



HAMILTON COLLEGE

Financial Statements

June 30, 2018 and 2017

(With Independent Auditors' Report Thereon)

HAMILTON COLLEGE

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KPMG LLP
515 Broadway
Albany, NY 12207-2974

Independent Auditors' Report

The Board of Trustees
Hamilton College:

We have audited the accompanying financial statements of Hamilton College, which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hamilton College as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

KPMG LLP

October 29, 2018

HAMILTON COLLEGE

Statements of Financial Position

June 30, 2018 and 2017

(Dollars in thousands)

Assets	2018	2017
Cash and cash equivalents	\$ 29,004	32,449
Short-term investments	17,118	16,916
Student and other accounts receivable including loans, net	2,919	2,877
Contributions receivable, net	10,571	12,686
Beneficial interest trusts	2,744	2,729
Deposits with trustees of debt obligations	4,714	74,865
Collateral received for securities lending	2,194	4,494
Medium-term investments	32,619	30,862
Investments	1,012,841	954,714
Other assets	4,114	3,724
Property, plant and equipment, net	253,528	257,200
Total assets	\$ 1,372,366	1,393,516
Liabilities and Net Assets		
Accounts payable and accrued liabilities	\$ 8,845	9,838
Deposits and advances	2,590	3,409
Liability under securities lending transactions	2,194	4,494
Annuity and life income obligations	16,624	17,367
Accumulated postretirement benefit obligation	2,530	2,187
Other long-term obligations	3,177	3,333
Long-term debt	162,472	235,403
Total liabilities	198,432	276,031
Net assets:		
Unrestricted	276,348	266,452
Temporarily restricted	627,220	585,823
Permanently restricted	270,366	265,210
Total net assets	1,173,934	1,117,485
Total liabilities and net assets	\$ 1,372,366	1,393,516

See accompanying notes to financial statements.

HAMILTON COLLEGE

Statement of Activities

Year ended June 30, 2018

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

(Dollars in thousands)

	2018			2017 Total
	Unrestricted	Temporarily restricted	Permanently restricted	
Operating revenues:				
Tuition and fees	\$ 100,941	—	—	100,941
Room and board	24,411	—	—	24,411
Scholarship aid	(40,575)	—	—	(37,545)
Net student fees	84,777	—	—	84,777
Investment return designated for operations	5,095	33,779	—	38,874
Other investment income	3,461	—	—	3,461
Private gifts and grants	7,267	1,713	—	8,980
Other sources	3,876	—	—	3,876
Net assets released from restrictions	32,777	(32,777)	—	—
Total operating revenues	<u>137,253</u>	<u>2,715</u>	<u>—</u>	<u>139,968</u>
Operating expenses:				
Instruction	60,337	—	—	60,337
Research	1,031	—	—	1,031
Academic support	20,124	—	—	20,124
Student services	16,888	—	—	16,888
Institutional support	18,983	—	—	18,983
Auxiliary enterprises	21,440	—	—	21,440
Total operating expenses	<u>138,803</u>	<u>—</u>	<u>—</u>	<u>138,803</u>
Increase (decrease) in net assets from operations	<u>(1,550)</u>	<u>2,715</u>	<u>—</u>	<u>1,165</u>
Nonoperating activities:				
Private gifts	443	3,049	1,069	4,561
Investment return, net of amounts designated for operations	8,355	40,389	—	48,744
Change in annuity and life income obligations	—	812	1,542	2,354
Net assets released from restriction and changes in restrictions	3,023	(3,012)	(11)	—
Other	(375)	(2,556)	2,556	(375)
Increase in net assets from nonoperating activities	<u>11,446</u>	<u>38,682</u>	<u>5,156</u>	<u>55,284</u>
Increase in net assets	9,896	41,397	5,156	56,449
Net assets, beginning of year	266,452	585,823	265,210	1,117,485
Net assets, end of year	<u>\$ 276,348</u>	<u>627,220</u>	<u>270,366</u>	<u>1,117,485</u>

See accompanying notes to financial statements.

HAMILTON COLLEGE

Statement of Activities

Year ended June 30, 2017

(Dollars in thousands)

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Operating revenues:				
Tuition and fees	\$ 97,963	—	—	97,963
Room and board	23,601	—	—	23,601
Scholarship aid	(37,545)	—	—	(37,545)
Net student fees	84,019	—	—	84,019
Investment return designated for operations	4,964	33,265	—	38,229
Other investment income	6,634	—	—	6,634
Private gifts and grants	6,821	2,033	—	8,854
Other sources	2,778	979	—	3,757
Net assets released from restrictions	33,311	(33,311)	—	—
Total operating revenues	<u>138,527</u>	<u>2,966</u>	<u>—</u>	<u>141,493</u>
Operating expenses:				
Instruction	61,710	—	—	61,710
Research	927	—	—	927
Academic support	19,442	—	—	19,442
Student services	16,887	—	—	16,887
Institutional support	18,568	—	—	18,568
Auxiliary enterprises	21,787	—	—	21,787
Total operating expenses	<u>139,321</u>	<u>—</u>	<u>—</u>	<u>139,321</u>
Increase (decrease) in net assets from operations	<u>(794)</u>	<u>2,966</u>	<u>—</u>	<u>2,172</u>
Nonoperating activities:				
Private gifts	923	11,176	2,048	14,147
Investment return, net of amounts designated for operations	12,549	67,711	2,480	82,740
Change in annuity and life income obligations	—	(999)	(1,209)	(2,208)
Net assets released from restriction and changes in restrictions	4,835	(6,611)	1,776	—
Other	(88)	—	(17)	(105)
Increase in net assets from nonoperating activities	<u>18,219</u>	<u>71,277</u>	<u>5,078</u>	<u>94,574</u>
Increase in net assets	17,425	74,243	5,078	96,746
Net assets, beginning of year	<u>249,027</u>	<u>511,580</u>	<u>260,132</u>	<u>1,020,739</u>
Net assets, end of year	<u>\$ 266,452</u>	<u>585,823</u>	<u>265,210</u>	<u>1,117,485</u>

See accompanying notes to financial statements.

