Consolidated Financial Statements and Report of Independent Certified Public Accountants

MARIST COLLEGE AND AFFILIATES

For the years ended June 30, 2019 and 2018

MARIST COLLEGE AND AFFILIATES

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees of
Marist College and Affiliates:

We have audited the accompanying consolidated financial statements of Marist College and Affiliates (collectively the "College"), which comprise the consolidated statements of financial position as of June 30, 2019 and 2018, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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

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

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

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

Grant Thornton

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Marist College and Affiliates as of June 30, 2019 and 2018, and the changes in their consolidated net assets and their consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Grant Thornton LLP

New York, New York
November 18, 2019

MARIST COLLEGE AND AFFILIATES
Consolidated Statements of Financial Position
As of June 30, 2019 and 2018

	2019	2018
ASSETS		
Cash and cash equivalents	$ 23,621,052	$ 10,534,142
Short-term investments	21,600,901	17,454,728
Accounts receivable, net	5,571,330	3,213,315
Contributions receivable, net	6,081,140	5,508,072
Deposits with bond trustees	19,325,439	6,550,865
Other assets	1,793,044	1,478,791
Student loans receivable	5,993,706	6,834,316
Assets held in charitable remainder trust	558,803	582,327
Investments	296,734,550	277,970,350
Construction in progress	25,674,577	19,708,369
Land, buildings and equipment, net	448,737,064	428,988,226
Total assets	$ 855,691,606	$ 778,823,501
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued liabilities	$ 29,978,188	$ 25,996,565
Deferred income	11,784,435	11,188,511
Annuities payable	205,755	178,618
Obligation under capital lease	1,377,079	-
U.S. government advances refundable	5,984,395	6,146,887
Bonds payable, net	199,060,917	165,983,408
Note payable	384,000	432,000
Accrued post-retirement benefits	10,537,980	10,108,944
Interest rate swap obligation	5,140,860	3,870,013
Total liabilities	264,453,609	223,904,946
NET ASSETS		
Without donor restrictions	504,904,782	472,300,834
With donor restrictions		
Restricted by time or purpose	49,920,001	48,083,456
Perpetual in nature	36,413,214	34,534,265
Total with donor restrictions	86,333,215	82,617,721
Total net assets	591,237,997	554,918,555
Total liabilities and net assets	$ 855,691,606	$ 778,823,501

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

MARIST COLLEGE AND AFFILIATES
Consolidated Statement of Activities
For the year ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES			
Tuition, fees, room and board, net	$ 201,328,586	$ -	$ 201,328,586
Government grants	5,885,300	-	5,885,300
Private grants and contracts	1,207,352	-	1,207,352
Contributions	4,431,957	2,736,840	7,168,797
Investment return designated for operations, net	2,576,411	2,720,124	5,296,535
Other income	6,107,416	-	6,107,416
Net assets released from restrictions	3,028,300	(3,028,300)	-
Total operating revenues	224,565,322	2,428,664	226,993,986
OPERATING EXPENSES			
Instructional	82,726,290	-	82,726,290
Research	611,155	-	611,155
Public service	854,996	-	854,996
Academic support	17,506,069	-	17,506,069
Student services	39,062,864	-	39,062,864
Institutional support	24,002,466	-	24,002,466
Scholarships and fellowships	372,721	-	372,721
Auxiliary enterprises	38,536,393	-	38,536,393
Total operating expenses	203,672,954	-	203,672,954
Changes in net assets from operating activities	20,892,368	2,428,664	23,321,032
NONOPERATING ACTIVITIES			
Net loss on disposal of fixed assets	(455,799)	-	(455,799)
Net investment return in excess of amounts designated for operations	13,218,383	1,296,119	14,514,502
Partial loan forgiveness on note payable	48,000		48,000
Change in value of interest rate swap obligation	(1,270,847)	-	(1,270,847)
Payment to beneficiaries	-	(760)	(760)
Pension and post-retirement related changes other than net periodic pension and benefit costs	163,314	-	163,314
Changes to donor's restriction/net asset class	8,529	(8,529)	-
Changes in net assets from nonoperating activities	11,711,580	1,286,830	12,998,410
Change in net assets	32,603,948	3,715,494	36,319,442
Net assets, beginning of year	472,300,834	82,617,721	554,918,555
Net assets, end of year	$ 504,904,782	$ 86,333,215	$ 591,237,997

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

MARIST COLLEGE AND AFFILIATES
Consolidated Statement of Activities
For the year ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES			
Tuition, fees, room and board, net	$ 194,544,524	$ -	194,544,524
Government grants	3,472,211	-	3,472,211
Private grants and contracts	1,005,651	-	1,005,651
Contributions	3,563,046	4,782,385	8,345,431
Investment return designated for operations, net	2,240,667	2,652,944	4,893,611
Other income	5,180,985	-	5,180,985
Net assets released from restrictions	2,915,446	(2,915,446)	-
Total operating revenues	212,922,530	4,519,883	217,442,413
OPERATING EXPENSES			
Instructional	77,351,057	-	77,351,057
Research	1,215,508	-	1,215,508
Public service	421,496	-	421,496
Academic support	16,822,602	-	16,822,602
Student services	37,807,304	-	37,807,304
Institutional support	22,148,540	-	22,148,540
Scholarships and fellowships	389,594	-	389,594
Auxiliary enterprises	37,911,205	-	37,911,205
Total operating expenses	194,067,306	-	194,067,306
Changes in net assets from operating activities	18,855,224	4,519,883	23,375,107
NONOPERATING ACTIVITIES			
Net loss on disposal of fixed assets	(398,822)	-	(398,822)
Net investment return in excess of amounts designated for operations	17,607,628	2,353,502	19,961,130
Inherent contribution on assumption of Sprout Creek Farm Inc.	1,943,457	81,755	2,025,212
Partial loan forgiveness on note payable	48,000		48,000
Change in value of interest rate swap obligation	2,000,457	-	2,000,457
Payment to beneficiaries	-	(760)	(760)
Pension and post-retirement related changes other than net periodic pension and benefit costs	1,146,516	-	1,146,516
Changes to donor’s restriction/net asset class	1,100,379	(1,100,379)	-
Changes in net assets from nonoperating activities	23,447,615	1,334,118	24,781,733
Change in net assets	42,302,839	5,854,001	48,156,840
Net assets, beginning of year	429,997,995	76,763,720	506,761,715
Net assets, end of year	$ 472,300,834	$ 82,617,721	$ 554,918,555

