MARYMOUNT MANHATTAN COLLEGE

Financial Statements

June 30, 2018 and 2017

(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, 2018 and 2017, 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, 2018 and 2017, 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 13, 2018

MARYMOUNT MANHATTAN COLLEGE

Balance Sheets

June 30, 2018 and 2017

Assets		**2018**	**2017**
Cash and cash equivalents	$	10,884,344	8,191,927
Student receivables, net (note 5)		542,593	828,732
Contributions receivable, net (note 6)		1,676,046	2,303,483
Investments, at fair value (notes 3 and 4)		27,030,365	24,778,676
Other assets		704,831	716,791
Funds held by trustees (notes 3, 4, and 7)		8,240,653	7,962,187
Plant assets, net (note 8)		64,956,501	66,554,105
Total assets	$	114,035,333	111,335,901
Liabilities and Net Assets			
Liabilities:			
Accounts payable and accrued expenses	$	4,909,270	4,122,994
Interest payable		896,631	954,881
Deferred revenue		3,168,204	2,763,669
Asset retirement obligation		592,543	583,151
Long-term debt (net of bond issuance costs of $1,085,430 in 2018 and $1,196,957 in 2017) (note 7)		34,609,570	36,828,043
Total liabilities		44,176,218	45,252,738
Commitments and contingencies (note 13)			
Net assets (note 14):			
Unrestricted		44,023,491	41,591,399
Temporarily restricted (note 9)		11,736,937	10,802,879
Permanently restricted (note 9)		14,098,687	13,688,885
Total net assets		69,859,115	66,083,163
Total liabilities and net assets	$	114,035,333	111,335,901

See accompanying notes to financial statements.

MARYMOUNT MANHATTAN COLLEGE

Statements of Activities

Years ended June 30, 2018 and 2017

	2018				2017			
	Unrestricted	Temporarily restricted	Permanently restricted	Total	Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenue, gains, and other support:								
Tuition and fees	$ 66,550,917	—	—	66,550,917	60,997,945	—	—	60,997,945
Less student aid	(21,430,723)	—	—	(21,430,723)	(19,086,209)	—	—	(19,086,209)
	45,120,194	—	—	45,120,194	41,911,736	—	—	41,911,736
State grants/appropriations	453,713	—	—	453,713	459,844	—	—	459,844
Federal grants	159,157	—	—	159,157	140,104	—	—	140,104
Investment return, net (notes 3 and 14)	472,783	1,469,612	—	1,942,395	582,201	2,235,069	—	2,817,270
Contributions	1,414,677	1,533,272	409,802	3,357,751	1,988,671	2,225,324	206,746	4,420,741
Auxiliary enterprises	14,205,880	—	—	14,205,880	14,158,376	—	—	14,158,376
Other	298,897	—	—	298,897	250,865	—	—	250,865
Net assets released from restrictions (note 9)	2,068,826	(2,068,826)	—	—	2,000,062	(2,000,062)	—	—
Total revenue, gains, and other support	64,194,127	934,058	409,802	65,537,987	61,491,859	2,460,331	206,746	64,158,936
Expenses (note 10):								
Instruction	21,587,684	—	—	21,587,684	21,311,112	—	—	21,311,112
Academic support	4,349,720	—	—	4,349,720	3,731,949	—	—	3,731,949
Student services	10,437,606	—	—	10,437,606	9,523,496	—	—	9,523,496
Institutional support	12,282,728	—	—	12,282,728	10,881,356	—	—	10,881,356
Auxiliary enterprises	13,104,297	—	—	13,104,297	12,957,827	—	—	12,957,827
Total expenses	61,762,035	—	—	61,762,035	58,405,740	—	—	58,405,740
Increase in net assets	2,432,092	934,058	409,802	3,775,952	3,086,119	2,460,331	206,746	5,753,196
Net assets at beginning 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
Net assets at end of year	$ 44,023,491	11,736,937	14,098,687	69,859,115	41,591,399	10,802,879	13,688,885	66,083,163

See accompanying notes to financial statements.

