	$ 18,811,703	$ 27,343,762	$ 55,302,924

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 9,147,459	$ 18,811,703	$ 27,343,762	$ 55,302,924
Dividends and interest	6,118	31,583	137	37,838
Net realized and unrealized appreciation on investments	180,252	850,079	1,167	1,031,498
Contributions	13,904	-	1,188,322	1,202,226
Transfers amongst net asset categories	-	-	-	-
Awards made	(24,732)	(589,605)	-	(614,337)
Endowment net assets, end of year	$ 9,323,001	$ 19,103,760	$ 28,533,388	$ 56,960,149

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 7,456,851	$ 12,584,773	$ 26,660,430	$ 46,702,054
Dividends and interest	82,008	400,461	339	482,808
Net realized and unrealized appreciation on investments	1,312,351	6,412,216	-	7,724,567
Contributions	25,042	-	655,823	680,865
Transfers amongst net asset categories	300,000	(66,770)	27,170	260,400
Awards made	(28,793)	(518,977)	-	(547,770)
Endowment net assets, end of year	$ 9,147,459	$ 18,811,703	$ 27,343,762	$ 55,302,924

19. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from donor restrictions due to the passage of time and/or satisfying the restricted purposes specified by the donors are as follows:

	2015	2014
Capital projects - Hancock Center	$ 345,952	$ 2,028,070
Scholarships	757,583	575,462
Instruction, research and divisional support	802,948	827,870
Total	$ 1,906,483	$ 3,431,402

20. DEVELOPMENT EXPENSES

The College incurred expenses amounting to $2,408,346 and $2,392,878 related to development and fundraising for the years ended June 30, 2015 and 2014, respectively. Such amounts are included in institutional support on the accompanying consolidated statements of activities.

21. SELF-INSURED MEDICAL BENEFITS

The College has a self-insured hospitalization and medical coverage program for its employees. The College is limiting its losses through the use of stop-loss policies through reinsurers. Specific individual family losses for claims are limited to $175,000 per plan year. The College's aggregate annual loss limitation for the plan years ended March 31, 2015 and 2014 was $13,281,584 and $13,187,919, respectively. The amount reserved for these items at June 30, 2015 and 2014 totals $738,307 and $854,441, respectively, and is included in accounts payable and accrued liabilities in the accompanying consolidated statements of financial position.

Management believes they have adequately provided for all claims incurred in the accompanying consolidated financial statements, however, since the accrued liability is based on estimates, the College's ultimate liability may exceed or be less than the amounts accrued. The methods of making such estimates and establishing the accrual are reviewed continually and any resulting adjustments are reflected in change in net assets for the current year.

22. RELATED PARTY TRANSACTIONS

Unconditional promises to give include approximately $1.0 million and $1.3 million due from Board members and entities related to Board members as of June 30, 2015 and 2014, respectively. Additionally, the College had approximately $149,800 and $165,000, due from employees as of June 30, 2015 and 2014, respectively.

23. COMMITMENTS AND CONTINGENCIES

The College is subject to various litigation incidental to its business activities. Management and its counsel believe that existing insurance policies are sufficient and that pending litigation will not have a material adverse effect on the College's financial position, operations and cash flows.

The College is a member of the New York College & University Risk Management Group Trust. The Trust was created for the purpose of providing and securing workers compensation insurance for its members. There is a statutory requirement that each member be jointly and severally liable with all other members for the compensation and medical liability accruing during its participation in the Group Trust. Such liability shall survive the member's termination from the Group or active participation in the Program. As of June 30, 2015 and 2014, the College believes there is no exposure for future liabilities.

The College leases space in Fishkill, New York in conjunction with its School of Global and Professional Programs under a non-cancellable operating lease agreement. The agreement also requires the College to pay for its share of utilities, real estate taxes, insurance and property management fees, as well as the operation of common areas. The Fishkill lease expired in April 2015 and is now month to month.

The College has five separate leases for residential and classroom space in Florence, Italy for its international program. The agreements also require the College to pay for its share of utilities and registration fees. Leases expire in July 2014, May 2015, August, 2015 and December 2015.

Additionally, the College leases automobiles, copier equipment, and other equipment under operating leases with terms ranging from three to five years.

In addition to the benefits described in Note 10 above, the College has employment agreements in place that extend through fiscal 2019.

The minimum future lease commitments under the above operating leases and other contractual commitments are as follows:

Fiscal year ending:	
2016	$ 2,237,714
2017	1,065,552
2018	544,664
2019	418,259
2020	178,549
Thereafter	133,912
Total	$ 4,578,650

Rental expense for the years ended June 30, 2015 and 2014 amounted to $592,017 and $613,648, respectively.

Consolidated Financial Statements and
Report of Independent Certified Public Accountants

MARIST COLLEGE AND AFFILIATES

For the years ended June 30, 2014 and 2013

MARIST COLLEGE AND AFFILIATES

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees of
Marist College and Affiliates:

We have audited the accompanying consolidated financial statements of Marist College (the "College"), which comprise the consolidated statements of financial position as of June 30, 2014 and 2013, and the related consolidated statements of activities and cash flows for the years then ended and the related notes to the consolidated financial statements.

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

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Marist College, as of June 30, 2014 and 2013, and the changes in their consolidated net assets and their consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Grant Thornton LLP

New York, New York
November 11, 2014

MARIST COLLEGE AND AFFILIATES
Consolidated Statements of Financial Position
As of June 30, 2014 and 2013

	2014	2013
ASSETS		
Cash and cash equivalents	$ 33,907,021	$ 31,298,494
Short-term investments	18,279,060	18,064,262
Accounts receivable, net	5,638,574	3,690,475
Contributions receivable, net	4,005,167	3,931,133
Deposits with trustees	2,747,983	6,332,903
Other assets	973,700	2,034,491
Student loans receivable, net	6,110,266	5,836,494
Assets held in charitable remainder trust	963,128	963,030
Investments	220,888,946	186,118,695
Construction in progress	6,838,052	21,227,953
Land, buildings and equipment, net of accumulated depreciation	274,661,090	245,152,309
Bond issuance costs, net of accumulated amortization	1,357,474	1,634,535
Total assets	$ 576,370,461	$ 526,284,774
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued liabilities	$ 17,246,529	$ 19,448,925
Deferred revenue	9,885,983	7,894,218
Annuities payable	421,507	492,920
Obligations under capital leases	409,924	778,864
U.S. government advances refundable	5,478,819	5,206,629
Long-term debt	96,018,589	98,563,134
Accrued post-retirement benefits	6,829,287	8,474,177
Interest rate swap obligation	6,601,083	6,770,945
Total liabilities	142,891,721	147,629,812
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Unrestricted	364,230,069	315,718,249
Temporarily restricted	41,904,909	36,276,283
Permanently restricted	27,343,762	26,660,430
Total net assets	433,478,740	378,654,962
Total liabilities and net assets	$ 576,370,461	$ 526,284,774

The accompanying notes are an integral part of these consolidated financial statements.

MARIST COLLEGE AND AFFILIATES
Consolidated Statement of Activities
For the year ended June 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
OPERATING REVENUES				
Tuition and fees	$ 168,850,237	$ -	$ -	$ 168,850,237
Less: scholarships and grants	(48,083,645)	-	-	(48,083,645)
Net tuition and fees	120,766,592	-	-	120,766,592
Government grants and contracts	5,816,223	-	-	5,816,223
Private grants and contracts	1,902,393	-	-	1,902,393
Contributions	1,948,177	2,303,001	655,823	4,907,001
Interest and dividends	2,605,289	400,461	339	3,006,089
Investment return designated for operations	294,240	1,295,945	-	1,590,185
Other income	3,933,095	-	-	3,933,095
Auxiliary enterprises, net	42,529,519	-	-	42,529,519
Net assets released from restrictions	3,431,402	(3,431,402)	-	-
Total operating revenues	183,226,930	568,005	656,162	184,451,097
OPERATING EXPENSES				
Instructional	64,798,192	-	-	64,798,192
Research	790,696	-	-	790,696
Public service	563,950	-	-	563,950
Academic support	14,387,911	-	-	14,387,911
Student services	32,349,893	-	-	32,349,893
Institutional support	16,828,634	-	-	16,828,634
Scholarships and fellowships	351,539	-	-	351,539
Auxiliary enterprises	29,845,787	-	-	29,845,787
Total operating expenses	159,916,602	-	-	159,916,602
Changes in net assets from operating activities	23,310,328	568,005	656,162	24,534,495
NONOPERATING ACTIVITIES				
Net loss on disposal of fixed assets	(1,686,486)	-	-	(1,686,486)
Net loss on redemption of bonds	(519,704)	-	-	(519,704)
Net realized and unrealized gains on investments in excess of amounts designated for operations	25,482,433	5,116,271	-	30,598,704
Change in fair value of interest rate swap obligation	169,862	-	-	169,862
Pension and post-retirement related changes other than net periodic pension and benefit costs	1,726,907	-	-	1,726,907
Transfers amongst net asset classifications	28,480	(55,650)	27,170	-
Changes in net assets from nonoperating activities	25,201,492	5,060,621	27,170	30,289,283
Changes in net assets	48,511,820	5,628,626	683,332	54,823,778
Net assets, beginning of year	315,718,249	36,276,283	26,660,430	378,654,962
Net assets, end of year	$ 364,230,069	$ 41,904,909	$ 27,343,762	$ 433,478,740

The accompanying notes are an integral part of this consolidated financial statement.

