MARYMOUNT MANHATTAN COLLEGE

Financial Statements

June 30, 2017 and 2016

(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, 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 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, 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.

KPMG LLP

November 9, 2017

MARYMOUNT MANHATTAN COLLEGE

Balance Sheets

June 30, 2017 and 2016

Assets		**2017**	**2016**
Cash and cash equivalents	$	8,191,927	5,391,621
Student receivables, net (note 5)		828,732	547,682
Contributions receivable, net (note 6)		2,303,483	1,673,772
Investments, at fair value (notes 3 and 4)		24,778,676	21,723,001
Other assets		716,791	1,078,123
Funds held by trustees (notes 3, 4, and 7)		7,962,187	7,883,739
Plant assets, net (note 8)		66,554,105	67,934,220
Total assets	$	111,335,901	106,232,158
Liabilities and Net Assets			
Liabilities:			
Accounts payable and accrued expenses	$	4,122,994	3,137,453
Interest payable		954,881	1,010,755
Deferred revenue		2,763,669	2,237,612
Asset retirement obligation		583,151	564,855
Long-term debt (net of bond issuance costs of $1,196,957 in 2017 and $1,308,484 in 2016) (note 7)		36,828,043	38,951,516
Total liabilities		45,252,738	45,902,191
Commitments and contingencies (note 13)			
Net assets (note 14):			
Unrestricted		41,591,399	38,505,280
Temporarily restricted (note 9)		10,802,879	8,342,548
Permanently restricted (note 9)		13,688,885	13,482,139
Total net assets		66,083,163	60,329,967
Total liabilities and net assets	$	111,335,901	106,232,158

See accompanying notes to financial statements.

MARYMOUNT MANHATTAN COLLEGE

Statements of Activities

Years ended June 30, 2017 and 2016

	2017				2016			
	Unrestricted	**Temporarily restricted**	**Permanently restricted**	**Total**	**Unrestricted**	**Temporarily restricted**	**Permanently restricted**	**Total**
Revenue, gains, and other support:								
Tuition and fees	$ 60,997,945	—	—	60,997,945	53,655,472	—	—	53,655,472
Less student aid	(19,086,209)	—	—	(19,086,209)	(15,747,440)	—	—	(15,747,440)
	41,911,736	—	—	41,911,736	37,908,032	—	—	37,908,032
State grants/appropriations	459,844	—	—	459,844	382,059	—	—	382,059
Federal grants	140,104	—	—	140,104	127,102	—	—	127,102
Investment return, net (notes 3 and 14)	582,201	2,235,069	—	2,817,270	3,468	(136,163)	—	(132,695)
Contributions	1,988,671	2,225,324	206,746	4,420,741	1,376,983	722,967	127,711	2,227,661
Auxiliary enterprises	14,158,376	—	—	14,158,376	14,013,072	—	—	14,013,072
Other	250,865	—	—	250,865	252,198	—	—	252,198
Net assets released from restrictions (note 9)	2,000,062	(2,000,062)		—	1,968,691	(1,968,691)	—	—
Total revenue, gains, and other support	61,491,859	2,460,331	206,746	64,158,936	56,031,605	(1,381,887)	127,711	54,777,429
Expenses (note 10):								
Instruction	21,311,112	—	—	21,311,112	19,828,216	—	—	19,828,216
Academic support	3,731,949	—	—	3,731,949	3,746,748	—	—	3,746,748
Student services	9,523,496	—	—	9,523,496	8,934,233	—	—	8,934,233
Institutional support	10,881,356	—	—	10,881,356	10,781,591	—	—	10,781,591
Auxiliary enterprises	12,957,827	—	—	12,957,827	12,297,078	—	—	12,297,078
Total expenses	58,405,740	—	—	58,405,740	55,587,866	—	—	55,587,866
Increase (decrease) in net assets	3,086,119	2,460,331	206,746	5,753,196	443,739	(1,381,887)	127,711	(810,437)
Net assets at beginning of year	38,505,280	8,342,548	13,482,139	60,329,967	38,061,541	9,724,435	13,354,428	61,140,404
Net assets at end of year	$ 41,591,399	10,802,879	13,688,885	66,083,163	38,505,280	8,342,548	13,482,139	60,329,967

See accompanying notes to financial statements.