HAMILTON COLLEGE

Statements of Cash Flows

Years ended June 30, 2018 and 2017

(Dollars in thousands)

	2018	2017
Net cash flows from operating activities:		
Increase in net assets	\$ 56,449	96,746
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
Contributions for endowment and facilities	(4,561)	(14,147)
Depreciation and amortization	18,202	17,368
Realized and unrealized gains on investments	(87,461)	(122,989)
Interest on capital appreciation bonds	—	1,408
Asset retirement obligation	50	44
Loss on disposal of plant and equipment	344	803
Changes in assets and liabilities that provide (use) cash:		
Student and other accounts receivable including loans, net	(280)	185
Contributions receivable	2,115	6,983
Beneficial interest trusts	(15)	4,168
Other assets	(390)	(602)
Accounts payable and accrued liabilities	(1,332)	(536)
Deposits and advances	(819)	49
Accumulated postretirement benefit obligation	343	158
Annuity and life income obligations	1,267	2,557
Cash flows used in operating activities	(16,088)	(7,805)
Net cash from investing activities:		
Purchase of property, plant and equipment, net of change in construction costs payable	(14,570)	(12,263)
Purchases of investments	(502,960)	(555,362)
Proceeds from sales and maturities of investments	530,562	653,343
Change in deposits held by trustees of debt obligations	70,151	(73,539)
Change in short-term investments, net	(202)	(70)
Student loans, net	239	319
Cash flows provided by investing activities	83,220	12,428
Net cash from financing activities:		
Contributions for endowment and facilities	4,561	14,147
Payments on long-term debt and accrued interest	(72,857)	(5,458)
Payments to beneficiaries of split interest agreements	(2,010)	(1,969)
Other financing activities	(271)	(358)
Cash flows (used in) provided by financing activities	(70,577)	6,362
Net (decrease) increase in cash and cash equivalents	(3,445)	10,985
Cash and cash equivalents:		
Beginning of year	32,449	21,464
End of year	\$ 29,004	32,449
Supplemental disclosure of noncash investing and financing activities:		
Change in construction related payables	\$ (338)	(632)
Supplemental disclosure:		
Cash paid for interest	\$ 8,829	9,424

See accompanying notes to financial statements.

HAMILTON COLLEGE

Notes to Financial Statements

June 30, 2018 and 2017

(Dollars in thousands)

(1) Summary of Significant Accounting Policies

(a) Organization

Originally founded in 1793 as the Hamilton-Oneida Academy, Hamilton College (the College) was chartered in 1812 and is the third oldest College in New York State. With an enrollment of approximately 1,850 students representing 49 states and 49 countries, the College offers 43 majors in the liberal arts, science and mathematics. Hamilton also offers pre-professional/cooperative programs in Business, Education, Engineering, Law, and Medicine and the opportunity to study abroad in numerous foreign destinations. The College's open curriculum gives students the freedom to shape their own liberal arts education within a research-and writing-intensive framework.

(b) Basis of Presentation

The financial statements of Hamilton College, which is a coeducational, independent, liberal arts college located in Clinton, New York, are prepared on the accrual basis of accounting. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the College and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by the College's Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the College and/or the passage of time. Generally, such net assets are available for program purposes such as financial aid, specified operating activities, facilities and equipment.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained into perpetuity by the College. Generally, the donors permit the College to use all or part of the income earned on these assets for general or specific purposes.

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 or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The statement of activities reflects a subtotal for the change in net assets from operations. This subtotal includes revenues the College received for operating purposes, investment return used for operations and all expenses. Nonoperating activity reflects all other activity, including, but not limited to, the investment return in excess of the amount appropriated under the Board of Trustees' approved spending formula and contributions for endowment and plant purposes.

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Notes to Financial Statements

June 30, 2018 and 2017

(Dollars in thousands)

(c) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the valuation of certain investments, the carrying amount of property, plant and equipment, valuation allowances for receivables, and the determination of the accumulated postretirement benefit obligation. Actual results could differ from those estimates.

(d) Cash and Cash Equivalents

Cash equivalents representing operating funds that are short-term, highly liquid investments with an original maturity of three months or less are included in cash and cash equivalents unless they are part of short-term, medium-term or long-term investment funds. Cash and cash equivalents are reported at cost which approximates fair value. At June 30, 2018 and 2017, the College has cash and cash equivalents in banks exceeding the FDIC limit. The College places its cash and cash equivalents with high quality financial institutions, has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents. Included in cash and cash equivalents at June 30, 2018 and 2017, are \$27,304 and \$31,477, respectively, of cash equivalents primarily representing interest bearing money market accounts.

(e) Short-Term and Medium-Term Investments

Short-term investments are recorded at fair value. The College periodically invests excess operating cash generally in select fixed income securities on a short-term basis.

Medium-term investments are also recorded at fair value and primarily represent funds to be used for repayment of outstanding principal of the Hamilton College Taxable Bonds, Series 2013. The investments are intended to be used by the College to refund all or a portion of certain existing bonds as further discussed in note 6, Long-Term Debt.

(f) Investments

Investments are recorded at fair value. Net appreciation or depreciation on the fair value of investments, which consists of the realized gains or losses and the unrealized appreciation or depreciation on those investments, is recognized in the statement of activities. Realized gains and losses on the sale of investments are generally determined using the specific identification method on the trade date.

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Notes to Financial Statements

June 30, 2018 and 2017

(Dollars in thousands)

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

- Level 1 inputs are quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities.
- Level 2 inputs are quoted prices for markets that are not active or financial instruments for which all significant inputs are observable, either directly or indirectly.
- Level 3 inputs are unobservable inputs that are used when little or no market data is available.

