MARYMOUNT MANHATTAN COLLEGE

Financial Statements

June 30, 2019 and 2018

(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, 2019 and 2018, 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, 2019 and 2018, 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.

Emphasis of Matter

As discussed in note 2(k) to the financial statements, in fiscal 2019, the College adopted the provisions of Financial Accounting Standards Board Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

KPMG LLP

December 3, 2019

MARYMOUNT MANHATTAN COLLEGE

Balance Sheets

June 30, 2019 and 2018

Assets		**2019**	**2018**
Cash and cash equivalents	$	9,682,379	10,884,344
Student receivables, net (note 5)		1,081,808	787,918
Contributions receivable, net (note 6)		430,113	1,676,046
Investments, at fair value (notes 3 and 4)		28,631,653	27,030,365
Other assets		833,650	704,831
Funds held by trustees (notes 3, 4 and 7)		8,357,453	8,240,653
Plant assets, net (note 8)		62,850,517	64,956,501
Total assets	$	111,867,573	114,280,658
Liabilities and Net Assets			
Liabilities:			
Accounts payable and accrued expenses	$	4,349,648	4,909,270
Interest payable		843,293	896,631
Deferred revenue		2,471,190	3,413,529
Asset retirement obligation		609,617	592,543
Long-term debt (net of bond issuance cost of $973,903 in 2019 and $1,085,430 in 2018) (note 7)		32,211,097	34,609,570
Total liabilities		40,484,845	44,421,543
Commitments and contingencies (note 12)			
Net assets (notes 9 and 13):			
Without donor restrictions		44,939,215	44,023,491
With donor restrictions		26,443,513	25,835,624
Total net assets		71,382,728	69,859,115
Total liabilities and net assets	$	111,867,573	114,280,658

See accompanying notes to financial statements.

MARYMOUNT MANHATTAN COLLEGE

Statements of Activities

Years ended June 30, 2019 and 2018

	2019			2018		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Operating revenues:						
Tuition and fees (net of student aid of $22,058,170 in 2019 and $21,430,723 in 2018)	$ 45,166,984	—	45,166,984	45,120,194	—	45,120,194
State grants/appropriations	474,036	—	474,036	453,713	—	453,713
Federal grants	211,046	—	211,046	159,157	—	159,157
Investment return, net (notes 3 and 13)	406,282	606,920	1,013,202	472,783	1,390,021	1,862,804
Contributions	673,563	1,277,529	1,951,092	1,414,677	1,761,710	3,176,387
Auxiliary enterprises	14,352,642	—	14,352,642	14,205,880	—	14,205,880
Other	278,049	—	278,049	298,897	—	298,897
Net assets released from restrictions (note 9)	1,913,115	(1,913,115)	—	1,583,853	(1,583,853)	—
Total operating revenues	63,475,717	(28,666)	63,447,051	63,709,154	1,567,878	65,277,032
Operating expenses (note 10):						
Instruction	21,979,246	—	21,979,246	21,276,375	—	21,276,375
Academic support	4,263,173	—	4,263,173	4,229,291	—	4,229,291
Student services	11,762,673	—	11,762,673	10,902,651	—	10,902,651
Institutional support	11,728,147	—	11,728,147	11,775,325	—	11,775,325
Auxiliary enterprises	12,826,754	—	12,826,754	13,093,420	—	13,093,420
Total operating expenses	62,559,993	—	62,559,993	61,277,062	—	61,277,062
Change in net assets from operating activities	915,724	(28,666)	887,058	2,432,092	1,567,878	3,999,970
Nonoperating activities:						
Contributions	—	990,211	990,211	—	181,364	181,364
Investment return, net (notes 3 and 13)	—	34,785	34,785	—	79,591	79,591
Other nonoperating activities, net	(388,441)	—	(388,441)	(484,973)	—	(484,973)
Net assets released from restrictions (note 9)	388,441	(388,441)	—	484,973	(484,973)	—
Change in net assets from nonoperating activities	—	636,555	636,555	—	(224,018)	(224,018)
Change in net assets	915,724	607,889	1,523,613	2,432,092	1,343,860	3,775,952
Net assets at beginning of year (note 2(k))	44,023,491	25,835,624	69,859,115	41,591,399	24,491,764	66,083,163
Net assets at end of year	$ 44,939,215	26,443,513	71,382,728	44,023,491	25,835,624	69,859,115

See accompanying notes to financial statements.

