MANHATTAN COLLEGE

Financial Statements

June 30, 2017

(With Independent Auditors' Report Thereon)

KPMG LLP
345 Park Avenue
New York, NY 10154-0102

Independent Auditors' Report

The Board of Trustees
Manhattan College:

We have audited the accompanying financial statements of Manhattan College, which comprise the balance sheet as of June 30, 2017, and the related statements of activities and cash flows for the year 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 audit. We conducted our audit 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 organization'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 organization'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 Manhattan College as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

KPMG

Report on Summarized Comparative Information

We have previously audited Manhattan College's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 5, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

KPMG LLP

October 17, 2017

MANHATTAN COLLEGE

Balance Sheet

June 30, 2017
(with comparative financial information as of June 30, 2016)

Assets		2017	2016
Cash and cash equivalents	$	57,117,441	52,693,771
Student accounts receivable (net of allowance for uncollectible amounts of $725,000 in 2017 and $813,000 in 2016)		1,428,414	982,398
Government grants and other receivables		940,881	879,837
Contributions receivable, net (note 7)		4,141,098	3,991,086
Prepaid expenses and other assets (note 6)		1,547,983	627,364
Investments (note 3)		91,625,679	80,295,657
Student loans receivable (net of allowance for uncollectible amounts of $90,000 in 2017 and 2016)		1,086,124	1,093,843
Funds held by bond trustee (notes 3 and 6)		40,327,675	20,433,230
Property, plant, and equipment, net (notes 5 and 6)		166,775,191	166,795,523
Total assets	$	364,990,486	327,792,709
Liabilities and Net Assets			
Liabilities:			
Accounts payable and accrued expenses	$	9,157,432	8,306,879
Deferred revenues and student deposits		11,632,961	11,914,696
Liability under planned giving agreements		1,020,228	1,054,294
Long-term debt (note 6)		99,678,698	85,618,782
Asset retirement obligation		1,671,000	1,654,000
U.S. government grants refundable		1,221,672	1,221,672
Total liabilities		124,381,991	109,770,323
Commitments and contingencies (notes 6 and 11)			
Net assets (note 4):			
Unrestricted		141,952,327	130,713,810
Temporarily restricted		44,172,166	35,866,737
Permanently restricted		54,484,002	51,441,839
Total net assets		240,608,495	218,022,386
Total liabilities and net assets	$	364,990,486	327,792,709

See accompanying notes to financial statements.

MANHATTAN COLLEGE

Statement of Activities

Year ended June 30, 2017
(with summarized financial information for the year ended June 30, 2016)

	Unrestricted	Temporarily restricted	Permanently restricted	Total 2017	Total 2016
Revenues:					
Tuition and fees, net (note 8)	$ 90,874,333	—	—	90,874,333	86,193,726
Contributions	5,782,360	5,805,821	3,042,163	14,630,344	18,848,008
Investment return (note 3)	300,702	7,779,325	—	8,080,027	1,701,162
State of New York appropriations	275,418	—	—	275,418	267,288
Government grants and contracts	462,294	2,508,057	—	2,970,351	2,689,472
Auxiliary enterprises	34,709,538	—	—	34,709,538	33,901,977
Other revenue, including short-term interest income	2,646,236	320,844	—	2,967,080	2,018,497
Net assets released from restrictions	5,738,721	(5,738,721)	—	—	—
Total revenues	140,789,602	10,675,326	3,042,163	154,507,091	145,620,130
Expenses (note 9):					
Instruction	46,352,663	—	—	46,352,663	44,018,087
Research and sponsored programs	1,454,728	—	—	1,454,728	1,468,593
Academic support	12,601,583	—	—	12,601,583	11,843,734
Student services	24,590,420	—	—	24,590,420	24,782,569
Institutional support	24,424,009	—	—	24,424,009	24,240,726
Auxiliary enterprises	21,190,656	—	—	21,190,656	21,895,950
Total expenses	130,614,059	—	—	130,614,059	128,249,659
Excess of revenue over expenses before other changes	10,175,543	10,675,326	3,042,163	23,893,032	17,370,471
Other changes:					
Loss on extinguishment of long-term debt (note 6)	(1,306,923)	—	—	(1,306,923)	—
Net assets released from restrictions related to capital projects	2,369,897	(2,369,897)	—	—	—
Increase in net assets	11,238,517	8,305,429	3,042,163	22,586,109	17,370,471
Net assets at beginning of year	130,713,810	35,866,737	51,441,839	218,022,386	200,651,915
Net assets at end of year	$ 141,952,327	44,172,166	54,484,002	240,608,495	218,022,386

See accompanying notes to financial statements.

