MARYMOUNT MANHATTAN COLLEGE

Financial Statements

June 30, 2015 and 2014

(With Independent Auditors' Report Thereon)

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

Independent Auditors' Report

The Board of Trustees
Marymount Manhattan College:

We have audited the accompanying financial statements of Marymount Manhattan College (the College), which comprise the balance sheets as of June 30, 2015 and 2014, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 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 Marymount Manhattan College as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

KPMG LLP

November 12, 2015

MARYMOUNT MANHATTAN COLLEGE

Balance Sheets

June 30, 2015 and 2014

Assets		**2015**	**2014**
Cash and cash equivalents	$	7,453,659	6,498,010
Student receivables, net (note 5)		583,067	603,030
Contributions receivable, net (note 6)		1,634,847	1,568,361
Investments, at fair value (note 3)		21,688,582	21,076,933
Other assets		1,584,271	2,125,401
Funds held by trustees (notes 3 and 7)		8,115,032	8,049,566
Plant assets, net (note 8)		69,485,224	70,805,414
Total assets	$	110,544,682	110,726,715
Liabilities and Net Assets			
Liabilities:			
Accounts payable and accrued expenses	$	4,512,182	4,052,205
Interest payable		1,064,505	1,116,131
Deferred revenue		2,291,043	1,643,999
Asset retirement obligation		546,559	573,029
Long-term debt (net of bond issuance costs of $1,420,011 in 2015 and $1,531,538 in 2014) (note 7)		40,989,989	42,943,462
Total liabilities		49,404,278	50,328,826
Commitments and contingencies (note 13)			
Net assets (note 14):			
Unrestricted		38,061,541	37,435,357
Temporarily restricted (note 9)		9,724,435	11,053,632
Permanently restricted (note 9)		13,354,428	11,908,900
Total net assets		61,140,404	60,397,889
Total liabilities and net assets	$	110,544,682	110,726,715

See accompanying notes to financial statements.

MARYMOUNT MANHATTAN COLLEGE

Statements of Activities

Years ended June 30, 2015 and 2014

	2015				2014			
	Unrestricted	**Temporarily restricted**	**Permanently restricted**	**Total**	**Unrestricted**	**Temporarily restricted**	**Permanently restricted**	**Total**
Revenue, gains, and other support:								
Tuition and fees	$ 50,026,171	—	—	50,026,171	46,815,261	—	—	46,815,261
Less student aid	(13,674,766)	—	—	(13,674,766)	(11,043,555)	—	—	(11,043,555)
	36,351,405	—	—	36,351,405	35,771,706	—	—	35,771,706
State grants/appropriations	354,480	—	—	354,480	288,768	—	—	288,768
Federal grants	126,719	—	—	126,719	115,663	—	—	115,663
Investment return, net (notes 3 and 14)	16,777	79,851	—	96,628	387,389	2,462,666	—	2,850,055
Contributions	588,871	589,573	1,445,528	2,623,972	1,076,475	625,871	200,093	1,902,439
Auxiliary enterprises	11,812,302	—	—	11,812,302	10,199,565	—	—	10,199,565
Other	223,591	—	—	223,591	261,846	—	—	261,846
Net assets released from restrictions (note 9)	1,998,621	(1,998,621)	—	—	3,203,790	(3,203,790)	—	—
Total revenue, gains, and other support	51,472,766	(1,329,197)	1,445,528	51,589,097	51,305,202	(115,253)	200,093	51,390,042
Expenses (note 10):								
Instruction	18,372,755	—	—	18,372,755	18,044,197	—	—	18,044,197
Academic support	3,771,839	—	—	3,771,839	3,724,530	—	—	3,724,530
Student services	8,482,696	—	—	8,482,696	8,635,905	—	—	8,635,905
Institutional support	10,519,998	—	—	10,519,998	10,131,611	—	—	10,131,611
Auxiliary enterprises	9,699,294	—	—	9,699,294	9,309,698	—	—	9,309,698
Total expenses	50,846,582	—	—	50,846,582	49,845,941	—	—	49,845,941
Increase (decrease) in net assets	626,184	(1,329,197)	1,445,528	742,515	1,459,261	(115,253)	200,093	1,544,101
Net assets at beginning of year	37,435,357	11,053,632	11,908,900	60,397,889	35,976,096	11,168,885	11,708,807	58,853,788
Net assets at end of year	$ 38,061,541	9,724,435	13,354,428	61,140,404	37,435,357	11,053,632	11,908,900	60,397,889