MARIST COLLEGE AND AFFILIATES

Consolidated Statement of Activities

For the year ended June 30, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
OPERATING REVENUES				
Tuition and fees	$ 158,181,505	$ -	$ -	$ 158,181,505
Less: scholarships and grants	(44,270,793)	-	-	(44,270,793)
Net tuition and fees	113,910,712	-	-	113,910,712
Government grants and contracts	2,745,556	-	-	2,745,556
Private grants and contracts	1,380,618	-	-	1,380,618
Contributions	4,218,029	2,733,489	1,611,660	8,563,178
Interest and dividends	2,820,415	477,701	411	3,298,527
Investment return designated for operations	262,550	1,085,000	-	1,347,550
Other income	2,706,419	-	-	2,706,419
Auxiliary enterprises, net	41,140,557	-	-	41,140,557
Net assets released from restrictions	2,317,632	(2,317,632)	-	-
Total operating revenues	171,502,488	1,978,558	1,612,071	175,093,117
OPERATING EXPENSES				
Instructional	60,869,770	-	-	60,869,770
Research	638,076	-	-	638,076
Public service	880,594	-	-	880,594
Academic support	13,922,979	-	-	13,922,979
Student services	29,803,404	-	-	29,803,404
Institutional support	16,786,352	-	-	16,786,352
Scholarships and fellowships	323,400	-	-	323,400
Auxiliary enterprises	28,674,202	-	-	28,674,202
Total operating expenses	151,898,777	-	-	151,898,777
Changes in net assets from operating activities	19,603,711	1,978,558	1,612,071	23,194,340
NONOPERATING ACTIVITIES				
Net loss on disposal of fixed assets	(217,666)	-	-	(217,666)
Net realized and unrealized gains on investments in excess of amounts designated for operations	18,708,163	603,289	-	19,311,452
Change in fair value of interest rate swap obligation	3,885,963	-	-	3,885,963
Pension and post-retirement related changes other than net periodic pension and benefit costs	746,659	-	-	746,659
Changes in net assets from nonoperating activities	23,123,119	603,289	-	23,726,408
Changes in net assets	42,726,830	2,581,847	1,612,071	46,920,748
Net assets, beginning of year	272,991,419	33,694,436	25,048,359	331,734,214
Net assets, end of year	$ 315,718,249	$ 36,276,283	$ 26,660,430	$ 378,654,962

The accompanying notes are an integral part of this consolidated financial statement.

MARIST COLLEGE AND AFFILIATES

Consolidated Statements of Cash Flows

For the years ended June 30, 2014 and 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ 54,823,778	$ 46,920,748
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Nonoperating items:		
Contributions restricted for long-term investments	-	(58,500)
Contributions restricted for investment in endowment	(610,578)	(669,166)
Gifts of stock	(244,016)	(198,448)
Interest and dividends restricted for endowment	(400,461)	(477,701)
Net realized gains on investments	(46,885,854)	(12,238,231)
Net realized gains on short-term investments	(203,974)	(395,187)
Net investment income on assets held in charitable remainder trust	(98)	(594)
Noncash items:		
Depreciation	12,585,692	11,675,737
Amortization of bond issuance costs	78,303	94,445
Amortization of bond premium	(299,545)	(151,937)
Bad debt expense	14,131	28,562
Net unrealized loss (gain) on investments	14,155,538	(8,888,390)
Net unrealized loss on short-term investments	76,879	219,832
Net gain on interest rate swap obligation	(169,862)	(3,885,963)
Non-cash contributions	(432,628)	(2,438,743)
Loss on disposal of fixed assets	1,686,486	217,666
Loss on redemption of bonds	519,704	-
(Increase) decrease in:		
Accounts receivable	(1,948,099)	751,478
Contributions receivable	(88,165)	(1,320,222)
Other assets	1,060,791	(696,841)
Increase (decrease) in		
Accounts payable and accrued liabilities	(4,185,447)	(1,857,045)
Deferred revenue	1,991,765	204,667
Annuities payable	(71,413)	(35,764)
Accrued post-retirement benefits	(1,644,890)	(103,157)
Net cash provided by operating activities	29,808,037	26,697,246
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	226,207,947	102,185,800
Purchases of investments	(228,523,570)	(119,876,502)
Purchase of short-term investments	(314,098)	(1,435,097)
Proceeds from sale of short-term investments	226,395	1,440,955
Proceeds from sale of fixed assets	48,108	36,970
Purchase of property and equipment	(26,231,592)	(21,530,811)
Disbursements of loans to students	(1,158,801)	(934,253)
Repayments on student loans	885,029	967,496
Net cash used in investing activities	(28,860,582)	(39,145,442)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of principal on indebtedness	(2,245,000)	(2,188,148)
Proceeds from issuance of bonds	33,045,000	15,209,562
Extinguishment of long-term debt	(33,045,000)	-
Payments on bond issuance costs	(320,947)	(155,196)
Cash received from collateral previously held by swap counterparties	-	963,014
Repayments of principal on capital lease obligations	(368,940)	(378,239)
Change in deposits with trustees related to construction financing	3,584,920	(3,955,827)
Interest and dividends restricted for endowment	400,461	477,701
Contributions restricted for long-term investment	-	58,500
Contributions restricted for investment in endowment	610,578	669,166
Net cash provided by financing activities	1,661,072	10,700,533
Net increase (decrease) in cash and cash equivalents	2,608,527	(1,747,663)
Cash and cash equivalents, beginning of year	31,298,494	33,046,157
Cash and cash equivalents, end of year	$ 33,907,021	$ 31,298,494
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid during the year for interest	$ 3,106,742	$ 3,314,013

The accompanying notes are an integral part of these consolidated financial statements.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Marist College (the "College") is an independent, comprehensive institution located on a 180 acre main campus in the Hudson River Valley of New York, a branch campus in Florence, Italy, extension centers throughout New York, and educational offerings around the world through its online and study abroad programs. Marist is dedicated to helping students develop the intellect, character and skills required for enlightened, ethical, and productive lives in the global community of the 21st century.

The consolidated financial statements of the College have been prepared using the accrual basis of accounting, and include the accounts of the College's wholly owned subsidiaries, Marist Real Property Service, Inc., Marist Real Property Service II, Inc., and VAYU, LLC. All significant intercompany transactions have been eliminated. Marist Real Property Services, Inc. and Marist Real Property Services II, Inc. are corporations that were formed by the College to purchase and hold real estate for the benefit and use of the College. The College is the single member of VAYU, LLC which holds real and personal property. The real and personal property have been used for a limited number of activities to date as of June 30, 2014 and the College plans to expand operations at these facilities in the next several years.

Basis of Presentation

Resources are reported for accounting purposes in separate classes of net assets based on the existence or absence of donor-imposed restrictions. In the accompanying consolidated financial statements, net assets that have similar characteristics have been combined into the following categories:

<u>Unrestricted Net Assets</u>
Unrestricted net assets are net assets that are not subject to donor-imposed stipulations. 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 (see also Notes 17 and 18).

<u>Temporarily Restricted Net Assets</u>
Temporarily restricted net assets are net assets subject to donor-imposed stipulations that will be met either by actions of the College and/or the passage of time. The College reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends and/or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions. Temporarily restricted net assets also include earnings on permanently restricted endowment funds that have not yet been appropriated by the College's Board of Trustees for expenditure.

