# 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

# 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 <u>all</u> 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 four (4) copies 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 <u>may be subject to disclosure</u> 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:**

The Bonds are being used for A) the construction , installation, equipping and furnishing of (*i)* an approximately 58,000 square feet, three-story Science and Allied Health building, located on the east side of Route 9 and (*ii*) a 796-bed, four-building student housing facility, totaling 329,400 Sq. ft., located on the north part of the main campus; (B) the renovation, installation, furnishing, equipping and improving of other College facilities needed to accommodate the construction projects described in (A), including but not limited to landscaping, lighting, parking areas and access ways located on the campus; (C) general campus construction, renovation, equipment purchases and improvements, including, but not limited to, site work and relocation costs relating thereto; and (D) paying of all or a portion of the costs incidental to the issuance of the Bonds (collectively, "the Project").

## A. CORPORATION DATA

1. Applicant Information

Corporation Name: Marist College

Address: 3399 North Road
Poughkeepsie, NY 12601

Phone: 845 575 3161

Fax: 845 575 3046

Email: John.pecchia@marist.edu

Federal Employer ID Number: 14-1442493

Contact Person Name: John Pecchia Title: VP-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, New York 12601

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

Email: mgg@cgrlaw.com

**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.

   Science & Allied Health Building - 58,000 sq. ft., 3-story, Academic space
   North Campus Student housing - 4 buildings, 4-story, 796 beds
   Bldg. A, 306 Beds, 4-story, 117,000 sq. ft.
   Bldg. B, 173 beds, 4-story, 68,000 sq. ft.
   Bldg. C, 166 beds, 4 story, 66,900 sq. ft.
   Bldg. D, 151 beds, 4-story, 77,500 sq. ft.

2. Project Address

   Marist College
   3399 North Road
   Poughkeepsie, NY 12601

   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: Hyde Park
   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:

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

☒ Water ☒ Electric
☒ Gas ☐ ☒ Sanitary/Storm Water

4. Present legal owner of site:
_____Marist College________________________________________

5. Zoning of Project Site:

Current ______________________________________________

Proposed ______________________________________________

6. Are any variances needed? If so, please list:
__________No_______________________________________________

7. Principal use of Project after completion: Academic and student housing________________

8. Facility Relocation or Closure: ___None__________________________________________

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 | $ 90,000,000 | |
| *x Mortgage Recording Tax* | | x .0105 |
| Total: | $ 945,000 | |

(Consult with DCEDC for assistance with this calculation)

2. Benefits = Economic Development Impacts

| **Employment** | **Full time** | **Part Time** | **Seasonal** | **Total FTE** |
|---|---|---|---|---|
| Current number of employees at project location | 802 | 432 | 100 | 978 |
| Number of current employees to be retained | 802 | 432 | 100 | 978 |
| Estimated average annual salary of jobs to be retained | $67,515 | $6,165 | $7,849 | |
| Projected number of employees after year 1 | 825 | 435 | 100 | 984 |
| Projected number of employees after year 2 | 830 | 440 | 100 | 990 |
| 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 | 0 | 0 |

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

| | |
|---|---|
| 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 | $ |
| Net new property tax payments resulting from this project | $ 0 |

**D. PROJECT COSTS**

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

| | |
|---|---|
| Land | $ 0 |
| Building | $ 123,300,000 |
| Machinery and Equipment | $ 5,100,000 |
| Site Work | $ 2,100,000 |
| Architectural | $ 7,100,000 |
| Legal Fees[1] | $ 307,000 |
| Engineering Fees | $ 1,425,000 |
| Financing (transaction) Fees | $ |
| Issue Costs | $ 300,000 |
| LDC Administrative Fees (See page 1) | $ 243,000 |
| Other | $ |
| Other List Items Permits and approval | $ 175,000 |
| Furniture and Fixtures | $ 2,150,000 |
| Refunding Bonds, if any | $ 0 |
| Total Project Cost | $ 142,200,000 |
| | |
| Amount of Equity | $ 52,200,000 |
| Amount Financed by Bond Issue | $ 90,000,000 |
| Total Project Cost | $ 142,200,000 |

*With the 2009/2010 budget, NYS is proposing a change in the fee structure, including the bond issuance fee:*

1. 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.

2. Total Funds Required $90,000,000 Term 30 years

3. 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?