See accompanying notes to financial statements.

MARYMOUNT MANHATTAN COLLEGE

Statements of Cash Flows

Years ended June 30, 2015 and 2014

		2015	2014
Cash flows from operating activities:			
Increase in net assets	$	742,515	1,544,101
Adjustments to reconcile increase in net assets to net cash provided by operating activities:			
Contributions restricted for long-term investment		(1,445,528)	(200,093)
Depreciation (appreciation) in fair value of investments		291,694	(2,530,307)
Depreciation in fair value of funds held by trustees		11,733	3,292
Depreciation and amortization of plant assets		3,791,144	3,751,055
Amortization of bond issuance costs		111,527	156,759
Changes in assets and liabilities:			
Student receivables, net		19,963	300,595
Contributions receivable		478,957	191,734
Other assets		541,130	(271,337)
Accounts payable and accrued expenses		458,279	(443,712)
Interest payable		(51,626)	(22,500)
Deferred revenue		647,044	551,059
Asset retirement obligation		(26,470)	20,929
Net cash provided by operating activities		5,570,362	3,051,575
Cash flows from investing activities:			
Purchase of plant assets		(2,470,954)	(2,421,842)
Change in accounts payable related to capital improvements		1,698	(40,079)
Proceeds from sale of investments		11,024,811	13,532,309
Purchase of investments		(11,928,154)	(13,984,760)
Increase in funds held by trustees		(77,199)	(581,323)
Net cash used in investing activities		(3,449,798)	(3,495,695)
Cash flows from financing activities:			
Contributions restricted for long-term investment		1,445,528	200,093
(Increase) decrease in permanently restricted contributions receivable		(545,443)	205,766
Payments on long-term debt		(2,065,000)	(1,500,000)
Net cash used in financing activities		(1,164,915)	(1,094,141)
Net increase (decrease) in cash and cash equivalents		955,649	(1,538,261)
Cash and cash equivalents at beginning of year		6,498,010	8,036,271
Cash and cash equivalents at end of year	$	7,453,659	6,498,010
Supplemental disclosure:			
Interest paid	$	2,180,638	2,254,763

See accompanying notes to financial statements.

(1) Nature of Operations

Marymount Manhattan College (the College) is an urban, independent, undergraduate liberal arts college. The mission of the College is to educate a socially and economically diverse population by fostering intellectual achievement and personal growth and by providing opportunities for career development. The College is exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code.

(2) Summary of Significant Accounting Policies

The significant accounting policies followed by the College are described below:

(a) Financial Statement Presentation

The College prepares its financial statements on the accrual basis of accounting. 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.

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

Permanently Restricted Net Assets – Net assets subject to donor-imposed restrictions that stipulate that they be maintained permanently by the College, but permit the College to expend all or part of the income derived therefrom.

Revenues are reported as increases in unrestricted net assets unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expiration of temporary restrictions on net assets, that is, the donor-imposed stipulated purpose has been accomplished and/or the stipulated time period has elapsed, except for those restrictions met in the same year as received, which are reported as revenues of the unrestricted net assets, are reported as net assets released from restrictions.