<u>Permanently Restricted Net Assets</u>
Permanently restricted net assets result from donors who stipulate that their donated resources be maintained in perpetuity by the College. Generally, the College is permitted to expend part or all of the income and gains derived from these donated assets, restricted only by donors' stipulations.

Fair Value Measurements

The College follows guidance that provides a consistent definition of fair value which focuses on an exit price between market participants in an orderly transaction.

The guidance also prioritizes, within the measurement of fair value, the use of market-based information over entity-specific information and establishes a three-level hierarchy for fair value measurements based on the transparency of information used in the valuation of the respective asset or liability as of the measurement date.

Investments 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 investments as of the reporting date. The types of investments in Level 1 include listed equities held in the name of the College, and exclude listed equities and other securities held indirectly through commingled funds.

Level 2 - Pricing inputs, including broker quotes, are generally those other than exchange 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. Also included in Level 2 are investments measured using a net asset value ("NAV") per share, or its equivalent, that may be redeemed at that NAV at the date of the consolidated statement of financial position or in the near term, which the College has generally considered to be within 90 days.

Level 3 - Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs used in the determination of fair value require significant management judgment or estimation. Investments that are included in this category generally include privately held investments, partnerships and similar interests. Also included in Level 3 are investments measured using a NAV per share, or its equivalent, that can never be redeemed at NAV or for which redemption at NAV is uncertain due to lockup periods or other investment restrictions.

As of June 30, 2014 and 2013, the carrying value of the College's cash and cash equivalents, receivables, accounts payable and accrued liabilities, deferred income, annuities payable and long-term debt approximate fair value. A reasonable estimate of the fair value of loans to students under government loan programs cannot be made because the loans are not saleable and can only be assigned to the U.S. Government or its designees.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments consisting of demand deposits accounts, money market funds, and debt instruments with original maturities of three months or less at the time of purchase. Cash and cash equivalents held in the investment portfolio are excluded as a result of the College's intent to segregate these designated funds from cash available for current operations.

During the year ended June 30, 2013, a required deposit in the amount of $1 million to maintain an ATM machine on campus was released.

Accounts Receivable

Accounts receivable include student accounts receivable, grants receivable and other receivables and are reported net of allowance for doubtful accounts. The College provides for potentially uncollectible amounts through a provision for bad debts and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts.

Contributions

Contributions or gifts, including unconditional promises to give, are recognized as revenue when received. Non-cash gifts are recorded at fair value at the date of donation.

Contributions and investment return with donor-imposed restrictions are reported as temporarily restricted revenues and are released to unrestricted net assets when donor-imposed restrictions are satisfied.

Contributions restricted for the acquisition of land, buildings and equipment or for the construction of assets are reported as temporarily restricted revenues. These contributions are released to unrestricted net assets upon acquisition of the assets or when the assets are placed into service.

The College has capitalized its collections since its inception. If purchased, items accessioned into the collection are capitalized at cost, and if donated, they are capitalized at their fair value as of the accession date. Gains or losses on the deaccession of collection items are classified on the consolidated statement of activities as unrestricted or temporarily restricted support depending on donor restrictions, if any, placed on the item at the time of accession.

Student Loans Receivable and U.S. Government Advances Refundable

Student loans receivable are carried at unpaid principal balances, which represent net realizable value. These loans have mandated interest rates and repayment terms subject to significant restrictions as to their transfer and disposition. Amounts received from the federal government to fund a portion of the student loans are ultimately refundable to the federal government and are classified as U.S. government advances refundable in the consolidated statement of financial position.

Investments

The estimated fair value of investments is based on quoted market prices, except for certain investments, principally limited partnerships and similar interests, for which quoted market prices are not available. The estimated fair value of limited partnerships and similar investments is based on valuations provided by external investment managers as of the measurement date. Because alternative investments are not readily marketable, their estimated fair value is subject to uncertainty and therefore may differ from the value that would have been used had a ready market for such investments existed. Such differences could be material.

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

Deposits with Trustees

Deposits with trustees represent funds held by designated bond trustees for debt service payments and future construction costs. Deposits with trustees are held in cash and money market funds, are recorded at fair value, and were classified as Level 1 within the fair value hierarchy as of June 30, 2014 and 2013.

Land, Buildings and Equipment

Land, buildings and equipment purchased in excess of $5,000 are recorded at cost or, if donated, at fair value at the date of the donation. Depreciation is computed on a straight-line basis, using the half-year convention, over the estimated useful lives of the related assets as follows:

	Years
Buildings and building improvements	20 - 45
Ground improvements	15 - 20
Equipment, furniture and fixtures	3 - 10
Library books	5
Vehicles	5

Works of art, historical treasures and similar assets (collectively "Collections") have been recognized at their estimated fair value based upon appraisals or similar valuations at the date of acquisition or donation. Works of art, historical treasures and similar assets are capitalized but not depreciated.

Bond Issuance Costs

Bond issuance costs are amortized over the lives of the respective bonds to which they pertain and are reported net of amortization expense.

Deferred Income

Deferred income primarily consists of tuition and matriculation deposits and other payments for upcoming semesters that have been received prior to the fiscal year-end. As of June 30, 2014, deferred income also consists of $2.7 million received from the College's dining service provider prior to the fiscal year-end, which will be recognized as revenue as earned over the contract term of 10 years.

Interest Rate Swap Obligation

The College makes limited use of derivative financial instruments, specifically an interest rate swap, for the purpose of managing interest rate risks associated with its variable rate debt obligations. An interest rate swap agreement is used to mitigate the variability of future changes in net assets and cash flows caused by movement in interest rates. The differentials paid or received on the interest rate swap agreement are recognized as adjustments to interest expense. The reported fair value of the interest rate swap obligation represents the cost to terminate the agreement at the measurement date, taking into account current and projected market interest rates. Changes in fair value are reported as part of nonoperating activities on the consolidated statement of activities.

Revenue Recognition

Tuition revenues for the fall and spring terms are recognized in the academic semester to which they relate. Revenues and expenses relating to summer session activities are recognized as earned. The carrying value of student receivables has been reduced by an appropriate allowance for uncollectible accounts, based on historical collection experience and therefore approximates net realizable value. Receivables are written-off in the period in which they are deemed uncollectible.

Revenue from government grants and contracts is recognized when earned, that is, generally as related costs are incurred under the grant or contract. Amounts expended in excess of reimbursements are reported as accounts receivable on the consolidated statement of financial position.

Other income consists principally of revenue from student club activities and athletic events among others, and is recorded when earned on the consolidated statements of activities.

Functional Expenses

Operation and maintenance expenses, depreciation and amortization of plant assets and interest on long-term debt are allocated to program and supporting activities based on the primary use of the facilities.

Conditional Asset Retirement Obligation

Under accounting principles generally accepted in the United States of America ("U.S. GAAP"), the College is required to recognize the costs associated with the eventual remediation and abatement of asbestos located within the construction of certain of its buildings. However, based on the results of surveys performed by independent environmental consultants, the College concludes that the cost of remediation is immaterial to the accompanying consolidated financial statements, and accordingly, has not recognized a liability for this obligation as of June 30, 2014 and 2013.

Income Taxes

Tax effects from an uncertain tax position are recognized in the consolidated financial statements only if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged. The College is exempt from income tax under IRC Section 501(c)(3), though it is subject to tax on income unrelated to its exempt purposes, unless that income is otherwise excluded by the Code. The tax years ending June 30, 2011, 2012, 2013, and 2014 are still open to audit for both federal and state purposes.

Advertising

Advertising costs are expensed as incurred. Advertising expense amounted to $1,759,261 and $1,827,652 for the years ended June 30, 2014 and 2013, respectively.

Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. In addition, estimates and assumptions are used to determine disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates are used in the determination of depreciation, post-retirement benefits, allowance for doubtful accounts, contributions receivable, certain accrued liabilities and certain overhead allocations, among others.

Concentrations of Credit Risk

The College maintains its cash and money market funds with high credit quality financial institutions, which at times may exceed federally insured limits. The College has not experienced, nor does it anticipate, any losses with respect to such accounts. The College has a significant investment in equities, fixed income securities, mutual and exchange-traded funds and alternative investments, both marketable and non-marketable, and is therefore subject to concentrations of credit risk.

Measure of Operations

The accompanying consolidated statements of activities present the changes in net assets distinguishing between operating and nonoperating activities. Operating activities principally include all revenues and expenses that relate to the College's educational programs, research, training and supporting activities. Operating revenues also include investment return pursuant to the College's spending rate policy earned on long-term investments held for endowment and similar purposes.