   36.7% or $52,200,000

   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? $50,000,000

4. Has the Corporation arranged for the marketing or the purchase of the bond(s)? If so, please explain.

   Yes, Underwriters are Barclays Bond and Wells Fargo Securities

## E. PROJECT CONSTRUCTION SCHEDULE

1. What is the proposed date for commencement of construction or acquisition of the Project?
   December 2014

2. Give an accurate estimate of time schedule to complete the Project and when the first use of Project Funds is expected to occur.
   Science Building - March 2016; Project Funds - March 2015
   Phase I Housing - August 2016; Project Funds, March 2015
   Phase II Housing - August 2017; Project Funds, June 2016

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

To Be Determined

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 Pecchia, CFO
Chief Executive Officer of Applicant

Jan 20, 2015
Date

# CERTIFICATION

John P. Pecchia ______ deposes and says that he is
(Name of CEO of Corporation submitting application)

the Vice President of 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)

Print Name John P. Pecchia Title VP for Business Affairs/CFO Date Jan 20, 2015

**NOTARY**: Sworn to me before this 20 day of January, 20 15

Jayne M Griesemer
Notary Public (Please Affix Stamp)

JAYNE M. GRIESEMER, NOTARY PUBLIC
Qualified in Dutchess County, NYS
Reg. No. 01GR6074613
Commission Expires 3/17/15

**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. 20, 2015

Chief Executive Officer of Applicant — Date

## 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:

____________________________________________

____________________________________________

____________________________________________

____________________________________________

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 P. Pecchia

Title: CFO

# Town of Poughkeepsie
## Planning & Zoning

1 Overocker Road
Poughkeepsie, NY 12603

845-485-3657 Phone
845-486-7885/790-4772 Fax

State Environmental Quality Review
**NEGATIVE DECLARATION**
Notice of Determination of Non-Significance

This notice is issued pursuant to Part 617 of the implementing regulations pertaining to Article 8 (State Environmental Quality Review Act) of the Environmental Conservation Law.

The **TOWN OF POUGHKEEPSIE PLANNING BOARD**, as lead agency, has determined that the proposed action described below will not have a significant environmental impact and a Draft Environmental Impact Statement will not be prepared.

**Name of Action:** **Marist College-North Campus Housing; and Marist College-St. Ann's Parking**

**SEQR Status:** Type 1 ☒
Unlisted ☐

**Conditioned Negative Declaration:** ☐ Yes
☒ No

**Description of Action:**

The project consists of two separate applications for waterfront consistency review; and site plan approval, which are related because they are adjacent sites owned by Marist College; and are functionally related to each other. To ensure that SEQR review addresses all related parts of both actions (North Campus and St. Ann's), a combined SEQR review was conducted considering coordinated separate site plan applications and separate Coastal Assessment Forms and their cumulative effects. The separate projects are summarized as follows:

**Marist College-North Campus Housing** is a two (2) phase 789-bed student housing project, including demolition of existing student housing and administrative/academic structures; construction of four buildings with 9,400 square feet of administrative and classroom facilities. The site is located in the Institutional (IN) and Waterfront District 1 (WD-1) zoning districts. The 12.89± acre-site is 1 lot with improvements on an adjacent lot (St. Ann's).

**Marist College-St. Ann's Parking** is an expanded parking lot adjacent to the Marist-North Campus student housing project, including relocation of a driveway connecting the site with the North Campus Housing. The site is also located in the Institutional (IN) and Waterfront District 1 (WD-1) zoning districts. The 26.5± acre-site is 4 lots.

The North Campus and St. Ann's projects are both located at the northerly end of the Marist College main campus on the west site of U.S. Route 9. The result would be site redevelopment as both project sites were previously disturbed and developed and in use by Marist College.

The North Campus housing aspect proposes demolition of five (5) structures containing 306 existing student housing beds (Gartland Apartments; and Fontaine Annex buildings); and construction of four (4) new structures in two (2) phases. These new structures, referred to on the site plan drawings as Buildings A through D will contain 789 new student housing beds and 9,400 square feet (SF) of administrative and classroom facilities. Thus, site redevelopment would result in a net gain of 483 beds and administrative/classroom space. Phase 1 involves the demolition of the Fontaine Annex building and existing parking areas; and construction of 2 buildings (A and B) with 465 beds; and new parking areas. Phase 1 would also involve the relocation of an existing driveway to the St. Ann's site; and subsequent reclamation of the former driveway.