(b) Revenue Recognition

Contributions, which include unconditional promises to give, are recognized as revenues in the period received at their net present value discounted using a risk-adjusted rate. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any, on the contribution. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

(c) Depreciation and Amortization of Plant Assets

Depreciation is recorded using the straight-line method over the estimated useful lives ranging from 40 to 50 years for buildings, 20 years for building renovations/improvements, 7 years for furniture, 3 years for equipment, and 10 years for library books. Maintenance and repair expenditures are charged to expense as incurred.

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(d) Bond Issuance Costs

Costs incurred for the issuance of bonds are deferred and amortized over the life of the related debt.

(e) Cash Equivalents

The College considers all highly liquid debt instruments purchased with initial maturities of three months or less to be cash equivalents, with the exception of those, which are held as part of the College's long-term investment portfolio. Cash equivalents primarily consist of money market funds at June 30, 2015 and 2014.

(f) Investments

Investments are reported at fair value based upon quoted market prices. Investment transactions are recorded on a trade-date basis.

(g) Deferred Revenues

Deferred revenues consist primarily of student tuition and fee payments that are received for academic periods subsequent to the fiscal year-end.

(h) Accounting Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates made in the preparation of the financial statements include the estimated net realizable value of receivables, functional allocation of expenses, and conditional asset retirement obligation. Actual results could differ from those estimates.

(i) Reclassifications

Certain prior year amounts have been reclassified to conform with the current year presentation.

(j) Income taxes

The College accounts for uncertainties in income taxes recognized in its financial statements using a threshold of more likely than not of being sustained. Income generated from activities unrelated to the College's exempt purpose is subject to tax. The College did not have any material unrelated business income tax liability at June 30, 2015 and 2014.

(k) Recently Issued Accounting Pronouncements

In 2015, the College early adopted ASU No. 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, which requires debt issuance costs related to a recognized debt liability to be presented on the balance sheets as a direct deduction from the debt liability. The College applied the provision of the update retrospectively to 2014.

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(3) Investments and Funds Held by Trustees

The College's investments consist of the following at June 30, 2015 and 2014:

	2015		2014	
	Cost	**Fair value**	**Cost**	**Fair value**
Cash and cash equivalents	$ 409,807	409,807	104,335	104,335
Common stocks:				
U.S. mid and large cap	7,921,346	8,443,610	7,294,558	8,212,293
U.S. small cap	906,233	1,002,516	831,027	966,326
International equity	4,688,702	4,613,073	4,027,198	4,332,628
Fixed income:				
U.S. fixed income	2,945,566	2,829,018	3,167,838	3,100,071
International fixed income	1,521,970	1,429,859	1,016,029	1,003,939
Other equity:				
Real estate	971,531	981,791	1,009,000	1,040,186
Absolute return	1,675,450	1,493,886	1,728,178	1,666,197
Commodities	609,554	485,022	609,554	650,958
Total	$ 21,650,159	21,688,582	19,787,717	21,076,933

Funds held by trustees at June 30, 2015 and 2014 consist of the following:

	2015		2014	
	Cost	**Fair value**	**Cost**	**Fair value**
Cash and cash equivalents	$ 3,511,122	3,511,122	3,202,537	3,202,537
Common stocks:				
U.S. equity	60,186	91,880	160,646	221,392
International equity	32,488	32,787	60,532	67,431
Fixed income:				
U.S. fixed income	4,464,771	4,459,949	4,542,114	4,540,648
International fixed income	22,837	19,294	18,900	17,558
Total	$ 8,091,404	8,115,032	7,984,729	8,049,566

At June 30, 2015 and 2014, the majority of funds held by trustees were in the debt service reserve fund.

Return on investments, cash and cash equivalents, and funds held by trustees for the years ended June 30, 2015 and 2014 consist of the following:

		2015	2014
Dividends and interest (net of investment management fees of $112,166 and $113,392 for 2015 and 2014, respectively)	$	400,055	323,040
(Depreciation) appreciation in fair value of investments		(291,694)	2,530,307
Depreciation in fair value of funds held by trustees		(11,733)	(3,292)
Total investment return, net	$	96,628	2,850,055

The College invests in various investment securities. 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 changes in the values of investment securities will occur in the near term and those changes could materially affect the amounts reported in the balance sheets.