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

MARIST COLLEGE AND AFFILIATES
Consolidated Statements of Cash Flows
For the years ended June 30, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ 36,319,442	$ 48,156,840
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Nonoperating items:		
Contributions restricted for investment in endowment	(232,758)	(370,437)
Gifts of stock	(1,007,541)	(703,272)
Interest and dividends restricted for endowment	(1,288,518)	(394,514)
Net realized gain on investments	(7,558,247)	(12,780,329)
Net realized loss on short-term investments	31,858	40,016
Net investment loss on assets held in charitable remainder trust	23,524	40,749
Noncash items:		
Depreciation	18,972,054	17,119,828
Amortization of bond issuance costs	122,902	105,152
Amortization of bond premium	(624,424)	(614,068)
Bad debt expense	(53,120)	(120,099)
Partial loan forgiveness on note payable	(48,000)	(48,000)
Net unrealized gain on investments	(10,660,155)	(11,377,616)
Net unrealized (gain) loss on short-term investments	(395,169)	238,006
Net loss (gain) on interest rate swap obligation	1,270,847	(2,000,457)
Non-cash contributions	(410,000)	(735,932)
Loss on disposal of fixed assets	455,799	398,822
Assumption of Sprout Creek Farm, Inc.	-	(2,025,212)
Accrued post-retirement benefits	429,036	(413,402)
(Increase) decrease in:		
Accounts receivable	(2,358,015)	(483,485)
Contributions receivable	(519,948)	(2,858,370)
Other assets	(314,253)	227,934
Increase (decrease) in		
Accounts payable, accrued liabilities, and U.S. government advances refundable	2,327,162	423,626
Deferred revenue	595,924	467,184
Annuities payable	27,137	(38,961)
Net cash provided by operating activities	35,105,537	32,254,003
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	167,162,060	146,799,428
Purchases of investments	(166,700,317)	(146,883,513)
Purchase of short-term investments	(15,089,525)	(8,028,628)
Proceeds from sale of short-term investments	11,306,663	15,634,569
Cash received on assumption of Sprout Creek Farm, Inc.	-	574,222
Proceeds from sale of fixed assets	266,675	65,059
Purchase of property and equipment	(41,902,601)	(65,485,197)
Disbursements of loans to students	-	(1,412,976)
Repayments on student loans	840,610	990,864
Net cash used in investing activities	(44,116,435)	(57,746,172)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of principal on indebtedness	(6,425,506)	(4,837,031)
Proceeds from issuance of bonds	40,537,062	-
Payment of bond issuance costs	(532,525)	-
Repayment of principal on capital lease	(227,925)	
Change in deposits with bond trustees	(12,774,574)	(1,461,277)
Interest and dividends restricted for endowment	1,288,518	394,514
Contributions restricted for investment in endowment	232,758	370,437
Net cash provided by (used in) financing activities	22,097,808	(5,533,357)
Net increase (decrease) in cash and cash equivalents	13,086,910	(31,025,526)
Cash and cash equivalents, beginning of year	10,534,142	41,559,668
Cash and cash equivalents, end of year	$ 23,621,052	$ 10,534,142
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid during the year for interest	$ 6,003,495	$ 5,848,375
Purchases of land, buildings and equipment within accounts payable and accrued liabilities	$ 9,567,235	$ 8,075,266
Assets acquired in capital lease	$ 1,605,004	$ -

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

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Marist College (the "College") is an independent, comprehensive institution located on a 210 acre main campus in the Hudson River Valley of New York, a branch campus in Florence, Italy, and educational offerings around the world through its online and study abroad programs. Marist is dedicated to helping students develop the intellect, character and skills required for enlightened, ethical, and productive lives in the global community of the 21st century.

The consolidated financial statements of the College have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("US GAAP") and include the accounts of the College's wholly owned subsidiaries, Sprout Creek Farm, Inc., Marist Real Property Service, Inc., Marist Real Property Service II, Inc., and VAYU, LLC. All significant intercompany transactions have been eliminated. Marist Real Property Services, Inc. and Marist Real Property Services II, Inc. are corporations that were formed by the College to purchase and hold real estate for the benefit and use of the College. The College is the single member of VAYU, LLC which holds real and personal property in Esopus, New York. Sprout Creek Farm, Inc. is a not-for-profit organization in Lagrange, New York, which operates as a working farm and provides educational programs that help connect young people to agriculture.

Basis of Presentation

In August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-14, Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities* ("ASU 2016-14"). The ASU amends the current reporting model for not-for-profit organizations and requires certain additional disclosures. The significant changes include:

- Requiring the presentation of two net asset classes classified as "net assets without donor restrictions" and "net assets with donor restrictions";
- Modifying the presentation of underwater endowment funds and related disclosures;
- Requiring the use of the placed in service approach to recognize the satisfaction of restrictions on gifts used to acquire or construct long-lived assets, absent explicit donor stipulations otherwise;
- Requiring that all not-for-profits present an analysis of expenses by function and nature in a separate statement or in the notes to the financial statements;
- Requiring disclosure of quantitative and qualitative information on liquidity;
- Presenting investment return net of external and direct internal investment expenses; and,
- Modifying other financial statement reporting requirements and disclosures intended to increase the usefulness to the reader.

The College adopted ASU 2016-14 as of and for the year ended June 30, 2019. A presentation of net assets as previously reported as of June 30, 2018 and 2017, and as required under ASU 2016-14 follows:

		June 30, 2018 Presentation under ASU 2016-14		
	As Previously Presented	Without Donor Restrictions	With Donor Restrictions	Total
Net assets:				
Unrestricted	$ 472,300,834	$ 472,300,834	$ -	$ 472,300,834
Temporarily restricted	48,083,456	-	48,083,456	48,083,456
Permanently restricted	34,534,265	-	34,534,265	34,534,265
Total net assets	$ 554,918,555	$ 472,300,834	$ 82,617,721	$ 554,918,555

		June 30, 2017 Presentation under ASU 2016-14		
	As Previously Presented	Without Donor Restrictions	With Donor Restrictions	Total
Net assets:				
Unrestricted	$ 429,997,995	$ 429,997,995	$ -	$ 429,997,995
Temporarily restricted	44,431,865	-	44,431,865	44,431,865
Permanently restricted	32,331,855	-	32,331,855	32,331,855
Total net assets	$ 506,761,715	$ 429,997,995	$ 76,763,720	$ 506,761,715

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

Net Assets Without Donor Restrictions
Net assets without donor restrictions are net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties (see also Notes 16 and 17).

Net Assets With Donor Restrictions
Net assets with donor restrictions are net assets subject to donor-imposed stipulations that will be met either by actions of the College and/or the passage of time. The College reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends and/or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Net assets with donor restrictions also include earnings on donor restricted endowment funds that have not yet been appropriated by the College's Board of Trustees for expenditure. Net assets with donor restrictions also include gifts from donors who stipulate that their donated resources be maintained in perpetuity by the College. Generally, the College is permitted to expend part or all of the income and gains derived from these donated assets, restricted only by donors' stipulations.

Fair Value Measurements

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

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

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 - Quoted prices are available in active markets for identical investments as of the reporting date. The types of investments in Level 1 include listed equities held in the name of the College, and exclude listed equities and other securities held indirectly through commingled funds.

Level 2 - Pricing inputs, including broker quotes, are generally those other than exchange quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level 3 - Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs used in the determination of fair value require significant management judgment or estimation. Investments that are included in this category generally include privately held investments, partnerships and similar interests.

The categorization of a financial instrument within the fair value hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the College's perceived risk of that instrument. As permitted by ASU 2015-07, the College has excluded investments that are measured at fair value using the net asset value ("NAV") per share practical expedient from the fair value hierarchy.

As of June 30, 2019 and 2018, the carrying value of the College's cash and cash equivalents, receivables, accounts payable and accrued liabilities, deferred income, annuities payable and long-term debt approximate fair value. A reasonable estimate of the fair value of loans to students under government loan programs cannot be made because the loans are not saleable and can only be assigned to the U.S. Government or its designees.

Cash and Cash Equivalents

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

Accounts Receivable

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

Revenue Recognition and Receivables

In accordance with FASB Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers (*"ASC 606"), the College recognizes revenue when control of the promised goods or services are transferred to the College's students or outside parties in an amount that reflects the consideration the College expects to be entitled to in exchange for those goods or services. The standard outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied.

ASC 606 also requires new and expanded disclosures regarding revenue recognition to ensure an understanding as to the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The College has identified student revenues, sales and services of educational activities and sales of other auxiliary enterprise revenue as revenue categories subject to the adoption of ASC 606. The College recognizes contracts with customers, as goods or services transferred or provided in accordance with ASC 606.

The results of applying ASC 606 using the modified retrospective approach did not have a material impact on the consolidated statements of financial position, statements of activities, statements of cash flows, business processes, controls or systems of the College.

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

Other income consists principally of revenue from student club activities, camps, athletic events, and the Cloud Computing and Analytics Center, and is recorded when earned on the consolidated statements of activities.

Contributions, Grants and Contracts

The College recognizes revenue from contributions, grants and contracts in accordance with ASU 2018-08, Not-For-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Accordingly, the College evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer of assets is determined to be an exchange transaction, the College applies guidance under ASC 606. If the transfer of assets is determined to be a contribution, the College evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before the College is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets.

Unconditional contributions are recognized as revenues when donors' commitments are received. Contributions of assets other than cash are recorded at their estimated fair value. Conditional pledges are recognized as revenues when conditions are substantially met.