The College's interest in alternative investment funds are generally reported at the NAV reported by each of the investment managers as a practical expedient for determining the fair value of the investment. In cases where NAV is used as a practical expedient, these investments are redeemable either at NAV under the original terms of the subscription agreements and operations of the underlying funds, or at the discretion of the investment manager when the underlying investments are sold. However, it is possible that these redemption rights may be restricted or eliminated by the funds in the future in accordance with the underlying fund agreements. Due to the nature of the investments held by these funds, changes in market conditions and the economic environment may significantly impact the value of the funds and, consequently, the fair value of the College's interests in the funds. Furthermore, changes to the liquidity provisions of the funds may significantly impact the fair value of the College's interest in the funds. Additionally, although certain investments may be sold in a secondary market transaction, subject to meeting certain requirements of the governing documents of the funds, the secondary market is not active and individual transactions are not necessarily observable. It is therefore reasonably possible that if the College were to sell a fund in the secondary market, the sale could occur at an amount different than the reported value, and the difference could be material. As of June 30, 2018 and June 30, 2017, the College had no specific plans or intentions to sell investments at amounts different than NAV.

The fair values of debt and equity securities with readily determinable fair values are generally based on quoted market prices obtained from active markets. Shares in mutual funds are based on share values reported by the funds as of the last business day of the fiscal year. Limited partnership interests, including private equity, real estate and energy, as well as other nonmarketable investments, including hedge funds, for which a readily determinable fair value does not exist, are carried at fair values provided by the investment managers. Such alternative investment funds may hold securities or other financial instruments for which a ready market exists and are priced accordingly. In addition, such funds may hold assets that require the estimation of fair values in the absence of readily determinable market values. Such valuations are determined by investment managers and consider variables such as financial performance of investments, including comparison of comparable companies' earnings multiples, cash flows analysis, recent sales prices of investments, and other pertinent information and

HAMILTON COLLEGE

Notes to Financial Statements

June 30, 2018 and 2017

(Dollars in thousands)

may reflect discounts for the illiquid nature of certain investments held. The College reviews the NAV reported by the investment managers in assessing the College's fair value of alternative investments.

(g) Gifts and Private Grants

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 stipulated time restriction ends or donor purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Net assets released from restrictions in the same year the underlying gift is received and endowment income appropriated under the spending policy are reported as operating revenues within the statement of activities.

(h) Receivables

The College extends credit, primarily to students, in the form of loans and accounts receivable for educational expenses. Loans to students are expected to be collected over an average of 10 years with interest rates averaging 3.4%. Loans to students are recorded at their current unpaid principal balance and associated interest income is accrued based on the principal amount outstanding and applicable interest rates.

Allowances for doubtful accounts are recorded and represent the amounts that, in the opinion of management of the College, are necessary to account for probable losses related to current receivables. Allowances are determined based upon numerous considerations, including economic conditions, the specific composition of the receivable balances, as well as trends of delinquencies and write-offs. On a periodic basis, these factors are considered and the allowances for doubtful accounts are adjusted accordingly with a corresponding adjustment to the provision for allowance for doubtful loans and accounts receivable.

Student and other accounts receivable including loans are net of an allowance of \$395 as of June 30, 2018 and 2017.

(i) Deposits with Trustees of Debt Obligations

Deposits with trustees of debt obligations are recorded at fair value, and may be invested in cash, money market and short-term government securities according to the requirements established by the associated bond agreements. The fair value of deposits has been determined using quoted, unadjusted prices in active markets and would be considered to be Level 1 in the fair value hierarchy.

(j) Property, Plant and Equipment

Property, plant and equipment are recorded at cost, including interest on funds borrowed to finance construction, at the date of acquisition or fair value at the date of donation.

Depreciation is recorded on a straight-line basis over the estimated useful lives under the following guidelines: artwork (50 years), buildings (40 years), land improvements, HVAC, roofing and electrical (15 years), landscaping, carpeting and sprinkler systems (10 years), office furniture (7 years), vehicles, computer hardware and related equipment (5 years), and computer software (3 years).

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Notes to Financial Statements

June 30, 2018 and 2017

(Dollars in thousands)

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured based on a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets.

(k) *Deferred Financing Costs*

Deferred financing costs represent bond issuance costs that are amortized over the period to bond maturity. Deferred financing costs are included within long-term debt on the accompanying statements of financial position.

(l) *Annuity and Life Income Gifts*

The College accepts certain gifts on the condition that periodic annuity or life income distributions are made to designated beneficiaries. Assets associated with these gifts are recorded at their fair value. The College recognizes contribution revenue in an amount equal to the difference between the fair value of the contributed asset and the net present value of the payment obligations, and classifies contribution revenue as an increase in temporarily restricted or permanently restricted net assets, based on the donor stipulations. Liabilities associated with these gifts (the annuity or life income obligation) represent the present value of payments expected to be made to beneficiaries. Significant assumptions used to determine the annuity and life income obligations include the discount rates, which range from 1.2% to 10.6% determined in accordance with applicable regulations of the Internal Revenue Code, and mortality assumptions of the beneficiaries. Changes in annuity and life income obligations resulting from changes in actuarial assumptions and the accretion of the discount are recorded as increases or decreases in temporarily or permanently restricted net assets based on the donor stipulations. During 2018 and 2017, the College received annuity and life income gifts of \$222 and \$771, respectively.

(m) *Beneficial Interest Trusts*

The College is the beneficiary of certain perpetual trusts held and administered by others which are estimated at the fair value of the College's share of the underlying assets. Inputs used to estimate the fair value of the College's beneficial interest in perpetual trusts are considered unobservable and would be considered to be Level 3 in the fair value hierarchy.

