HAMILTON COLLEGE

Financial Statements

June 30, 2015 and 2014

(With Independent Auditors' Report Thereon)

HAMILTON COLLEGE

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KPMG

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, 2015 and 2014, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

KPMG LLP

October 9, 2015

HAMILTON COLLEGE

Statements of Financial Position

June 30, 2015 and 2014

(Dollars in thousands)

Assets		**2015**	**2014**
Cash and cash equivalents	$	25,316	28,126
Short-term investments		13,359	19,917
Student and other accounts receivable, net		1,244	1,209
Loans to students, net		2,657	2,494
Contributions receivable, net		13,989	15,025
Beneficial interest trusts		7,353	7,587
Deposits with trustees of debt obligations		2,509	7,186
Collateral received for securities lending		4,500	4,500
Medium-term investments		99,590	100,715
Investments		919,578	927,520
Other assets		2,827	2,705
Property, plant and equipment, net		268,539	261,139
Total assets	$	1,361,461	1,378,123
Liabilities and Net Assets			
Accounts payable and accrued liabilities	$	11,224	13,622
Deposits and advances		4,393	5,423
Liability under securities lending transactions		4,500	4,500
Annuity and life income obligations		22,821	20,171
Accumulated postretirement benefit obligation		3,840	3,422
Other long-term obligations		3,659	4,917
Long-term debt		244,133	248,021
Total liabilities		294,570	300,076
Net assets:			
Unrestricted		256,100	230,615
Temporarily restricted		572,282	609,597
Permanently restricted		238,509	237,835
Total net assets		1,066,891	1,078,047
Total liabilities and net assets	$	1,361,461	1,378,123

See accompanying notes to financial statements.

HAMILTON COLLEGE

Statement of Activities

Year ended June 30, 2015
(with summarized information for the year ended June 30, 2014)

(Dollars in thousands)

	2015				2014
	Unrestricted	**Temporarily restricted**	**Permanently restricted**	**Total**	**Total**
Operating revenues:					
Tuition and fees	$ 93,261	—	—	93,261	90,346
Room and board	21,857	—	—	21,857	21,120
Scholarship aid	(34,141)	—	—	(34,141)	(32,459)
Net student fees	80,977	—	—	80,977	79,007
Investment return designated for operations	4,330	27,993	—	32,323	30,925
Other investment income	3,760	—	—	3,760	4,555
Private gifts and grants	6,405	2,353	—	8,758	9,045
Other sources	2,757	1,206	—	3,963	4,247
Net assets released from restrictions	29,495	(29,495)	—	—	—
Total operating revenues	127,724	2,057	—	129,781	127,779
Operating expenses:					
Instruction	60,463	—	—	60,463	57,158
Research	611	—	—	611	1,048
Academic support	18,256	—	—	18,256	17,461
Student services	15,540	—	—	15,540	15,191
Institutional support	18,615	—	—	18,615	17,641
Auxiliary enterprises	20,938	—	—	20,938	20,724
Total operating expenses	134,423	—	—	134,423	129,223
Increase (decrease) in net assets from operations	(6,699)	2,057	—	(4,642)	(1,444)
Nonoperating activities:					
Private gifts	3,813	7,127	3,897	14,837	14,348
Investment return, net of amounts designated for operations	(2,405)	(12,599)	(322)	(15,326)	148,523
Change in annuity and life income obligations	—	(2,476)	(4,128)	(6,604)	(3,131)
Net assets released from restriction and changed restrictions	30,233	(31,424)	1,191	—	—
Other	543	—	36	579	285
Increase (decrease) in net assets from nonoperating activities	32,184	(39,372)	674	(6,514)	160,025
Increase in net assets	25,485	(37,315)	674	(11,156)	158,581
Net assets, beginning of year	230,615	609,597	237,835	1,078,047	919,466
Net assets, end of year	$ 256,100	572,282	238,509	1,066,891	1,078,047

See accompanying notes to financial statements.

