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ST. JOHN’S COLLEGE

Financial Statements

June 30, 2017 and 2016

(With Independent Auditors’ Report Thereon)

RKM - 12/21/17 - 6th review.
See highlights / questions herein

Independent Auditors' Report

The Board of Visitors and Governors
St. John's College:

We have audited the accompanying financial statements of St. John's College (the College), which comprise the balance sheets as of June 30, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of St. John's College as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information on schedules I and II is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

(signed) KPMG LLP

January __, 2018

Final rec on cap interest to be posted.

ST. JOHN'S COLLEGE

Balance Sheets

June 30, 2017 and 2016

Assets		**2017**	**2016**
Cash and cash equivalents	$	3,824,983	2,408,405
Restricted cash for debt service and construction		6,513,732	9,367,572
Prepaid expenses and other assets (note 2)		2,253,913	2,542,658
Contributions receivable, net (note 3)		49,962,587	9,493,209
Accounts and loans receivable (note 4)		6,338,640	6,061,240
Beneficial interest in a trust		2,728,497	2,627,878
Investments (notes 5 and 6)		168,908,219	153,286,784
Plant and equipment, net of accumulated depreciation (note 7)		75,932,070	73,262,794
Total assets	$	316,462,641	259,050,540
Liabilities and Net Assets			
Accounts payable and accrued liabilities	$	2,834,491	1,956,468
Line of credit (note 8)		5,250,000	3,880,000
Deferred revenue		1,317,851	1,660,971
Annuities and other trust liabilities (note 6)		2,584,304	2,765,780
Accrued sabbatical leave		4,132,477	4,876,494
U.S. government grants refundable		1,295,362	1,198,561
Long-term debt (note 8)		26,857,780	27,244,604
Accrued postretirement benefits (note 9)		22,471,192	28,472,225
Other long term liabilities (note 14)		2,227,514	1,893,028
Total liabilities		68,970,971	73,948,131
Net assets (notes 10 and 11):			
Unrestricted		19,065,945	11,414,091
Temporarily restricted		62,412,549	39,992,508
Permanently restricted		166,013,176	133,695,810
Total net assets		247,491,670	185,102,409
Total liabilities and net assets	$	316,462,641	259,050,540

See accompanying notes to financial statements.

Cap interest final to be posted
Interest in aux or institutional support - difference

ST. JOHN'S COLLEGE

Statement of Activities

Year ended June 30, 2017

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenues:				
Student tuition and fees	$ 41,429,805	—	—	41,429,805
Less financial aid	(26,806,190)	—	—	(26,806,190)
Net student tuition and fees	14,623,615	—	—	14,623,615
Auxiliary enterprises	8,600,272	—	—	8,600,272
State appropriations	674,512	—	—	674,512
Federal grants and contracts	1,472,818	—	—	1,472,818
Contributions	6,878,915	17,583,896	31,672,269	56,135,080
Endowment distribution for operations	10,650,623	66,036	—	10,716,659
Other revenues	2,161,828	91,794	179,889	2,433,511
	45,062,583	17,741,726	31,852,158	94,656,467
Net assets released from restrictions	4,884,058	(5,041,224)	157,166	—
Total revenues	49,946,641	12,700,502	32,009,324	94,656,467
Expenses:				
Instructional	19,368,051	—	—	19,368,051
Academic support	2,949,539	—	—	2,949,539
Student services	8,682,575	—	—	8,682,575
Institutional support	10,619,685	—	—	10,619,685
Development and fundraising	3,413,497	—	—	3,413,497
Auxiliary enterprises	8,457,716	—	—	8,457,716
Total expenses	53,491,063	—	—	53,491,063
Total revenues in excess of (less than) total expenses	(3,544,422)	12,700,502	32,009,324	41,165,404
Other activities:				
Investment gains in excess of endowment distribution for operations	1,871,157	9,412,939	—	11,284,096
Postretirement benefit other than net periodic benefit cost	8,400,064	—	—	8,400,064
Other, net	925,055	306,600	308,042	1,539,697
Change in net assets	7,651,854	22,420,041	32,317,366	62,389,261
Net assets at beginning of year	11,414,091	39,992,508	133,695,810	185,102,409
Net assets at end of year	$ 19,065,945	62,412,549	166,013,176	247,491,670

See accompanying notes to financial statements.

ST. JOHN'S COLLEGE

Statement of Activities

Year ended June 30, 2016

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenues:				
Student tuition and fees	$ 38,850,354	—	—	38,850,354
Less financial aid	(23,794,159)	—	—	(23,794,159)
Net student tuition and fees	15,056,195	—	—	15,056,195
Auxiliary enterprises	8,057,680	—	—	8,057,680
State appropriations	652,885	—	—	652,885
Federal grants and contracts	1,450,295	—	—	1,450,295
Contributions	8,235,511	4,906,509	5,382,301	18,524,321
Endowment distribution for operations	9,683,838	70,767	—	9,754,605
Other revenues	1,863,401	359,947	(96,337)	2,127,011
	44,999,805	5,337,223	5,285,964	55,622,992
Net assets released from restrictions	4,600,478	(4,617,783)	17,305	—
Total revenues	49,600,283	719,440	5,303,269	55,622,992
Expenses:				
Instructional	19,135,489	—	—	19,135,489
Academic support	2,926,572	—	—	2,926,572
Student services	8,626,216	—	—	8,626,216
Institutional support	11,696,776	—	—	11,696,776
Development and fundraising	3,175,413	—	—	3,175,413
Auxiliary enterprises	8,624,263	—	—	8,624,263
Total expenses	54,184,729	—	—	54,184,729
Total revenues in excess of (less than) total expenses	(4,584,446)	719,440	5,303,269	1,438,263
Other activities:				
Investment losses in excess of endowment distribution for operations	(7,663,882)	(9,652,902)	—	(17,316,784)
Postretirement losses other than net periodic benefit cost	(3,040,266)	—	—	(3,040,266)
Other, net	86,574	72,154	11,674	170,402
Change in net assets	(15,202,020)	(8,861,308)	5,314,943	(18,748,385)
Net assets at beginning of year	26,616,111	48,853,816	128,380,867	203,850,794
Net assets at end of year	$ 11,414,091	39,992,508	133,695,810	185,102,409

See accompanying notes to financial statements.