(n) *Revenue Recognition*

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

(o) *Taxation*

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

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Notes to Financial Statements

June 30, 2018 and 2017

(Dollars in thousands)

The College recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The College believes it has taken no significant uncertain tax positions.

On December 22, 2017, Public Law No. 115-97, also known as the Tax Cuts and Jobs Act (TCJA), was signed into law. The new law includes several provisions that result in substantial changes to the tax treatment of tax-exempt organizations and their donors. The College has reviewed these provisions and the potential impact and concluded the enactment of TCJA likely will not have a material effect on the College.

(p) Commitments and Contingencies

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

The College recognizes a liability for the fair value of conditional asset retirement obligations if their fair values can be reasonably estimated. This liability is initially recorded as an increase to the associated asset and depreciated over the remaining useful life of the asset.

The College has identified asbestos abatement as a conditional asset retirement obligation. Asbestos abatement costs are estimated using a per square foot estimate for each impacted location. As of June 30, 2018 and 2017, the College has recorded a liability, included within other long-term obligations in the accompanying statements of financial position, of \$1,804 and \$1,754, respectively, representing the estimated fair value of these conditional asset retirement obligations.

(q) Reclassifications

Certain reclassifications have been made to the 2017 information to conform with the 2018 presentation.

(2) Investments

The investment objective of the College is to invest its assets in a prudent manner to achieve a long-term rate of return sufficient to fund a portion of its spending and to increase investment value after inflation. The College's investment strategy incorporates a diversified asset allocation approach with exposure to domestic and international equity, fixed income, real estate, commodities, hedge funds, and private equity markets based on targets defined by the Investment Committee of the College's Board of Trustees. The majority of the College's investments are managed in a pooled fund that consists primarily of endowment assets. Other investments are managed separately from the pool. These investments consist of various bond and equity portfolios associated with planned gifts. In addition, a portion of the proceeds of the Series 2013 taxable bond issue are invested in fixed income securities, principally commingled bank loan funds, state lottery commission receivables, a real estate limited partnership and a fund that structures transactions to provide capital relief to European banks.

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Notes to Financial Statements

June 30, 2018 and 2017

(Dollars in thousands)

(a) Fair Value

The College's investments at June 30, 2018, which include endowment assets of \$964,170, planned gifts of \$48,671, medium-term investments of \$32,619, and short-term investments of \$17,118 are summarized in the following table by their fair value hierarchy classification. Certain investments that are measured at fair value using the net asset value per share or its equivalent (NAV) as a practical expedient for fair value have been categorized separately.

	Total				
	June 30, 2018	Level 1	Level 2	Level 3	NAV
Investments:					
Cash and cash equivalents	\$ 22,074	22,074	—	—	—
Fixed income securities	63,745	41,168	22,577	—	—
Equity securities:					
U.S.	296,206	190,066	—	—	106,140
International	291,764	108,102	—	—	183,662
Hedge funds:					
Absolute return (a)	99,653	—	—	—	99,653
Special situations (b)	104,673	—	—	—	104,673
Private equity (c):					
Buy-out	31,354	—	—	—	31,354
Venture capital	48,122	—	—	—	48,122
Real estate (d)	25,057	—	—	4,222	20,835
Energy (e)	28,028	—	—	27,050	978
Other	2,165	—	2,165	—	—
	<u>1,012,841</u>	<u>361,410</u>	<u>24,742</u>	<u>31,272</u>	<u>595,417</u>
Medium-term investments:					
Cash and cash equivalents	2,131	2,131	—	—	—
Fixed income securities (f)	15,473	8,222	—	—	7,251
Hedge funds:					
Other (g)	11,309	1,709	—	—	9,600
Real estate (d)	3,706	—	—	—	3,706
	<u>32,619</u>	<u>12,062</u>	<u>—</u>	<u>—</u>	<u>20,557</u>
Short-term investments:					
Fixed income securities	17,118	—	17,118	—	—
Total investments	<u>\$ 1,062,578</u>	<u>373,472</u>	<u>41,860</u>	<u>31,272</u>	<u>615,974</u>

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Notes to Financial Statements

June 30, 2018 and 2017

(Dollars in thousands)

The College's investments at June 30, 2017, which include endowment assets of \$905,759, planned gifts of \$48,955, medium-term investments of \$30,862, and short-term investments of \$16,916 are summarized in the following table by their fair value hierarchy classification. Certain investments that are measured at fair value using NAV as a practical expedient for fair value have been categorized separately.

	Total				
	June 30, 2017	Level 1	Level 2	Level 3	NAV
Investments:					
Cash and cash equivalents	\$ 22,958	22,958	—	—	—
Fixed income securities	49,925	13,942	35,983	—	—
Equity securities:					
U.S.	319,468	184,526	—	—	134,942
International	257,969	86,887	—	—	171,082
Hedge funds:					
Absolute return (a)	95,454	—	—	—	95,454
Special situations (b)	68,593	—	—	—	68,593
Private equity (c):					
Buy-out	29,816	—	—	—	29,816
Venture capital	44,266	—	—	—	44,266
Real estate (d)	33,900	—	—	3,780	30,120
Energy (e)	30,540	—	—	29,425	1,115
Other	1,825	—	1,825	—	—
	<u>954,714</u>	<u>308,313</u>	<u>37,808</u>	<u>33,205</u>	<u>575,388</u>
Medium-term investments:					
Cash and cash equivalents	227	227	—	—	—
Fixed income securities (f)	8,275	1,175	—	—	7,100
Hedge funds:					
Absolute return hedge fund	1,659	—	—	—	1,659
Other (g)	14,034	1,618	—	—	12,416
Real estate (d)	6,667	—	—	—	6,667
	<u>30,862</u>	<u>3,020</u>	<u>—</u>	<u>—</u>	<u>27,842</u>
Short-term investments:					
Fixed income securities	16,916	—	16,916	—	—
Total investments	\$ <u>1,002,492</u>	<u>311,333</u>	<u>54,724</u>	<u>33,205</u>	<u>603,230</u>

(a) This category includes funds that invest in global and U.S. focused long/short equity, relative value fixed income as well as multi-strategy funds. It also includes two hedge funds in the liquidation process at June 30, 2018.