MANHATTAN COLLEGE

Statement of Cash Flows

Year ended June 30, 2017
(with comparative financial information for the year ended June 30, 2016)

		2017	2016
Cash flows from operating activities:			
Increase in net assets	$	22,586,109	17,370,471
Adjustments to reconcile increase in net assets to net cash provided by operating activities:			
Accretion of asset retirement obligation		17,000	17,000
Provision for doubtful student accounts receivable		190,000	190,000
Contributions restricted for long-term investment and capital projects		(7,909,889)	(11,438,860)
Depreciation expense		8,248,493	8,533,229
Net (appreciation) depreciation in fair value of investments		(6,235,184)	60,066
Amortization of deferred bond issuance costs		279,123	276,933
Accretion of original issue premium		(70,112)	(55,260)
Loss on extinguishment of long-term debt		1,306,923	—
Changes in operating assets and liabilities:			
Contributions receivable		(97,857)	(112,547)
Student accounts receivable		(636,016)	(171,563)
Government grants and other receivables		(61,044)	(200,421)
Prepaid expenses and other assets		(920,619)	(52,338)
Accounts payable and accrued expenses		(1,361,259)	239,296
Deferred revenues and student deposits		(281,735)	48,162
Net cash provided by operating activities		15,053,933	14,704,168
Cash flows from investing activities:			
Proceeds from the sale of investments		2,410,713	130,201
Purchase of investments		(7,505,551)	(2,550,641)
Increase in accounts payable and accrued expenses relating to capital		2,211,812	2,845
Decrease in student loans receivable		7,719	5,295
Acquisitions of property, plant, and equipment		(8,228,161)	(5,982,360)
Net cash used in investing activities		(11,103,468)	(8,394,660)
Cash flows from financing activities:			
Contributions restricted for long-term investment and capital projects		7,909,889	11,438,860
Increase in contributions receivable relating to endowment and capital projects		(52,155)	(3,836,701)
Increase in funds held by bond trustee		(19,894,445)	(4,739,058)
Issuance of long-term debt		101,268,446	—
Bond issuance costs		(1,577,085)	—
Payment on long-term debt – refinancing		(82,102,024)	—
Payment on long-term debt – scheduled		(5,045,355)	(5,054,592)
Decrease in liability under planned giving agreements		(34,066)	(53,068)
Net cash provided by (used in) financing activities		473,205	(2,244,559)
Net increase in cash and cash equivalents		4,423,670	4,064,949
Cash and cash equivalents at beginning of year		52,693,771	48,628,822
Cash and cash equivalents at end of year	$	57,117,441	52,693,771
Supplemental disclosure of cash flow information:			
Cash paid during the year for interest	$	4,284,419	3,192,185

See accompanying notes to financial statements.

(1) Organization

Manhattan College (the College) is a private independent institution of higher learning. The College was founded by the Brothers of the Christian Schools, an order organized by St. John Baptist de La Salle, an educational leader and social reformer. The College was incorporated by the Regents of the State of New York in 1863. Its principal campus is located on approximately 22 acres in the Riverdale section of Bronx County in the City of New York. The College is exempt from federal income tax under the provisions of Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3).

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The College's financial statements are prepared on the accrual basis of accounting in accordance with standards established by the Financial Accounting Standards Board (FASB) for external financial reporting by not-for-profit organizations. Accordingly, 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 restrictions. In addition, changes to this category of net assets include restricted gifts whose donor-imposed restrictions were met in the year received, through the passage of time, or through fulfillment of the restricted purpose.

Temporarily restricted net assets – Net assets subject to donor-imposed restrictions that will be met either by actions of the College or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed restrictions, which stipulate that the principal be maintained permanently by the College, but permit the College to expend part or all of the income and gains derived therefrom.

Revenues and gains and losses on investments and other assets are reported as changes in unrestricted net assets unless their use is limited by explicit donor-imposed restrictions or by law. Expenses are reported as decreases in unrestricted net assets. Expiration of temporary restrictions on net assets is reported as net assets released from restrictions.