Obviously open - requires completion. SJC working on this - received 12/21 will add.

ST. JOHN'S COLLEGE

Statements of Cash Flows

Years ended June 30, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Change in net assets	$ —	(18,748,385)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Contributions restricted for long-term purposes	—	(5,382,301)
Depreciation and amortization	—	3,242,073
Net realized and unrealized losses (gains) on investments	—	7,958,592
Post retirement changes other than net periodic benefit cost	—	3,040,266
Loss on early redemption of bonds	—	203,576
Loss on sale of real property	—	—
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	—	216,231
Contributions receivable	—	(3,338,191)
Accounts payable and accrued liabilities	—	(204,790)
Deferred revenue	—	(113,050)
Accrued sabbatical leave	—	(303,446)
Accrued postretirement benefits	—	1,786,422
Other long-term liabilities	—	(91,067)
Net cash used in operating activities	—	(11,734,070)
Cash flows from investing activities:		
Proceeds from sale and maturities of investments	—	78,525,021
Purchase of investments	—	(81,500,019)
Purchase of property and equipment	—	(1,187,324)
Proceeds from sale of real property	—	—
Loans made to students	—	(833,863)
Loan repayments and write-offs from students	—	627,783
Change in split interest agreements	—	(260,269)
Net cash used in investing activities	—	(4,628,671)
Cash flows from financing activities:		
Contributions restricted for long-term purposes	—	12,080,801
Repayment of line of credit	—	(1,000,000)
Borrowings under line of credit	—	3,880,000
Repayments of principal on long-term debt	—	(16,382,348)
Borrowings of long-term debt	—	23,202,794
Change in cash restricted for debt service and construction	—	(7,493,889)
Payments on annuities	—	(367,046)
Change in U.S. government grants refundable	—	(240,112)
Net cash provided by financing activities	—	13,680,200
Net change in cash and cash equivalents	—	(2,682,541)
Cash and cash equivalents at beginning of year	2,408,405	5,090,946
Cash and cash equivalents at end of year	$ 2,408,405	2,408,405

See accompanying notes to financial statements.

ST. JOHN'S COLLEGE

Notes to Financial Statements

June 30, 2017 and 2016

(1) Organization and Summary of Significant Accounting Policies

(a) Organization

St. John's College (the College) is a not-for-profit private college established under the laws of the State of Maryland, and consists of the Annapolis, Maryland Campus, the Santa Fe, New Mexico Campus (collectively, the campuses) and the College fund. The campuses and the College fund share a common governing board, the Board of Visitors and Governors (the Board). The College fund was created to account for assets contributed by donors, not specifically designated to either the Annapolis, Maryland Campus or the Santa Fe, New Mexico Campus, but for the benefit of both campuses equally. The College fund is not a legal entity, but rather an internal fund created by the College.

Added Mike - I think this is a required disclosure this year - after 3 years and new loans. Obviously it should reflect College's view (which I tried to capture) - All edits are welcomed.

The College generally has negative cash from operations given its reliance on endowment funding and philanthropy. In fiscal 2017 and 2016 the College had total revenues less than total expenses of ($3,505,018) and ($4,584,446), respectively, and cash flows used in operations of $(________) and ($11,734,070), respectively.

Effective January __, 2018, the Board approved a loan from the college endowment funds of $10,000,000 with interest repayable at 1 month LIBOR plus 4.25%. Principal is repayable on January 1, 2027. The loan is to support operations of the College. In addition, management has initiated a number of actions to improve operating revenues and reduce operating expenses.

(b) Basis of Presentation

Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the College are classified and reported as follows:

Unrestricted – Net assets that are not subject to donor-imposed stipulations.

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

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

Revenues are reported as increases in unrestricted net assets unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Net realized and unrealized gains and losses on investments are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law. Expirations of temporary restrictions recognized on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications from temporarily restricted net assets to unrestricted net assets. Temporary restrictions on gifts to acquire long-lived assets are considered met in the period in which the assets are placed into service.

Assets and liabilities are presented in the order of liquidity in the balance sheets.

The College does not present a measure of operations in its statements of activities. Other activities include investment gains and losses in excess of endowment distributions for operations, postretirement changes other than net periodic benefit costs, and other activities (other, net).

(c) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the financial statements and revenue and expenses recognized during the reporting period. Actual results could differ from those estimates.

(d) Cash Equivalents

Cash equivalents consist of short-term, highly liquid investments with maturities at dates of purchase of three months or less, except that any such investments purchased with funds on deposit for debt service or held by endowment investment managers are classified with those applicable assets. As of June 30, 2017 and 2016 and at various times during the year, the College maintained cash balances in excess of the federally insured limit.

(e) Contributions

Contributions, including unconditional promises to give, are recognized as revenue in the appropriate category of net assets in the period received. Unconditional promises to give are recognized initially at fair value giving consideration to anticipated future cash receipts and discounting such amounts at a risk-adjusted rate. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of the gift. Amortization of the discount is recorded as additional contribution revenue. Where considered necessary, allowance is made for estimated uncollectible contributions based on management's judgment and analysis of the creditworthiness of the donors, past collection experience, and other relevant factors. Changes in the nature of any restrictions on contributions due to amendments to or clarifications of agreements with donors are recognized as reclassifications of net assets in the period in which the amendments or clarifications are approved.