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- (b) This category includes a mix of special situation funds. One focuses on investments in event driven distressed corporate credit restructurings and other deep value and special situations in middle market companies. It also includes an opportunistic credit fund that invests across the capital structure. Another fund structures Euro denominated transactions to reduce the regulatory capital burden for prime European banks under Basel II and Basel III. This Euro exposure is hedged back to U.S. dollars. This category also includes a fund that invests across the life sciences, biotechnology, and pharmaceutical industries, another fund with a long-only focus on U.S. small and micro cap companies, and lastly, a growth oriented fund that invest in both public and private companies across industrial and geographic sectors.
- (c) This category includes investments in several buyout, venture capital, and distressed securities limited partnerships that in turn invest in companies within the technology, transportation, service, broadcast, manufacturing, retail, and health care sectors, as well as distressed debt, leveraged buyouts, and secondary private equity and venture capital market transactions. Investments cannot be redeemed upon request. Instead, distributions are received at the election of the general partner as the underlying investments are monetized, or as in-kind distributions of shares in the underlying investments. It is estimated that the underlying assets of each fund will be distributed over a 3-15 year period from the effective date of the fund.
- (d) This category includes a real estate limited partnership that invests in land and several that invest in both U.S. and international commercial real estate, including secondary market transactions in other real estate limited partnerships/funds. Investments cannot be redeemed upon request. Instead, distributions are received at the election of the general partner as the underlying investments are monetized. Based upon the terms of the funds, it is estimated that the underlying assets of each fund will be distributed over a 3-15 year period from the effective date of the fund.
- (e) This category includes limited partnerships that invest in oil and gas, and equity investments in energy and energy-related companies. Also included within this category are direct and indirect investments in natural gas and oil royalty interests, which utilize significant unobservable inputs in determining the estimated fair value. These funds total approximately \$19,369 and \$20,856 as of June 30, 2018 and 2017, respectively, and utilize the income approach to valuation which calculates the net present value of total estimated future distributions, adjusted for an 8% discount. Investments cannot be redeemed upon request. Instead, distributions are received as cash as the underlying investments are monetized, or as in-kind distribution of shares in the underlying investments at the election of the general partner. Based upon the terms of the funds, it is estimated that the underlying assets of each fund will be distributed over a 3-20 year period from the effective date of the fund.
- (f) Included in this category are a commingled fund that invest primarily in bank loans, and an LLC that invests in state lottery prize receivables.
- (g) This category includes a fund that structures transactions to help European banks meet their capital requirements under Basel II and Basel III. The Euro exposure is hedged back to U.S. dollars.

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There were no transfers between Level 1 and Level 2 investments during the fiscal years ended June 30, 2018 and 2017.

Changes to reported investments measured at fair value using unobservable (Level 3) inputs during the years ended June 30, 2018 and 2017 are as follows:

	2018				2017			
	Energy	Real Estate	Other	Total	Energy	Real Estate	Other	Total
Fair value at beginning of year	\$ 29,425	3,780	—	33,205	34,620	—	2,017	36,637
Purchases	—	452	—	452	55	3,902	—	3,957
Sales and settlements	(503)	(162)	—	(665)	(1,883)	—	(2,070)	(3,953)
Unrealized gains/(losses), net	(1,872)	152	—	(1,720)	(3,367)	(122)	53	(3,436)
Fair value at end of year	\$ 27,050	4,222	—	31,272	29,425	3,780	—	33,205

(b) Liquidity

The limitations and restrictions on the College's ability to redeem or sell investments vary by investment and range from none for publicly traded securities, to required notice periods (generally 30 to 180 days after initial lock-up periods) for certain hedge funds, to dependency on the disposition of portfolio positions and return of capital by the investment manager for private equity, venture capital, commodity, and real estate limited partnership interests. Investments with daily liquidity generally do not require any notice prior to withdrawal. Based upon the terms and conditions in effect at June 30, 2018, expected liquidity for the College's investments can be classified as follows:

	Daily	Weekly	Monthly	Quarterly	Semi-annual	Annual	Illiquid	Total
Cash and cash equivalents	24,205	—	—	—	—	—	—	24,205
Fixed income securities	89,043	—	42	—	—	—	7,251	96,336
Equity securities	170,357	52,774	231,091	60,169	17,234	56,345	—	587,970
Hedge funds	2,040	—	—	60,206	—	108,908	44,481	215,635
Private equity	—	—	—	—	—	—	79,476	79,476
Real estate	—	—	—	—	—	—	28,763	28,763
Energy	—	—	—	—	—	—	28,028	28,028
Other	—	—	—	—	—	—	2,165	2,165
Total	285,645	52,774	231,133	120,375	17,234	165,253	190,164	1,062,578

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The "illiquid" category is related to private equity, real estate, and energy limited partnership investments, absolute return hedge funds and special situations funds, where the College has no liquidity until the investments are sold and the monies are distributed by the fund manager. The table below summarizes the value of these investments by their stated terms assuming the partnerships are not extended.