(4) Fair Value Measurement

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 fair value hierarchy maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. The College uses three levels of inputs to measure fair value:

Level 1: 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

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The categorization of a financial instrument within the hierarchy does not necessarily correspond to the College’s perceived risk of that instrument.

All investments and funds held by trustees are classified as Level 1 in the fair value hierarchy as of June 30, 2015 and 2014.

(5) Student Receivables

Student receivables comprise the following at June 30, 2015 and 2014:

		2015	2014
Student accounts receivable	$	830,297	853,446
Allowance		(247,230)	(250,416)
		583,067	603,030
Student loans receivable		4,396	66,737
Allowance		(4,396)	(66,737)
Total student receivables, net	$	583,067	603,030

(6) Contributions Receivable

Contributions receivable at June 30, 2015 and 2014 are expected to be collected as follows:

		2015	2014
Less than one year	$	488,040	1,166,150
One year to five years		1,370,483	613,833
Greater than five years		110,000	—
		1,968,523	1,779,983
Less discount to present value (at rates ranging from 0.77% to 4.71%)		(325,397)	(207,127)
Allowance		(8,279)	(4,495)
Contributions receivable, net	$	1,634,847	1,568,361

(7) Long-Term Debt

In 2009, tax-exempt Insured Revenue Bonds for $49,275,000 (the Series 2009 Bonds) were issued by the Dormitory Authority of the State of New York (DASNY). The bond proceeds were used to refund previously issued DASNY Series 1999 Bonds (1999 Bonds), make a deposit to the Debt Service Reserve Fund, and pay the costs of issuance of the Series 2009 Bonds. The Series 1999 Bonds were used to acquire and construct a condominium unit consisting of a mezzanine and the first 33 floors of a 46-story residential condominium located in midtown Manhattan for use as a student dormitory. The Series 2009 Bonds have interest rates ranging from 3% to 5.25%, payable semiannually through 2029. The Series 2009 Bonds are secured by a pledge of tuition and fee revenue of the College as defined in the Loan Agreement dated as of August 11, 1999, as amended and restated on December 22, 2009.

As of June 30, 2015 and 2014, the estimated fair value of the Series 2009 Bonds was $45,296,281 and $46,969,043, respectively. The fair value of bonds payable is based on rates currently available for instruments with similar maturities and credit quality. The bonds are classified as Level 2 in the fair value hierarchy.

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Interest expense was $2,129,011 and $2,232,263 for the years ended June 30, 2015 and 2014, respectively.

The Loan Agreement contains certain financial covenants. The College is in compliance with these financial covenants at June 30, 2015.

Maturities and interest for the next five fiscal years and thereafter are as follows for the Series 2009 Bonds:

		Principal	Interest	Total debt service
Fiscal year:				
2016		2,150,000	2,075,263	4,225,263
2017		2,235,000	1,965,638	4,200,638
2018		2,330,000	1,851,513	4,181,513
2019		2,510,000	1,739,925	4,249,925
2020		2,595,000	1,628,200	4,223,200
Thereafter		30,590,000	8,267,719	38,857,719
	$	42,410,000	17,528,258	59,938,258

(8) Plant Assets

Plant assets at June 30, 2015 and 2014 are stated at cost or, if acquired through gift, at fair value at date of gift and consist of the following:

		2015	2014
Buildings and building improvements	$	85,869,418	85,073,431
Furniture and equipment		12,672,719	12,158,339
Library books		2,172,581	2,119,557
		100,714,718	99,351,327
Less accumulated depreciation		50,635,277	46,869,436
		50,079,441	52,481,891
Construction in progress		1,311,195	228,935
Land		18,094,588	18,094,588
	$	69,485,224	70,805,414