HAMILTON COLLEGE

Statement of Activities

Year ended June 30, 2014

(Dollars in thousands)

	2014			
	Unrestricted	**Temporarily restricted**	**Permanently restricted**	**Total**
Operating revenues:				
Tuition and fees	$ 90,346	—	—	90,346
Room and board	21,120	—	—	21,120
Scholarship aid	(32,459)	—	—	(32,459)
Net student fees	79,007	—	—	79,007
Investment return designated for operations	4,182	26,743	—	30,925
Other investment income	4,555	—	—	4,555
Private gifts and grants	6,582	2,463	—	9,045
Other sources	2,636	1,611	—	4,247
Net assets released from restrictions	28,801	(28,801)	—	—
Total operating revenues	125,763	2,016	—	127,779
Operating expenses:				
Instruction	57,158	—	—	57,158
Research	1,048	—	—	1,048
Academic support	17,461	—	—	17,461
Student services	15,191	—	—	15,191
Institutional support	17,641	—	—	17,641
Auxiliary enterprises	20,724	—	—	20,724
Total operating expenses	129,223	—	—	129,223
Increase (decrease) in net assets from operations	(3,460)	2,016	—	(1,444)
Nonoperating activities:				
Private gifts	418	9,813	4,117	14,348
Investment return, net of amounts designated for operations	21,793	118,672	8,058	148,523
Change in annuity and life income obligations	—	(1,096)	(2,035)	(3,131)
Net assets released from restriction and changed restrictions	1,098	(2,265)	1,167	—
Other	246	—	39	285
Increase in net assets from nonoperating activities	23,555	125,124	11,346	160,025
Increase in net assets	20,095	127,140	11,346	158,581
Net assets, beginning of year	210,520	482,457	226,489	919,466
Net assets, end of year	$ 230,615	609,597	237,835	1,078,047

See accompanying notes to financial statements.

HAMILTON COLLEGE

Statements of Cash Flows

Years ended June 30, 2015 and 2014

(Dollars in thousands)

		2015	2014
Net cash flows from operating activities:			
Change in net assets	$	(11,156)	158,581
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:			
Contributions for endowment and facilities		(14,837)	(14,348)
Depreciation and amortization		15,842	14,573
Realized and unrealized gains on investments		(10,517)	(167,690)
Interest on capital appreciation bonds		1,813	1,791
Asset retirement obligation		25	24
Loss on disposal of plant and equipment		417	725
Changes in assets and liabilities that provide (use) cash:			
Student and other accounts receivable, net		(35)	971
Contributions receivable		1,036	1,860
Beneficial interest trusts		234	(450)
Other assets		(122)	686
Accounts payable and accrued liabilities		(4,988)	6,269
Deposits and advances		(1,030)	1,566
Accumulated postretirement benefit obligation		418	4
Annuity and life income obligations		6,101	3,619
Cash flows (used in) provided by operating activities		(16,799)	8,181
Net cash from investing activities:			
Purchase of property, plant and equipment, net of change in construction costs payable		(21,205)	(36,465)
Purchases of investments		(452,899)	(592,353)
Proceeds from sales and maturities of investments		472,467	605,222
Change in deposits held by trustees of debt obligations		4,677	(5,067)
Change in short-term investments, net		6,558	(196)
Student loans, net		(163)	116
Cash flows provided by (used in) investing activities		9,435	(28,743)
Net cash from financing activities:			
Contributions for endowment and facilities		14,837	14,348
Proceeds from new debt		—	23,797
Payments on long-term debt		(5,564)	(4,832)
Financing costs on new debt		—	(282)
Payments to beneficiaries of split interest agreements		(3,435)	(3,291)
Other financing activities		(1,284)	130
Cash flows provided by financing activities		4,554	29,870
Net (decrease) increase in cash and cash equivalents		(2,810)	9,308
Cash and cash equivalents:			
Beginning of year		28,126	18,818
End of year	$	25,316	28,126
Supplemental disclosure of noncash investing and financing activities:			
Change in construction related payables	$	(2,590)	1,475
Supplemental disclosure:			
Cash paid for interest	$	9,708	7,740
Gifts in kind		629	258

See accompanying notes to financial statements.