	<u>Amount</u>
Fiscal year:	
2019	\$ 44,247
2020	5,742
2021	8,549
2022	15,728
2023	23,887
Thereafter	<u>92,011</u>
	<u>\$ 190,164</u>

(c) Commitments

The College has outstanding commitments to private capital, energy, real estate, multi-strategy hedge and special situation investments that have not yet been drawn down by these funds. Typically, committed capital is drawn down and invested over a several year period. Draw downs on outstanding commitments are funded by distributions from the private capital, energy and real estate portfolios, cash, and other liquid investments. The College has the following outstanding commitments based on the expiration dates of the funds' commitment periods, at June 30, 2018:

	<u>Amount</u>
Fiscal year:	
2019	\$ 81,565
2020	19,724
2021	17,031
2022	12,665
2023	9,672
2024	<u>27,478</u>
	<u>\$ 168,135</u>

(d) Securities Lending

The College has determined that it will exit its securities lending program in a manner that will limit its exposure to any significant financial loss. Collateral required under the program is a minimum of 102% of the fair value of securities lent and is adjusted on a daily basis to reflect changes in the market value of the securities lent. The College receives lending fees and continues to earn interest and dividends

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from the securities on loan. The College's collateral is generally invested in short-term, asset backed securities. In the case of a borrower's failure to deliver securities for any reason within the time specified by the applicable securities loan agreement, the College has rights to this collateral under applicable law. The security lending agent indemnifies the College against losses arising from the failure of a borrower to return securities. As of June 30, 2018 and 2017, the College had loaned certain securities, which are included in the endowment investments, with a fair value of \$2,138 and \$4,393, respectively, to several financial institutions that have provided collateral of \$2,194 and \$4,494 as of June 30, 2018 and 2017, respectively, for the loaned securities.

(e) Investment Return

The following schedule summarizes total investment return and its classification in the statements of activities for the years ended June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Investment income, net	\$ 3,618	4,615
Net realized and unrealized gains	<u>87,461</u>	<u>122,988</u>
Total return on investments	91,079	127,603
Investment return designated for current operations (spending policy distributions)	(38,874)	(38,229)
Short and medium-term investment income	<u>(3,461)</u>	<u>(6,634)</u>
Investment return, net of amounts designated for current operations	<u>\$ 48,744</u>	<u>82,740</u>

Investment income is presented net of investment management and custodial fees of \$6,052 and \$6,021 for the years ended June 30, 2018 and 2017, respectively.

(3) Endowment

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

Certain donor restricted endowment funds allow for the expenditure of principal. College designated endowment funds are unrestricted net assets that may be redesignated for authorized expenditures.

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The College follows the New York Uniform Prudent Management of Institutional Funds Act (NYPMIFA) in the management of its endowment. The College has interpreted NYPMIFA as allowing the College to spend or accumulate the amount of an endowment fund that the College determines is prudent for the uses, benefits, purposes and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. The College has not changed the way permanently restricted net assets are classified as a result of this interpretation and classifies as permanently restricted net assets (a) the original values of gifts donated to permanent endowments, (b) the original values of subsequent gifts to permanent endowments, and (c) accumulations to permanent endowments made in accordance with the directions of the applicable donors' gift instruments at the times the accumulations are added to the funds. Financial Accounting Standards Board Accounting Standards Codification (ASC) 958-205, *Not for Profit Entities*, requires the portion of a donor restricted endowment fund that is not classified in permanently restricted net assets to be classified as temporarily restricted net assets until those amounts are appropriated for spending by the College's Board of Trustees in a manner consistent with the standard of prudence prescribed by NYPMIFA.

In accordance with NYPMIFA, the investment committee considers the following factors in making a determination to appropriate or accumulate endowment funds:

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

The following is a summary of the College's endowment net asset composition by type of fund as of June 30, 2018 and 2017:

		2018			
		Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor restricted endowment funds	\$	—	567,966	238,368	806,334
Board-designated for general purpose		157,836	—	—	157,836
	\$	157,836	567,966	238,368	964,170

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	2017			
	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Donor restricted endowment funds	\$ —	527,577	231,789	759,366
Board-designated for general purpose	146,393	—	—	146,393
	<u>\$ 146,393</u>	<u>527,577</u>	<u>231,789</u>	<u>905,759</u>

The unrestricted amounts at June 30, 2018 and 2017 represent Board-designated funds (quasi-endowment funds). Accumulated investment earnings on temporarily restricted and permanently restricted endowment funds are reflected as temporarily restricted net assets.

The following is a summary of the components of the return on the endowment pool and changes in endowment net assets for the years ended June 30, 2018 and 2017:

	2018			2017		
	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>
Endowment net assets, beginning of year	\$ 146,393	527,577	231,789	132,015	461,414	223,781
Investment return	13,450	74,168	—	17,513	98,719	—
Private gifts	65	—	3,987	541	—	4,069
Released from restriction and changed restrictions	3,023	—	2,592	1,288	709	3,939
Appropriation of endowment assets for spending	(5,095)	(33,779)	—	(4,964)	(33,265)	—
Endowment net assets, end of year	<u>\$ 157,836</u>	<u>567,966</u>	<u>238,368</u>	<u>146,393</u>	<u>527,577</u>	<u>231,789</u>

(a) Funds with Deficiencies

From time to time, the fair values of assets associated with individual donor restricted endowment funds may fall below the level that the donor or applicable law requires to retain as a fund of perpetual duration. Deficiencies of this nature are reported in unrestricted net assets and were \$11 and \$18 as of June 30, 2018 and 2017, respectively. These deficits generally resulted from unfavorable market fluctuations that occurred shortly after the investment of newly established endowments. Endowment earnings shortfalls are covered by investments held in unrestricted net assets.

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(b) Spending Policy

The College uses a spending policy, known as the “mixed rule”. This policy uses 70% of the prior year’s spending adjusted for inflation, plus 5% of the average of the prior four quarters endowment value weighted at 30%. Actual amounts withdrawn for spending, as a percentage of the most recent twelve quarter average market value of the endowment, were 4.4% and 4.5% for the years ended June 30, 2018 and 2017, respectively.