Contributions, including unconditional promises to give (pledges), are reported as revenues in the period received or pledged. Pledges, less an allowance for uncollectible amounts, are recorded as receivables at the net present value, determined using a credit-adjusted rate. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any. Restricted pledges are reported as additions to the with donor restrictions' net asset class. Contributions of cash or other assets that must be used to acquire or construct long-lived assets are reported with donor restrictions until the assets are placed in service.

Conditional promises to give and intentions to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. During the years ended June 30, 2019 and June 30, 2018, the College received new conditional pledges of $1,000,000 and $423,625 respectively. The College has recorded revenue from conditional promises of $626,250 and $126,446 for the years ended June 30, 2019 and 2018, respectively, as the conditions on these pledges have been met.

Contributions with donor-imposed restrictions are reported as revenues restricted by time or purpose and are released to net assets without donor restrictions when donor-imposed restrictions are satisfied.

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

The College has capitalized its collections since its inception. If purchased, items accessioned into the collection are capitalized at cost and, if donated, they are capitalized at their fair value as of the accession date. Gains or losses on the deaccession of collection items are classified on the consolidated statements of activities as with or without donor restricted support depending on donor restrictions, if any, placed on the item at the time of accession.

Revenue from government grants and contracts have been deemed to be conditional contributions. Accordingly, revenue is recognized when conditions have been met, that is, generally as related costs are incurred under the grant or contract. Amounts expended in excess of reimbursements are reported as accounts receivable on the consolidated statements of financial position.

Student Loans Receivable and U.S. Government Advances Refundable

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

Investments

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

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

Deposits with Bond Trustees

Deposits with bond trustees represent funds held by designated bond trustees for debt service payments and construction building projects. Deposits with trustees are held in cash, money market funds, and fixed income and are recorded at fair value as of June 30, 2019 and 2018.

Land, Buildings and Equipment

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

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

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

Deferred Income

Deferred income primarily consists of tuition and matriculation deposits and other payments for upcoming semesters that have been received prior to the fiscal year end.

Interest Rate Swap Obligation

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

Conditional Asset Retirement Obligation

The College is required to recognize the costs associated with the eventual remediation and abatement of asbestos located within the construction of certain of its buildings. However, based on the results of surveys performed by independent environmental consultants, the College concludes that the cost of remediation is immaterial to the accompanying consolidated financial statements and, accordingly, has not recognized a liability for this obligation as of June 30, 2019 and 2018.

Functional Expenses

Facilities operations and maintenance expenses, depreciation and amortization of plant assets and interest on long-term debt are allocated to program and supporting activities based on the primary use of the facilities (see Note 20).

Income Taxes

Tax effects from an uncertain tax position are recognized in the consolidated financial statements only if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged. The College is exempt from income tax under Internal Revenue Code ("the Code") Section 501(c)(3), though it is subject to tax on income unrelated to its exempt purposes, unless that income is otherwise excluded by the Code.

Advertising

Advertising costs are expensed as incurred. Advertising expense amounted to $1,679,597 and $1,625,698 for the years ended June 30, 2019 and 2018, respectively. Such amounts are included in student services on the accompanying consolidated statements of activities.

Estimates

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

Concentrations of Credit Risk

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

Measure of Operations

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

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

New Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (*Topic 842*), which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statements of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. ASU No. 2016-02 is effective for the College for fiscal year 2020. The College is in the process of evaluating the impact this standard will have on the consolidated financial statements.

Subsequent Events

The College evaluated its June 30, 2019 consolidated financial statements for subsequent events through November 18, 2019, the date the consolidated financial statements were issued. The College is not aware of any subsequent events which would require recognition or disclosure in the consolidated financial statements.

2. SHORT-TERM INVESTMENTS

Short-term investments consist of certificates of deposit with original maturities of greater than 90 days and short-term corporate and municipal bond funds maturing within a 5 year period in accordance with the short-term investment policy. The fair value as of June 30, 2019 and 2018 is $21,600,901 and $17,454,728, including $395,169 and $238,006 in unrealized appreciation and depreciation, respectively.

3. ACCOUNTS RECEIVABLE, NET

Accounts receivable, net, consists of the following at June 30, 2019 and 2018:

	2019	2018
Student accounts receivable	$ 1,103,113	$ 1,180,448
Less: allowance for doubtful accounts	(261,500)	(261,000)
	841,613	919,448
Grants and contracts receivable	3,225,188	703,122
Other receivables	1,504,529	1,590,745
Accounts receivable, net	$ 5,571,330	$ 3,213,315

4. CONTRIBUTIONS RECEIVABLE, NET

Contributions receivable, net, consists of unconditional promises to give and are summarized as follows at June 30, 2019 and 2018:

	2019	2018
Unconditional promises to give are expected to be collected in:		
Less than one year	$ 1,853,711	$ 1,644,408
One to five years	4,351,281	3,865,644
More than five years	684,341	1,075,400
	6,889,333	6,585,452
Less:		
Allowance for uncollectible amounts	(428,482)	(481,602)
Discount to present value (with rates ranging from 1.38% to 2.91%)	(379,711)	(595,778)
Contributions receivable, net	$ 6,081,140	$ 5,508,072

At June 30, 2019 and 2018, approximately 64% and 63%, respectively, of gross pledges receivable were due from four donors.

At June 30, 2019 and 2018, the College had outstanding conditional pledges and bequests of $3,211,697 and $2,937,947, respectively, which, in accordance with US GAAP, have not been recorded in the accompanying consolidated financial statements.

5. STUDENT LOANS RECEIVABLE

The College makes uncollateralized loans to students based on financial need. Student loans are funded through federal government loan programs or institutional resources. At June 30, 2019 and 2018, student loans totaled $5,993,706 and $6,834,316, respectively, and represented 0.7% of total assets.

The College participates in the Federal Perkins revolving loan program. The availability of funds for loans under this program is dependent on reimbursements to the pool from repayments on outstanding loans. Funds advanced by the federal government of $5,984,395 and $6,146,887 at June 30, 2019 and 2018, respectively, are ultimately refundable to the government and are classified as liabilities in the accompanying consolidated statements of financial position. Outstanding loans cancelled under the program result in a reduction of the funds available for future loans and a decrease in the College's liability to the government.

Amounts due under the Federal Perkins loan program are almost fully guaranteed by the government and, therefore, no reserves are placed on any past due balances. On September 30, 2015, the Federal Perkins Loan Program expired. It was then extended on December 18, 2015 under The Perkins Loan Extension Act of 2015 to permit institutions to issue new loans, under amended guidelines, until September 30, 2017. No new Perkins loans can be issued under this Act subsequent to September 30, 2017. In addition, as part of this Act, prior to October 1, 2017, the College is required to annually return the federal share of excess liquid capital, as defined, to the federal government. Beginning on October 1, 2017, the federal share of all Perkins funds, including future collections of principal and interest, must be returned to the federal government.

At June 30, 2019 and 2018, the following amounts were past due under student loan programs:

	2019	2018
1-60 days past due	$ 4,319	$ 9,047
60-90 days past due	9,756	1,139
90+ days past due	1,013,960	920,698
Total past due	$ 1,028,035	$ 930,884

6. INVESTMENTS

The fair value of investments at June 30, 2019 and 2018, is as follows:

	2019	2018
Endowments and other investible funds:		
Cash and cash equivalents	$ 7,246,649	$ 10,749,230
Fixed income securities	19,882,404	24,689,363
Domestic equity securities	5,342,476	26,512,840
International equity securities	31,583,962	19,647,696
Commingled fund	141,311,535	116,204,771
Hedge funds	57,015,062	55,571,616
Private equity	33,588,061	24,045,511
Total pooled investments	295,970,149	277,421,027
Operating and other investments:		
Domestic equity securities	201,830	175,995
Investment in TIAA annuities and mutual funds	562,571	373,328
Total operating and other investments	764,401	549,323
Total investments	$ 296,734,550	$ 277,970,350

7. CONSTRUCTION IN PROGRESS

Construction in progress consists of the following at June 30, 2019 and 2018:

	2019	2018
Steel Plant Studios Project	$ -	$ 16,938,524
McCann Fitness Center	20,151,551	2,274,059
51 Fulton Street Renovation	2,083,551	-
Dyson Center Addition/Upgrades	1,182,000	-
McCann Center Arena AC	525,847	-
Sprout Creek Farm Creamery and Craft Barn	1,104,459	-
Other projects and renovations	627,169	495,786
Total construction in progress	$ 25,674,577	$ 19,708,369

The estimated costs to be incurred in fiscal 2020 to complete the McCann Fitness Center total approximately $13 million.