(1) Summary of Significant Accounting Policies

(a) Basis of Presentation

The financial statements of Hamilton College (the 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 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 permanently 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.

(b) 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 accrual for postretirement benefits. Actual results could differ from those estimates.

(c) 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, 2015 and 2014, the College has cash and cash equivalents in banks exceeding the FDIC limit. The College 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. The College places its cash and cash equivalents with high quality financial institutions. Included in cash and cash equivalents at June 30, 2015 and 2014, are $25,461 and $28,255, respectively, of cash equivalents primarily representing interest bearing money market accounts.

(d) 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 represent the proceeds received by the College in connection with 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 Long-Term Debt in note 6.

(e) 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 on the specific identification method on the trade date.

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 employed. 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.

Effective in the year ended June 30, 2015, the College retrospectively adopted the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2015-07, *Fair Value Measurement: Disclosures for Investments in Certain Entities that Calculate NAV per Share (or its Equivalent)* (ASU 2015-07). ASU 2015-07 removes the requirement to classify within the fair value hierarchy table in Levels 2 or 3 investments in certain funds measured at NAV or its equivalent as a practical expedient to estimate fair value.

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, 2015 and June 30, 2014, 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 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.

(f) 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, or endowment income is appropriated under the spending policy, are reported as operating revenues within the statement of activities.

(g) 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 3.9%. 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.

As of June 30, 2015 and 2014, student and other accounts receivable are net of an allowance of $120 and $200, and loans to students are net of an allowance of $275 and $440, respectively.

(h) 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.

(i) 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).

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 by 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.

(j) 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.

(k) 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 11.0% 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 2015 and 2014, the College received annuity and life income gifts of $155 and $366, respectively.

(l) Beneficial Interest Trusts

The College is the beneficiary of certain perpetual trusts held and administered by others which are estimated at fair value of the College’s share of the underlying assets. The present value of estimated future payments to beneficiaries is reported as a liability in the statement of financial position. 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.

(m) 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.

(n) 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.

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.

(o) 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, 2015 and 2014, the College has recorded a liability, included within other long-term obligations in the accompanying statements of financial position, of $1,669 and $1,644, respectively, representing the fair value of these conditional asset retirement obligations.

(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. 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 split interest agreements. In addition, the proceeds of the Series 2013 taxable bond issue are invested in fixed income securities, principally money market funds, commingled bank loan funds, state lottery commission receivables, catastrophe bonds and a fund that structures transactions to provide capital relief to European banks.

(Dollars in thousands)

The College's investments at June 30, 2015, which include endowment assets of $856,067, planned gifts of $63,511, medium-term investments of $99,590, and short-term investments of $13,359 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, 2015	Level 1	Level 2	Level 3	NAV
Investments:					
Cash and cash equivalents (a)	$ 71,820	71,820	—	—	—
Fixed income securities	48,968	48,968	—	—	—
Equity securities:					
U.S.	324,257	196,569	—	—	127,688
International	241,653	80,948	—	—	160,705
Hedge funds:					
Multistrategy (b)	2,548	—	—	—	2,548
Other (c)	53,787	179	—	—	53,608
Private equity (d):					
Buy-out	35,240	—	—	—	35,240
Venture capital	43,876	—	—	—	43,876
Real estate (e)	34,031	—	—	—	34,031
Energy (f)	39,690	—	—	37,381	2,309
Insurance (g)	22,147	—	—	22,147	—
Other	1,561	—	1,561	—	—
	919,578	398,484	1,561	59,528	460,005
Medium-term investments:					
Cash and cash equivalents	3,890	3,890	—	—	—
Fixed income securities (h)	74,868	10,949	—	—	63,919
Real estate (e)	2,519	—	—	—	2,519
Insurance (g)	3,032	—	—	3,032	—
Other (i)	15,281	1,810	—	—	13,471
	99,590	16,649	—	3,032	79,909
Short-term investments:					
Fixed income securities	13,359	13,359	—	—	—
Total investments	$ 1,032,527	428,492	1,561	62,560	539,914

The College's investments at June 30, 2014, which include endowment assets of $858,839, planned gifts of $68,681, medium-term investments of $100,715, and short-term investments of $19,917, 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.