(f) Investments

Investments in cash equivalents, common stock, and mutual funds, with readily determinable fair values are recorded at fair value based upon quoted market prices. Total return funds, hedge funds, and private equity funds (alternative investments) are stated at the funds' or partnership's net asset value per share or its equivalent (NAV) as a "practical expedient" for fair value. As of June 30, 2017 and 2016, the College had no plans or intentions to sell investments at amounts different from NAV. These estimated fair values, which are reviewed and evaluated by the College and its external resources, may differ from values that would have been used had a ready market existed for these investments and the differences could be significant. Net realized and unrealized gains and losses on investments are reflected in the statements of activities. Investment transactions are accounted for on a trade-date basis.

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that

(Continued)

changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the balance sheets.

Effective July 1, 2014, investments of endowment funds are maintained in a pool and the pool is unitized on a market value basis with individual funds subscribing to or disposing of units on the basis of the market value per unit. The income or loss from the investment pool is proportionately allocated to the purposes designated by the donors or the Board.

(g) Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See note 6 for discussion of fair value measurements.

(h) Split Interest Agreements

Split interest agreements consist of irrevocable charitable remainder trusts and gift annuities where the College is the trustee. Assets held under these agreements are included in investments. The College's interest in split-interest agreements is reported as a contribution in the year received and is calculated as the difference between the fair value of the assets contributed and the estimated liability to the beneficiary. The split interest agreements are adjusted during the term of the trusts for changes in the value of assets and other changes in the estimates of future benefits, and such changes are recognized as other activities in the statements of activities.

As of June 30, 2017 and 2016, the College had $2,584,304 and $2,765,780, respectively, of gift annuity liabilities recorded in annuities and other trust liabilities and $6,474,482 and $5,890,635, respectively, of corresponding investments.

(i) Restricted Cash and Bond Issue Costs

Restricted cash consist of debt service funds for the 2016, and 2007 bond issues. These funds are invested primarily in short-term, highly liquid securities and will be used for certain new construction projects.

Bond issuance costs represent fees associated with bond issuances and are amortized over the life of the bonds. Amortization expense was $18,205 and $18,946 for the years ended June 30, 2017 and 2016, respectively.

(j) Property and Equipment

Property and equipment are stated at cost, if purchased, or at fair value at date of gift, if donated. Additions or improvements that extend the useful life of existing facilities are capitalized. Depreciation is computed using the straight-line method over estimated useful lives of 15–50 years for buildings and improvements, 10–25 years for leasehold improvements, and 5–15 years for equipment. Repairs and maintenance costs are expensed as incurred.

(k) Tuition, Fees, and Financial Aid

Student tuition, room and board, and other academic fees are recorded as revenue during the year the related academic services are rendered. Student tuition and fees received in advance of services rendered are recorded as deferred revenue.

The College provides financial aid to eligible students, generally, in a "package" that includes loans, compensation under work-study programs, and/or grant and scholarship awards. The loans are provided primarily through programs of the United States government (including direct and guaranteed loan programs) under which the College is responsible only for certain administrative duties. The grants and scholarships include awards provided through gifts and grants from private donors or from income earned on endowment funds restricted for student aid, as well as general funds scholarship awards. Grant and scholarship awards are netted against tuition and fees revenue.

Funds provided by the U.S. government under the Federal Perkins Loan Program (Perkins) are loaned to qualified students and may be reloaned after collection. Such funds are ultimately refundable to the government and are reported as a liability. Loans receivable under the Perkins Program are subject to government regulations.

Federal student financial aid programs (including Perkins loans, grant, and work-study programs) funded approximately 13% and 15% of tuition and room and board revenue in 2017 and 2016 respectively.

(l) Functional Expenses

Costs related to the operation and maintenance of physical plant, including depreciation, are allocated to program and supporting activities based upon square footage of facilities. Interest on debt is recorded in institutional support.

(m) Income Taxes

As an educational institution meeting the requirements of Section 501(c)(3) of the Internal Revenue Code, the College is exempt from income taxes on income related to its exempt purpose as provided in Section 501(a), except to the extent it has taxable income from activities that are not related to its exempt purpose. No provision for income taxes was required for 2017 or 2016.

Management has analyzed the tax positions taken by the College and has concluded that as of June 30, 2017 and 2016 there are no uncertain positions taken or expected to be taken that would require recognition or disclosure in the accompanying financial statements. The College is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax period in progress.

(Continued)

ST. JOHN'S COLLEGE

Notes to Financial Statements

June 30, 2017 and 2016

(2) Prepaid Expenses and Other Assets

Prepaid expenses and other assets consist of the following as of June 30, 2017 and 2016:

		2017	2016
Cash surrender value of life insurance	$	1,343,162	1,269,856
Other receivables		80,685	520,823
Inventories		396,225	445,405
Prepaid expenses		433,841	306,574
	$	2,253,913	2,542,658

(3) Contributions Receivable

Contributions receivable, net, are summarized as follows as of June 30, 2017 and 2016:

		2017	2016
Contributions expected to be collected in:			
Less than one year	$	9,263,349	1,788,985
One year to five years		30,715,061	6,752,540
Over five years		11,001,221	2,416,877
		50,979,631	10,958,402
Less unamortized discount (average interest rates of 2.0% in 2017 and 3.2% in 2016)		(1,017,044)	(1,465,193)
	$	49,962,587	9,493,209

Still question on 600k - would seem to

Contributions revenue and receivables are concentrated with a small donor base. Over 95% of gross contributions revenue and receivables were from ten donors. The College has also received conditional promises to give as named beneficiary in various bequests and trusts. These conditional promises to give will not be recognized until the conditions are met.