The College has defined nonoperating activities principally to include investment income earned, and gains and losses on investments held for long-term purposes and gift revenue restricted or designated for long-term investment or capital expenditures, net of amounts distributed to support operations in accordance with the endowment spending policy; gains or losses on interest rate swap obligations; and activity related to pension and post-retirement benefit plans. Certain other gains and losses considered to be of a more unusual or non-recurring nature are also included as part of nonoperating activities.

Reclassifications

Certain reclassifications of prior year amounts have been made to conform to the current year presentation. Such reclassifications did not change total assets, liabilities, revenues, expenses or changes in net assets as reflected in the fiscal 2014 consolidated financial statements.

Subsequent Events

The College evaluated its June 30, 2014 consolidated financial statements for subsequent events through November 11, 2014, the date the consolidated financial statements were issued. The College is not aware of any subsequent events which would require recognition or disclosure in the consolidated financial statements.

2. SHORT-TERM INVESTMENTS

Short-term investments consist of a short-term bond fund comprised primarily of U.S. Government obligations and obligations of government-sponsored entities. The fair value as of June 30, 2014 and 2013 is $18,279,060 and $18,064,262, including $84,453 and $219,832 in unrealized depreciation, respectively.

3. ACCOUNTS RECEIVABLE, NET

Accounts receivable, net, consists of the following at June 30, 2014 and 2013:

	2014	2013
Student accounts receivable	$ 970,961	$ 1,877,919
Less: allowance for doubtful accounts	(229,045)	(232,785)
	741,916	1,645,134
Grants and contracts receivable	3,718,461	860,382
Other receivables	1,178,197	1,184,959
Accounts receivable, net	$ 5,638,574	$ 3,690,475

4. CONTRIBUTIONS RECEIVABLE, NET

Contributions receivable, net, consists of unconditional promises to give and are summarized as follows at June 30, 2014 and 2013:

	2014	2013
Unconditional promises to give are expected to be collected in:		
Less than one year	$ 1,968,269	$ 1,898,655
One to five years	2,190,664	2,194,375
More than five years	823,043	800,105
	4,981,976	4,893,135
Less:		
Allowance for uncollectible amounts	(394,618)	(365,911)
Discount to present value (with rates ranging from 0.11% to 4.92%)	(582,191)	(596,091)
Contributions receivable, net	$ 4,005,167	$ 3,931,133

The College had outstanding conditional pledges and bequests of approximately $1,395,745 and $2,070,745 at June 30, 2014 and 2013, respectively, which, in accordance with U.S. GAAP, have not been recorded in the accompanying consolidated financial statements.

5. STUDENT LOANS RECEIVABLE

The College makes uncollateralized loans to students based on financial need. Student loans are funded through federal government loan programs or institutional resources. At June 30, 2014 and 2013, student loans represented 1.06% and 1.10% of total assets and totaled $6,110,266 and $5,836,494, respectively.

The College participates in the federal Perkins revolving loan program. The availability of funds for loans under this program is dependent on reimbursements to the pool from repayments on outstanding loans. Funds advanced by the Federal government of $5,478,819 and $5,206,629 at June 30, 2014 and 2013, respectively, are ultimately refundable to the government and are classified as liabilities in the consolidated statements of financial position. Outstanding loans cancelled under the program result in a reduction of the funds available for future loans and a decrease in the College's liability to the government.

Amounts due under the federal Perkins loan program are almost fully guaranteed by the government and, therefore, no reserves are placed on any past due balances.

6. INVESTMENTS

The fair value of investments at June 30, 2014 and 2013, is as follows:

	2014	2013
Endowments and other investible funds:		
Cash and cash equivalents	$ 19,521,178	$ 1,519,539
Fixed income securities	8,835,206	28,712,868
Domestic equity securities	27,957,534	77,410,333
International equity securities	39,838,833	39,826,797
Global real estate funds	-	8,713,993
Asset allocation funds	-	6,024,173
Commingled fund	79,993,795	11,158,684
Hedge funds	43,329,719	11,920,631
Private equity	872,590	268,156
Total pooled investments	220,348,855	185,555,174
Operating and other investments:		
Cash and cash equivalents	16,411	16,769
Domestic equity securities	138,915	105,437
Investment in TIAA-CREF annuities and mutual funds	384,765	441,315
Total operating and other investments	540,091	563,521
Total investments	$ 220,888,946	$ 186,118,695

Investment returns (losses) on short-term and long-term investments and the classification in the consolidated statements of activities for the years ended June 30, 2014 and 2013 is as follows:

	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowments and other investible funds:				
Dividends and interest	$ 2,603,165	$ 400,461	$ 339	$ 3,003,965
Realized gains	37,448,507	9,295,191	-	46,743,698
Unrealized depreciation	(11,716,592)	(2,882,975)	-	(14,599,567)
Total return on pooled investments	28,335,080	6,812,677	339	35,148,096
Operating and other investments:				
Dividends and interest	2,124	-	-	2,124
Realized gains	14,642	-	-	14,642
Unrealized appreciation	30,116	-	-	30,116
Net investment income	$ 28,381,962	$ 6,812,677	$ 339	$ 35,194,978

	2013			
	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Endowments and other investible funds:				
Dividends and interest	$ 2,360,870	$ 477,701	$ 411	$ 2,838,982
Realized gains	11,988,650	-	-	11,988,650
Unrealized appreciation	6,827,824	1,688,289	-	8,516,113
Total return on pooled investments	21,177,344	2,165,990	411	23,343,745
Operating and other investments:				
Dividends and interest	459,545	-	-	459,545
Realized gains	1,794	-	-	1,794
Unrealized appreciation	152,445	-	-	152,445
Net investment income	$ 21,791,128	$ 2,165,990	$ 411	$ 23,957,529

7. CONSTRUCTION IN PROGRESS

Construction in progress consists of the following at June 30, 2014 and 2013:

	2014	**2013**
North Campus Housing project	$ 2,250,827	$ -
Student Center Rotunda recladding	2,103,957	89,987
Lowell Thomas renovation project phase II	1,211,970	-
Campus landscape improvements	446,001	-
Fulton Street warehouse renovation	300,500	-
Multi-purpose academic building/student center renovation	-	20,717,601
Other projects and renovations	524,797	420,365
Total construction in progress	$ 6,838,052	$ 21,227,953

The North Campus Housing project will consist of four residence halls totaling 796 beds to be constructed in two phases at an estimated cost of $108 million. The first phase is estimated to be completed in August 2016, and the second phase is expected to be completed in August 2017. The estimated costs to complete the recladding of the Student Center Rotunda total approximately $6.95 million with an anticipated completion date of early December 2014. Completion of the second phase of the Lowell Thomas Communications Center phase II renovation is expected by late November 2014, at a cost of $5 million. The estimated costs to be incurred in fiscal 2015 to complete other renovations and projects at the College total approximately $6 million.

8. LAND, BUILDINGS AND EQUIPMENT, NET

Land, buildings, and equipment consist of the following at June 30, 2014 and 2013:

	2014	2013
Buildings and building improvements	$ 351,810,810	$ 317,495,652
Equipment, furniture and fixtures	59,111,418	53,701,123
Equipment acquired under capital leases	1,675,480	1,675,480
	412,597,708	372,872,255
Less: Accumulated depreciation	(159,366,448)	(148,614,585)
	253,231,260	224,257,670
Land	13,889,708	13,776,184
Art work and collectibles	7,540,122	7,118,455
Land, buildings, and equipment, net	$ 274,661,090	$ 245,152,309

Depreciation expense for the years ended June 30, 2014 and 2013 totaled $12,585,692 and $11,675,737, respectively, and is allocated to functional expense categories on the accompanying consolidated statements of activities.

9. BOND ISSUANCE COSTS

Bond issuance costs consist of the following at June 30, 2014 and 2013:

	2014	2013
Bond issuance costs	$ 1,800,765	$ 2,300,410
Less: Accumulated amortization	(443,291)	(665,875)
Bond issuance costs, net	$ 1,357,474	$ 1,634,535

Amortization expense for the years ended June 30, 2014 and 2013 amounted to $78,303 and $94,445, respectively. During the year ended June 30, 2014, approximately $301,000 of accumulated amortization on bond issuance costs was written off upon refunding the Series 1998A, 1999A and 2005A bonds through a private placement with TD Bank (see also Note 13).