MARYMOUNT MANHATTAN COLLEGE

Statements of Cash Flows

Years ended June 30, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Increase in net assets	$ 3,775,952	5,753,196
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Contributions restricted for long-term investment	(409,802)	(206,746)
Appreciation in fair value of investments	(1,379,206)	(2,410,036)
Appreciation in fair value of funds held by trustees	(12,794)	(3,474)
Depreciation and amortization of plant assets	3,924,522	4,059,306
Amortization of bond issuance costs	111,527	111,527
Changes in assets and liabilities:		
Student receivables, net	286,139	(281,050)
Contributions receivable, net	719,124	(765,710)
Other assets	11,960	361,332
Accounts payable and accrued expenses	1,013,045	1,075,034
Interest payable	(58,250)	(55,874)
Deferred revenue	404,535	526,057
Asset retirement obligation	9,392	18,296
Net cash provided by operating activities	8,396,144	8,181,858
Cash flows from investing activities:		
Purchase of plant assets	(2,326,918)	(2,679,191)
Change in accounts payable related to capital improvements	(226,769)	(89,493)
Proceeds from sale of investments	5,985,351	8,207,805
Purchase of investments	(6,857,834)	(8,853,444)
Increase in funds held by trustees	(265,672)	(74,974)
Net cash used in investing activities	(3,691,842)	(3,489,297)
Cash flows from financing activities:		
Contributions restricted for long-term investment	409,802	206,746
Decrease in permanently restricted contributions receivable	(91,687)	135,999
Payments on long-term debt	(2,330,000)	(2,235,000)
Net cash used in financing activities	(2,011,885)	(1,892,255)
Net increase in cash and cash equivalents	2,692,417	2,800,306
Cash and cash equivalents at beginning of year	8,191,927	5,391,621
Cash and cash equivalents at end of year	$ 10,884,344	8,191,927
Supplemental disclosure:		
Interest paid	$ 1,851,512	1,965,637

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.

(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, 2018 and 2017.

(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, 2018 and 2017.

(3) Investments and Funds Held by Trustees

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

	2018		2017	
	Cost	**Fair value**	**Cost**	**Fair value**
Cash and cash equivalents	$ 937,280	937,280	579,246	579,246
Common stocks:				
U.S. mid – and large-cap	8,789,597	10,449,568	8,640,334	9,531,445
U.S. small-cap	1,010,950	1,215,552	869,560	1,052,875
International equity	4,877,493	5,455,341	4,789,107	5,191,406
Fixed income:				
U.S. fixed income	3,411,602	3,277,454	3,462,239	3,331,347
International fixed income	1,004,011	911,748	983,346	944,582
High-yield fixed income	468,115	464,175	472,245	471,391
Other equity:				
Real estate	1,146,549	1,110,715	1,201,461	1,218,688
Absolute return	2,594,583	2,399,431	1,826,313	1,709,964
Commodities	762,600	809,101	830,033	747,732
Total	$ 25,002,780	27,030,365	23,653,884	24,778,676

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

	2018		2017	
	Cost	**Fair value**	**Cost**	**Fair value**
Cash and cash equivalents	$ 3,492,888	3,504,614	3,336,621	3,336,621
Common stocks:				
U.S. equity	87,864	140,876	60,186	104,529
International equity	43,882	43,795	32,488	33,486
Fixed income:				
U.S. fixed income	4,515,368	4,521,446	4,469,146	4,468,403
International fixed income	35,057	29,922	22,325	19,148
Total	$ 8,175,059	8,240,653	7,920,766	7,962,187

At June 30, 2018 and 2017, the majority of funds held by trustees were in the debt service reserve fund.

(Continued)

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

		2018	2017
Dividends and interest (net of investment management fees of $133,491 and $114,292 for 2018 and 2017, respectively)	$	550,395	403,760
Appreciation in fair value of investments		1,379,206	2,410,036
Appreciation in fair value of funds held by trustees		12,794	3,474
Total investment return, net	$	1,942,395	2,817,270

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, 2018 and 2017.