Upon completion and occupancy of Phase 1, Phase 2 will begin, involving demolition of the existing Gartland Commons housing complex; and construction of 2 more buildings (C and D) with 324 beds and 9,400 SF of administrative/classroom space.

The project also includes pedestrian amenities, open space, storm water controls, utilities, landscaping, and lighting.

The St. Ann's parking improvement project, located on adjacent land to the north of the North Campus Housing project, involves expansion of an existing parking area to accommodate approximately 123 total parking spaces.

Both aspects of the overall project also include pedestrian amenities, open space, storm water controls, utilities, landscaping, and lighting.

The purpose of the North Campus housing is: to replace aging student housing facilities; to provide additional beds needed to allow students living at offsite Marist housing locations to live on campus; and to provide on-campus housing for more students than can currently be accommodated. The St. Ann's aspect would provide more parking for the increase in student housing beds; and replace some of the parking eliminated by the placement of the North Campus housing buildings.

The redevelopment of these sites will involve disturbance of 8.69 acres for the North Campus Housing; and 1.74 acres for the St. Ann's Parking improvements, resulting in a total disturbed area of 10.43 acres.

Access to the project would be via existing, slightly modified private access roads internal to the site. No modifications are proposed to public access drives from Route 9, including the nearest one at the North Gate opposite the north access to Mid-Hudson Center. An existing secondary access located on the St. Ann's parcel will be available for ongoing emergency access.

The project would be served by municipal sewage treatment and water supply facilities. Proposed stormwater management design for the project includes directing site runoff to on-site systems for collection and treatment prior to discharge. Stormwater management and erosion controls would conform to the requirements of the current NYSDEC SPDES General Permit for Stormwater Discharges from Construction Activity; NYSDEC Stormwater Management Design Manual; and NYS Standards and Specifications for Erosion and Sediment Control.

**Location:** 3399 & 3499 North Road, Town of Poughkeepsie, New York, Dutchess County. The site's tax parcel numbers are: 6062-02-891913; and 873997; and 6062-02-891913; 893955; 917955; and 873997.

**Required Permits and Approvals**

1. Town of Poughkeepsie Planning Board: Waterfront consistency review; and Site Plan approval.

2. Town of Poughkeepsie Zoning Board of Appeals: Variance, front yard setback (for North Campus Housing).

3. Town of Poughkeepsie Building Inspector: Floodplain Development Permit (for North Campus Housing).

4. Town of Poughkeepsie Water and Sewer Department approvals.

5. Town of Poughkeepsie Engineering Department: Stormwater Pollution Prevention Plan (SWPPP).

6. Dutchess County Department of Health: Water Supply and Sewer System Approvals.

7. Town of Poughkeepsie Municipal Acceptance of Stormwater Pollution Prevention Plan (SWPPP).

8. NYSDEC SPDES General Permit Coverage (GP-0-10-001) for Construction Activities.

**Documents, Studies, Materials and Comments Reviewed and Considered by the Lead Agency**

The applicant submitted applications, plans, reports and other materials for both projects to the Planning Board for Waterfront Consistency review; and Site Plan approval, including revised versions of the Full Environmental Assessment Form (Full EAF) Part 1; and Coastal Assessment Form (CAF). A combined "Environmental Summary"; and Visual EAF Addendum were submitted to addresses all related parts of both actions. These submittals are listed at the end of the recent review letters for each project (December 12 and 15, 2014 and January 9, 2015).

**Reasons Supporting This Determination:**

**1. Storm Water**

Approximately one-fourth (10.43 acres) of the 39.39-acre site would be subject to disturbance and regrading during construction. The project involves redevelopment with a net impervious surface increase of approximately 1.13 acres while achieving a net gain of 483 beds. The draft Storm Water Pollution Prevention Plan (SWPPP) states that the 4 to 5-story building designs result in a benefit of smaller impervious footprints thus reducing overall "impervious cover and associated runoff and pollutants generated". Other runoff reduction volume measures described in the SWPPP include soil restoration; bioretention; and the combined effect of runoff reduction and green infrastructure practices. Construction phasing, sequencing and temporary and permanent erosion/sedimentation control measures address potential effects of ongoing site disturbance; and site stabilization.