(Dollars in thousands)

		Total June 30, 2014	Level 1	Level 2	Level 3	NAV
Investments:						
Cash and cash equivalents (a)	$	71,395	71,395	—	—	—
Fixed income securities		101,186	101,186	—	—	—
Equity securities:						
U.S.		259,413	166,711	—	—	92,702
International		244,949	57,295	—	—	187,654
Hedge funds:						
Multistrategy (b)		3,698	—	—	—	3,698
Other (c)		34,584	—	—	—	34,584
Private equity (d):						
Buy-out		41,065	—	—	—	41,065
Venture capital		45,452	—	—	—	45,452
Real estate (e)		32,580	—	—	—	32,580
Energy (f)		69,767	—	—	61,871	7,896
Insurance (g)		21,862	—	—	21,862	—
Other		1,569	—	1,569	—	—
		927,520	396,587	1,569	83,733	445,631
Medium-term investments:						
Cash and cash equivalents		2,050	2,050	—	—	—
Fixed income securities (h)		89,631	23,772	—	—	65,859
Other (i)		9,034	689	—	—	8,345
		100,715	26,511	—	—	74,204
Short-term investments:						
Fixed income securities		19,917	19,917	—	—	—
Total investments	$	1,048,152	443,015	1,569	83,733	519,835

As a result of the adoption of ASU 2015-07, the June 30, 2014 fair value hierarchy table was restated to reflect the removal of NAV-measured investments aggregating $351,758 from Level 2 and $168,077 from Level 3. The adoption did not impact the College's balance sheet, statement of activities, or statement of cash flows and resulted only in changes to the College's investment disclosures.

(a) A portion of the cash is overlaid with exchange traded futures contracts to gain equity market exposure. This is done for cash balances in the short-term money market account that exceed 5% of the endowment’s market value and for cash balances held in the domestic equity manager accounts.

(b) This category includes a fund that invests in event-driven strategies (takeovers), merger arbitrage, private equity special situations, and long-short global equity. As of June 30, 2015 and 2014, the remaining value is in side pocket investments. Redemptions are dependent upon the liquidation of the underlying funds.

(c) This category includes an investment in a hedge fund of funds referred to as the Master Fund that effective January 1, 2010, was divided into a continuation fund and a liquidation fund, with the College electing the liquidation fund. Net proceeds are paid out as they are received from the investments in the underlying funds and will continue until liquidation is complete. The redemption period is dependent on the liquidation of the underlying funds. In addition, this category includes a hedge fund that focuses on investments in event driven distressed corporate credit restructurings and other deep value and special situations in middle market companies. Lastly, this category includes a fund that 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 US dollars.

(d) 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 liquidated or distributed over a 7-15 year period from the effective date of the fund.

(e) This category includes several real estate limited partnerships 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 liquidated or distributed over a 7-15 year period from the effective date of the fund.

(f) This category includes limited partnerships that invest in oil and gas, direct and indirect investments in natural gas and oil royalty interests, and equity investments in energy and energy–related companies. Included within this category are certain funds which utilize significant unobservable inputs in determining the estimated fair value. These funds total approximately $25.8 million as of June 30, 2015 and utilize the market approach adjusted for an 18.6% 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 liquidated or distributed over a 7-20 year period from the effective date of the fund.