(c) Return Objectives and Risk Parameters

The overall financial objective for the endowment is to achieve a total return that preserves the real value of the principal of the endowment and to augment as much as possible, the real purchasing power of the endowment while exercising due care and fiduciary responsibility, and avoiding excessive risk. It is expected the endowment will need to earn a 6% real annualized return over the long term to meet this goal and provide adequate support for operations while protecting against inflation. The Investment Committee of the Board of Trustees has determined that a well-diversified mix of assets offers the best opportunity to achieve this level of return with an appropriate level of risk. To that end, the securities of any one issuer, except for those of the U.S. government, shall not exceed 5% of the total market value of the endowment and no external investment manager shall manage more than 15% of the market value of the endowment.

(4) Contributions Receivable

Contributions receivable are recorded at their estimated net present value assuming a discount rate in effect at the time the pledge was received, ranging from 1.16% to 5.27% at June 30, 2018 and 2017. Contributions estimated to be collected at June 30, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
Less than one year	\$ 5,713	4,300
One to five years	<u>6,200</u>	<u>9,890</u>
	11,913	14,190
Less:		
Present value discount	(542)	(704)
Reserve for uncollectible receivables	<u>(800)</u>	<u>(800)</u>
	<u>\$ 10,571</u>	<u>12,686</u>

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(5) Property, Plant, and Equipment

Property, plant, and equipment consists of the following at June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Land and improvements	\$ 34,571	33,055
Buildings	372,677	368,889
Furniture and equipment	<u>80,768</u>	<u>77,909</u>
	488,016	479,853
Less accumulated depreciation	<u>(244,423)</u>	<u>(226,746)</u>
	243,593	253,107
Construction projects in process	<u>9,935</u>	<u>4,093</u>
	<u>\$ 253,528</u>	<u>257,200</u>

Depreciation expense of \$17,970 and \$17,467 in 2018 and 2017, respectively, has been allocated to the functional operating expense categories within the accompanying statements of activities based primarily on specific identification of buildings utilized within each function. The College has estimated it will incur approximately \$16,845 of additional costs to complete the construction projects in process as of June 30, 2018, which include the Health and Counseling Center, Athletics facilities, and various other renewal projects.

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(6) Long-Term Debt

Long-term debt consists of the following at June 30, 2018 and 2017:

	<u>Maturity date</u>	<u>Interest rate</u>	<u>Original issue</u>	<u>Outstanding at June 30, 2018</u>	<u>Outstanding at June 30, 2017</u>
Oneida County Industrial Development Agency Civic Facility (a):					
Revenue Bonds					
Series 2002 (b)	09/15/2032	5.2 %	\$ 60,000	36,540	38,450
Revenue Bonds					
Series 2007A (c)	07/01/2037	3.8% – 4.65%	36,107	—	48,797
Revenue Bonds					
Series 2007B (c)	07/01/2028	4.0% – 5.0%	23,170	—	20,545
Revenue Bonds					
Series 2013 (f)	07/01/2044	2.0% – 5.0%	23,010	21,435	21,850
Dormitory Authority of the State of New York Revenue Bonds, Series 2010 (d)	07/01/2021	3.0% – 5.0%	12,700	5,335	6,525
Hamilton College Taxable Bonds Series 2013 (e)	07/01/2113	4.75%	103,000	<u>103,000</u>	<u>103,000</u>
				166,310	239,167
Less unamortized bond issuance costs				(3,323)	(3,506)
Less net discount on bonds payable				<u>(515)</u>	<u>(258)</u>
				<u>\$ 162,472</u>	<u>235,403</u>

- (a) Civic Facility Revenue Bonds are collateralized by the financed property and equipment.
- (b) The College refinanced the Series 2002 bonds in September 2008. The bonds were issued at a premium of \$3,172, at a fixed rate of 5.2%.
- (c) The Series 2007A bonds are capital appreciation bonds issued at a discount of \$58,268. Interest accretes to the full par value at maturity. Interest accreted at June 30, 2018 and 2017 was \$0 and \$17,714, respectively. The Series 2007B bonds were issued to extinguish a portion of the Series 1999 Dormitory Authority Revenue Bonds. On July 1, 2017, the College refunded the 2007 Series A and Series B bonds.
- (d) Dormitory Authority Revenue Bonds are general obligations of the College and are supported by pledges of tuition or net revenues from operation of the financed properties. The Series 2010 bonds were issued at a premium of \$1,285 and interest rates varying from 3 – 5%.

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- (e) The College issued \$103,000 of Hamilton College Taxable Bonds, Series 2013, in April 2013. The bonds were issued at a discount of \$2,627, at a fixed rate of 4.75%. A portion of the proceeds was used on July 1, 2017 to refund all of the Series 2007 bonds. A deposit of \$67,236 was made to the trustee in June, 2017 to facilitate this payment on July 1.
- (f) The College issued \$23,010 of Civic Facility Revenue Bonds in July 2013 at a premium of \$877, with interest rates varying from 2% – 5%.

Interest expense was \$7,916 and \$10,783, for the years ended June 30, 2018 and 2017, respectively.

The scheduled principal payments for the next five years and thereafter on long-term debt are reflected in the following table:

2019	\$	3,640
2020		3,780
2021		3,935
2022		4,090
2023		2,745
Thereafter		<u>148,120</u>
	\$	<u><u>166,310</u></u>

Line of Credit

The College maintains a revolving, unsecured line of credit in the amount of \$10,000, renewable annually, to support the College's working capital needs. Interest on the outstanding balance of advanced funds is equal to the current 30 day LIBOR plus 200 basis points, subject to a floor of 3%. There is no annual fee charged for the line of credit. As of June 30, 2018 and 2017, no funds have been advanced.

On July 16, 2018, the College established a revolving, unsecured line of credit in the amount of \$50,000 for working capital and other capital needs. Interest on the outstanding balance of advanced funds is equal to the current 30 day LIBOR plus 75 basis points and no annual fee is charged. This line of credit replaced the one for \$10,000 which was in place at June 30, 2018.