(b) Release of Restrictions on Net Assets Held for Acquisition of Property, Plant, and Equipment

Contributions of property, plant, and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenues of the unrestricted net assets class. Contributions of cash or other assets to be used to acquire property, plant, and equipment with such donor stipulations are reported as revenues of the temporarily restricted net assets class; the restrictions are considered to be released at the time such long-lived assets are placed into service.

(c) Cash Equivalents

The College considers all highly liquid securities that have an original maturity of three months or less at the time of purchase to be cash equivalents, except for those short-term investments purchased by the College's investment managers as part of their investment strategy.

(d) Investments

The College's investments (including investments held by bond trustees) are reported at estimated fair value based upon quoted or published market prices or, with respect to alternative investments, at estimated fair value using net asset values, as a practical expedient, provided by the fund manager. The net asset value is reviewed and evaluated by the College. Due to the inherent uncertainties of the estimate, the value may differ from the values that would have been used had a ready market existed for such investment.

(e) Property, Plant, and Equipment

Property, plant, and equipment are valued as follows:

- Buildings, improvements, and equipment – at replacement value at May 31, 1972 based on a revaluation at such date; additions subsequent to May 1972 at cost.
- Library books – at $10 per volume.

Depreciation expense is computed on a straight-line basis over the estimated useful lives of the respective assets as follows:

Asset	Average useful life (years)
Buildings	40
Building improvements	15–25
Equipment	5

(f) Deferred Revenues

Deferred revenues include tuition received and deposits related to programs applicable to the next fiscal year.

(g) Deferred Bond Issuance Costs and Original Issue Premium

Deferred bond issuance costs and original issue premium are amortized on a straight-line basis over the lives of the related bonds.

(h) Refundable Loan Program

The College participates in the federally sponsored Perkins Loan Program. The government's share of the program is recorded as a liability.

(i) Liabilities under Planned Giving Agreements

The College receives certain gifts (charitable annuities and life income trusts) where a donor or named beneficiary maintains an interest in income earned. Contribution revenue is recognized at the date the trusts are established, after recording liabilities for the present value of the estimated future payments to be made to the donors and/or other beneficiaries. The liabilities are adjusted during the term of the trusts for changes in the value of the assets, accretion of the discount, and other changes in the estimates of future benefits.

(j) Contributions

Contributions, including unconditional promises to give (pledges), are initially reported at fair value as revenues in the period received or pledged. Contributions with purpose and/or time restrictions are reported as increases in temporarily restricted net assets if such purpose or time restriction is not met in the year received and are reclassified to unrestricted net assets when the purpose or time restrictions are met. Contributions subject to donor-imposed restrictions that the corpus be maintained permanently are recognized as increases in permanently restricted net assets.

Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions not expected to be received within one year are discounted at a risk-adjusted rate (1.5%–2.2%). Amortization of the discount is recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any, on the contributions. In addition, an allowance for contributions receivable estimated to be uncollectible is provided.

(k) 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, 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. The most significant estimates include valuation of investments and functional allocation of expenses. Actual results could differ from those estimates.

(l) Tax Status

The College recognizes the effects of income tax positions only if those positions are more likely than not of being sustained. The College evaluates, on an annual basis, the effects of any uncertain tax positions on its financial statements. As of June 30, 2017 and 2016, the College has not identified or provided for any such positions.

(Continued)

(m) Prior Year Summarized Financial Information

The accompanying statement of activities is presented with prior year summarized financial information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the College's financial statements as of and for the year ended June 30, 2016, from which the summarized information was derived.

(3) Investments and Fair Value

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

The College measures the fair value of its financial and nonfinancial assets and liabilities utilizing a three-tiered hierarchy, defined as follows:

Level 1 – Valuation based on quoted or published prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2 – Valuations based on observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities.

Level 3 – Valuations based on unobservable inputs are used when little or no market data is available. The fair value hierarchy gives lowest priority to Level 3 inputs.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest-level input that is significant to the fair value measurement.