(g) This category includes investments in a program that enables investors to participate in a broadly diversified property catastrophe and aviation reinsurance portfolio. Under the program, investors purchase notes issued by a special purpose insurer. The proceeds from the note issuance are deposited in a trust account and invested. Proceeds from the note issuance, ceded premiums and investment earnings remaining in the trust after the end of the risk period are then returned to investors.

(Dollars in thousands)

(h) Included in this category are two commingled funds that invest primarily in bank loans (one of which is leveraged), two commingled funds that invest primarily in catastrophe bonds and catastrophe insurance related derivative instruments, and an LLC that invests in state lottery prize receivables.

(i) This category includes a fund that structures transactions to help European banks meet their capital requirements under Basel II and Basel III.

There were no transfers between Level 1 and Level 2 investments during the fiscal years ended June 30, 2015 and 2014.

Changes to reported investments measured at fair value using unobservable (Level 3) inputs during the years ended June 30, 2015 and 2014 are as follows:

	2015			2014		
	Insurance	**Energy**	**Total**	**Insurance**	**Energy**	**Total**
Fair value at beginning of year	$ 21,862	61,871	83,733	25,674	45,366	71,040
Net purchases, sales, settlements	(1,174)	(524)	(1,698)	(11,903)	(1,217)	(13,120)
Unrealized gains/(losses), net	4,491	(23,966)	(19,475)	8,091	17,722	25,813
Fair value at end of year	$ 25,179	37,381	62,560	21,862	61,871	83,733

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, fixed income related, 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, 2015, expected liquidity for the College's investments can be classified as follows:

	Daily	**Weekly**	**Monthly**	**Quarterly**	**Semi-Annual**	**Annual**	**Illiquid**	**Total**
Cash & cash equivalents	$ 75,710	—	—	—	—	—	—	75,710
Fixed income securities	73,276	—	21,492	34,966	—	—	7,461	137,195
Equity securities	198,931	36,259	207,322	27,512	48,863	47,023	—	565,910
Hedge funds	179	—	—	27,232	—	—	28,924	56,335
Private equity	—	—	—	—	—	—	79,116	79,116
Real estate	—	—	—	—	—	—	36,550	36,550
Energy	—	—	—	—	—	—	39,690	39,690
Insurance	—	—	—	—	—	—	25,179	25,179
Other	—	—	—	—	—	—	15,032	16,842
Total	**$ 348,096**	**36,259**	**228,814**	**89,710**	**48,863**	**47,023**	**231,952**	**1,032,527**

(Dollars in thousands)

The "illiquid" category is related to private equity, real estate, fixed income related, and energy limited partnership investments, insurance funds, and four hedge funds, where the College has no liquidity until the investments are sold and the monies are distributed by the fund manager. Insurance fund liquidity has generally occurred at the time the "at risk period" ends or within a few months. The table below summarizes the value of these investments by their stated terms assuming the partnerships are not extended. Two hedge funds, valued at $15,640, are in the process of being liquidated and are classified within "Thereafter" because there is no stated term.

		Amount
Fiscal year:		
2016	$	45,934
2017		36,300
2018		8,288
2019		21,386
2020		6,760
Thereafter		113,284
	$	231,952

Commitments

The College has outstanding commitments to private capital, credit-related hedge, and lottery receivable 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 portfolio, cash, and other liquid investments. Based upon the expiration dates of funds' commitment periods, the College has the following outstanding commitments at June 30, 2015:

		Amount
Fiscal year:		
2016	$	32,216
2017		20,314
2018		3,926
	$	56,456

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 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, 2015 and 2014, the College had loaned certain securities, which are included in the endowment investments, with a fair value of $4,390 and $4,397 to several financial institutions that have provided collateral of $4,500 as of June 30, 2015 and 2014, for the loaned securities.