8. LAND, BUILDINGS AND EQUIPMENT, NET

Land, buildings, and equipment consist of the following at June 30, 2019 and 2018:

	2019	2018
Buildings and building improvements	$ 573,420,071	$ 542,265,221
Equipment, furniture and fixtures	77,604,809	72,785,717
Equipment acquired under capital leases	2,854,685	1,249,681
	653,879,565	616,300,619
Less: Accumulated depreciation	(230,333,955)	(212,427,921)
	423,545,610	403,872,698
Land	17,340,329	17,264,403
Art work and collectibles	7,851,125	7,851,125
Land, buildings and equipment, net	$ 448,737,064	$ 428,988,226

Depreciation expense for the years ended June 30, 2019 and 2018 totaled $18,972,054 and $17,119,828, respectively, and is allocated to functional expense categories on the accompanying consolidated statements of activities (Note 20).

9. PENSION PLANS

Defined Contribution Plans

The College has a defined contribution pension plan for all eligible employees as defined in the "Retirement Resolution." Pension obligations under the plan are funded each pay period by the College as they become due. Contributions are applied to annuities for each participant by the Teachers Insurance and Annuity Association ("TIAA") and/or College Retirement Equities Fund ("CREF"). College contributions are dependent upon employee contributions in accordance with a schedule of percentages in the plan agreement. Employee contributions are normally made on a pre-tax basis unless an after tax agreement is so authorized by the employee. The College's contributions to the plan for the years ended June 30, 2019 and 2018 totaled $5,587,268 and $5,328,677, respectively.

The College funds a pension plan for all eligible employees in the SEIU Local 200 Union by participating in the pension plan provided by the 1199 Health Care Employees Pension Fund. The College's contribution is a fixed percentage of monthly gross wages for all employees covered under the agreement. The College's contributions for the years ended June 30, 2019 and 2018 totaled $648,845 and $582,250, respectively.

Deferred Compensation Plans

The College has deferred compensation plans for several employees based on years of service, which provide for cash payments at the end of the employment contract which are not guaranteed. The cost of the plans is being accrued over the period of active employment from the contract date. The liability under the agreements is determined based on the contributions required by the plans. The plans require annual contributions from $25,000 to $85,000, ranging from one to three years and coincide with the end of the respective employee's contract. The plans require that the contributions be deposited in separate investment accounts. The assets related to these plans are maintained at TIAA-CREF, and are included in investments on the accompanying consolidated statements of financial position. The obligation related to and fair value of the assets of these plans at June 30, 2019 and 2018 was $562,571 and $373,328, respectively, and is included in the accompanying consolidated statements of financial position as part of accounts payable and accrued liabilities. Total contributions to these plans for the years ended June 30, 2019 and 2018 totaled $165,000 and $135,000, respectively.

10. CHARITABLE REMAINDER TRUST

A donor has established and funded a trust under which the College serves as the custodian and trustee. Assets held in this trust are stated separately in the consolidated statements of financial position. The fair value of the assets at June 30, 2019 and 2018 totaled $558,803 and $582,327, respectively. Specified distributions are to be made to a designated beneficiary over the trust's term. Upon termination of the trust, the College receives the assets remaining in the trust. The trust is recorded as an increase to net assets at the fair value of the trust's assets, less the present value of estimated future payments to be made under the specific terms of the trust and is revalued at the end of each fiscal year.

11. BONDS PAYABLE, NET

Long-term debt consists of the following at June 30, 2019 and 2018:

June 30, 2019	Maturity Date	Effective Interest Rate	Total	
Dutchess County Industrial Development Agency				
Series 2008-A Variable Rate Demand Bonds	July 1, 2038	1.47 % *	$ 15,510,000	A
Dutchess County Local Development Corp.				
Series 2012-A Revenue Bonds	July 1, 2021	2.43 %	5,905,000	B
Series 2013-A Fixed Rate Bonds	July 1, 2043	4.04 %	13,230,000	C
Series 2013B-1 Revenue Bonds	July 1, 2028	2.10 %	4,613,235	D
Series 2013B-2 Revenue Bonds	July 1, 2028	2.10 %	7,045,732	D
Series 2013B-3 Revenue Bonds	July 1, 2035	2.10 %	13,840,813	D
Series 2015-A Revenue Bonds	July 1, 2045	4.09 %	79,500,000	E
Series 2016 Revenue Bonds	July 1, 2031	2.22 %	11,920,000	F
Series 2018 Revenue Bonds	July 1, 2048	3.98 %	35,790,000	G
Total principal			187,354,780	
Unamortized bond premium			13,896,827	
Unamortized bond issuance costs			(2,190,690)	
Total long-term debt, net			$ 199,060,917	

June 30, 2018	Maturity Date	Effective Interest Rate		Total	
Dutchess County Industrial Development Agency					
Series 2008-A Variable Rate Demand Bonds	July 1, 2038	1.10 % *	$	16,035,000	A
Dutchess County Local Development Corp.					
Series 2012-A Revenue Bonds	July 1, 2021	2.43 %		7,690,000	B
Series 2013-A Fixed Rate Bonds	July 1, 2043	4.04 %		13,545,000	C
Series 2013B-1 Revenue Bonds	July 1, 2028	1.79 %		5,028,270	D
Series 2013B-2 Revenue Bonds	July 1, 2028	1.79 %		7,679,610	D
Series 2013B-3 Revenue Bonds	July 1, 2035	1.79 %		14,447,405	D
Series 2015-A Revenue Bonds	July 1, 2045	4.09 %		80,885,000	E
Series 2016 Revenue Bonds	July 1, 2031	1.90 %		12,680,000	F
Total principal				157,990,285	
Unamortized bond premium				9,774,189	
Unamortized bond issuance costs				(1,781,066)	
Total long-term debt, net			$	165,983,408	

* The variable interest rate is the interest rate which, in the best judgment of the remarketing agent, is the lowest rate of interest which would permit the remarketing agent to sell such bonds in a secondary market at par plus accrued interest. Amounts shown represent the rate in effect as of June 30, 2019 and 2018.

A. Series 2008-A

On January 1, 2008, the College entered into an agreement with the Dutchess County IDA and Morgan Stanley & Company to issue variable rate demand bonds in the amount of $20,000,000. Proceeds were used to finance construction of additional student townhouses, parking lots and roadways on Fulton Street in Poughkeepsie, New York. Interest is re-set weekly by a remarketing agent and payable monthly. Principal payments will be made annually through July 1, 2038 based upon a predetermined schedule. The initial principal payment was $380,000 and gradually increases to $1,065,000 in the final year. The Series 2008-A bonds are secured by a letter of credit issued by TD Bank, N.A. that expires in January 2022. The College's obligation to the letter of credit provider is an unsecured general obligation of the College with a springing mortgage on certain College property upon a default under the bank agreement. The Bonds contain certain financial covenants including an annual liquidity covenant defined as unrestricted cash and investments to long-term debt of not less than 0.45:1.00 which expires upon defeasance of the 2013B Bonds, a debt service coverage covenant of 1.00:1.00 and an additional bonds test which expire upon defeasance of the Series 2012-A and 2013-A Bonds.

B. Series 2012-A

On May 17, 2012, the College entered into an agreement with the Dutchess County Local Development Corporation and RBC Capital Markets to issue fixed rate serial bonds in the par amount of $13,420,000. The College also recorded a premium amount on the bond of $1,995,962. Proceeds were used to refund the Series 2003 bonds issued by the Dutchess County Industrial Development Agency. The Series 2003 bonds were issued to refund the Series 1990 and 1992 bonds issued by the Dormitory Authority of the State of New York. Interest is payable semi-annually based on predetermined interest rates starting at 4.0% in the initial year and increasing to 5.0% in 2017. Since the bonds were sold at a premium, the effective interest rate is 2.43%. Principal payments will be made annually through July 1, 2021 based upon a predetermined schedule ranging from $850,000 to $2,070,000. The Bonds are unsecured general obligations of the College. Financial covenants include a debt service coverage ratio of 1.00:1.00 and an additional bonds test.