The SWPPP and associated storm water management plans have been prepared by the applicant and reviewed by the Town's consulting engineer. The final SWPPP, storm water management and erosion control plans would be in conformance with requirements of the current NYSDEC SPDES General Permit for Stormwater Discharges from Construction Activity, the NYSDEC Stormwater Management Design Manual, and the NYS Standards and Specifications for Erosion and Sediment Control.

The implementation of the stormwater and erosion/sediment control plans to be completed during site plan review in conformance with statutory requirements would provide the protections required for down stream land owners and surface waters without the need for specific mitigation as a condition of approval. Accordingly, the potential adverse impacts of development related to storm water runoff would be avoided.

**2. Water Supply and Sewage Disposal**

Water supply would be available from the Town of Poughkeepsie for domestic use and fire supply. The Water Department will be required to approve all connections to the municipal water supply system; and has confirmed that there is adequate capacity in the system for the project. Connection to the water system would include, at a minimum, wet taps to existing mains and the installation of a new watermain to replace an existing main and other improvements as required by the Water Department.

Sanitary sewage treatment would be available from the Town of Poughkeepsie Sewer District. Connection from the site to the sewage treatment system would include proposed installation of a pumping station and forcemain system to the Town sewer main on Route 9.

The Town Water and Sewer Departments; and County Health Department must issue all required approvals for connection of the project to the municipal water supply; and sewage collection and treatment systems.

Accordingly, the potential adverse impacts to municipal water supply and sewage treatment facilities would be avoided.

### 3. Noise and Odors

There will be a temporary increase in noise and exhaust levels due to construction activities proposed by the project. The project must comply with Town of Poughkeepsie regulations regarding noise from construction activities that prohibit unreasonable noise beyond the property line and restrict the hours of construction activity. No blasting is proposed.

Noise, odors and traffic exhaust from the completed project are not expected to result in any substantial increase to those existing from residential and commercial uses in the vicinity. Accordingly, the project would have no significant adverse impacts on noise levels, odors or air quality.

### 4. Cultural Resources

Three (3) buildings on the Marist College Campus located south of the proposed project area have been placed on the State/National Registers of Historic Places, including the Gate House, the Gardener's Cottage and the Carriage House. The project is physically separated from the area of these buildings; and is not visible from these buildings or the surrounding area. Therefore, the project will not have any impact on these historic features.

The project area was part of an estate known as Woodcliff, which included several structures. The remains of a structure known as the north lodge are within the area of potential effect (APE) of the North Campus housing project. As part of prior site development, the Woodcliff Lodge Historic Archeological site was the subject of a study including Phase III Data retrieval completed in 2008, which recommended that no further archeological fieldwork would be necessary. A formal report was submitted to the New York State Office of Parks, Recreation and Historic Preservation (NYSOPRHP) concerning the potential impacts of a prior project on cultural resources in 2009, which is on file with the Town. A November 3, 2014 letter from the NYS OPRHP, which references the 2008 report, states that "OPRHP has no concerns regarding the potential impacts of the North Campus Housing Project to archeological resources."

Accordingly, the project would have no impact on cultural resources listed or eligible for listing on the state or federal lists of historic places.

### 5. Wetlands and Surface Water (Floodplain)

A small wetland area (Town and U.S. Army Corps jurisdiction) is located in the northern portion of the St. Ann's property remote from any area of disturbance. Therefore, an Aquatic Resource Permit application is not required. No stream was identified on either the St. Ann's or North Campus Housing sites.

A portion of the North Campus Housing project site is within an un-numbered floodplain (no base flood elevation determined) as shown on the FEMA map dated May 2, 2012 (panel number 36027C 0 356E). Floodplains are often associated with watercourses or drainageways. The floodplain is apparently associated with a former stream that was contained in a 36-inch culvert under a portion of the site as part of previous site development.

As a result of review and consultation by the Town's Planning and Building Departments with the Applicant's Engineer, it was determined that a floodplain development permit would be required. As shown on the project plans, the lowest first floor elevation of all proposed structures would be a minimum of five-and-one-half feet (5.5') above the base flood elevation of 88'. A January 9, 2015 letter from Deputy Building Inspector Thomas Wlacek notes that habitable floor areas are "well above the base flood elevation based on proposed plan elevations". The basement associated with Building A may require floodproofing as noted by the Deputy Building Inspector and Applicant's Engineer. The floodplain development permit would be reviewed during the building permit phase of the project in accordance with the Code of the Town of Poughkeepsie, Chapter 113, Flood Damage Prevention.