10. PENSION PLANS

Defined Contribution Plans

The College has a defined contribution pension plan for all eligible employees as defined in the "Retirement Resolution." Pension obligations under the plan are funded monthly by the College as they become due. Contributions are applied to annuities for each participant by the Teachers Insurance and Annuity Association ("TIAA") and/or College Retirement Equities Fund ("CREF"). College contributions are dependent upon employee contributions in accordance with a schedule of percentages in the plan agreement. Employee contributions are normally made on a pre-tax basis unless an after tax agreement is so authorized by the employee. The College's contributions to the plan for the years ended June 30, 2014 and 2013 totaled $4,483,074 and $4,680,797, respectively.

The College funds a pension plan for all eligible employees in the SEIU Local 200 Union by participating in the pension plan provided by the 1199 Health Care Employees Pension Fund. The College's contribution is a fixed percentage of monthly gross wages for all employees covered under the agreement. The College's contributions for the years ended June 30, 2014 and 2013 totaled $539,255 and $476,050, respectively.

Deferred Compensation Plans

The College has deferred compensation plans for several employees based on years of service, which provide for cash payments at the end of the employment contract which are not guaranteed. The cost of the plans is being accrued over the period of active employment from the contract date. The liability under the agreements is determined based on the contributions required by the plans. The plans require annual contributions from $25,000 to $50,000, ranging from five to seven years and coincide with the end of the respective employee's contract. The plans require that the contributions be deposited in separate investment accounts. The assets related to these plans are maintained at TIAA-CREF, and are included in investments on the accompanying consolidated statements of financial position. The obligation related to these plans at June 30, 2014 and 2013 was $157,704 and $339,254, respectively, and is included in the accompanying consolidated statements of financial position as part of accounts payable and accrued liabilities. Total contributions to these plans for the years ended June 30, 2014 and 2013 totaled $75,000 and $175,000, respectively. The fair value of the assets related to these plans totaled $157,704 and $339,254 as of June 30, 2014 and 2013, respectively.

Defined Benefit Plan

The College has a non-qualified supplemental retirement plan for the President based on years of service, which provides for cash payments after retirement which are not guaranteed. The cost of the plan is being accrued over the period of active employment from the contract date. The College's obligation under the agreement is determined actuarially. The benefit obligation related to this plan at June 30, 2014 and 2013 totaled $131,325 and $76,847, respectively, and is included in the accompanying consolidated statements of financial position as part of accounts payable and accrued liabilities. The plan expires on June 30, 2016.

11. CHARITABLE REMAINDER TRUST

A donor has established and funded a trust under which the College serves as the custodian and trustee. Assets held in this trust are stated separately in the consolidated statements of financial position. The fair value of the assets at June 30, 2014 and 2013 totaled $963,128 and $963,030, respectively. Specified distributions are to be made to a designated beneficiary over the trust's term. Upon termination of the trust, the College receives the assets remaining in the trust. The trust is recorded as an increase to net assets at the fair value of the trust's assets, less the present value of estimated future payments to be made under the specific terms of the trust and is revalued at the end of each fiscal year.

12. OBLIGATIONS UNDER CAPITAL LEASES

During the years ended June 30, 2014 and 2013, the College leased equipment under agreements that meet the criteria for capital lease treatment. The cost of the equipment acquired under these capital leases totaled $1,675,480 and is included in the consolidated statements of financial position as part of land, buildings and equipment at June 30, 2014 and 2013, respectively. Accumulated depreciation of the equipment totaled $1,509,386 and $1,151,656 at June 30, 2014 and 2013, respectively. Amortization of assets under the capital leases is included within depreciation expense.

The future minimum lease payments required under these capital leases and the present value of the net minimum lease payments as of June 30, 2013, are as follows:

Fiscal year ending June 30,	Amount
2015	$ 328,036
2016	93,771
Total future minimum lease payments	421,807
Less: amount representing interest	(11,883)
Present value of net minimum lease payments	$ 409,924

13. LONG-TERM DEBT

Long-term debt consists of the following at June 30, 2014 and 2013:

June 30, 2014	Maturity Date	Interest Rate	Total	
Dutchess County Industrial Development Agency:				
Series 2000-A Variable Rate Demand Bonds	July 1, 2031	0.06 %*	14,930,000	C
Series 2008-A Variable Rate Demand Bonds	July 1, 2038	0.06 %*	17,955,000	E
Dutchess County Local Development Corp.				
Series 2012-A Revenue Bonds	July 1, 2021	2.43 %	13,420,000	F
Series 2013-A Fixed Rate Bonds	July 1, 2043	4.04 %	14,710,000	G
Series 2013B-1 Revenue Bonds	July 1, 2028	0.54 %	6,505,000	H
Series 2013B-2 Revenue Bonds	July 1, 2028	0.54 %	9,935,000	H
Series 2013B-3 Revenue Bonds	July 1, 2035	0.54 %	16,605,000	H
Total prinicpal			94,060,000	
Unamortized bond premium			1,958,589	
Total long-term debt			$ 96,018,589	

June 30, 2013	Maturity Date	Interest Rate	Total	
Dutchess County Industrial Development Agency:				
Series 1998-A Variable Rate Demand Bonds	July 1, 2028	0.08 %*	$ 6,835,000	A
Series 1999-A Variable Rate Demand Bonds	July 1, 2028	0.08 %*	10,400,000	B
Series 2000-A Variable Rate Demand Bonds	July 1, 2031	0.06 %*	15,460,000	C
Series 2005-A Variable Rate Demand Bonds	July 1, 2035	0.08 %*	17,085,000	D
Series 2008-A Variable Rate Demand Bonds	July 1, 2038	0.05 %*	18,395,000	E
Dutchess County Local Development Corp.				
Series 2012-A Revenue Bonds	July 1, 2021	2.43 %	13,420,000	F
Series 2013-A Fixed Rate Bonds	July 1, 2043	4.04 %	14,710,000	G
Total prinicpal			96,305,000	
Unamortized bond premium			2,258,134	
Total long-term debt			$ 98,563,134	

* The variable interest rate is the interest rate which, in the best judgment of the remarketing agent, is the lowest rate of interest which would permit the remarketing agent to sell such bonds in a secondary market at par plus accrued interest. Amounts shown represent the rate in effect as of June 30, 2014 and 2013.

A. *Series 1998-A*

On August 12, 1998, the College entered into an agreement with the Dutchess County Industrial Development Agency ("IDA") and BNY Capital Markets to issue variable rate demand civic facility revenue bonds in the amount of $10,500,000. Proceeds were used to finance construction of student housing on West Cedar Street in Poughkeepsie, New York. Interest is payable semiannually based upon a variable rate not to exceed 12% per annum, which is adjusted weekly. Principal payments will be made annually through July 1, 2028 based upon a predetermined schedule. The initial principal payment was $190,000 and gradually increases to $610,000 in the final year. The collateral on the bonds is a mortgage on the Lower West Cedar Townhouses as well as all related furniture, fixtures and equipment. A letter of credit issued by JP Morgan Chase provides a liquidity facility for the bonds that expires in September 2013. This issue was refunded on September 12, 2013 as described in *Series 2013B* below.

B. *Series 1999-A*

On January 7, 1999, the College entered into an agreement with the Dutchess County IDA and BNY Capital Markets to issue variable rate demand bonds in the amount of $15,000,000. Proceeds were used to finance construction of the College library and the humanities building. Interest is payable semiannually based upon a variable rate not to exceed 12% per annum, which is adjusted weekly. Principal payments will be made annually through July 1, 2028 based upon a predetermined schedule. The initial principal payment was $270,000 and gradually increases to $870,000 in the final year. The collateral on the bonds is a mortgage on the Cannavino Library and Fontaine Hall, as well as all related furniture, fixtures and equipment. A letter of credit issued by JP Morgan Chase provides a liquidity facility for the bonds that expires in September 2013. This issue was refunded on September 12, 2013 as described in *Series 2013B* below.

C. Series 2000-A

On November 1, 2000, the College entered into an agreement with the Dutchess County IDA and BNY Capital Markets to issue variable rate demand bonds in the amount of $20,000,000. Proceeds were used to finance construction of additional student townhouses on West Cedar Street in Poughkeepsie, New York and to make renovations to three existing dormitories. Interest is payable monthly based upon a variable rate not to exceed 12% per annum, which is adjusted weekly. Principal payments will be made annually through July 1, 2031 based upon a predetermined schedule. The initial principal payment was $330,000 and gradually increases to $1,175,000 in the final year. The collateral on the bonds is a mortgage on the Upper West Cedar Townhouses, Leo Hall, Sheahan Hall, Champagnat Hall, as well as all related furniture, fixtures and equipment. A letter of credit issued by TD Bank provides a liquidity facility for the bonds that expires in March 2015.