(9) Temporarily and Permanently Restricted Net Assets

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

		2015	2014
Time-restricted contributions	$	45,892	45,892
Academic program support		1,697,915	2,366,296
Scholarships		7,286,543	7,938,054
Acquisition of plant assets		694,085	703,390
	$	9,724,435	11,053,632

Net assets were released from restrictions during 2015 and 2014 by incurring expenses satisfying the restricted purposes as follows:

		2015	2014
Academic program support	$	513,055	556,434
Scholarships		1,410,566	2,093,279
Acquisition of plant assets		75,000	554,077
	$	1,998,621	3,203,790

Permanently restricted net assets at June 30, 2015 and 2014 are restricted to investment in perpetuity, with investment return available primarily to support scholarships.

(10) Expenses

The statements of activities present expenses in the functional categories of instruction, academic support, student services, institutional support, and auxiliary enterprises, as recommended by the National Association of College and University Business Officers. Institutional support includes $1,652,781 and $1,484,847 of fundraising expenses in 2015 and 2014, respectively.

The following table presents the allocation of operations and maintenance, depreciation and amortization, and interest expense among the functional expense categories based on management's best estimate of each function's proportionate share.

	Instruction	Academic support	Student services	Institutional support	Auxiliary enterprises	Total
2015:						
Direct expenses	$ 13,386,990	3,606,521	7,034,680	10,206,085	4,710,070	38,944,346
Operations and maintenance	2,715,448	89,944	809,598	175,512	2,080,052	5,870,554
Depreciation and amortization	2,102,425	69,831	584,463	126,704	1,019,248	3,902,671
Interest	167,892	5,543	53,955	11,697	1,889,924	2,129,011
	$ 18,372,755	3,771,839	8,482,696	10,519,998	9,699,294	50,846,582
2014:						
Direct expenses	$ 13,165,837	3,558,600	7,211,324	9,822,777	4,278,391	38,036,929
Operations and maintenance	2,686,633	83,043	808,278	175,226	1,915,755	5,668,935
Depreciation and amortization	2,015,692	77,075	559,732	121,344	1,133,971	3,907,814
Interest	176,035	5,812	56,571	12,264	1,981,581	2,232,263
	$ 18,044,197	3,724,530	8,635,905	10,131,611	9,309,698	49,845,941

(11) Retirement Plan

Employees of the College are covered under a defined contribution money-purchase retirement plan whereby the contributions are made directly to each individual participant's annuity accounts maintained by Teachers Insurance and Annuity Association – College Retirement Equities Fund. The cost of the plan is funded as accrued. Effective July 1, 2000, the College makes contributions equal to 10% of eligible employees' gross earnings. Employees become eligible after one year of service. The College's contributions to the plan for the years ended June 30, 2015 and 2014 amounted to $1,603,082 and $1,604,051, respectively.

(12) Air Rights Sale

The air rights associated with the College's facilities were sold in December 1986 under an agreement that provided for receipt of $2,100,000 at the time of the sale and contingent payments of amounts based upon subsequent sales of condominium units by the purchaser. The College is entitled to a percentage of the proceeds from sales of units equal to 10%. No units have been sold as of June 30, 2015 and 2014.

(13) Lease Commitments

The College entered into operating leases in connection with student housing, which it sublets to students with no commitments beyond one year. The rental revenues and expenses relating to these operating leases amounted to $2,144,514 and $2,256,330, respectively, in 2015, and $1,460,608 and $2,145,565, respectively, in 2014, and are included in auxiliary enterprises in the accompanying statements of activities.

On July 7, 2015 the College entered into a one-year licensing agreement with Educational Housing Services (EHS) for 25 student beds for the 2015-2016 academic year. This one-year commitment of the licensing agreement amounts to $358,677.