MARYMOUNT MANHATTAN COLLEGE

Statements of Cash Flows

Years ended June 30, 2019 and 2018

		2019	2018
Cash flows from operating activities:			
Change in net assets	$	1,523,613	3,775,952
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Contributions restricted for long-term investment		(490,594)	(409,802)
Net realized and unrealized investment gains		(337,272)	(1,379,206)
Appreciation in fair value of funds held by trustees		(38,522)	(12,794)
Depreciation and amortization of plant assets		3,905,783	3,924,522
Amortization of bond issuance costs		111,527	111,527
Changes in assets and liabilities:			
Student receivables, net		(293,890)	40,814
Contributions receivable		912,199	719,124
Other assets		(128,819)	11,960
Accounts payable and accrued expenses		(1,034,961)	1,013,045
Interest payable		(53,338)	(58,250)
Deferred revenue		(942,339)	649,860
Asset retirement obligation		17,074	9,392
Net cash provided by operating activities		3,150,461	8,396,144
Cash flows from investing activities:			
Purchase of plant assets		(1,799,799)	(2,326,918)
Change in accounts payable related to capital improvements		475,339	(226,769)
Proceeds from sale of investments		4,742,523	5,985,351
Purchase of investments		(6,006,539)	(6,857,834)
Increase in funds held by trustees		(78,278)	(265,672)
Net cash used in investing activities		(2,666,754)	(3,691,842)
Cash flows from financing activities:			
Contributions restricted for long-term investment		490,594	409,802
Decrease (increase) in permanently restricted contributions receivable		333,734	(91,687)
Payments on long-term debt		(2,510,000)	(2,330,000)
Net cash used in financing activities		(1,685,672)	(2,011,885)
Net (decrease) increase in cash and cash equivalents		(1,201,965)	2,692,417
Cash and cash equivalents at beginning of year		10,884,344	8,191,927
Cash and cash equivalents at end of year	$	9,682,379	10,884,344
Supplemental disclosure:			
Interest paid	$	1,739,936	1,851,512

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

(i) Basis of Presentation

In accordance with U.S. generally accepted accounting principles (GAAP), the College has prepared its financial position and activities according to two classes of net assets: Net assets without donor restrictions and net assets with donor restrictions.

(ii) Net Assets

Net Assets without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Board of Trustees (the Board) and/or management for general operating purpose. From time to time the Board may designate a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion. At this time there are no Board designated net assets.

Net Assets with Donor Restrictions

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions.

The College reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when the stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified to net assets without donor restriction and reported in the statements of activities as net assets released from restrictions.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the College to expend the income generated by the assets in accordance with the provisions of additional donor imposed stipulations or a Board approved spending policy.

See note 9 for more information on the composition of net assets with donor restrictions and the release of restrictions, respectively.

(iii) Measure of Operations

The statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the College's ongoing activities. Nonoperating activities are limited to resources that generate return from investment funds and contributions not related to the College's ongoing activities, and other activities considered to be of a more unusual or nonrecurring nature.

(b) Contributions

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 3 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, 2019 and 2018.

(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) 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 or uncertain tax positions at June 30, 2019 and 2018.

(k) New Accounting Pronouncements Adopted in Fiscal Year 2019

In August 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which, among other things, changes how not-for-profit entities report net asset classes, expenses, and liquidity in their financial statements. The College adopted the requirements of the new ASU, which includes the reduction of the number of net asset classes from three to two: with donor restrictions and without donor restrictions; the presentation of expenses by their function and their natural classification in one location; and quantitative and qualitative information about the management of liquid resources and availability of financial assets to meet cash needs within one year of the date of the balance sheet.

A recap of the net asset reclassifications driven by the adoption of ASU No. 2016-14 as of June 30, 2019 follows:

	ASU No. 2016-14 classifications		
Net asset classifications	**Without donor restrictions**	**With donor restrictions**	**Total net assets**
Net assets as of June 30, 2018, as previously presented:			
Unrestricted	$ 44,023,491	—	44,023,491
Temporarily restricted	—	11,736,937	11,736,937
Permanently restricted	—	14,098,687	14,098,687
Net assets as reclassified as of June 30, 2018	$ 44,023,491	25,835,624	69,859,115

In May 2014, The FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which requires the College to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the College expects to be entitled in exchange for those goods or services. The College adopted ASU No. 2014-09 for the year ended June 30, 2019 on a retrospective basis, which did not have a significant impact on the financial statements.

In accordance with Topic 606, the College accounts for a customer contract when both parties have approved the contract and are committed to perform their respective obligations, each party's rights can be identified, payment terms can be identified, the contract has commercial substance, and it is probable the College will collect substantially all of the consideration to which it is entitled.