(4) Accounts and Loans Receivable

Accounts and loans receivable consist of the following as of June 30, 2017 and 2016:

		2017	2016
College and Scofield loans, and tuition receivables	$	3,784,210	3,576,619
Federal Perkins Loan Program		1,602,233	1,497,119
Faculty home loans		952,197	987,502
	$	6,338,640	6,061,240

ST. JOHN'S COLLEGE

Notes to Financial Statements

June 30, 2017 and 2016

Loans receivable are reported at the estimated net realizable amount. College and Scofield loans, which are for financial aid, and faculty home loans are private loan programs administered by the College. The faculty home loans are secured by the residential real estate for which the loans were made.

(5) Investments and Investment Return

Investments at fair value consisted of the following as of June 30, 2017 and 2016:

Our detailed file rolls differently. AA to provide roll-up and resolve differences with SJC

	2017	2016
Cash and cash equivalents	$ 10,279,290	5,340,983
Fixed income	16,689,886	7,535,600
Common stock and mutual funds	22,032,199	34,303,036
Global equity funds	66,108,224	47,300,712
Hedge funds	40,039,483	43,981,367
Private equity funds	12,205,950	13,359,193
Foundations, trusts, and other	1,553,187	1,465,893
Total investments	$ 168,908,219	153,286,784

As of June 30, 2016, cash and cash equivalents includes cash remitted to fund managers for investment that was not received by the fund managers as of the end of the fiscal year.

The following table summarizes investment income and gains for the years ended June 30, 2017 and 2016:

	2017	2016
Interest, dividends, and other income, net of fees	$ 590,211	367,376
Net realized and unrealized gains (losses) on investments	21,692,900	(7,929,554)
	$ 22,283,111	(7,562,178)

Investment income is reported on the statements of activities as endowment distributions for operations, and investment gains in excess of endowment distributions for operations.

(Continued)

The table below summarizes investments for which NAV has been used to estimate fair value as a practical expedient, as well as the investee strategies, redemptions, and unfunded commitments related to such investments as of June 30, 2017 and 2016:

Need to understand why this does not tie to NAV on pg. 15 - see similar comment Also may change based on FN 5 comment

Investment	Fair value 2017	Fair value 2016	Remaining average life of the funds as of June 30, 2017	Unfunded commitments as of June 30, 2017	Redemption frequency (if currently eligible)	Redemption notice period
Total return:						
Multi-Asset Fund (a)	$ —	1,188,478	N/A	$ —	Daily	None
Fixed Income Manager (b)	9,223,374	8,781,526	1.5 years	—	N/A	N/A
Global Equity Managers (c)	66,108,224	37,330,708	N/A	—	Monthly-quarterly	6–90 days
Passive Equity Managers (d)			N/A	—	N/A	N/A
Hedge funds (e):						
Monthly	40,039,483	5,870,576	N/A	—	Monthly	90 days
Quarterly	—	25,122,370	N/A	—	Quarterly	60 days
Semiannual	—	6,669,272	N/A	—	Semiannual	60–90 days
Illiquid	—	6,319,149	4.7 years	—	N/A	N/A
Private equity (f)	11,755,057	13,359,193	5.7 years	12,742,645	N/A	N/A
	$ 127,126,138	104,641,272		$ 12,742,645		

(a) In the fiscal year ended June 30, 2017, the College redeemed 100% of its holding in the total return Multi-Asset Fund, whose investment objective was to achieve a total return (price appreciation plus dividend and interest income) that, over a majority of market cycles, exceeds inflation plus 5% per annum by employing a globally diversified portfolio. The fund's asset mix is designed not to out-perform the best-performing asset class in any given year but rather to produce satisfactory real returns over time.

(b) The Fixed Income Manager's investment objective is to invest in fixed income securities to generate a total return, consisting of income and capital appreciation, while preserving capital. The funds seek to achieve investment objectives by investing in residential mortgage/backed securities trading at a discount to their intrinsic value and with relatively short interest rate duration.

(c) The Global Equity Manager's investment objective is to achieve long-term growth primarily by investing in a diversified portfolio of global equity securities, in established markets, that possess fundamental investment value.

(d) This category includes hedge funds that seek to achieve attractive long-term, absolute rates of return across market cycles, while preserving capital. Investment strategies are utilized by the underlying funds to hedge and/or enhance return, including agency securities, commercial mortgage-backed securities, other securities backed by residential mortgages, interest only and inverse interest only strips, and securities relating to real estate investment trusts.

(e) Private equity investments objective is to earn risk adjusted rates of return predominantly through the acquisition of private, illiquid income-producing assets such as real estate, natural resources, and private companies operating in other sectors. The College holds 26 individual interests in these partnerships with an average expected life of 5.7 years.

(6) Fair Value Measurements

The fair value of the College's financial instruments is determined based on the amount that would be received if an asset were sold or paid to transfer a liability, in each case in an orderly transaction between market participants at the measurement date assuming the transaction occurs in the asset's principal (or most advantageous) market. Those fair value measurements maximize the use of observable inputs.

The three levels of the fair value hierarchy are as follows:

Level 1: Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the College has the ability to access at the measurement date.

Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3: Inputs that are unobservable and significant to the fair value measurement.

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

Investments and restricted cash for debt service: The fair value of cash and cash equivalents, common stocks, and mutual funds are determined using quoted market prices at the reporting date multiplied by the quantity on hand.

Alternative investments consist of shares or units in investment funds as opposed to direct interests in the funds' underlying holdings, which may be marketable. Because NAV reported by each fund is used as a practical expedient to estimate the fair value of the College's interest therein, the funds are not categorized in the fair value hierarchy.

Foundations, trusts, and other: Foundations, trusts, and other represent the College's split interest agreements in the aggregate. The fair value is determined as the present value of the future cash flows discounted at an interest rate that reflects the risks inherent in those cash flows. For remainder trusts, cash flows are based on the contractual payout rates of the agreements over a time period determined based on the current age of the annuitants and corresponding mortality tables.

There have been no changes in investment valuation techniques or inputs.