(Continued)

(5) Student Receivables, Net

Student receivables, net comprise the following at June 30:

		2018	2017
Student accounts receivable	$	896,678	1,152,311
Allowance		(354,085)	(323,579)
Total student receivables, net	$	542,593	828,732

(6) Contributions Receivable, Net

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

		2018	2017
Less than one year	$	1,435,011	1,805,891
One year to five years		384,589	687,654
Greater than five years		11,000	49,500
		1,830,600	2,543,045
Less discount to present value (at rates ranging from 0.77% to 4.71%)		(144,097)	(217,697)
Allowance		(10,457)	(21,865)
Contributions receivable, net	$	1,676,046	2,303,483

(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.

Interest expense was $1,793,262 and $1,909,752 for the years ended June 30, 2018 and 2017, respectively.

The College is in compliance with its financial covenants at June 30, 2018.

(Continued)

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:				
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		2,890,000	1,363,063	4,253,063
2023		2,905,000	1,218,188	4,123,188
Thereafter		22,105,000	4,183,906	26,288,906
	$	35,695,000	11,635,845	47,330,845

(8) Plant Assets, Net

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

		2018	2017
Buildings and building improvements	$	89,503,460	88,704,551
Furniture and equipment		16,561,426	15,737,361
Leasehold improvements		92,884	92,884
Library books		2,388,055	2,352,077
		108,545,825	106,886,873
Less accumulated depreciation		62,675,444	58,750,922
		45,870,381	48,135,951
Construction in progress		991,532	323,566
Land		18,094,588	18,094,588
Plant assets, net	$	64,956,501	66,554,105

(9) Temporarily and Permanently Restricted Net Assets

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

		2018	2017
Time-restricted contributions	$	94,021	94,021
Academic program support		2,870,238	3,046,794
Scholarships		8,207,552	7,099,906
Acquisition of plant assets		565,126	562,158
	$	11,736,937	10,802,879

Net assets were released from restrictions during 2018 and 2017 by incurring expenses satisfying the restricted purposes as follows:

		2018	2017
Academic program support	$	668,752	402,326
Scholarships		1,325,074	1,513,857
Acquisition of plant assets		75,000	83,879
	$	2,068,826	2,000,062

Permanently restricted net assets at June 30, 2018 and 2017 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 $2,523,167 and $1,954,276 of fundraising expenses in 2018 and 2017, 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
2018:						
Direct expenses	$ 16,519,204	4,181,756	8,944,675	11,959,076	7,402,431	49,007,142
Operations and maintenance	2,935,521	97,204	881,305	191,058	2,820,494	6,925,582
Depreciation and amortization	1,991,544	66,091	566,180	122,742	1,289,492	4,036,049
Interest	141,415	4,669	45,446	9,852	1,591,880	1,793,262
	$ 21,587,684	4,349,720	10,437,606	12,282,728	13,104,297	61,762,035
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

(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, 2018 and 2017 amounted to $1,894,441 and $1,732,617, 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, 2018 and 2017.

(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 $3,540,960 and $3,761,146, respectively, in 2018, and $3,472,825 and $3,984,607, respectively, in 2017, 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 letter of credit (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:		
2019	$	3,773,756
2020		3,852,415
2021		3,926,216
2022		4,004,740
2023		4,084,835
Thereafter		8,468,788
	$	28,110,750

(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.

(Continued)

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, 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
Investment income, net		—	375,877	—	375,877
Net appreciation (realized and unrealized)		—	1,093,692	—	1,093,692
Contributions		—	—	409,802	409,802
Appropriation of endowment assets for expenditure/net assets released from restriction		—	(753,699)	—	(753,699)
Endowment net assets at June 30, 2018	$	—	6,841,627	14,098,687	20,940,314

(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 no deficiency of as of June 30, 2017 and 2018.

(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

On July 19, 2018, the College received approval on a $5 million line of credit with a financial institution to enhance its liquidity position. The loan agreement was approved by the Board on October 2, 2018. The purpose was to create a safety net, should the College need additional liquidity within a short period of time. There were no borrowings on the new line of credit through the date the financial statements were available to be issued.

The College evaluated additional subsequent events after the balance sheet date of June 30, 2018 through November 13, 2018, which was the date the financial statements were issued, and has concluded that there are no other subsequent events required to be disclosed.