(i) Nature of Goods and Services

Products and services	**Nature, timing of satisfaction of performance obligations, and significant payment terms**
Tuition and fees	Consists of the following: *Tuition* – provides a variety of educational services to the customers of the College (students). Revenue is recognized based upon when the performance obligations are met by both the College and the customers, which is within the College's fiscal year. *Fees* – ancillary charges to students for the educational services provided that is not considered to be tuition. Revenue is recognized based upon when the performance obligations are met by both the College and the customers, which is within the College's fiscal year.
Auxiliary enterprises	Consists of the following: *Housing services* – provides a variety of housing accommodations in support of the educational needs of the College. Student housing contracts are for a one-year term. Revenue is recognized based upon when the performance obligations are met by both the College and the customers, which is within the College's fiscal year. *Food Services* – Provides food services to the College community through a cafeteria and café. Food service revenue is recognized at a point in time sale.

During fiscal year 2019, the College adopted FASB ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments* (ASU 2016-15). ASU 2016-15 provides guidance on specific cash flow issues and how they should be reported, including debt prepayments or extinguishment costs, proceeds from the settlement of insurance claims, and distributions received from equity method investees. The adoption of this ASU did not have any impact on the College's 2019 financial statements.

During fiscal year 2019, the College adopted FASB ASU 2018-08*, Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08), which clarifies the accounting for contributions received and made. ASU 2018-08 helps an entity evaluate whether it should account for a grant (or a similar transaction) as a contribution or as an exchange transaction. The ASU also clarifies that a contribution is conditional if the agreement includes both a barrier that must be overcome for the recipient to be entitled to the assets transferred and a right of return for the transferred assets or a right of release of a promisor's obligation to transfer assets. The adoption of the ASU did not have a significant impact on the College's 2019 financial statements.

(3) Investments and Funds Held by Trustees

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

	2019		2018	
	Cost	**Fair value**	**Cost**	**Fair value**
Cash and cash equivalents	$ 1,216,029	1,216,030	937,280	937,280
Common stocks:				
U.S. mid- and large-cap	9,554,114	11,435,102	8,789,597	10,449,568
U.S. small-cap	1,206,375	1,259,420	1,010,950	1,215,552
International equity	5,677,557	6,059,382	4,877,493	5,455,341
Fixed income:				
U.S. fixed income	3,456,817	3,434,097	3,411,602	3,277,454
International fixed income	1,056,728	963,143	1,004,011	911,748
High-yield fixed income	501,122	482,458	468,115	464,175
Other equity:				
Real estate	1,147,934	1,177,608	1,146,549	1,110,715
Absolute return	2,076,281	1,793,578	2,594,583	2,399,431
Commodities	788,786	810,835	762,600	809,101
Total	$ 26,681,743	28,631,653	25,002,780	27,030,365

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

		2019		2018	
		Cost	Fair value	Cost	Fair value
Cash and cash equivalents	$	3,575,557	3,593,842	3,492,888	3,504,614
Common stocks:					
U.S. equity		87,864	150,837	87,864	140,876
International equity		59,852	59,438	43,882	43,795
Fixed income:					
U.S. fixed income		4,518,091	4,538,084	4,515,368	4,521,446
International fixed income		18,496	15,252	35,057	29,922
Total	$	8,259,860	8,357,453	8,175,059	8,240,653

At June 30, 2019 and 2018, 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:

		2019	2018
Dividends and interest (net of investment management fees of $137,873 and $133,491 for 2019 and 2018, respectively)	$	672,193	550,395
Appreciation in fair value of investments		337,272	1,379,206
Appreciation in fair value of funds held by trustees		38,522	12,794
Total investment return, net	$	1,047,987	1,942,395

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, 2019 and 2018.

(5) Student Receivables, Net

Student receivables, net comprise the following at June 30:

		2019	2018
Student accounts receivable	$	1,510,393	1,142,003
Allowance		(428,585)	(354,085)
Total student receivables, net	$	1,081,808	787,918

(6) Contributions Receivable, Net

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

		2019	2018
Less than one year	$	292,080	1,435,011
One year to five years		268,500	384,589
Greater than five years		—	11,000
		560,580	1,830,600
Less discount to present value (at rates ranging from 0.77% to 4.71%)		(121,110)	(144,097)
Allowance		(9,357)	(10,457)
Contributions receivable, net	$	430,113	1,676,046

(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 $1,686,598 and $1,793,262 for the years ended June 30, 2019 and 2018, respectively.

The College is in compliance with its financial covenants at June 30, 2019.