ST. JOHN'S COLLEGE

Notes to Financial Statements

June 30, 2017 and 2016

The table below presents the balances of assets and liabilities measured at fair value on a recurring basis by level within the hierarchy as of June 30, 2017 and 2016:

	2017				
	Level 1	**Level 2**	**Level 3**	**NAV (1)**	**Total**
Financial assets:					
Investments:					
Cash and cash equivalents	$ 10,279,290	—	—	—	10,279,290
Fixed income, including U.S. Treasuries	16,689,886	—	—	—	16,689,886
Common stocks and mutual funds	22,032,199	—	—	—	22,032,199
Global equity funds	—	—	—	66,108,224	66,108,224
Hedge funds	—	—	—	40,039,483	40,039,483
Private equity funds	—	—	—	12,205,950	12,205,950
Foundations, trusts, and other	—	—	1,553,187	—	1,553,187
Total investments	49,001,375	—	1,553,187	118,353,657	168,908,219
Beneficial interest in a trust	—	—	2,728,497	—	2,728,497
Restricted cash for debt service	7,226,423	—	—	—	7,226,423
Total financial assets	$ 56,227,798	—	4,281,684	118,353,657	178,863,139
Financial liabilities:	This NAV number should tie to Pg. 13 table				
Annuities and other trust liabilities	$ —	—	4,921,296	—	4,921,296

(1) Investments that are measured at fair value using NAV as a practical expedient fair value hierarchy. The fair value amounts permit reconciliation of investments in t to amounts presented in the balance sheets.

See Pg.17 roll - should agree

ST. JOHN’S COLLEGE

Notes to Financial Statements

June 30, 2017 and 2016

	2016				
	Level 1	Level 2	Level 3	NAV (1)	Total
Financial assets:					
Investments:					
Cash and cash equivalents	$ 5,340,983	—	—	—	5,340,983
Fixed income, including U.S. Treasuries	7,535,600				7,535,600
Common stocks and mutual funds	34,303,036	—	—	—	34,303,036
Total return fund	—	—	—	47,300,712	47,300,712
Hedge funds	—	—	—	43,981,367	43,981,367
Private equity funds	—	—	—	13,359,193	13,359,193
Foundations, trusts, and other	—	—	1,465,893	—	1,465,893
Total investments	47,179,619	—	1,465,893	104,641,272	153,286,784
Beneficial interest in a trust	—	—	2,627,878	—	2,627,878
Restricted cash for debt service	9,367,572	—	—	—	9,367,572
Total financial assets	$ 56,547,191	—	4,093,771	104,641,272	165,282,234
Financial liabilities:					
Annuities and other trust liabilities	$ —	—	4,093,771	—	4,093,771

(1) Investments that are measured at fair value using NAV as a practical expedient are not classified within the fair value hierarchy. The fair value amounts permit reconciliation of investments in the fair value hierarchy table to amounts presented in the balance sheets.

The following table reconciles the beginning and ending balances of the College's assets and liabilities measured at fair value using significant unobservable inputs (Level 3) for the years ended June 30, 2017 and 2016:

		Financial assets		Financial liabilities
		Foundations, trusts, and other	Beneficial interest in a trust	Annuities and other trust liabilities
Fair values, June 30, 2015	$	1,584,646	2,284,452	3,049,669
Realized and unrealized gains (losses)		(118,753)	343,426	—
Payments to annuitants		—	—	(367,046)
Actuarial changes		—	—	83,157
Fair values, June 30, 2016		1,465,893	2,627,878	2,765,780
New annuities and other trust liabilities		—	—	47,966
Realized and unrealized gains (losses)		87,294	100,619	958,659
Payments to annuitants		—	—	(362,117)
Actuarial changes		—	—	(825,984)
Fair values, June 30, 2017	$	1,553,187	2,728,497	2,584,304

Needs to agree to Level 3 in previous 2 tables - AA check previous versions to see if erroneously changed.

There were no transfers between fair value levels during 2017 and 2016.

(7) Plant and Equipment

Plant and equipment as of June 30, 2017 and 2016 is summarized below:

		2017	2016
Land and land improvements	$	9,295,683	9,223,340
Equipment and furnishings		10,062,157	9,691,126
Buildings and improvements		126,548,802	121,870,293
Library books and fine art		946,880	906,380
Construction in progress		1,133,181	323,689
		147,986,703	142,014,828
Less accumulated depreciation		(72,054,633)	(68,752,034)
	$	75,932,070	73,262,794

Depreciation expense was $3,302,598 and $3,223,127 for fiscal 2017 and 2016, respectively. No depreciation has been recorded on library books or fine arts due to the antique nature and the inability to estimate future service potential.

The College has asset retirement obligations arising from regulatory requirements to perform certain asset retirement activities at the time that certain buildings are renovated or disposed. The College has recognized an estimated liability ($1,503,810 and $1,637,332 as of June 30, 2017 and 2016, respectively) for its obligation to perform such retirement activities. The College monitors these obligations and will modify its estimates periodically as additional information becomes available, including timing and extent of remediation and estimated cost.

(8) Debt

Long-term debt as of June 30, 2017 and 2016 is summarized below:

		2017	2016
Bonds payable – Public Finance Authority Revenue Bonds – 2016 Series:			
Interest rates from 2.00% to 5.00% payable over 30 years	$	24,255,000	24,460,000
Bonds payable – City of Annapolis – 2007 Series:			
Economic Development Revenue and Refunding bonds			
Interest rates from 4.25% to 5.00% payable over 30 years		3,815,000	4,040,000
		28,070,000	28,500,000
Unamortized discount, net		(804,611)	(832,450)
Deferred bond issue costs		(407,609)	(422,946)
	$	26,857,780	27,244,604

MD - sent confirm for support - changed by 110,000

Scheduled maturities of the debt for future years ending June 30 are as follows:

2018	$	465,000
2019		485,000
2020		630,000
2021		665,000
2022		685,000
Thereafter		25,140,000
	$	28,070,000

Interest charged to expense for fiscal 2017 and 2016 was $747,000 and $947,000, respectively. Interest paid in fiscal 2017 and 2016 was $564,000 and $960,000, respectively.