On December 13, 2012, the College entered into a ten-year student housing lease agreement with Cooper and 6th Property LLC for a building to be constructed at 35-39 Cooper Square in New York City. In connection with the Cooper Square lease, the College has provided a security deposit letter of credit (LOC) in the amount of $1,700,000. Cash and cash equivalents of $1,700,000 serve as collateral relating to the LOC. The LOC expired on August 26, 2015. The building was completed on time (August 2015) and the lease began August 13, 2015. The building contains 272 student beds, of which 73 beds are sub-licensed to Cooper Union for the first lease year. The College occupies the building for nine months each lease year (August through May, academic term).

The future minimum lease payments are as follows:

Year ending June 30:		
2016	$	3,544,777
2017		3,627,216
2018		3,699,761
2019		3,773,756
2020		3,849,232
Thereafter		20,445,981
	$	38,940,723

(14) Endowment Funds

The College is subject to the provisions of the New York Prudent Management of Institutional Funds Act (NYPMIFA) and has interpreted NYPMIFA as allowing the College to appropriate for expenditure or accumulate so much of a donor-restricted endowment fund as the College deems prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument absent explicit donor stipulations to the contrary.

The College classifies as permanently restricted net assets (a) the original value of gifts to the permanent endowment; (b) the original value of subsequent gifts to the permanent endowment; and (c) accumulations of investment returns to the permanent endowment made in accordance with the direction of the applicable donor gift instrument, where applicable. 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 in a manner consistent with the standards of prudence prescribed by NYPMIFA. Such amounts recorded as temporarily restricted net assets are released from restriction when the College appropriates them, the donor-stipulated purpose has been fulfilled, and/or the required time period has elapsed.

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The College has no board-designated endowments. The following table represents the net assets classes and changes in endowment funds for the years ended June 30, 2014 and 2015:

		Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets at June 30, 2013	$	—	4,148,391	11,708,807	15,857,198
Investment income, net		—	277,751	—	277,751
Net appreciation (realized and unrealized)		—	2,184,915	—	2,184,915
Contributions		—	—	200,093	200,093
Appropriation of endowment assets for expenditure/net assets released from restriction		—	(656,185)	—	(656,185)
Endowment net assets at June 30, 2014		—	5,954,872	11,908,900	17,863,772
Investment income, net		—	331,591	—	331,591
Net depreciation (realized and unrealized)		(604)	(251,740)	—	(252,344)
Contributions		—	—	1,445,528	1,445,528
Appropriation of endowment assets for expenditure/net assets released from restriction		—	(664,637)	—	(664,637)
Endowment net assets at June 30, 2015	$	(604)	5,370,086	13,354,428	18,723,910

(a) Funds with Deficiencies

From time to time, the fair value of assets associated with the individual donor-restricted endowments funds may fall below the level that the donor or NYPMIFA requires the College to retain as a fund for perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature are reported in temporarily restricted net assets to the extent there are accumulated gains available to absorb such loss, or otherwise unrestricted net assets. There was a deficiency of $604 as of June 30, 2015. There were no deficiencies as of June 30, 2014.

(b) Return Objectives and Risk Parameters

The College has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to protect the original value of the gift. Under this policy, as approved by the board, the endowment assets are invested in a manner that is intended to produce results that match the price and yield results of a blended benchmark based on policy allocation; large cap equity compared to S&P 500 Index, small cap equity compared to Russell 2000 index, international equity compared to MSCI AC World ex US index, fixed income taxable compared to Barclays Aggregate Index, commodities compared to Bloomberg Commodity Index, absolute return compared to HFRI Fund of Funds Index, and real estate compared to FTSE NAREIT Index.

(c) Spending Policy

The College has a spending policy that permits the use of total return at a rate (spending rate) of 5% of the prior 60-month average fair value investment balance of endowment funds unless otherwise explicitly stipulated by the donor.

(15) Subsequent Events

The College evaluated subsequent events after the balance sheet date of June 30, 2015 through November 12, 2015, which was the date the financial statements were issued, and has concluded that there are no other subsequent events required to be disclosed.