The following tables present the College's fair value hierarchy for assets measured at fair value on a recurring basis reconciled to the amounts reported in the balance sheet as of June 30, 2017 and 2016:

		2017			
Investments		**Level 1**	**Level 2**	**Investments reported at net asset value**	**Total**
Money market funds	$	128,916	—	—	128,916
Common stocks		270,839	—	—	270,839
Mutual funds – equity:					
Domestic		40,042,770	—	—	40,042,770
International		10,227,051	—	—	10,227,051
Mutual funds – bonds		35,276,913	—	—	35,276,913
Cash surrender value of life insurance policies		—	1,997,743	—	1,997,743
Alternative investments – hedge fund of funds (net asset value)		—	—	3,681,447	3,681,447
Total investments		85,946,489	1,997,743	3,681,447	91,625,679

		2017			
		Level 1	**Level 2**	**Investments reported at net asset value**	**Total**
Funds held by bond trustee					
Cash and cash equivalents	$	40,241,081	—	—	40,241,081
U.S. Treasury bills		86,594	—	—	86,594
Total funds held by bond trustee		40,327,675	—	—	40,327,675
Total assets	$	126,274,164	1,997,743	3,681,447	131,953,354

(Continued)

		2016			
Investments		**Level 1**	**Level 2**	**Investments reported at net asset value**	**Total**
Money market funds	$	146,359	—	—	146,359
Common stocks		20,291	—	—	20,291
Mutual funds – equity:					
Domestic		31,920,943	—	—	31,920,943
International		8,516,753	—	—	8,516,753
Mutual funds – bonds		32,539,098	—	—	32,539,098
Cash surrender value of life insurance policies		—	1,843,322	—	1,843,322
Alternative investments – hedge fund of funds (net asset value)		—	—	5,308,891	5,308,891
Total investments		73,143,444	1,843,322	5,308,891	80,295,657
Funds held by bond trustee					
Cash and cash equivalents		16,637,920	—	—	16,637,920
U.S. Treasury bills		3,795,310	—	—	3,795,310
Total funds held by bond trustee		20,433,230	—	—	20,433,230
Total assets	$	93,576,674	1,843,322	5,308,891	100,728,887

Included in investments are $1,870,369 and $1,878,500 under planned giving agreements at June 30, 2017 and 2016, respectively.

Investment return comprised $1,844,843 of dividends and interest income and $6,235,184 of net appreciation in fair value of investments for the year ended June 30, 2017, and $1,641,096 of dividends and interest income and $60,066 of net depreciation in fair value of investments for the year ended June 30, 2016.

As of June 30, 2017, the alternative investments consist of two hedge funds. The College has the right to redeem all or a portion of its shares in the hedge funds semi-annually and annually, respectively, with at least 90 days' prior written notice.

At June 30, 2017, the College had no outstanding commitments to invest in any alternative investment funds.

(Continued)

(4) Net Assets

The College's endowment consists of approximately 250 individual funds established for a variety of purposes, including both donor-restricted endowment funds and the funds designated by the College to function as endowments (quasi-endowment). The investment return on permanently restricted net assets is expendable principally to support scholarships.

The College employs an asset allocation spending model of up to 4% on a three-year moving average of the fair value of the fund. The College manages its long-term investments in accordance with the total return concept and the goal of maximizing long-term return within acceptable levels of risk. The College's spending policy is designed to provide a stable level of financial support and to preserve the real value of its endowment. The College compares the performance of its investments against several benchmarks, including its asset allocation spending model policy index.

The portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure in a manner consistent with the standards of prudence prescribed by the New York Prudent Management of Institutional Funds Act (NYPMIFA).

Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Unrestricted net assets are Quasi (board – designated) funds. Donor-restricted amounts reported below include net appreciation (depreciation) reported as temporarily restricted net assets. There were no endowment funds where the fair value of the endowment fund was less than their original fair value (underwater) as of June 30, 2017 and 2016.