MARYMOUNT MANHATTAN COLLEGE

Statements of Cash Flows

Years ended June 30, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Increase (decrease) in net assets	$ 5,753,196	(810,437)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Contributions restricted for long-term investment	(206,746)	(127,711)
(Appreciation) depreciation in fair value of investments	(2,410,036)	506,657
(Appreciation) depreciation in fair value of funds held by trustees	(3,474)	4,130
Depreciation and amortization of plant assets	4,059,306	4,056,339
Amortization of bond issuance costs	111,527	111,527
Changes in assets and liabilities:		
Student receivables, net	(281,050)	35,385
Contributions receivable, net	(765,710)	(154,563)
Other assets	361,332	506,148
Accounts payable and accrued expenses	1,075,034	(1,398,972)
Interest payable	(55,874)	(53,750)
Deferred revenue	526,057	(53,431)
Asset retirement obligation	18,296	18,296
Net cash provided by operating activities	8,181,858	2,639,618
Cash flows from investing activities:		
Purchase of plant assets	(2,679,191)	(2,505,335)
Change in accounts payable related to capital improvements	(89,493)	24,243
Proceeds from sale of investments	8,207,805	4,886,958
Purchase of investments	(8,853,444)	(5,428,034)
(Increase) decrease in funds held by trustees	(74,974)	227,163
Net cash used in investing activities	(3,489,297)	(2,795,005)
Cash flows from financing activities:		
Contributions restricted for long-term investment	206,746	127,711
Decrease in permanently restricted contributions receivable	135,999	115,638
Payments on long-term debt	(2,235,000)	(2,150,000)
Net cash used in financing activities	(1,892,255)	(1,906,651)
Net increase (decrease) in cash and cash equivalents	2,800,306	(2,062,038)
Cash and cash equivalents at beginning of year	5,391,621	7,453,659
Cash and cash equivalents at end of year	$ 8,191,927	5,391,621
Supplemental disclosure:		
Interest paid	$ 1,965,637	2,075,263

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 5 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, 2017 and 2016.

(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 the asset retirement obligation. Actual results could differ from those estimates.

(i) 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, 2017 and 2016.

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(3) Investments and Funds Held by Trustees

The College's investments consist of the following at June 30:

		2017		2016	
		Cost	**Fair value**	**Cost**	**Fair value**
Cash and cash equivalents	$	579,246	579,246	714,157	714,157
Common stocks:					
U.S. mid and large cap		8,640,334	9,531,445	8,215,137	8,483,160
U.S. small cap		869,560	1,052,875	1,100,075	1,169,183
International equity		4,789,107	5,191,406	4,943,095	4,516,749
Fixed income:					
U.S. fixed income		3,462,239	3,331,347	2,709,294	2,642,802
International fixed income		983,346	944,582	1,163,538	1,054,285
High yield fixed income		472,245	471,391	—	—
Other equity:					
Real estate		1,201,461	1,218,688	1,000,029	1,081,925
Absolute return		1,826,313	1,709,964	1,687,132	1,492,199
Commodities		830,033	747,732	631,315	568,541
Total	$	23,653,884	24,778,676	22,163,772	21,723,001

Funds held by trustees at June 30 consist of the following:

		2017		2016	
		Cost	**Fair value**	**Cost**	**Fair value**
Cash and cash equivalents	$	3,336,621	3,336,621	3,273,357	3,273,357
Common stocks:					
U.S. equity		60,186	104,529	60,186	93,287
International equity		32,488	33,486	32,488	27,761
Fixed income:					
U.S. fixed income		4,469,146	4,468,403	4,469,363	4,470,428
International fixed income		22,325	19,148	22,659	18,906
Total	$	7,920,766	7,962,187	7,858,053	7,883,739

At June 30, 2017 and 2016, 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 consist of the following:

		2017	2016
Dividends and interest (net of investment management fees of $114,292 and $107,634 for 2017 and 2016, respectively)	$	403,760	378,092
Appreciation (depreciation) in fair value of investments		2,410,036	(506,657)
Appreciation (depreciation) in fair value of funds held by trustees		3,474	(4,130)
Total investment return, net	$	2,817,270	(132,695)

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, 2017 and 2016.

(Continued)

(5) Student Receivables

Student receivables comprise the following at June 30:

		2017	2016
Student accounts receivable	$	1,152,311	813,404
Allowance		(323,579)	(265,722)
		828,732	547,682
Student loans receivable		—	4,396
Allowance		—	(4,396)
Total student receivables, net	$	828,732	547,682

(6) Contributions Receivable

Contributions receivable at June 30 are expected to be collected as follows:

		2017	2016
Less than one year	$	1,805,891	855,462
One year to five years		687,654	1,063,342
Greater than five years		49,500	33,500
		2,543,045	1,952,304
Less discount to present value (at rates ranging from 0.77% to 4.71%)		(217,697)	(258,564)
Allowance		(21,865)	(19,968)
Contributions receivable, net	$	2,303,483	1,673,772

(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 4.25% 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.