C. Series 2013-A

On March 28, 2013, the College entered into an agreement with the Dutchess County Local Development Corporation and RBC Capital Markets to issue fixed rate serial and term bonds in the par amount of \$14,710,000. The College also recorded a premium amount on the bond of \$552,546. Proceeds were used to finance construction of multi-purpose academic building in Poughkeepsie, New York. Interest is payable semi-annually based on predetermined interest rates starting at 2.0% in the initial year and increasing to 5.0% in 2033. Since the bonds were sold at a premium, the effective interest rate is 4.04%. Principal payments will be made annually through July 1, 2043 based upon a predetermined schedule ranging from \$280,000 to \$835,000. The Bonds are unsecured general obligations of the College. Financial covenants include a debt service coverage ratio of 1.00:1.00 and an additional bonds test.

D. Series 2013-B

On September 12, 2013, the College refinanced the Series 1998-A, 1999-A, and 2005-A bonds totaling \$33,045,000 from letter of credit enhanced variable rate demand bonds to variable rate revenue bonds, whereby TD Bank ("The Purchaser") became the sole holder of these bonds.

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

The Purchaser can tender the 2013-B Bonds to the College for purchase on September 12, 2023 provided that it has provided at least 120 days' notice to the College. The 2013-B Bonds are secured by a Bond Purchase and Loan Agreement by and between the Issuer, the Purchaser and the College which provides for an unconditional College obligation to make debt service payments. The 2013-B Bonds also contain certain financial covenants including an annual liquidity covenant defined as unrestricted and temporarily restricted liquid assets to long-term debt, of 0.45:1.00 and an additional bonds test of maximum annual debt service on pro-forma debt of less than 10% of the College's unrestricted operating revenues.

The Series 2013-B bonds are variable rate bonds with monthly interest that re-sets as a percentage of LIBOR plus a credit spread. Both interest and principal are payable monthly; principal payments will be made monthly through July 1, 2028 for the Series 2013B-1 and 2013B-2 bonds and through July 1, 2035 for the Series 2013B-3 bonds, based on a predetermined schedule ranging from \$1,274,390 to \$2,352,598.

E. Series 2015-A

On June 25, 2015, the College entered into an agreement with the Dutchess County Local Development Corporation to issue fixed rate serial and term bonds in the par amount of \$80,885,000. The College also recorded a premium amount on the bond of \$9,672,609. Proceeds were used to finance construction of the Science and Allied Health Building and Phase I of the North Campus student housing facility in Poughkeepsie, New York. Interest is payable semi-annually based on a coupon rate of 5.0%. Since the bonds were sold at a premium, the effective interest rate is 4.09%. Principal payments will be made annually through July 1, 2045 based upon a predetermined schedule ranging from \$1,385,000 to \$5,170,000. The Bonds are unsecured general obligations of the College. Financial covenants include a debt service coverage ratio of 1.00:1.00 and an additional bonds test which expire upon defeasance of the Series 2012-A and 2013-A Bonds.

F. Series 2016

In 2016, the College refinanced the Series 2000-A bonds totaling $13,795,000 from letter of credit enhanced variable rate demand bonds to variable rate revenue bonds, whereby TD Bank, N.A. became the sole holder of these bonds until they mature in 2031; the bank does not have a put option prior to maturity. The Series 2016 Bonds are variable rate bonds with monthly interest that re-sets as a percentage of LIBOR plus a credit spread. Principal payments will be made annually through July 1, 2031, based on a predetermined schedule ranging from $140,000 to $1,075,000. The Bonds also contain certain financial covenants including an annual liquidity covenant defined as unrestricted cash and investments to long-term debt of not less than 0.45:1.00 which expires upon defeasance of the 2013B Bonds, a debt service coverage covenant of 1.00:1.00 and an additional bonds test which expire upon defeasance of the Series 2012-A and 2013-A Bonds.

G. Series 2018

On October 4, 2018, the College entered into an agreement with the Dutchess County Local Development Corporation and Wells Fargo Securities to issue fixed rate serial and term bonds in the par amount of $35,790,000. The College also recorded a premium amount on the bond of $4,747,062. Proceeds were used to finance construction on the Steel Plant Studios and McCann Fitness Center Building, both located in Poughkeepsie, New York. Interest is payable semi-annually based on a coupon rate of 5.0%. Since the bonds were sold at a premium, the effective interest rate is 3.98%. Principal payments, starting on July 1, 2022, will be made annually through July 1, 2048 based on a predetermined schedule ranging from $640,000 to $2,355,000. The Bonds are unsecured general obligations of the College. Financial covenants include a debt service coverage ratio of 1.00:1.00 and an additional bonds test which expire upon defeasance of the Series 2012-A and 2013-A Bonds.

For the years ended June 30, 2019 and 2018, interest expense related to long-term debt totaled $6,049,574 and $4,876,350, respectively.

The College is in compliance with all required financial loan covenants at June 30, 2019.

At June 30, 2019, aggregate principal maturities of long-term debt for each of the next five years and in total thereafter are as follows:

Fiscal Year Ending		
2020	$	6,684,070
2021		6,979,824
2022		7,281,405
2023		6,065,617
2024		6,311,100
Thereafter		154,032,764
		187,354,780
Plus: unamortized bond premium		13,896,827
Less: unamortized bond issuance costs		(2,190,690)
Total	$	199,060,917

Bond issuance costs consist of the following at June 30, 2019 and 2018:

	2019	2018
Bond issuance costs	$ 2,930,774	$ 2,398,248
Less: accumulated amortization	(740,084)	(617,182)
Bond issuance costs, net	$ 2,190,690	$ 1,781,066

Amortization expense for the years ended June 30, 2019 and 2018 amounted to $122,902 and $105,152, respectively.

12. NOTE PAYABLE

On January 1, 2018, the College entered into a change of Control Agreement with the Society of Sacred Heart United States-Canada Province, Inc. (the "Society") for Sprout Creek Farm, Inc. As a condition of the agreement, the College assumed a Note and Mortgage from the Society in the amount of $480,000. The Society agreed to forgive the note on a straight-line basis annually over ten years provided that the College continues to operate Sprout Creek Farm, Inc. for agricultural and educational purposes. For the years ended June 30, 2019 and 2018, $48,000 was forgiven each year. The balance on the note and mortgage is $384,000 and $432,000 at June 30, 2019 and 2018, respectively, and is included in note payable on the accompanying consolidated statements of financial position.

13. INTEREST RATE SWAP OBLIGATION

In order to mitigate the College's interest rate exposure on variable rate debt obligations, the College entered into an interest rate swap agreement with Morgan Stanley Capital Services, Inc. (the "Counterparty"). The notional principal amount of the swap was $37,740,000 and $39,965,000 at June 30, 2019 and 2018, respectively. The swap agreement matures on July 1, 2035. Under the terms of the agreement, the Counterparty will pay the College a variable interest rate at 68% of LIBOR (1.5857% and 1.5883% at June 30, 2019 and 2018, respectively) while the College is obligated to pay the Counterparty a fixed rate of 3.42%.

The fair value of this obligation as of June 30, 2019 and 2018 totaled $5,140,860 and $3,870,013, respectively, and is categorized as Level 2 within the fair value hierarchy. The change in the fair value of this obligation totals ($1,270,847) and $2,000,457 during the years ended June 30, 2019 and 2018, respectively, and is included in the accompanying consolidated statements of activities as change in fair value of interest rate swap obligation.

Additional interest paid by the College related to the swap agreement amounted to approximately $636,600 and $887,955 for the years ended June 30, 2019 and 2018, respectively.

Under the terms of the agreement, cash serves as collateral when the fair value of the swap liability exceeds a threshold of $10 million. The cash is restricted as to withdrawal or use and is held in custody by the Counterparty.