Changes in endowment net assets for the fiscal years ended June 30, 2017 and 2016 were as follows:

		Unrestricted	Temporarily restricted	Permanently restricted	Total
Net assets, June 30, 2015	$	2,942,017	26,458,832	46,541,389	75,942,238
Interest and dividends		62,365	1,554,672	—	1,617,037
Net depreciation		(3,178)	(53,058)	—	(56,236)
Contributions		—	—	4,900,450	4,900,450
Distributions		(17,036)	(1,726,260)	—	(1,743,296)
Net assets, June 30, 2016	$	2,984,168	26,234,186	51,441,839	80,660,193
Interest and dividends		67,788	1,761,444	—	1,829,232
Net appreciation		228,486	5,943,794	—	6,172,280
Contributions		—	—	3,042,163	3,042,163
Distributions		(10,483)	(1,872,463)	—	(1,882,946)
Net assets, June 30, 2017	$	3,269,959	32,066,961	54,484,002	89,820,922

At June 30, 2017 and 2016, temporarily restricted net assets are restricted to the following:

		2017	2016
Pledges and bequests receivable	$	3,066,396	3,910,004
Capital projects		2,588,866	91,037
Life income, annuity, and similar funds		1,664,954	1,519,885
Scholarships		23,871,501	19,244,752
Chairs		6,147,507	5,302,699
Other		6,832,942	5,798,360
Total net assets	$	44,172,166	35,866,737

(5) Property, Plant, and Equipment

Property, plant, and equipment at June 30, 2017 and 2016 are summarized as follows:

		2017	2016
Land and land improvements	$	9,426,643	9,358,643
Buildings and improvements		261,463,821	257,538,380
Construction in progress		4,487,767	1,314,979
Equipment		29,808,527	28,577,105
Artwork		214,425	214,425
Library books		2,563,890	2,733,380
		307,965,073	299,736,912
Less accumulated depreciation		(141,189,882)	(132,941,389)
Property, plant, and equipment, net	$	166,775,191	166,795,523

(6) Long-Term Debt

Long-term debt at June 30, 2017 and 2016 consists of the following:

		2017	2016
Revenue Bonds, Series 2017, 3.25% to 5% through 2047	$	90,575,000	—
Mortgage payable, 3% through 2020		—	242,379
Insured Revenue Bonds, Series 2007A, 4% to 5% through 2041		—	35,000,000
Insured Revenue Bonds, Series 2007B, 5% to 5.3% through 2037		—	13,525,000
Revenue Bonds, Series 2012, Variable rate, hedged by interest rate swap to 2.36% through 2020		—	13,380,000
Revenue Bonds, Series 2013A 2.23% and Series 2013B variable rate of 1.3449% at 6/30/2016, through 2020		—	25,000,000
Total long-term debt		90,575,000	87,147,379
Add unamortized original issue premium		10,678,594	1,375,811
Less unamortized debt issuance costs		(1,574,896)	(2,904,408)
Total long-term debt	$	99,678,698	85,618,782

On June 14, 2017, Build NYC Resource Corporation issued $90,575,000 of Manhattan College Revenue Bonds, Series 2017. The proceeds of the bonds, including the original issue premium of $10,693,446, were used to defease the Series 2007A and 2007B, and to refund the Series 2013A and 2013B bonds, and to pay costs of issuance of the Series 2017 bonds and will be used in part to finance a new Engineering and Science Innovation Center and other capital projects. The Series 2017 bonds are secured by certain revenues (tuition, fees, and other charges) of the College. Prior to the June 14, 2017 refinancing, the College used its unrestricted funds to retire the mortgage payable and the Series 2012 bonds.

The College had entered into an interest rate swap agreement (swap agreement) effective October 1, 2012 with a notional amount of $21,420,000 for the purpose of creating a synthetic fixed rate of 2.36% on the Series 2012 bonds. The swap agreement was terminated as part of the 2017 refinancing. The fair value of the swap at June 30, 2016 of $126,852, is included in prepaid expenses and other assets on the balance sheet. The fair value was estimated based on pricing models that utilize significant observable inputs, such as relevant interest rates, that reflect assumptions market participant would use in pricing the instruments.

Interest expense on long-term debt approximated $2,949,000 in 2017 and $3,108,000 in 2016.

Aggregate scheduled future minimum annual payments of principal for long-term debt at June 30, 2017 are as follows:

Year ending June 30:		
2018	$	—
2019		1,410,000
2020		1,480,000
2021		1,560,000
2022		1,640,000
Thereafter		84,485,000
	$	90,575,000

The College is required to meet certain financial covenants in connection with the respective outstanding bonds. For the years ended June 30, 2017 and 2016, the College was in compliance with these financial covenants.