(Dollars in thousands)

Investment Return

The following schedule summarizes total investment return and its classification in the statements of activities for the years ended June 30, 2015 and 2014:

		2015	2014
Investment income, net	$	10,240	16,313
Net realized and unrealized gains		10,517	167,690
Total return on investments		20,757	184,003
Investment return designated for current operations (spending policy distributions)		(32,323)	(30,925)
Other investment income		(3,760)	(4,555)
Investment return, net of amounts designated for current operations	$	(15,326)	148,523

Investment income is presented net of investment management and custodial fees of $5,475 and $4,324 for the years ended June 30, 2015 and 2014, 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.

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

(Dollars in thousands)

The following is a summary of the College's endowment net asset composition by type of fund, as well as a summary of the components of the return of the endowment pool and changes in endowment net assets as of and for the years ended June 30, 2015 and 2014:

	2015			
	Unrestricted	**Temporarily restricted**	**Permanently restricted**	**Total**
Endowment funds designated or restricted for support of:				
Scholarship	$ 48,720	222,964	118,796	390,480
Faculty	18,520	162,035	45,446	226,001
Library	9,405	20,637	3,189	33,231
Program	5,389	119,161	25,795	150,345
Plant	—	1,163	—	1,163
Board-designated for general purpose	54,847	—	—	54,847
	$ 136,881	525,960	193,226	856,067

	2014			
	Unrestricted	**Temporarily restricted**	**Permanently restricted**	**Total**
Endowment funds designated or restricted for support of:				
Scholarship	$ 48,723	228,429	113,751	390,903
Faculty	18,854	169,122	45,760	233,736
Library	7,330	21,066	3,165	31,561
Program	4,645	115,914	25,241	145,800
Plant	—	1,073	—	1,073
Board-designated for general purpose	55,766	—	—	55,766
	$ 135,318	535,604	187,917	858,839

(Continued)

(Dollars in thousands)

The unrestricted amounts at June 30, 2015 and 2014 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.

	2015			2014		
	Unrestricted	Temporarily restricted	Permanently restricted	Unrestricted	Temporarily restricted	Permanently restricted
Endowment net assets, beginning of year	$ 135,318	535,604	187,917	112,791	418,566	179,071
Investment return:						
Investment income	1,550	8,140	—	2,430	12,754	—
Net appreciation	375	7,036	—	23,545	130,302	—
Private gifts	3,184	70	3,810	163	638	5,107
Released from restriction and changed restrictions	784	3,103	1,499	571	87	3,739
Appropriation of endowment assets for spending	(4,330)	(27,993)	—	(4,182)	(26,743)	—
Endowment net assets, end of year	$ 136,881	525,960	193,226	135,318	535,604	187,917

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 $16 and $0 as of June 30, 2015 and 2014, 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.

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 twelve quarter average market value of the endowment, were 4.1% and 4.4% for the years ended June 30, 2015 and 2014, respectively.

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.

(Continued)

(Dollars in thousands)

(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, 2015 and 2014. Contributions estimated to be collected at June 30, 2015 and 2014 are as follows:

		2015	2014
Less than one year	$	4,456	4,724
One to five years		10,919	11,876
More than five years		53	55
		15,428	16,655
Less: present value discount		(789)	(880)
Less: reserve for uncollectible receivables		(650)	(750)
	$	13,989	15,025

(5) Property, Plant, and Equipment

Property, plant, and equipment consists of the following at June 30, 2015 and 2014:

		2015	2014
Land and improvements	$	25,911	21,656
Buildings		355,678	306,741
Furniture and equipment		71,521	65,622
		453,110	394,019
Less accumulated depreciation		(193,884)	(178,889)
		259,226	215,130
Construction projects in process		9,313	46,009
	$	268,539	261,139

Depreciation expense of $15,978 and $14,726 in 2015 and 2014, 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 $3,900 of additional costs to complete the construction projects in process, which include the Morris House, Campus Road fields, and various other renewal projects.