The swap agreement contains provisions that require the College to meet certain financial covenants. The College was in compliance with these covenants at June 30, 2019. Had the College not been in compliance, an additional termination event could occur and the Counterparty has the right to early terminate the agreement and the College could be responsible for a settlement amount based on market quotation.

14. POST-RETIREMENT HEALTH CARE BENEFITS

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

The following table provides a reconciliation of the changes in the plan’s benefit obligations and fair value of assets for the years ended June 30, 2019 and 2018:

	2019	2018
Reconciliation of benefit obligation:		
Obligation at beginning of year	$ 10,108,944	$ 10,522,346
Service cost, including expenses	320,088	371,118
Interest cost	368,983	373,067
Plan participants’ contributions	119,098	4,104
Amendments	(220,528)	-
Actuarial loss (gain)	427,413	(659,768)
Benefits payments and expected expenses	(586,018)	(501,923)
Medicare Part D reimbursements	-	-
Obligation at end of year	10,537,980	10,108,944
Reconciliation of fair value of plan assets:		
Fair value of plan assets at beginning of year	-	-
Employer contributions	466,920	497,819
Plan participants’ contributions	119,098	4,104
Benefit payments and actual expenses	(586,018)	(501,923)
Medicare Part D reimbursements	-	-
Fair value of plan assets at end of year	-	-
Unfunded status at end of year	$ 10,537,980	$ 10,108,944

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

	Post-Retirement Benefits	
	Accumulated Post-retirement Benefit Obligation	Service Cost Plus Interest Cost
At trend	$ 10,537,980	$ 689,071
At trend + 1%	N/A	
Dollar impact	N/A	
Percentage impact	N/A	0.00 %
At trend - 1%	N/A	-
Dollar impact	N/A	-
Percentage impact	N/A	0.00 %

The amounts recognized in net assets without donor restrictions on the consolidated statements of financial position at June 30, 2019 and 2018, consisted of:

	2019	2018
Prior service credit	$ (593,020)	$ (384,797)
Actuarial gain	(1,324,202)	(1,836,031)
Total	$ (1,917,222)	$ (2,220,828)

Components of net periodic cost on the consolidated statements of activities for the years ended June 30, 2019 and 2018 consist of the following:

	2019	2018
Net periodic benefit cost:		
Service cost	$ 320,088	$ 371,118
Interest cost	368,983	373,067
Amortization of prior service (credit) cost	(12,305)	5,084
Amortization of net gain	(84,416)	(16,155)
Net periodic benefit cost	$ 592,350	$ 733,114

Amounts recognized in net assets without donor restrictions as of June 30, 2019 and 2018 are as follows:

	2019	2018
Prior service credit	$ (220,528)	$ -
Actuarial loss (gain)	427,413	(659,768)
Amortization of prior service credit (cost)	12,305	(5,084)
Amortization of net gain	84,416	16,155
Total other amounts recognized in net assets without donor restrictions	$ 303,606	$ (648,697)

The expected effect in net assets without donor restrictions of the estimated transition obligation, prior service cost, and net gain for the plan that will be recognized as components of net periodic benefit cost for the year ended June 30, 2019 are ($220,528), $12,305, and $84,416, respectively.

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

	2019	2018
Discount rate	3.31 %	4.02 %
Expected return on plan assets	N/A	N/A
Assumed pre-65 medical trend rates:		
Initial trend rate for the coming fiscal year	N/A	N/A
Ultimate trend rate	N/A	N/A
Year that the rate reaches ultimate trend rate	N/A	N/A
Assumed post-65 medical trend rates:		
Initial trend rate for the coming fiscal year	N/A	N/A
Ultimate trend rate	N/A	N/A
Year that the rate reaches ultimate trend rate	N/A	N/A
Assumed prescription drug trend rates:		
Initial trend rate for the coming fiscal year	N/A	N/A
Ultimate trend rate	N/A	N/A
Year that the rate reaches ultimate trend rate	N/A	N/A

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

	Net Benefits
Fiscal year ending June 30:	
2020	$ 493,865
2021	505,818
2022	516,708
2023	533,123
2024	548,338
2025 through 2029	2,944,962
Total	$ 5,542,814

The College's post-retirement benefit plan prescription drug coverage is at least actuarially equivalent to the new Medicare coverage. The disclosure reflects, as of June 30, 2019, the subsidy payments from Medicare that commenced in 2007. The value of the subsidy is reflected as an actuarial gain and reduces the plan's accumulated post-retirement benefit obligation, service cost and the net periodic post-retirement benefit cost.

15. FAIR VALUE MEASUREMENTS

Assets and liabilities measured at fair value on a recurring basis at June 30, 2019 are as follows:

	Total Fair Value	Level 1	Level 2	Level 3	NAV
ASSETS					
Short-term investments:					
Fixed income securities	$ 21,600,901	$ 21,600,901	$ -	$ -	$ -
Assets held in charitable remainder trusts:					
Cash equivalents, fixed income securities and equities	558,803	-	558,803	-	-
Endowments and other investible funds:					
Cash and cash equivalents	7,246,649	7,246,649	-	-	-
Fixed income securities	19,882,404	19,882,404	-	-	-
Domestic equity securities	5,342,476	5,342,476	-	-	-
International equity securities	31,583,962	31,583,962	-	-	-
Commingled funds	141,311,535	-	-	-	141,311,535
Hedge funds	57,015,062	-	-	-	57,015,062
Private equity	33,588,061	-	-	-	33,588,061
Total pooled investments	295,970,149	64,055,491	-	-	231,914,658
Other investments:					
Domestic equity securities	201,830	201,830	-	-	-
Investment in TIAA annuities and mutual funds	562,571	-	562,571	-	-
Total assets	$ 318,894,254	$ 85,858,222	$ 1,121,374	$ -	$ 231,914,658
LIABILITIES					
Interest rate swap obligation	$ 5,140,860	$ -	$ 5,140,860	$ -	$ -

Assets and liabilities measured at fair value on a recurring basis at June 30, 2018 were as follows:

	Total Fair Value	Level 1	Level 2	Level 3	NAV
ASSETS					
Short-term investments:					
Fixed income securities	$ 17,454,728	$ 17,454,728	$ -	$ -	$ -
Assets held in charitable remainder trusts:					
Cash equivalents, fixed income securities and equities	582,327	-	582,327	-	-
Endowments and other investible funds:					
Cash and cash equivalents	10,749,230	10,749,230	-	-	-
Fixed income securities	24,689,363	24,689,363	-	-	-
Domestic equity securities	26,512,840	26,512,840	-	-	-
International equity securities	19,647,696	19,647,696	-	-	-
Commingled funds	116,204,771	-	-	-	116,204,771
Hedge funds	55,571,616	-	-	-	55,571,616
Private equity	24,045,511	-	-	-	24,045,511
Total pooled investments	277,421,027	81,599,129	-	-	195,821,898
Other investments:					
Domestic equity securities	175,995	175,995	-	-	-
Investment in TIAA annuities and mutual funds	373,328	-	373,328	-	-
Total assets	$ 296,007,405	$ 99,229,852	$ 955,655	$ -	$ 195,821,898
LIABILITIES					
Interest rate swap obligation	$ 3,870,013	$ -	$ 3,870,013	$ -	$ -

The College uses the NAV to determine the fair value of all the underlying investments which (a) do not have a readily determinable fair value and (b) prepare their consolidated financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. The following tables list investments by major category as of June 30, 2019 and 2018:

2019

Fund Strategy	Number of Funds	NAV	Remaining Life	$ Amount of Unfunded Commitments	Timing to Draw Down Commitments	Notice Required	Lock-up and Redemption Terms
Commingled funds	22	$ 141,311,535	N/A	None	N/A	1 - 90 days	Redemptions range from daily to triennially
Multi-Strategy Hedge funds	24	57,015,062	N/A	None	N/A	60 - 126 days	Redemptions range from monthly to triennially; 6 funds have a quarterly gate of 25%, 1 fund has an annual gate of 50%, 1 fund has annual liquidity, 1 fund has biannual liquidity, 1 fund has triennial liquidity 1 fund has a 31 month hard lock down
Private equity	20	33,588,061	3 - 15 years	$ 25,180,231	N/A	N/A	N/A
Total	66	$ 231,914,658					