Funds held by bond trustee, at fair value, consist of the following at June 30, 2017 and 2016:

		2017	2016
Debt service funds	$	86,594	4,388,004
Debt service reserve funds		248,341	16,045,226
Project bond fund		39,992,740	—
Total funds held by trustee	$	40,327,675	20,433,230

(Continued)

(7) Contributions Receivable

Contributions receivable at June 30, 2017 and 2016, including pledges from various corporations, foundations, and individuals, are as follows:

		2017	2016
Contributions due:			
In less than one year	$	1,216,582	1,080,000
In one to five years		2,729,667	3,118,249
Over five years		482,000	—
Gross contributions receivable		4,428,249	4,198,249
Allowance for uncollectible contributions		(60,914)	(60,914)
Discount to present value		(226,237)	(146,249)
Contributions receivable, net	$	4,141,098	3,991,086

Contributions receivable of approximately $3,836,000 are from two donors at June 30, 2017.

(8) Tuition and Fees

Tuition and fees are presented net of amounts awarded to students to defray their cost of attending the College and are summarized as follows for the years ended June 30, 2017 and 2016:

		2017	2016
Tuition and fees	$	150,189,122	139,993,980
Less:			
College funded scholarships		(56,736,977)	(51,480,501)
Endowed scholarships		(1,371,223)	(1,347,763)
Government grant and private gift funded scholarships		(1,206,589)	(971,990)
Tuition and fees, net	$	90,874,333	86,193,726

(9) Expenses

Expenses are reported in the accompanying statement of activities in categories recommended by the National Association of Colleges and University Business Officers. The College’s primary program services are instruction and research and sponsored programs. Expenses reported as academic support, student services, and auxiliary enterprises are incurred in support of these primary program services. Institutional support includes fund-raising expenses of $3,654,932 in 2017 and $3,700,977 in 2016. For purposes of reporting fund-raising expenses, the College includes only those fund-raising costs incurred by its institutional advancement office.

The College allocates certain operation and maintenance of plant, depreciation, and interest and other debt-related expenses based upon building square footage and the use of each facility. Direct expenses of auxiliary enterprises also include other operation and maintenance of plant costs. For the year ended June 30, 2017 (with comparative totals for 2016), the following allocation of expenses was included in the statement of activities:

		Operation and maintenance of plant	Depreciation	Interest and other debt-related expenses	Direct expenses	2017	2016
Instruction	$	3,710,366	1,245,573	—	41,396,724	46,352,663	44,018,087
Research and sponsored programs		—	—	—	1,454,728	1,454,728	1,468,593
Academic support		1,737,583	423,335		10,440,665	12,601,583	11,843,734
Student services		2,582,084	1,525,116	135,929	20,347,291	24,590,420	24,782,569
Institutional support		808,745	403,384	11,303	23,200,577	24,424,009	24,240,726
Auxiliary enterprises		790,060	4,651,085	2,845,970	12,903,541	21,190,656	21,895,950
Total 2017	$	9,628,838	8,248,493	2,993,202	109,743,526	130,614,059	
Total 2016	$	11,530,183	8,533,229	3,139,186	105,047,061		128,249,659

(10) Pension Plans

Retirement benefits are provided to academic and nonacademic personnel under a defined-contribution plan through Teacher's Insurance and Annuity Association/College Retirement Equities Fund (TIAA-CREF), a national organization used to fund pension benefits for educational institutions. Under this agreement, the College makes annual contributions to TIAA-CREF to purchase individual annuities equivalent to retirement benefits earned. Contributions by the College for the years ended June 30, 2017 and 2016 aggregated $3,337,954 and $3,185,809, respectively. There are no unfunded vested benefits and it is the College's policy to fund pension costs accrued.

(11) Contingencies and Commitments

Certain federally funded financial aid programs are routinely subject to special audit. The reports on the audits, which are conducted pursuant to specific regulatory requirements by the auditors of the College, are required to be submitted to both the College and the U.S. Department of Education. Such agency has the authority to determine liabilities, as well as to limit, suspend, or terminate federal student aid programs. In the opinion of management, audit adjustments, if any, would not have a significant effect on the financial position of the College.

The College has commitments under construction contracts of approximately $5,035,000 and $1,379,000 at June 30, 2017 and June 30, 2016, respectively.

(12) Subsequent Events

In connection with the preparation of the financial statements, the College evaluated events through October 17, 2017, which was the date the financial statements were issued, and concluded that no additional disclosures were required.