D. Series 2005-A

On March 22, 2005, the College entered into an agreement with the Dutchess County IDA and BNY Capital Markets to issue variable rate demand bonds in the amount of $20,000,000. Proceeds were used to finance construction of additional student townhouses, parking and a pedestrian walkway on Fulton Street in Poughkeepsie, New York. Interest is payable monthly based upon a variable rate not to exceed 12% per annum, which is adjusted weekly. Principal payments will be made annually through July 1, 2035 based upon a predetermined schedule. The initial principal payment was $370,000 and gradually increases to $1,085,000 in the final year. The collateral on the bonds is a mortgage on the Upper Fulton Townhouses, 6 Terminal Road Parking Lot, as well as all related furniture, fixtures and equipment. A letter of credit issued by JP Morgan Chase provides a liquidity facility for the bonds that expires in September 2013. This issue was refunded on September 12, 2013 as described in *Series 2013B* below.

E. Series 2008-A

On January 1, 2008, the College entered into an agreement with the Dutchess County IDA and Morgan Stanley & Company to issue variable rate demand bonds in the amount of $20,000,000. Proceeds were used to finance construction of additional student townhouses, parking lots and roadways on Fulton Street in Poughkeepsie, New York. Interest is payable monthly based upon a variable rate not to exceed 12% per annum, which is adjusted weekly. Principal payments will be made annually through July 1, 2038 based upon a predetermined schedule. The initial principal payment was $380,000 and gradually increases to $1,065,000 in the final year. The bonds have a springing lien on Lower Fulton Townhouses, as well as all related furniture, fixtures and equipment. A letter of credit issued by TD Bank provides a liquidity facility for the bonds that expires in January 2015.

F. Series 2012-A

On May 17, 2012, the College entered into an agreement with the Dutchess County Local Development Corporation and RBC Capital Markets to issue fixed rate serial bonds in the par amount of $13,420,000. The College also recorded a premium amount on the bond of $1,995,962. Proceeds were used to refund the Series 2003 bonds issued by the Dutchess County Industrial Development Agency. Accordingly, the College recognized a loss on the accompanying 2012 consolidated statement of activities for this refinancing. The Series 2003 bonds were issued to refund the Series 1990 and 1992 bonds issued by the Dormitory Authority of the State of New York. Interest is payable semiannually based on predetermined interest rates starting at 4.0% in the initial year and increasing to 5.0% in 2017. Principal payments will be made annually through July 1, 2021 based upon a predetermined schedule ranging from $850,000 to $2,070,000. There is no collateral on the bonds. Debt covenants include a debt service coverage ratio of at least 1.0.

G. Series 2013-A

On March 28, 2013, the College entered into an agreement with the Dutchess County Local Development Corporation and RBC Capital Markets to issue fixed rate serial bonds in the par amount of $14,710,000. The College also recorded a premium amount on the bond of $552,546. Proceeds were used to finance construction of multi-purpose academic building in Poughkeepsie, New York. Interest is payable annually based on predetermined interest rates starting at 2.0% in the initial year and increasing to 5.0% in 2033. Principal payments will be made annually through July 1, 2043 based upon a predetermined schedule ranging from $290,000 to $835,000. There is no collateral on the bonds. Debt covenants include a debt service coverage ratio of at least 1.0.

H. Series 2013B

On September 12, 2013, the College converted the Series 1998-A, 1999-A, and 2005-A bonds totaling $33,045,000 from variable rate bonds to revenue bonds, whereby TD Bank became the sole holder of these bonds until they expire.

Proceeds from the Series 2013B-1 bonds of $6,505,000 were used primarily to refund the Dutchess County IDA Series 1998-A bonds which were previously used for the construction of the West Cedar student housing facility. Proceeds from the Series 2013B-2 bonds of $9,935,000 were used primarily to refund the Dutchess County IDA Series 1999-A bonds which were previously used for the construction of the library facility and humanities building. Proceeds from the Series 2013B-3 bonds of $16,605,000 were used primarily to refund the Dutchess County IDA 2005-A bonds which were previously used for the construction of the Upper Fulton Street student housing facility. The remaining proceeds from the Series 2013B bonds were used to pay the bond issuance and other costs associated with the Series 2013B issue.

Interest is paid monthly based on a variable rate using LIBOR. Principal payments will be made annually through July 1, 2028 for the Series 2013B-1 and 2013B-2 bonds and through July 1, 2035 for the Series 2013B-3 bonds, based on a predetermined schedule ranging from $865,000 to $2,225,000. There is no collateral on the bonds. The three letters of credit associated with the Series 1998-A, 1999-A and 2005-A bonds with JP Morgan were terminated.

At June 30, 2014 and 2013, interest expense related to long-term debt totaled $1,275,179 and $1,279,838, respectively.

The letters of credit issued by TD Bank require the College to meet certain financial and reporting covenants. The College is in compliance with all required loan covenants at June 30, 2014.

Based on current rates and credit qualities, the fair value of long-term debt approximates carrying amounts.

At June 30, 2014 aggregate principal maturities of long-term debt for each of the next five years and in total thereafter are as follows:

Fiscal year ending:	
2015	$ 3,465,000
2016	4,280,000
2017	4,450,000
2018	4,630,000
2019	4,850,000
Thereafter	72,385,000
	94,060,000
Plus: unamortized bond premium	1,958,589
Total	$ 96,018,589

14. INTEREST RATE SWAP OBLIGATION

In order to mitigate the College's interest rate exposure on variable rate debt obligations, the College entered into an interest rate swap agreement with Morgan Stanley Capital Services, Inc. (the "Counterparty"). The notional principal amount of the swap was $47,975,000 and $49,780,000 at June 30, 2014 and 2013, respectively. The swap agreement matures on July 1, 2035, which coincides with the Series 2013B-3 bond obligations. Under the terms of the agreement, the College will continue to pay the bondholders interest at variable rates. The Counterparty will reimburse the College a variable interest rate at 68% of LIBOR (0.1570% and 0.1862% at June 30, 2014 and 2013, respectively) while the College is obligated to pay the Counterparty a fixed rate of 3.42%.

The fair value of this obligation as of June 30, 2014 and 2013 totals $6,601,083 and $6,770,945, respectively, and is categorized as Level 2 within the fair value hierarchy. The change in the fair value of this obligation totals $169,862 and $3,885,963 during the years ended June 30, 2014 and 2013, respectively, and is included in the accompanying consolidated statements of activities as change in fair value of interest rate swap obligation.

Additional interest paid by the College related to the swap agreement amounted to approximately $1,561,646 and $1,586,866 for the years ended June 30, 2014 and 2013, respectively.

Under the terms of the agreement, cash serves as collateral when the fair value of the swap liability exceeds a threshold of $10 million. The cash is restricted as to withdrawal or use and is held in custody by the Counterparty. As of June 30, 2014 and 2013 the College had no restricted cash.

The swap agreement contains provisions that require the College to meet certain financial covenants. The College was in compliance with these covenants at June 30, 2014. Had the College not been in compliance, an additional termination event will occur and the Counterparty has the right to early terminate the agreement and the College will be responsible for a settlement amount based on market quotation.

15. POST-RETIREMENT HEALTH CARE BENEFITS

The College sponsors three defined benefit post-retirement plans which cover substantially all employees that attain either pre-defined ages and/or years of service, or retirement with a disability benefit. The College offers a medical benefits plan, a dental benefits plan and a life insurance benefits plan. Under the medical plan, eligible retirees have a choice of one indemnity plan and one PPO. Both the indemnity plan and the PPO plan are contributory with retiree contributions adjusted annually. For all active and new employees, only the PPO plan is available. Effective July 1, 2012, the College's Board of Trustees froze the postretirement plan and it is now closed to new participants.