2018

Fund Strategy	Number of Funds	NAV	Remaining Life	$ Amount of Unfunded Commitments	Timing to Draw Down Commitments	Notice Required	Lock-up and Redemption Terms
Commingled funds	17	116,204,771	N/A	None	N/A	5 - 60 days	Redemptions range from daily to quarterly
Multi-Strategy Hedge funds	25	55,571,616	N/A	None	N/A	5 - 90 days	Redemptions range from weekly to annually; 10 funds have lock-up ranging from 12 months to 36 months; 6 funds have a quarterly gate of 25%; 1 fund has a semi-annual gate of 25%; and 1 fund has an annual gate of 50%
Private equity	14	24,045,511	3 - 15 years	$21,544,584	N/A	N/A	N/A
Total	56	195,821,898					

16. NET ASSETS

Net assets consist of the following at June 30, 2019 and 2018:

	2019	2018
Without Donor Restrictions:		
For general operations	$ 272,013,365	$ 461,359,493
Designated for quasi-endowment	232,891,417	10,941,341
Total net assets without donor restrictions	504,904,782	472,300,834
With Donor Restrictions:		
Instruction, research and divisional support	3,741,501	6,466,188
Building and construction activities	17,892,962	15,925,693
Scholarship and endowment	28,285,538	25,691,575
Endowment funds held in perpetuity	36,413,214	34,534,265
Total net assets with donor restrictions	86,333,215	82,617,721
Total net assets	$ 591,237,997	$ 554,918,555

17. ENDOWMENT

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

On September 17, 2010, New York State passed the New York State Prudent Management of Institutional Funds Act ("NYPMIFA"), its version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). All not-for-profit organizations formed in New York must apply this law. The College classifies donor-restricted endowment funds as net assets with donor restrictions, unless otherwise stipulated by the donor as follows: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the funds.

From time to time, the fair value of assets associated with an individual donor-restricted endowment fund may fall below the fund's historic dollar value. Under NYPMIFA, the College may spend below the historical dollar value of its endowment funds, if determined to be prudent, unless specific donors have stipulated to the contrary. The College has received instructions from donors, who have contributed $396,558 and $348,901 in donor restricted contributions (with a fair value of $567,102 and $507,507 as of June 30, 2019 and 2018, respectively), for which the College must maintain the historical dollar value of these funds. At June 30, 2019 and 2018, the College had spent below the historical dollar value of its endowments by $18,307 and $21,158, respectively.

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

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

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

The table which follows presents information with respect to the College's endowment, inclusive of pledges of $1,592,509, as of June 30, 2019:

		Net Assets With Donor Restriction			
	Net Assets Without Donor Restriction	**Original Gift**	**Accumulated Gains (Losses)**	**Total**	**Total Funds as of June 30, 2019**
Board-designated endowment funds	$ 232,891,417	$ -	$ -	$ -	$ 232,891,417
Donor restricted endowment funds:					
Underwater endowment funds	-	166,770	(18,307)	148,463	148,463
Other endowment funds	-	36,246,444	28,303,845	64,550,289	64,550,289
	-	36,413,214	28,285,538	64,698,752	64,698,752
Total endowment funds	$ 232,891,417	$36,413,214	$ 28,285,538	$ 64,698,752	$ 297,590,169

The table which follows presents information with respect to the College's endowment, inclusive of pledges of $1,287,303, as of June 30, 2018:

		Net Assets With Donor Restriction			
	Net Assets Without Donor Restriction	Original Gift	Accumulated Gains (Losses)	Total	Total Funds as of June 30, 2018
Board-designated endowment funds	$ 10,941,341	$ -	$ -	$ -	$ 10,941,341
Donor restricted endowment funds:					
Underwater endowment funds	-	166,770	(21,158)	145,612	145,612
Other endowment funds	-	34,367,495	25,712,733	60,080,228	60,080,228
	-	34,534,265	25,691,575	60,225,840	60,225,840
Total endowment funds	$ 10,941,341	$ 34,534,265	$ 25,691,575	$ 60,225,840	$ 71,167,181

Changes in endowment net assets for the year ended June 30, 2019 are as follows:

		Net Assets With Donor Restriction			
	Net Assets Without Donor Restriction	Original Gift	Accumulated Gains (Losses)	Total	Total Funds as of June 30, 2019
Endowment net assets, beginning of year	$ 10,941,341	$ 34,534,265	$ 25,691,575	$ 60,225,840	$ 71,167,181
Transfer to board designated endowment	207,856,313	-	-	-	207,856,313
Net investment return	14,363,238	1,903	4,014,341	4,016,244	18,379,482
Payment to beneficiaries	-	-	(760)	(760)	(760)
Contributions	203,990	1,695,348	50,998	1,746,346	1,950,336
Change in donor designation/ transfers	-	181,698	-	181,698	181,698
Awards made	(473,465)	-	(1,470,616)	(1,470,616)	(1,944,081)
Endowment net assets, end of year	$ 232,891,417	$ 36,413,214	$ 28,285,538	$ 64,698,752	$ 297,590,169

Changes in endowment net assets for the year ended June 30, 2018 are as follows:

		Net Assets With Donor Restriction			
	Net Assets Without Donor Restriction	Original Gift	Accumulated Gains (Losses)	Total	Total Funds as of June 30, 2018
Endowment net assets, beginning of year	$ 10,325,144	$ 32,331,855	$ 22,039,888	$ 54,371,743	$ 64,696,887
Investment return, net	993,846	1,191	5,005,256	5,006,447	6,000,293
Payment to beneficiaries	-	-	(760)	(760)	(760)
Contributions	14,077	2,037,028	40,468	2,077,496	2,091,573
Change in donor designation/ transfers	60,345	164,191	-	164,191	224,536
Awards made	(452,071)	-	(1,393,277)	(1,393,277)	(1,845,348)
Endowment net assets, end of year	$ 10,941,341	$ 34,534,265	$ 25,691,575	$ 60,225,840	$ 71,167,181

18. NET ASSETS RELEASED FROM RESTRICTIONS

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

	2019	2018
Capital projects	$ 477,060	$ 386,615
Scholarships	1,223,989	1,172,928
Instruction, research and divisional support	1,327,251	1,355,903
Total	$ 3,028,300	$ 2,915,446

19. TUITION, FEES, ROOM AND BOARD, NET

The College has various revenue streams that revolve primarily around student enrollment and instruction. Revenue is generated mainly through tuition, housing, meals and various fees associated with enrollment in the College. Generally, enrollment and instructional services are billed prior to when a course or term begins and due within thirty days of the bill date. Other fee revenue is recognized when the fee is charged to the student which coincides with the completion of the specific performance obligation to the student.

In the following table, revenue is disaggregated by type of service provided:

For the year ended June 30, 2019	Tuition & Fees	Housing	Meals	Total
Revenues	$ 220,631,884	$ 41,455,374	$ 11,716,230	$ 273,803,488
Less student aid	(71,097,879)	(1,014,648)	(362,375)	(72,474,902)
Net	$ 149,534,005	$ 40,440,726	$ 11,353,855	$ 201,328,586

For the year ended June 30, 2018	Tuition & Fees	Housing	Meals	Total
Revenues	$ 208,216,003	$ 39,988,782	$ 11,473,181	$ 259,677,966
Less student aid	(63,802,109)	(963,983)	(367,350)	(65,133,442)
Net	$ 144,413,894	$ 39,024,799	$ 11,105,831	$ 194,544,524

The College has taken a portfolio approach in determining whether student aid should apply across tuition and fees, housing, and meals. In general, the College awards student aid factoring in the total cost of attendance including tuition, fees, room and board and the students' expected ability to contribute towards such charges. Unless specifically earmarked, the College first applies student aid to tuition and fees charges. Any remaining student aid is applied to room and board. Accordingly, student aid has been applied against all student revenues.