Lines of Credit

The College has available an unsecured revolving line of credit in the amount of $4,000,000 expiring on January 30, 2018 renewable annually. Interest is payable monthly based on LIBOR plus 2.5%. There was $3,000,000 outstanding on the line of credit as of June 30, 2017. There was $2,700,000 outstanding on the line of credit as of June 30, 2016.

The College has another unsecured revolving line of credit in the amount of $2,500,000 expiring on February 1, 2018 renewable annually. Interest is payable monthly based "Indexed Rate" which is the Index (set by lender) plus 2.5%. The "Indexed Rate" was approximately 6.75% at time of issuance. There was $2,250,000 outstanding on the line of credit as of June 30, 2017. There was $1,180,000 outstanding on the line of credit as of June 30, 2016.

(9) Postretirement Medical Benefits

The College sponsors an unfunded defined benefit postretirement medical plan. Under the Plan, employees are eligible for postretirement medical benefits on or after age 65 with 10 years of service, or who retire prior to age 65 with 30 years of service. In certain circumstances, an employee who has attained age 59½ and has at least 25 years of service may be declared eligible. The medical benefits available will be the health benefits provided to eligible retirees under the terms of the current health care plan in effect when the employee retires. As of June 30, 2017 and 2016, the College has not identified any provisions of health care reform that would be expected to have a material impact on the College's liability.

Retirees are expected to pay a portion of the cost of providing retiree medical benefit. The percentage that retirees are expected to pay varies based on the retirees retirement age.

The College accrues the expected cost of providing postretirement benefits to employees and their beneficiaries and covered dependents, if applicable, during the years that the employees render service.

The following table sets forth the plans' projected postretirement benefit obligation, fair value of plan assets, and funded status at June 30, 2017 and 2016:

	2017	2016
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 28,472,225	23,645,537
Service cost	1,249,286	810,240
Interest cost	1,067,709	1,047,058
Plan amendments	(7,459,900)	—
Actuarial loss	(474,853)	3,345,226
Participant contributions	148,055	111,583
Benefits paid	(531,330)	(487,419)
Benefit obligation at end of year	22,471,192	28,472,225
Change in plan assets:		
Fair value of plan assets at beginning of year	—	—
Expected return on plan assets	—	—
Employer contributions	383,275	375,836
Participant contributions	148,055	111,583
Benefits paid	(531,330)	(487,419)
Fair value of plan assets at end of year	—	—
Funded status	$ (22,471,192)	(28,472,225)

In fiscal 2017, the College amended its postretirement plan for its Santa Fe campus employees and retirees replacing post-65 benefits with a medicare advantage plan which reduced the related accumulated benefit obligation and limits the costs of annual benefit post-65 retirees.

Weighted average assumptions used to determine postretirement benefit obligation as of June 30, 2017 and 2016 were as follows:

	2017	2016
Discount rate	4.00 %	3.75 %
Pre-65 Medical healthcare trend rates	7.20%–4.50%	7.65%–4.50%
Post-65 Medical healthcare trend rates	8.80%–4.50%	9.40%–4.50%
Year ultimate trend rate achieved	2024	2024
Mortality rate	RP-2014 Scale MP-2015	RP-2014 Scale MP-2015

The net periodic postretirement benefit cost reported as operating expense for the years ended June 30, 2017 and 2016 includes the following components:

		2017	2016
Service cost	$	1,249,286	810,240
Interest cost		1,067,709	1,047,058
Amortization of prior service cost (credit)		(258,783)	(258,783)
Amortization of net actuarial loss		537,121	563,742
Net periodic postretirement benefit cost	$	2,595,333	2,162,257

Weighted average assumptions used to determine net periodic cost for the years ended June 30, 2017 and 2016 were as follows:

	2017	2016
Discount rate	3.75 %	4.50 %
Pre-65 Medical healthcare trend rates	7.65%–4.5%	7.65%-4.5%
Post-65 Medical healthcare trend rates	9.40%–4.5%	9.35%-4.5%
Year ultimate trend rate achieved	2024	2024

We have added as it was excluded previously and did not reconcile to Stmt of activities. Note that I created a line Other - to get it to reconcile to what is on the SOA. There seems to be a difference without it. Also should discuss what is happening with college / participant contributions accounting - differs by campus and causes reconciling differences

ST. JOHN'S COLLEGE

Notes to Financial Statements

June 30, 2017 and 2016

The items not yet recognized as a component of net periodic benefit cost are as follows as of June 30, 2017 and 2016:

		2017	2016
Net actuarial loss (gain) arising during year	$	(474,853)	3,345,226
Amortization of net actuarial loss (gain)		(537,121)	(563,738)
Amortization of prior service cost (credit)		258,783	258,778
Plan amendment		(7,459,900)	—
Other		(186,973)	—
Total	$	(8,400,064)	3,040,266

The effect of a 1% increase or decrease in trend rates on total service, interest cost, and the postretirement benefit obligation is as follows at June 30, 2017 and 2016:

		2017	
		1% Increase	1% Decrease
Effect on total service and interest cost component	$	289,976	(289,867)
Effect on postretirement benefit obligation		3,616,300	(3,605,845)

		2016	
		1% Increase	1% Decrease
Effect on total service and interest cost component	$	390,304	(429,299)
Effect on postretirement benefit obligation		4,555,556	(5,125,001)

The College makes contributions to the postretirement medical plan equal to the net benefits paid each year. For subsequent years ending June 30, the College expects to make contributions to and pay benefits from the plan as follows:

2018	$	736,342
2019		801,992
2020		878,188
2021		952,019
2022		990,279
2023–2027		5,156,873
	$	9,515,693

(Continued)

(10) Net Assets

Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following purposes as of June 30, 2017 and 2016:

		2017	2016
Endowment earnings available for appropriation	$	31,367,216	24,443,495
Gifts for operations and capital		4,998,034	3,745,282
Contributions receivable for operations and capital		20,907,403	6,485,061
Beneficial interest in a trust		2,728,497	2,627,878
Split interest agreements		1,718,879	1,412,277
Cash value of life insurance		692,520	1,278,515
Total temporarily restricted net assets	$	62,412,549	39,992,508

Net assets released from restriction in 2017 and 2016 were primarily for capital and educational operations.