(Dollars in thousands)

(6) Long-Term Debt

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

	Maturity date	Interest rate	Original issue	Outstanding at June 30, 2015	Outstanding at June 30, 2014
Oneida County Industrial Development Agency Civic Facility (a):					
Revenue Bonds Series 2002 (b)	09/15/2032	5.2%	$ 60,000	42,100	43,845
Revenue Bonds Series 2005	07/01/2015	3.0% – 4.0%	8,775	1,015	1,990
Revenue Bonds Series 2007A (c)	07/01/2037	3.8% –4.65%	36,107	32,579	33,285
Revenue Bonds Series 2007B	07/01/2028	4.0% –5.0%	23,170	22,170	22,520
Revenue Bonds (g) Series 2013	07/01/2044	2.0% – 5.0%	23,010	22,635	23,010
Dormitory Authority of the State of New York Revenue Bonds, Series 2010 (d)	07/01/2021	3.0% –5.0%	12,700	8,770	9,825
Banco Popular Espanol (e)	02/01/2022	Variable	1,833	917	1,275
Hamilton College Taxable Bonds Series 2013 (f)	07/01/2113	4.75%	103,000	103,000	103,000
				$ 233,186	238,750
Less unamortized bond issuance costs				(3,872)	(4,066)
Add net premium on bonds payable				331	662
Add accreted interest				14,488	12,675
				$ 244,133	248,021

Effective in the year ended June 30, 2015, the College retrospectively adopted the provisions of the FASB Accounting Standards Update (ASU) No. 2015-03, *Simplifying the Presentation of Debt Issuance Costs*. The ASU is limited to simplifying the presentation of debt issuance costs, and the recognition and measurement guidance for debt issuance costs is not affected by the ASU. As a result of the adoption, the College has reclassified unamortized bond issuance costs in the amount of $4,066 from other assets on the accompanying statement of financial position for the year ended June 30, 2014, and presented the amount as a reduction of long-term debt, as required by the ASU. The adoption had no effect on the College's net assets, statement of activities or statement of cash flows for the year ended June 30, 2014.

(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%.

(Dollars in thousands)

(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, 2015 and 2014 was $14,488 and $12,675, respectively.

(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%.

(e) The College maintains a Euro 1,900 note with Banco Popular Espanol. The note is collateralized by a standby letter of credit, which in turn is collateralized by a pledge of cash equivalents to the outstanding balance of the note. The balance of the note has been converted using the applicable exchange rate as of June 30, 2015.

(f) 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%. The College intends to use the proceeds of the bonds to refund all or a portion of the Series 2007 and 2002 bonds on their respective first option call dates in 2017 and 2018. Until that time, the proceeds will be invested in a portfolio designed to meet the debt service of the underlying bonds.

(g) 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%.

Based on rates currently available to the College for debt with similar terms and remaining maturities, the estimated fair value of long-term debt at June 30, 2015 and 2014 is approximately $232,317 and $250,170, respectively. Fair value has been determined using significant observable inputs that would be considered to be Level 2 in the fair value hierarchy.

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

2016	$	5,483
2017		5,587
2018		5,754
2019		5,924
2020		6,134

The amounts above do not consider the anticipated refunding of existing debt on their respective call dates.

Interest expense was $11,477 and $11,598, for the years ended June 30, 2015 and 2014, respectively.

(Dollars in thousands)

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, 2015 and 2014, no funds have been advanced.

(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, 2015 and 2014 are as follows:

		2015	2014
Change in benefit obligation:			
Benefit obligation at beginning of year	$	3,422	3,418
Service cost		170	108
Interest cost		145	105
Actuarial (gain) loss		79	(2,567)
Participant contributions		166	167
Amendments and special terminations		—	2,300
Benefits paid		(142)	(109)
Benefit obligation at end of year	$	3,840	3,422

		2015	2014
Change in plan assets:			
Fair value of assets, beginning of year	$	—	—
Employer contribution		(24)	(58)
Participant contribution		166	167
Benefits paid		(142)	(109)
Fair value of assets, end of year	$	—	—
Amount recognized in the statement of financial position:			
Funded status	$	(3,840)	(3,422)

(Dollars in thousands)

Amounts recorded in unrestricted net assets as of June 30, 2015 and 2014, not yet amortized as components of net periodic benefit costs are as follows:

		2015	2014
Unamortized prior service costs	$	1,914	2,183
Unamortized actuarial loss		(3,484)	(3,841)
Amount recognized as a decrease in unrestricted net assets	$	(1,570)	(1,658)

The amortization of the above items expected to be recognized in net periodic costs for the year ending June 30, 2016 is $26.