(Continued)

Interest expense was $1,909,763 and $2,021,512 for the years ended June 30, 2017 and 2016, respectively.

The Loan Agreement contains certain financial covenants. The College is in compliance with these financial covenants at June 30, 2017.

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:				
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
2021		2,690,000	1,502,563	4,192,563
2022		2,905,000	1,363,063	4,268,063
Thereafter		24,995,000	5,402,094	30,397,094
	$	38,025,000	13,487,358	51,512,358

(8) Plant Assets

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

		2017	2016
Buildings and building improvements	$	88,704,551	87,317,711
Furniture and equipment		15,737,361	14,660,815
Leasehold improvements		92,884	92,884
Library books		2,352,077	2,259,804
		106,886,873	104,331,214
Less accumulated depreciation		58,750,922	54,691,616
		48,135,951	49,639,598
Construction in progress		323,566	200,034
Land		18,094,588	18,094,588
	$	66,554,105	67,934,220

(9) Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets at June 30 are available for the following purposes:

		2017	2016
Time-restricted contributions	$	94,021	45,892
Academic program support		3,046,794	1,716,940
Scholarships		7,099,906	5,937,611
Acquisition of plant assets		562,158	642,105
	$	10,802,879	8,342,548

Net assets were released from restrictions during 2017 and 2016 by incurring expenses satisfying the restricted purposes as follows:

		2017	2016
Academic program support	$	402,326	445,062
Scholarships		1,513,857	1,439,616
Acquisition of plant assets		83,879	84,013
	$	2,000,062	1,968,691

Permanently restricted net assets at June 30, 2017 and 2016 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 $1,954,276 and $1,972,564 of fundraising expenses in 2017 and 2016, 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
2017:						
Direct expenses	$ 16,106,597	3,559,534	7,977,554	10,546,213	7,248,499	45,438,397
Operations and maintenance	2,916,991	96,552	884,504	191,751	2,796,960	6,886,758
Depreciation and amortization	2,136,921	70,891	613,039	132,900	1,217,082	4,170,833
Interest	150,603	4,972	48,399	10,492	1,695,286	1,909,752
	$ 21,311,112	3,731,949	9,523,496	10,881,356	12,957,827	58,405,740
2016:						
Direct expenses	$ 14,724,141	3,577,546	7,443,196	10,458,350	6,661,000	42,864,233
Operations and maintenance	2,727,012	90,303	818,316	177,403	2,721,221	6,534,255
Depreciation and amortization	2,217,647	73,636	621,490	134,732	1,120,361	4,167,866
Interest	159,416	5,263	51,231	11,106	1,794,496	2,021,512
	$ 19,828,216	3,746,748	8,934,233	10,781,591	12,297,078	55,587,866

(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, 2017 and 2016 amounted to $1,732,617 and $1,643,460, 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, 2017 and 2016.

(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 $3,472,825 and $3,984,607, respectively, in 2017, and $3,857,251 and $3,855,480, respectively, in 2016, and are included in auxiliary enterprises in the accompanying statements of activities.

On December 13, 2012, the College entered into a ten-year student housing lease agreement with Cooper and 6th Property LLC for a new building at 35–39 Cooper Square in New York City. In connection with the Cooper Square lease, the College provided on June 22, 2016 a $623,203 LOC for a two-month rent deposit as required in the lease. The building contains 253 student beds and 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:		
2018	$	3,699,761
2019		3,773,756
2020		3,849,232
2021		3,926,216
2022		4,004,740
Thereafter		12,514,521
	$	31,768,226

(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.

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:

		Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets at June 30, 2015	$	(604)	5,370,086	13,354,428	18,723,910
Investment income, net		—	301,593	—	301,593
Net depreciation (realized and unrealized)		(3,225)	(437,755)	—	(440,980)
Contributions		—	—	127,711	127,711
Appropriation of endowment assets for expenditure/net assets released from restriction		—	(641,751)	—	(641,751)
Endowment net assets at June 30, 2016		(3,829)	4,592,173	13,482,139	18,070,483
Investment income, net		—	291,834	—	291,834
Net appreciation (realized and unrealized)		3,829	1,943,095	—	1,946,924
Contributions		—	—	206,746	206,746
Appropriation of endowment assets for expenditure/net assets released from restriction		—	(701,345)	—	(701,345)
Endowment net assets at June 30, 2017	$	—	6,125,757	13,688,885	19,814,642

(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 $3,829 as of June 30, 2016 and no deficiencies as of June 30, 2017.

(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, 2017 through November 9, 2017, which was the date the financial statements were issued, and has concluded that there are no other subsequent events required to be disclosed.