Permanently Restricted Net Assets

Permanently restricted net assets consist of the following as of June 30, 2017 and 2016:

		2017	2016
Endowments for student scholarships and operating support	$	131,721,672	125,939,272
Contributions receivable for endowment		29,055,184	3,008,148
Student loan funds		3,989,308	3,809,420
Split interest agreements		1,247,012	938,970
Total permanently restricted	$	166,013,176	133,695,810

(11) Endowment

The College's endowment is comprised of both donor-restricted endowment funds and Board-designated funds. Net assets consisting of those funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The College's Board of Visitors and Governors has interpreted the Uniform Prudent Management of Institutional Funds Act (the Act) as requiring the College to manage and invest the individual donor-restricted endowment funds in good faith and with prudence. The College classifies as permanently restricted net assets (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 directions of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Board in a manner consistent with the standard of prudence prescribed by the Act. 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 fund; (2) the purposes of the College and the 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) the other resources of the College; and (7) the investment policies of the College.

The College has adopted an investment policy for its endowment assets that attempts to provide a steady and growing stream of annual distributions sufficient to meet its endowment spending policy while seeking to maintain the portfolio's long-term purchasing power of the assets, all within acceptable risk parameters. The portfolio oversight rests with the Investment Committee of the Board of Visitors and Governors, including the selection of external managers and the allocation and choice of investments.

The College's endowment is subject to a spending policy that determines the amount available for operations each year. The policy provides a blended formula based on a percentage of the prior year's spending amount and market value of endowment funds. Unless otherwise approved by the Board, the annual spending amount shall not be less than 4.5% or more than 5.5% of the market value of the endowment. The Board approved special withdrawals from the endowment to support operations of the College in 2017 and 2016, which aggregated $2,381,000, and $895,000, respectively.

Endowment net assets consist of the following as of June 30, 2017 and 2016:

	2017			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment funds	$ (2,097,428)	31,367,216	131,721,672	160,991,460
Board-designated endowment funds	7,552,060	—	—	7,552,060
Total endowed net assets	$ 5,454,632	31,367,216	131,721,672	168,543,520

	2016			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment funds	$ (5,900,467)	24,443,497	125,939,273	144,482,303
Board-designated endowment funds	7,521,413	—	—	7,521,413
Total endowed net assets	$ 1,620,946	24,443,497	125,939,273	152,003,716

The accompanying balance sheets do not include loans payable from the operating funds to the endowment funds as these are considered internal transactions. Accordingly, the corresponding notes receivable and notes payable have been eliminated. The loan balance as of June 30, 2017 and 2016 was $5,903,094 and $5,903,094 respectively. The Board approved the loan from the endowment fund on April 16, 2007. This loan was used to finance property acquisitions and improvements. These improvements have been capitalized as part of the College's buildings and improvements and are being depreciated over their estimated useful lives. The College considers this loan to be a part of the total endowment and will be repaid with interest ranging from 4.75% to 5.5% over 30 years. The loan was effective July 1, 2007. In addition, the endowment fund includes faculty home loans, which are secured by the real property (see note 4). Interest earned and included in investment return in the table below aggregated $318,937 and $324,811 for the years ended June 30, 2017 and 2016, respectively.

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

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, June 30, 2015	$ 7,399,813	35,981,413	113,913,338	157,294,564
Investment return:				
Investment income, net of expenses	154,143	213,233	—	367,376
Realized and unrealized gains	(3,527,689)	(4,401,865)	—	(7,929,554)
Gifts and transfers	1,885,015	(1,885,015)	15,034,081	15,034,081
Appropriations of endowment assets for current operating support	(4,290,336)	(5,464,269)	—	(9,754,605)
Endowment net assets, June 30, 2016	1,620,946	24,443,497	128,947,419	155,011,862
Investment return:				
Investment income, net of expenses	93,914	262,491	233,806	590,211
Realized and unrealized gains	4,623,702	17,069,198	—	21,692,900
Gifts and transfers	572,783	(621,336)	32,133,533	32,084,980
Appropriations of endowment assets for current operating support	(1,456,713)	(9,786,634)	(537,904)	(11,781,251)
Endowment net assets, June 30, 2017	$ 5,454,632	31,367,216	160,776,854	197,598,702

RM still needs to review and reconcile. UnderH20 - change and impact on SOA.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the College to retain as a fund of perpetual duration. Deficiencies of this nature that are reported in unrestricted net assets were $2,097,428 and $5,900,467 as of June 30, 2017 and 2016, respectively.

(12) Retirement Plans

College employees are covered by defined contribution plans, which provide retirement benefits through Teachers Insurance and Annuity Association (TIAA) and The College Retirement Equity Fund (CREF). Under these plans and pursuant to the provisions of Section 403(b) of the Internal Revenue Code, College and participant contributions are used to purchase individual annuity contracts and investments offered through TIAA and CREF. Vesting provisions are full and immediate. College contributions to the defined contribution plans were $2,042,723 and $2,107,647 for the years ended June 30, 2017 and 2016, respectively.

(13) Related Party Transactions

A member of the College Board has a managerial and financial interest in an investment firm for which the College has an investment.