A summary of the components of net periodic postretirement benefit cost for the years ended June 30, 2015 and 2014, is as follows:

		2015	2014
Components of net periodic benefit cost:			
Service cost	$	170	108
Interest cost		145	105
Amortization of unrecognized actuarial loss		(278)	(342)
Amortization of unrecognized prior service cost		269	214
Net periodic postretirement benefit cost	$	306	85

Assumptions

A summary of the weighted average assumptions used to determine the benefit obligation at June 30, 2015 and 2014 is presented below:

	2015	2014
Discount rate	4.44%	4.31%
Mortality	RP-2014	RP-2000

A summary of the weighted average assumptions used to determine the net periodic postretirement benefit cost for the years ended June 30, 2015 and 2014 is presented below:

	2015	2014
Discount rate	4.31%	4.73%

(Continued)

(Dollars in thousands)

A summary of the assumed healthcare cost trend rates at June 30, 2015 is presented below:

	Pre-65 Medical trend rates	Post-65 Medical trend rates	Prescription drugs trend rates
Healthcare cost trend rate for next year	7.75%	6.75%	8.50%
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:

		2015		2014	
		One percentage point		One percentage point	
		Increase	Decrease	Increase	Decrease
Effect on total of service and interest cost components	$	146	(61)	73	(50)
Effect on postretirement benefit obligation		1,189	(879)	992	(691)

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

2016	$	120
2017		139
2018		156
2019		153
2020		171
2021 – 2025		930

(b) Pension Benefits

The College administers a defined contribution retirement plan for eligible employees. Teachers Insurance Annuity Association (TIAA), College Retirement Equities Fund (CREF) 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, 2015 and 2014 amounted to $4,549 and $4,430, respectively.

(Dollars in thousands)

(8) Net Assets

Temporarily restricted net assets at June 30, 2015 and 2014 are available for the following purposes:

		2015	2014
Program and student support	$	545,530	552,708
Acquisition of buildings and equipment		1,677	29,150
Planned giving arrangements		15,869	17,543
Contributions receivable, net		9,206	10,196
	$	572,282	609,597

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

		2015	2014
Restricted for scholarship support	$	118,796	113,751
Restricted for faculty support		45,446	45,760
Restricted for library support		3,189	3,165
Restricted for program support		25,795	25,241
Planned giving arrangements		31,726	36,793
Loan funds		8,774	8,296
Contributions receivable, net		4,783	4,829
	$	238,509	237,835

(Dollars in thousands)

(9) Expenses

Included in institutional support are $6,475 and $6,523 of fundraising expenses for the years ended June 30, 2015 and 2014, respectively.

Operating expenses for the years ended June 30, 2015 and 2014, were incurred as follows:

	2015	2014
Salaries and wages	$ 54,306	51,602
Benefits	17,820	17,575
Total compensation	72,126	69,177
Services and contracting	6,676	6,295
Supplies and minor equipment	11,018	10,514
Auxiliaries, costs of sales	5,766	5,548
Utilities	3,116	3,162
Travel and entertainment	5,023	4,756
Insurance and taxes	1,586	1,552
Depreciation and amortization	15,842	14,573
Interest	11,477	11,598
Other	1,793	2,048
Total expenses	$ 134,423	129,223

(10) Subsequent Events

For purposes of determining the effects of subsequent events on these financial statements, management has evaluated events subsequent to June 30, 2015 and through October 9, 2015, the date on which the financial statements were available to issued.