Accordingly, the proposed project would have no significant adverse impact on wetland or surface water resources.

**6. Flora and Fauna**

The project site consists of land presently developed for the Marist College Gartland Apartments; Fontaine Annex; and related parking and facilities. No potentially significant habitat or species were identified for the project site.

Approximately three-fourths of the site (28.96 acres) would not be disturbed; and would be vegetated area or open space, including preserved existing vegetation and landscaped areas for wildlife habitat.

Accordingly, there will be no significant adverse impacts to significant species or habitat. Therefore, no mitigation is required.

**7. Zoning and Land Use**

The project involves redevelopment of land presently in use for existing student housing facilities; and parking related to Marist College property and buildings. The proposed dormitory buildings are permitted in the Institutional (IN) district as an accessory use. Similarly, the proposed parking, since it would be incidental to the college and dormitory buildings, would be permitted in the Institutional (IN) district as an accessory use. The site design for both projects is consistent with the standards of the Waterfront District 1 (WD-1) zoning district. Accordingly, the project as proposed would be consistent with current zoning and land use regulations.

**8. Growth and Character of Community or Neighborhood**

<u>Community Services Impacts</u>

Demand on community services such as police and emergency coverage is not expected to add a significantly to the Town's population nor to add <u>any</u> school age children to the school district. It is estimated that the project would serve a population of approximately 789 persons based on the number of beds in the new college housing. As noted above, the site redevelopment would result in a net gain of 483 beds and administrative/classroom space.

The purpose of the North Campus housing is: to replace aging student housing facilities; to provide additional beds needed to allow students living at offsite Marist housing locations to live on campus; and to provide on-campus housing for more students than can currently be accommodated. The St. Ann's aspect would provide more parking for the increase in student housing beds; and replace some of the parking eliminated by the placement of the North Campus housing buildings.

Project submittals were circulated to emergency service agencies including the Fairview Fire District (FFD) and the Town Police. The proposed project has been designed to accommodate emergency access apparatus using a template for equipment used by the Fairview Fire District (FFD). No potentially significant emergency service issues have been identified.

No substantial increase in demand for recreation would be anticipated as Marist provides on-site recreational facilities for its students; extensive pedestrian amenities; and direct access to a public park. The site design incorporates areas for passive recreation such as sitting walls, plazas and landscaped areas for enjoyment of the campus environment and views of the Hudson River.

The project would not have a significant adverse effect on local community services such as police and fire protection, public recreation, and schools.

<u>Land Use and Community Character Impacts</u>

The purpose of the North Campus housing, as noted above, would provide on-campus housing for more students than can currently be accommodated. The St. Ann's aspect would provide more parking related to the North Campus housing expansion. The proposed project involves site redevelopment that would replace parking fields and an administrative building near Route 9 with a 4-story architecturally designed building and related improvements, and would provide for expanded parking internal to the Marist College campus. The projects are substantially distant from any non-campus residential uses or zoning district, and would have no adverse impact on the community and neighborhood character.

As noted above, the proposed dormitory buildings are permitted in the Institutional (IN) district as an accessory use. Similarly, the proposed parking, since it would be incidental to the college and dormitory buildings, would be permitted in the Institutional (IN) district as an accessory use. Accordingly, the project as proposed would be consistent with current zoning and land use regulations.

Preliminary building elevations were submitted to illustrate the aesthetic aspects of the proposed development, and would be subject to architectural review and approval by the Planning Board.

Accordingly, the project would not have a significant adverse effect on land use or the character of development in the vicinity.

Waterfront Consistency and Visual Impacts

The materials submitted for the North Campus and St. Ann's projects include plans; and elevations along with an "Environmental Summary"; and Visual EAF Addendum with narrative and illustrations. These materials acknowledge surrounding aesthetic resources such as views from the Hudson River, Route 9 and the Esopus/Lloyd Scenic Area of Statewide Significance (SASS) adjacent to the sites. The elevations depict an architectural style consistent with existing Marist Campus structures and specifically designed to "fit the character of the historical buildings" on the campus. The layout of the buildings, including open areas, is intended to create views of the River. The St. Ann's Parking improvements will not be visible from the surrounding area. Refer to the Visual EAF Narrative.