(14) Commitments and Contingencies

Amounts received and expended by the College under various federal and state programs are subject to audit by governmental agencies. In the opinion of management, audit adjustments, if any, will not have a significant effect on the financial position of the College.

The College is a party to various litigation and other claims in the ordinary course of business. In the opinion of management, appropriate provision has been made for possible losses and the ultimate resolution of these matters will not have a significant effect on the financial position of the College.

(15) Subsequent Events

Added

The College has evaluated subsequent events through January __, 2018, the date that the financial statements were available to be issued, and no matters required adjustment to or disclosure in the accompanying financial statements.

The college amended its postretirement benefits for its Annapolis campus employees and retirees to align with the medicare advantage plan changes for post-65 retirees effective January 2018.

Schedule I

ST. JOHN'S COLLEGE

Condensed Combining Balance Sheet

June 30, 2017

Assets	**Annapolis, Maryland Campus**	**Santa Fe, New Mexico Campus**	**College fund**	**Elimination**	**Total**
Cash and cash equivalents	$ 2,843,984	980,999	—	—	3,824,983
Restricted cash for debt service and construction	2,154,643	4,359,089	—	—	6,513,732
Prepaid expenses and other assets	1,138,104	1,115,809	—	—	2,253,913
Contributions receivable, net	22,317,269	27,645,318	26,424,713	(26,424,713)	49,962,587
Due from affiliated entities	—	262,585	—	(262,585)	—
Accounts and loans receivable	3,266,316	3,072,324	—	—	6,338,640
Beneficial interest in a trust	—	2,728,497	—	—	2,728,497
Investments	106,074,307	62,833,911	27,709,229	(27,709,228)	168,908,219
Plant and equipment, net	46,562,348	29,369,722	—	—	75,932,070
Total assets	$ 184,356,971	132,368,254	54,133,942	(54,396,526)	316,462,641
Liabilities and Net Assets					
Accounts payable and accrued liabilities	$ 1,352,568	1,481,923	—	—	2,834,491
Line of credit	3,000,000	2,250,000	—	—	5,250,000
Due to affiliated entities	262,585	—	526,694	(789,279)	—
Deferred revenue	572,145	745,706	—	—	1,317,851
Annuities and other trust liabilities	2,411,140	173,164	—	—	2,584,304
Accrued sabbatical leave	2,375,918	1,756,559	—	—	4,132,477
U.S. government grants refundable	501,369	793,993	—	—	1,295,362
Long-term debt	15,812,822	11,044,958	—	—	26,857,780
Accrued postretirement benefits	15,677,756	6,793,436	—	—	22,471,192
Other long term liabilities	1,503,810	723,704	—	—	2,227,514
Total liabilities	43,470,113	25,763,443	526,694	(789,279)	68,970,971
Net assets:					
Unrestricted	2,147,526	16,918,418	1,000,914	(1,000,913)	19,065,945
Temporarily restricted	37,589,831	24,822,718	3,189,212	(3,189,212)	62,412,549
Permanently restricted	101,149,501	64,863,675	49,417,122	(49,417,122)	166,013,176
Total net assets	140,886,858	106,604,811	53,607,248	(53,607,247)	247,491,670
Total liabilities and net assets	$ 184,356,971	132,368,254	54,133,942	(54,396,526)	316,462,641

See accompanying independent auditors' report.

Schedule II

ST. JOHN'S COLLEGE

Condensed Combining Schedule of Activities

Year ended June 30, 2017

	Annapolis, Maryland Campus	Santa Fe, New Mexico Campus	College fund	Elimination	Total
Revenues:					
Student tuition and fees	$ 22,748,989	18,680,816	—	—	41,429,805
Less financial aid	(13,758,453)	(13,047,737)	—	—	(26,806,190)
Net student tuition and fees	8,990,536	5,633,079	—	—	14,623,615
Auxiliary enterprises	4,452,431	4,147,841	—	—	8,600,272
State appropriations	664,342	10,170	—	—	674,512
Federal grants and contracts	618,307	854,511	—	—	1,472,818
Contributions	15,902,562	13,727,685	26,504,833	—	56,135,080
Endowment distribution for operations	6,036,548	2,896,783	1,783,328	—	10,716,659
Endowment distribution from (to) College fund	891,664	891,664	(1,783,328)	—	—
Other revenues	863,468	1,570,043	—	—	2,433,511
Total revenues	38,419,858	29,731,776	26,504,833	—	94,656,467
Expenses:					
Instructional	10,601,502	8,766,549	—	—	19,368,051
Academic support	1,554,585	1,394,954	—	—	2,949,539
Student services	4,410,208	4,272,367	—	—	8,682,575
Institutional support	6,233,504	4,386,181	—	—	10,619,685
Development and fundraising	1,865,623	1,547,874	—	—	3,413,497
Auxiliary enterprises	4,787,191	3,670,525	—	—	8,457,716
Total expenses	29,452,613	24,038,450	—	—	53,491,063
Total revenues in excess of (less than) total expenses	8,967,245	5,693,326	26,504,833	—	41,165,404
Other activities:					
Investment gains in excess of endowment distribution for operations	5,757,579	3,573,313	1,953,204	—	11,284,096
Change in interests in College fund	14,229,018	14,229,018	—	(28,458,036)	—
Postretirement changes other than net periodic benefit cost	434,288	7,965,776	—	—	8,400,064
Other, net	1,247,306	292,391	—	—	1,539,697
Change in net assets	30,635,436	31,753,824	28,458,037	(28,458,036)	62,389,261
Net assets at beginning of year	110,251,422	74,850,987	25,149,211	(25,149,211)	185,102,409
Net assets at end of year	$ 140,886,858	106,604,811	53,607,248	(53,607,247)	247,491,670

See accompanying independent auditors' report.