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(7) Employee and Pension Benefits

(a) Postretirement Health Care Benefits

The College provides health insurance benefits for eligible employees upon retirement and recognizes the overfunded or underfunded status of a defined benefit post retirement plan (the Plan) as an asset or liability and to recognize changes in that funded status in the year they occur. The College uses a June 30 measurement date for the Plan. The Plan's funded status, amounts recognized, significant assumptions used, contributions made, and benefits paid included in the College's financial statements as of June 30, 2018 and 2017 are as follows:

	2018	2017
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 2,187	2,029
Service cost	124	97
Interest cost	92	62
Actuarial (loss) gain	163	(17)
Benefits paid	(202)	(145)
Participant contributions	166	161
Benefit obligation at end of year	\$ 2,530	2,187
	2018	2017
Change in plan assets:		
Fair value of assets, beginning of year	\$ —	—
Employer contribution	36	(16)
Participant contributions	166	161
Benefits paid	(202)	(145)
Fair value of assets, end of year	\$ —	—
Amount recognized in the statement of financial position:		
Funded status	\$ (2,530)	(2,187)

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

	<u>2018</u>	<u>2017</u>
Unamortized prior service costs	\$ 1,103	1,373
Unamortized actuarial loss	<u>(4,094)</u>	<u>(4,612)</u>
Amount recognized as a decrease in unrestricted net assets	<u>\$ (2,991)</u>	<u>(3,239)</u>

The amortization of the above items expected to be recognized in net periodic costs for the year ending June 30, 2019 is \$(142).

A summary of the components of net periodic postretirement benefit cost for the years ended June 30, 2018 and 2017, is as follows:

	<u>2018</u>	<u>2017</u>
Components of net periodic cost (benefit):		
Service cost	\$ 124	97
Interest cost	92	62
Amortization of unrecognized actuarial loss	(354)	(454)
Amortization of unrecognized prior service cost	<u>270</u>	<u>270</u>
Net periodic postretirement cost (benefit)	<u>\$ 132</u>	<u>(25)</u>

(i) *Assumptions*

A summary of the weighted average assumptions used to determine the benefit obligation at June 30, 2018 and 2017 is presented below:

	<u>2018</u>	<u>2017</u>
Discount rate	4.00 %	3.55 %
Mortality	RP-2014	RP-2014

A summary of the weighted average assumptions used to determine the net periodic postretirement benefit cost for the years ended June 30, 2018 and 2017 is presented below:

	<u>2018</u>	<u>2017</u>
Discount rate	3.55 %	3.14 %

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A summary of the assumed healthcare cost trend rates at June 30, 2018 is presented below:

	<u>Pre-65 Medical trend rates</u>	<u>Post-65 Medical trend rates</u>	<u>Prescription drugs trend rates</u>
Healthcare cost trend rate for next year	7.00%	6.00%	10.25%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	3.89%	3.89%	3.89%
Year that the rate reaches the ultimate trend rate	2075	2075	2075

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. From a sensitivity perspective, a one percentage point change in the assumed health care cost trend rates would have the following effects:

	<u>2018</u>		<u>2017</u>	
	<u>One percentage point</u>		<u>One percentage point</u>	
	<u>Increase</u>	<u>Decrease</u>	<u>Increase</u>	<u>Decrease</u>
Effect on total of service and interest cost components	\$ 44	(37)	34	(27)
Effect on postretirement benefit obligation	298	(335)	378	(307)

The following benefit payments, which reflect expected future service for each fiscal year, are expected to be paid:

2019	\$ 128
2020	153
2021	182
2022	147
2023	142
2024–2028	791

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(b) Pension Benefits

The College administers a defined contribution retirement plan for eligible employees. Teachers Insurance Annuity Association of America (TIAA), and Fidelity Investments Inc. are the recordkeepers and custodians of the plan. Total pension expense charged to operations relating to these plans for the years ended June 30, 2018 and 2017 amounted to \$4,949 and \$4,909, respectively.

(8) Net Assets

Temporarily restricted net assets at June 30, 2018 and 2017 are available for the following purposes:

	<u>2018</u>	<u>2017</u>
Program and student support	\$ 586,326	551,074
Acquisition of buildings and equipment	17,814	12,130
Planned giving arrangements	15,850	16,353
Other	7,230	6,266
	<u>\$ 627,220</u>	<u>585,823</u>

Permanently restricted net assets consist entirely of endowment corpus with donor stipulations that they be invested in perpetuity for the following purposes:

	<u>2018</u>	<u>2017</u>
Donor restricted support	\$ 238,368	231,788
Planned giving arrangements	18,813	17,523
Other	13,185	15,899
	<u>\$ 270,366</u>	<u>265,210</u>

(9) Expenses

Included in institutional support are \$6,764 and \$6,263 of fundraising expenses for the years ended June 30, 2018 and 2017, respectively.

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Operating expenses for the years ended June 30, 2018 and 2017, were incurred as follows:

	<u>2018</u>	<u>2017</u>
Salaries and wages	\$ 58,787	58,225
Benefits	<u>17,221</u>	<u>16,821</u>
Total compensation	76,008	75,046
Services and contracting	7,097	6,425
Supplies and minor equipment	11,048	11,633
Auxiliaries, costs of sales	6,053	5,887
Utilities	2,552	2,880
Travel and entertainment	4,862	4,828
Insurance and taxes	1,649	1,643
Depreciation and amortization	18,202	17,368
Interest	7,916	10,783
Other	<u>3,416</u>	<u>2,828</u>
Total expenses	<u>\$ 138,803</u>	<u>139,321</u>

(10) Subsequent Events

Management has evaluated events subsequent to June 30, 2018, for potential recognition or disclosure in the financial statements through through October 29, 2018, the date on which the financial statements were available to be issued.