The College also generates other revenue through Cloud Computing and Analytics contracts, NCAA and MAAC distributions as part of the athletics program, as well as various camps and events on campus. Generally, this revenue is recognized over time with the completion of the specific performance obligations.

For the year ended June 30, 2019, the College recognized revenue of $8,953,504 from amounts that were included in deferred revenue at the beginning of the fiscal year. At June 30, 2019, deferred revenue totaled $11,784,435. Performance obligations related to $10,047,837 of this balance are expected to be met in one year. The remaining deferred revenue will be recognized as revenue as earned over the contract term of 10 years.

20. FUNCTIONAL TO NATURAL EXPENSES

	2019										2018
	Instructional	Research	Public Service	Academic Support	Student Services	Institutional Support	Scholarships & Fellowships	Auxiliary	Total		Summarized Totals
Salaries & Wages	$ 40,293,246	$ 142,518	$ 56,734	$ 7,875,365	$ 16,313,783	$ 10,367,201	$ -	$ 7,694,723	$ 82,743,570		$ 79,206,333
Employee Benefits	14,676,339	32,280	568	3,474,945	6,474,549	5,303,053	-	3,679,660	33,641,394		29,871,976
Scholarships & Fellowships	-	-	-	-	-	-	372,721	-	372,721		389,594
Travel	643,167	20,760	59	295,860	3,124,018	403,895	-	27,276	4,515,035		4,310,127
Supplies	3,109,702	47,858	2,777	2,006,106	3,068,822	1,012,823	-	1,270,739	10,518,827		11,681,838
Utilities	846,375	-	-	196,549	359,643	339,133	-	2,053,945	3,795,645		3,633,489
Other contractual services	7,345,046	1,844	749,496	1,352,787	6,105,197	3,100,685	-	10,081,556	28,736,611		28,328,551
Depreciation	5,342,642	310,668	-	1,577,857	1,602,989	1,746,247	-	8,514,553	19,094,956		17,198,377
Interest	1,948,541	-	-	210,435	594,521	34,587	-	4,007,663	6,795,747		5,832,881
Other	8,521,232	55,227	45,362	516,165	1,419,342	1,694,842	-	1,206,278	13,458,448		13,614,140
Total Expenses	$ 82,726,290	$ 611,155	$ 854,996	$ 17,506,069	$ 39,062,864	$ 24,002,466	$ 372,721	$ 38,536,393	$ 203,672,954		$ 194,067,306

Allocations

In the above analysis, the costs of operation and maintenance of plant, information technology, depreciation, interest expense, post-retirement costs, medical plan costs and insurance have been allocated across all functional expense categories to reflect the full cost of those activities. Costs are allocated using the following methods:

- Expenses for the administration, supervision, operation, maintenance, preservation, and protection of the institution’s physical plant are allocated based on square footage.
- Depreciation expenses for buildings are allocated based on the square footage used to support each function. Depreciation on equipment is allocated to other functions based on the original purchase and usage of the equipment. These allocations are based on information obtained through a periodic inventory of space and usage.
- Interest expense on capital debt is allocated based on usage of debt-financed space.
- Post-retirement periodic pension costs are allocated based on participants enrolled in the medical plan within each function.
- Information technology costs which support the institution, including enterprise computing, systems and technology, telecom and network, digital publication center and postal services are allocated to other functions based on total labor costs by function.
- The College has a self-insured hospitalization and medical coverage program for its employees. An estimation of annual plan costs is calculated each year, and are expensed throughout the year through the payroll labor distribution system. At year end, a medical liability analysis is performed, and additional or reduction of expense is allocated across functions based on medical participants currently in each function.
- The College’s insurance costs, including general liability, property, professional liability, automobile and crime policies are allocated across functions based on square footage. Worker’s compensation insurance costs are allocated based on total labor distribution per function.

21. DEVELOPMENT EXPENSES

The College incurred expenses amounting to $1,646,619 and $1,387,580 related to development and fundraising for the years ended June 30, 2019 and 2018, respectively. Such amounts are included in institutional support on the accompanying consolidated statements of activities.

22. SELF-INSURED MEDICAL BENEFITS

The College has a self-insured hospitalization and medical coverage program for its employees. The College is limiting its losses through the use of stop-loss policies through reinsurers. Specific individual family losses for claims are limited to $175,000 per plan year. The College's aggregate annual loss limitation for the plan years ended December 31, 2019 and 2018 was $14,588,355 and $14,489,682, respectively. The amount reserved for these items at June 30, 2019 and 2018 totals $1,656,687 and $1,183,043, respectively, and is included in accounts payable and accrued liabilities in the accompanying consolidated statements of financial position.

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

23. RELATED PARTY TRANSACTIONS

Unconditional promises to give include approximately $3.6 million and $2.6 million due from Board members and entities related to Board members for the years ended June 30, 2019 and 2018, respectively. Additionally, the College had approximately $169,000 and $148,000, due from employees as of June 30, 2019 and 2018, respectively.

24. COMMITMENTS AND CONTINGENCIES

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

The College is a member of the New York College & University Risk Management Group Trust. The Trust was created for the purpose of providing and securing workers compensation insurance for its members. There is a statutory requirement that each member be jointly and severally liable with all other members for the compensation and medical liability accruing during its participation in the Group Trust. Such liability shall survive the member's termination from the Group or active participation in the Program. As of June 30, 2019 and 2018, the College believes there is no exposure for future liabilities.

The College has multiple leases for residential and classroom space in Florence, Italy for its international program. Leases expire in December 2019, March 2019, May 2019, June 2020, August 2020 and June 2021.

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

In addition to the benefits described in Note 9 above, the College has employment agreements in place that extend through fiscal 2023.

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

Fiscal year ending:	
2020	$ 3,679,361
2021	1,269,965
2022	884,678
2023	330,919
Total	$ 6,164,923

Rental expense for the years ended June 30, 2019 and 2018 amounted to $585,356 and $724,810, respectively.

25. INHERENT CONTRIBUTION ON ASSUMPTION OF SPROUT CREEK FARM, INC.

As previously referred to in Note 1, the College assumed control of Sprout Creek Farm, Inc. on January 1, 2018. This transaction was effected without the transfer of consideration, and as such, the net assets of Sprout Creek Farm, Inc. as of December 31, 2017, totaling $2,025,212, which represented the excess of the assumption agreement date fair values of the identifiable assets received over the assumption agreement date fair values of the liabilities assumed.

The following table summarized the estimated fair values of the assets acquired and liabilities assumed at the date of assumption and was recorded as a nonoperating gain on the accompanying consolidated statement of activities for the year ended June 30, 2018:

Cash	$ 574,222
Property and equipment	2,034,895
Other assets	224,167
Accounts payable and accrued expenses	(328,072)
Note and mortgage payable	(480,000)
Inherent contribution on assumption	$ 2,025,212

26. LIQUIDITY AND AVAILABILITY OF RESOURCES

As of June 30, 2019, the following financial assets could readily be made available within one year of the consolidated statement of financial position date to meet general expenditures:

Cash and cash equivalents	$	23,621,052
Less: Cash with donor restrictions		(6,724,532)
Perkins cash		(877,669)
Short-term investments		21,600,901
Accounts receivable due within one year		5,571,330
Contributions (without donor restrictions) due in one year or less		544,780
Payout on donor-restricted endowments		515,310
Payout on board-designated endowments		2,650,310
	$	46,901,482

The College regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the College considers all expenditures related to its ongoing mission-related activities as well as the conduct of services undertaken to support those activities to be general expenditures.

Student loans receivable are not considered to be available to meet general expenditures because principal and interest on these loans are not available for operating activities of the College.

In addition to financial assets available to meet general expenditures over the next 12 months, the College operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the consolidated statements of cash flows, which identifies the sources and uses of the College's cash and shows positive cash generated by operations for fiscal years 2019 and 2018.

The College's governing board has designated a portion of its resources without donor restrictions for endowment and other purposes. These funds are invested for long-term appreciation and current income but remain available and may be spent at the discretion of the Board. At June 30, 2019, the following amounts were designated by the Board:

Board-designated endowment funds	$ 232,891,417