The following table provides a reconciliation of the changes in the Plans' benefit obligations and fair value of assets for the years ended June 30, 2014 and 2013:

	2014	2013
Reconciliation of benefit obligation:		
Obligation at beginning of year	$ 8,474,177	$ 8,577,334
Service cost, including expenses	150,445	265,931
Interest cost	283,733	343,760
Plan participants' contributions	306,154	230,814
Amendments	-	-
Actuarial gain	(952,601)	(79,085)
Benefits payments and expected expenses	(1,432,621)	(928,884)
Medicare Part D reimbursements	-	64,307
Obligation at end of year	6,829,287	8,474,177
Reconciliation of fair value of plan assets:		
Fair value of plan assets at beginning of year	-	-
Employer contributions	1,126,467	633,763
Plan participants' contributions	306,154	230,814
Benefit payments and actual expenses	(1,432,621)	(928,884)
Medicare Part D reimbursements	-	64,307
Fair value of plan assets at end of year	-	-
Unfunded status at end of year	$ 6,829,287	$ 8,474,177

The effect of a one-percentage-point increase/decrease in the assumed health care cost trend rates for each future year on the accumulated post-retirement benefit obligation for health care benefits and the aggregate on the service and interest cost components of net periodic postretirement health care benefit cost are shown below:

	Post-Retirement Benefits: Accumulated Post-retirement Benefit Obligation	Post-Retirement Benefits: Service Cost Plus Interest Cost
At trend	$ 6,829,287	$ 434,178
At trend + 1%	8,134,646	513,088
Dollar impact	1,305,359	78,910
Percentage impact	19.11 %	18.17 %
At trend - 1%	5,993,779	383,672
Dollar impact	(835,508)	(50,506)
Percentage impact	(12.23)%	(11.63)%

The amounts recognized in unrestricted net assets on the consolidated statements of financial position at June 30, 2014 and 2013, consisted of:

	2014	2013
Prior service cost	$ (6,915,378)	$ (7,375,336)
Actuarial gain	2,870,954	3,959,092
Total	$ (4,044,424)	$ (3,416,244)

Components of net periodic cost on the consolidated statements of activities for the years ended June 30, 2014 and 2013 consist of the following:

	2014	2013
Net periodic benefit cost:		
Service cost	$ 150,445	$ 265,931
Interest cost	283,733	343,760
Amortization of prior service cost	(459,958)	(459,958)
Amortization of net loss	135,537	412,705
Net periodic benefit cost	$ 109,757	$ 562,438

Amounts recognized in unrestricted net assets as of June 30, 2014 and 2013 are as follows:

	2014	2013
Prior service credit	$ -	$ -
Net gain	(952,601)	(79,085)
Amortization of prior service cost	459,958	459,958
Amortization of net loss	(135,537)	(412,705)
Total other amounts recognized in unrestricted net assets	$ (628,180)	$ (31,832)

The expected effect in unrestricted net assets of the estimated transition obligation, prior service credit, and net loss for the Plan that will be recognized as components of net periodic benefit cost for the year ending June 30, 2015 are $0, $459,958 and ($210,947), respectively.

Weighted average assumptions as of June 30th (measurement date):

	2014	2013
Discount rate	3.97 %	4.46 %
Expected return on Plan assets	N/A	N/A
Assumed pre-65 medical trend rates:		
Initial trend rate for the coming fiscal year	7.50 %	8.00 %
Ultimate trend rate	5.00 %	5.00 %
Year that the rate reaches ultimate trend rate	2024	2022
Assumed post-65 medical trend rates:		
Initial trend rate for the coming fiscal year	6.25 %	6.50 %
Ultimate trend rate	5.00 %	5.00 %
Year that the rate reaches ultimate trend rate	2024	2022
Assumed prescription drug trend rates:		
Initial trend rate for the coming fiscal year	6.75 %	7.00 %
Ultimate trend rate	5.00 %	5.00 %
Year that the rate reaches ultimate trend rate	2024	2022

The following schedule summarizes the benefits to be paid by the Plan in each of the next five years along with the aggregate to be paid for the five years thereafter:

Fiscal year ending June 30th	Net Benefits
2015	$ 530,879
2016	483,702
2017	480,422
2018	447,934
2019	445,134
2020 through 2024	2,525,228
Total	$ 4,913,299

The College's post-retirement benefit plan prescription drug coverage is at least actuarially equivalent to the new Medicare coverage. The disclosure reflects, as of June 30, 2014, the subsidy payments from Medicare that commenced in 2007. The value of the subsidy is reflected as an actuarial gain and reduces the Plan's accumulated post-retirement benefit obligation, service cost and the net periodic post-retirement benefit cost.

16. FAIR VALUE MEASUREMENTS

Assets and liabilities measured at fair value on a recurring basis at June 30, 2014 are as follows:

	Fair Value	Level 1	Level 2	Level 3
ASSETS				
Short-term investments:				
Fixed income securities	$ 18,279,060	$ 18,279,060	$ -	$ -
Assets held in charitable remainder trusts:				
Cash equivalents	963,128	-	963,128	-
Endowments and other investible funds:				
Cash equivalents	19,521,178	19,521,178	-	-
Fixed income securities	8,835,206	8,835,206	-	-
Domestic equity securities	27,957,534	27,957,534	-	-
International equity securities	39,838,833	39,838,833	-	-
Commingled funds	79,993,795	-	79,993,795	-
Hedge funds	43,329,719	-	16,689,940	26,639,779
Private equity	872,590	-	-	872,590
Total pooled investments	220,348,855	96,152,751	96,683,735	27,512,369
Other investments:				
Cash equivalents	16,411	16,411	-	-
Domestic equity securities	138,915	138,915	-	-
Investment in TIAA-CREF annuities and mutual funds	384,765	-	384,765	-
Total assets	$ 240,131,134	$ 114,587,137	$ 98,031,628	$ 27,512,369
LIABILITIES				
Interest rate swap obligation	$ 6,601,083	$ -	$ 6,601,083	$ -

Assets and liabilities measured at fair value on a recurring basis at June 30, 2013 were as follows:

	Fair Value	Level 1	Level 2	Level 3
ASSETS				
Short-term investments:				
Fixed income securities	$ 18,064,262	$ 18,064,262	$ -	$ -
Assets held in charitable remainder trusts:				
Cash equivalents	963,030	-	963,030	-
Endowments and other investible funds:				
Fixed income securities	28,712,868	28,712,868	-	-
Domestic equity securities	77,410,333	77,410,333	-	-
International equity securities	39,826,797	25,334,535	14,492,262	-
Global real estate funds	8,713,993	8,713,993	-	-
Asset allocation funds	6,024,173	6,024,173	-	-
Commingled fund	11,158,684	-	11,158,684	-
Hedge funds	11,920,631	-	5,911,795	6,008,836
Private equity	268,156	-	-	268,156
Total pooled investments	184,035,635	146,195,902	31,562,741	6,276,992
Other investments:				
Cash equivalents	16,769	16,769	-	-
Domestic equity securities	105,437	105,437	-	-
Investment in TIAA-CREF annuities and mutual funds	441,315	-	441,315	-
Total assets	$ 203,626,448	$ 164,382,370	$ 32,967,086	$ 6,276,992
LIABILITIES				
Interest rate swap obligation	$ 6,770,945	$ -	$ 6,770,945	$ -

Fair values of financial instruments measured using Level 3 inputs at June 30, 2014 and 2013 are as follows:

	2014	2013
Fair value, beginning of year	$ 6,276,992	$ 5,440,201
Purchases	20,625,000	276,488
Redemptions	(38,822)	-
Realized and unrealized gains	649,199	560,303
Fair value, end of year	$ 27,512,369	$ 6,276,992

All net unrealized gains (losses) in the table above are reflected in net realized and unrealized gains (losses) in the accompanying consolidated statements of activities. Management fees approximating $179 thousand and $111 thousand, are included within realized and unrealized gains within the rollforward above for the years ended June 30, 2014 and 2013, respectively.