The current view from the Hudson is of existing campus housing of a more modern style, which is less consistent with the character of historical structures and other aspects of the campus architecture. A commercial plaza opposite the Marist campus is visible from the River also. The Visual EAF narrative notes that the new student housing buildings would obscure portions of the view of the commercial plaza resulting in the Marist architectural style being more prominent in the view from the Hudson. Therefore, the proposed site layout and the quality of the architecture will likely result in improved views from the Hudson River, Route 9; and other parts of the Marist Campus, including historic structures. Therefore, the development would not result in diminished views from these key viewpoints.

The Coastal Assessment Form (CAF); attached narrative; project plans; and related reports demonstrate consistency with specific policies of the Town of Poughkeepsie Local Waterfront Revitalization Program (LWRP). Specific policy areas are addressed as follows:

- The submitted site plans, SWPPP and forthcoming floodplain development permit focus on water quality, management of stormwater runoff and floodplain development concerns;

- The site layout and architectural style advance LWRP scenic, aesthetic, historic and archeological policies; and

- Limited areas of disturbance, site redevelopment and preservation of existing vegetation are aligned with policies limiting physical changes, encouraging revitalization and retaining public access to waterfront areas.

**9. Traffic & Transportation**

Proposed redevelopment and expansion of the existing housing facilities are proposed to: replace aging student housing facilities; provide additional beds needed to allow students living at offsite Marist housing locations to live on campus; and to provide on-campus housing for more students than can currently be accommodated. The redeveloped housing is not anticipated to generate any substantive increases in faculty, staff or student populations. A campus parking summary indicates that the existing parking inventory; new parking policy; parking redevelopment and other measures would result in sufficient parking facilities for Marist students, faculty, staff and visitors.

A traffic review, based on project plans and related materials, was provided by the Town's Consulting Engineer, Richard Pearson, PE, PTOE on December 15, 2014. The response prepared by the Applicant's Traffic Engineer, Philip Grealy, PhD, PE, Maser Consulting, P.A., dated January 9, 2015 estimated future vehicular trips that would be generated by the proposed expanded dormitories. The Maser response also noted that the new beds resulting from the North Campus Housing project, intended to accommodate students currently living at offsite locations, might actually result in reduced vehicular trips in the area. The Town's Consulting Engineer, Richard Pearson, PE, PTOE found his remaining comments adequately addressed by correspondence dated January 15, 2015.

The project is not anticipated to have any adverse effect on campus traffic generation and/or parking requirements. Minor changes are proposed to public road access to and from the site. The project includes redesign of selected walkways around the project site to enhance pedestrian circulation. Proposed expanded vehicular accessways and pedestrian pathways will provide for improved fire vehicle access. Accordingly, the project would have no adverse impact on traffic or transportation.

## 10. Other Potential Impacts

In addition to the discussion of impacts in sections 1 – 9 above the Lead Agency has also considered, and hereby issues a determination, concerning the following:

1. The proposed action would not result in a substantial adverse change in existing air quality, ground water quality or quantity, or noise levels; a substantial increase in solid waste production; a substantial increase in potential for leaching problems.
2. The proposed action would not result in the impairment or the environmental characteristics of a Critical Environmental Area.
3. The proposed action would not create a material conflict with the community's current plans or goals as officially approved or adopted.
4. The proposed action would not result in a major change in the use of either the quantity or type of energy.
5. The proposed action would not create a hazard to human health.
6. The proposed activity would not result in a substantial change in the use, or intensity of use, of land devoted to agricultural, open space, or recreational use.
7. The proposed action would not result in the creation of material demand for other actions that would result in one of the above consequences.
8. The proposed action would not result in changes in two or more elements of the environment, no one of which has a significant impact on the environment, but when considered together result in a substantial adverse impact on the environment.
9. When analyzed with two or more related actions, the proposed action would not have a significant impact on the environment and when considered cumulatively, would not meet one or more of the criteria under 6 NYCRR 617.7.

For Further Information:

Neil A. Wilson, Director of Municipal Development
Town of Poughkeepsie
One Overocker Road
Poughkeepsie, New York 12603
Tele: 845-485-3657

**THIS NEGATIVE DECLARATION WAS AUTHORIZED AT A MEETING OF THE LEAD AGENCY HELD ON JANUARY 15, 2015.**

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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Grant Thornton

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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:

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, 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** | **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.