The College uses the NAV to determine the fair value of all the underlying investments which (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. The following table lists investments by major category as of June 30, 2014 and 2013:

2014

Fund Strategy	Number of Funds	NAV	Remaining Life	$ Amount of Unfunded Commitments	Timing to Draw Down Commitments	Notice Required	Lock-up and Redemption Terms
Multi-Strategy Hedge Fund of Funds	14	$ 43,329,719	N/A	None	N/A	45 - 90 days	Redemptions range from monthly to bi-annually; 5 funds have lock-ups ranging from 3 months to 33 months; 1 fund has a quarterly gate of 25% and 1 fund has annual gate of 33%
Private equity	2	872,590	1 fund with 8 years and 1 fund with 15 years	$ 9,138,822	N/A	1 fund with 30 days and 1 fund with no liquidy	N/A
Commingled funds	9	79,993,795	N/A	None	N/A	5 - 60 days	Redemptions range from daily to monthly

2013

Fund Strategy	Number of Funds	NAV	Remaining Life	$ Amount of Unfunded Commitments	Timing to Draw Down Commitments	Notice Required	Lock-up and Redemption Terms
Multi-Strategy Hedge Fund of Funds	2	$ 11,920,631	N/A	None	N/A	90 - 95 days	1 fund with 90 day liquidity and 1 fund with 180 day liquidity after 90 - 95 days notice.
Commingled fund	1	11,158,684	N/A	None	N/A	1 day	Daily liquidity
International Equity - Value	1	14,492,262	N/A	None	N/A	30 days	Monthly liquidity
Private equity	1	268,156	N/A	$ 4,725,000	N/A	30 days	N/A

17. NET ASSETS

Net assets consist of the following at June 30, 2014 and 2013:

	2014	2013
Unrestricted net assets:		
For general operations	$ 224,652,215	$ 188,168,351
Designated for quasi-endowment	9,147,459	7,456,851
Designated for investment in plant	130,430,395	120,093,047
	364,230,069	315,718,249
Temporarily restricted net assets:		
Instruction, research and divisional support	5,183,455	5,319,722
Building and construction activities	17,909,751	18,371,788
Scholarships and endowment	18,811,703	12,584,773
	41,904,909	36,276,283
Permanently restricted net assets:		
Endowment funds	27,343,762	26,660,430
Total net assets	$ 433,478,740	$ 378,654,962

18. ENDOWMENT

The College's endowment consists of both donor-restricted endowment funds established for a variety of purposes and funds designated by the College's Board of Trustees to function as quasi-endowments. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

On September 17, 2010, New York State passed the New York State Prudent Management of Institutional Funds Act ("NYPMIFA"), its version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). All not-for-profit organizations formed in New York must apply this law. The College classifies donor-restricted endowment funds as permanently restricted net assets, unless otherwise stipulated by the donor as follows: (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 funds.

From time to time, the fair value of assets associated with an individual donor-restricted endowment fund may fall below the fund's historic dollar value. Under NYPMIFA, the College may spend below the historical dollar value of its endowment funds, if determined to be prudent, unless specific donors have stipulated to the contrary. The College has received instructions from donors, who have contributed $319,829 and $302,177 in permanently restricted contributions (with a fair value of $453,285 and $376,794 as of June 30, 2014 and 2013), for which the College must maintain the historical dollar value of these funds. At June 30, 2014 and 2013, the College had not spent below the historical dollar value of its endowments.

The investment objectives for the College's endowment are to preserve the principal value of those funds, in both absolute as well as real terms, and to maximize, over the long-term, the total rate of return earned without assuming an unreasonable degree of risk. In connection with these investment objectives, the Board of Trustees has adopted a spending policy. The amount available for spending is determined annually by applying a rate of 5% to the average fair value of the endowment for the preceding three fiscal years.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until such amounts are appropriated for expenditure by the College's Board of Trustees in a manner consistent with the standard of prudence prescribed by NYPMIFA. In accordance with NYPMIFA, the College considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the endowment fund
(2) The purposes of the College and its donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the College
(7) The investment policies of the College and
(8) Where appropriate, alternatives to spending from the donor-restricted endowment fund and the possible effects on the College.

The tables which follow present information with respect to the College's endowment, inclusive of pledges, as of June 30, 2014:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 18,811,703	$ 27,343,762	$ 46,155,465
Board-designated endowment funds	9,147,459	-	-	9,147,459
Total endowment net assets	$ 9,147,459	$ 18,811,703	$ 27,343,762	$ 55,302,924

The tables which follow present information with respect to the College's endowment, inclusive of pledges, as of June 30, 2013:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 12,584,773	$ 26,660,430	$ 39,245,203
Board-designated endowment funds	7,456,851	-	-	7,456,851
Total endowment net assets	$ 7,456,851	$ 12,584,773	$ 26,660,430	$ 46,702,054

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 7,456,851	$ 12,584,773	$ 26,660,430	$ 46,702,054
Dividends and interest	82,008	400,461	339	482,808
Net realized and unrealized appreciation on investments	1,312,351	6,412,216	-	7,724,567
Contributions	25,042	-	655,823	680,865
Transfers amongst net asset categories	300,000	(66,770)	27,170	260,400
Awards made	(28,793)	(518,977)	-	(547,770)
Endowment net assets, end of year	$ 9,147,459	$ 18,811,703	$ 27,343,762	$ 55,302,924

Changes in endowment net assets for the year ended June 30, 2013 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 6,998,606	$ 10,841,879	$ 25,048,359	$ 42,888,844
Dividends and interest	97,115	477,701	411	575,227
Net realized and unrealized appreciation on investments	343,349	1,688,289	-	2,031,638
Contributions	36,330	25,633	1,564,160	1,626,123
Transfers amongst net asset categories	-	-	47,500	47,500
Awards made	(18,549)	(448,729)	-	(467,278)
Endowment net assets, end of year	$ 7,456,851	$ 12,584,773	$ 26,660,430	$ 46,702,054

19. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from donor restrictions due to the passage of time and/or satisfying the restricted purposes specified by the donors are as follows:

	2014	2013
Capital projects - Hancock Center	$ 2,028,070	$ 1,020,600
Scholarships	575,462	511,925
Instruction, research and divisional support	827,870	785,107
Total	$ 3,431,402	$ 2,317,632

20. DEVELOPMENT EXPENSES

The College incurred expenses amounting to $2,392,878 and $1,963,077 related to development and fundraising for the years ended June 30, 2014 and 2013, respectively. Such amounts are included in institutional support on the accompanying consolidated statements of activities.

21. SELF-INSURED MEDICAL BENEFITS

The College has a self-insured hospitalization and medical coverage program for its employees. The College is limiting its losses through the use of stop-loss policies through reinsurers. Specific individual family losses for claims are limited to $175,000 per plan year. The College's aggregate annual loss limitation for the plan years ended March 31, 2014 and 2013 was $13,187,919 and $11,850,383, respectively. The amount reserved for these items at June 30, 2014 and 2013 totals $854,441 and $747,236, respectively, and is included in accounts payable and accrued liabilities in the accompanying consolidated statements of financial position.

Management believes they have adequately provided for all claims incurred in the accompanying consolidated financial statements, however, since the accrued liability is based on estimates, the College's ultimate liability may exceed or be less than the amounts accrued. The methods of making such estimates and establishing the accrual are reviewed continually and any resulting adjustments are reflected in change in net assets for the current year.

22. RELATED PARTY TRANSACTIONS

Unconditional promises to give include approximately $1.3 million due from Board members and entities related to Board members as of June 30, 2014 and 2013, respectively. Additionally, the College had approximately $165,000 and $175,000, due from employees as of June 30, 2014 and 2013, respectively.

23. COMMITMENTS AND CONTINGENCIES

The College is subject to various litigation incidental to its business activities. Management and its counsel believe that existing insurance policies are sufficient and that pending litigation will not have a material adverse effect on the College's financial position, operations and cash flows.

The College is a member of the New York College & University Risk Management Group Trust. The Trust was created for the purpose of providing and securing workers compensation insurance for its members. There is a statutory requirement that each member be jointly and severally liable with all other members for the compensation and medical liability accruing during its participation in the Group Trust. Such liability shall survive the member's termination from the Group or active participation in the Program. As of June 30, 2014 and 2013, the College believes there is no exposure for future liabilities.

The College leases space in Fishkill, New York in conjunction with its School of Global and Professional Programs under a non-cancellable operating lease agreement. The agreement also requires the College to pay for its share of utilities, real estate taxes, insurance and property management fees, as well as the operation of common areas. The Fishkill lease expires in April 2015.

The College has five separate leases for residential and classroom space in Florence, Italy for its international program. The agreements also require the College to pay for its share of utilities and registration fees. Leases expire in July 2014, May 2015, August, 2015 and December 2015.

Additionally, the College leases automobiles, copier equipment, and other equipment under operating leases with terms ranging from three to five years.

In addition to the benefits described in Note 10 above, the College has employment agreements in place that extend through fiscal 2019.

The minimum future lease commitments under the above operating leases and other contractual commitments are as follows:

Fiscal year ending:	
2015	$ 2,530,620
2016	1,007,649
2017	476,109
2018	423,222
2019	351,667
Total	$ 4,789,267

Rental expense for the years ended June 30, 2014 and 2013 amounted to $805,262 and $984,902, respectively.