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:				
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
2024		3,215,000	1,065,188	4,280,188
Thereafter		18,890,000	3,118,719	22,008,719
	$	33,185,000	9,895,921	43,080,921

(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:

		2019	2018
Buildings and building improvements	$	90,518,571	89,503,460
Furniture and equipment		17,775,131	16,561,426
Leasehold improvements		92,884	92,884
Library books		2,426,326	2,388,055
		110,812,912	108,545,825
Less accumulated depreciation		66,581,227	62,675,444
		44,231,685	45,870,381
Construction in progress		524,244	991,532
Land		18,094,588	18,094,588
Plant assets, net	$	62,850,517	64,956,501

(9) Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30 are available for the following purposes:

		2019	2018
With donor restrictions:			
Donor-restricted endowments:			
Scholarships	$	16,925,670	16,689,083
Program		4,340,350	4,252,478
Time and purpose restriction:			
Scholarships		2,407,014	2,638,626
Program		2,224,470	1,596,291
Other		546,009	659,146
Total net assets with donor restrictions	$	26,443,513	25,835,624

Net assets with donor restrictions that are restricted to investment in perpetuity (corpus) at June 30, 2019 and 2018 were $14,589,283 and $14,098,687 respectively, with investment return available primarily to support scholarships and programs.

Net assets were released from restrictions during 2019 and 2018 by incurring expenses satisfying the restricted purposes as follows:

		2019	2018
Academic program support	$	588,909	668,752
Scholarships		1,599,834	1,325,074
Acquisition of plant assets		112,813	75,000
	$	2,301,556	2,068,826

(10) Expenses

Operating expenses for the years ended June 30, 2019 and 2018 are as follows:

		Compensation and benefits	Materials and supplies	Services and other	Interest, depreciation, and amortization	Total
2019:						
Instruction	$	17,847,182	330,306	1,724,140	2,077,618	21,979,246
Academic support		2,864,331	347,893	982,353	68,596	4,263,173
Student services		6,676,740	1,553,056	2,865,203	667,674	11,762,673
Institutional support		7,257,173	896,724	3,429,505	144,745	11,728,147
Auxiliary enterprises		803,521	94,006	9,183,952	2,745,275	12,826,754
	$	35,448,947	3,221,985	18,185,153	5,703,908	62,559,993
2018:						
Instruction	$	17,095,013	334,482	1,776,771	2,070,109	21,276,375
Academic support		2,803,531	370,165	987,247	68,348	4,229,291
Student services		6,199,582	1,322,833	2,714,975	665,261	10,902,651
Institutional support		7,047,081	924,844	3,659,178	144,222	11,775,325
Auxiliary enterprises		877,648	133,622	9,200,779	2,881,371	13,093,420
	$	34,022,855	3,085,946	18,338,950	5,829,311	61,277,062

The college allocates maintenance of plant, interest, and depreciation to the Instruction, Academic Support and Libraries, Student Services, Institutional Support and Auxiliary Services on a square footage basis. Institutional support includes $2,056,834 and $2,523,167 of fundraising expenses in fiscal years 2019 and 2018, respectively. Nonoperating expenses were $388,441 in 2019 and $484,973 in 2018.

(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, 2019 and 2018 amounted to $1,976,897 and $1,894,441, respectively.

(12) 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 $3,557,727 and $3,779,047, respectively, in 2019, and $3,540,960 and $3,761,146, respectively, in 2018, 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:		
2020	$	3,845,232
2021		3,919,238
2022		3,997,971
2023		4,078,280
2024		4,181,082
Thereafter		4,021,851
	$	24,043,654

(13) 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 endowment net assets (a) the original value of gifts restricted in perpetuity; (b) the original value of subsequent gifts to the endowment; and (c) accumulations of investment returns to the endowment made in accordance with the direction of the applicable donor gift instrument, where applicable. The remaining portion of the donor-restricted endowment fund is classified in net assets with donor restrictions until those amounts are appropriated for expenditure in a manner consistent with the standards of prudence prescribed by NYPMIFA. Such amounts recorded as net assets with donor restrictions are released from restriction when the College appropriates the amount for expenditure, 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 changes in endowment funds for the years ended June 30:

	With donor restrictions
Endowment net assets at June 30, 2017	$ 19,816,053
Investment income, net	375,920
Net appreciation (realized and unrealized)	1,093,692
Contributions	409,595
Appropriation of endowment assets for expenditure/net assets released from restriction	(753,699)
Endowment net assets at June 30, 2018	20,941,561
Investment income, net	404,243
Net appreciation (realized and unrealized)	237,462
Contributions	490,594
Appropriation of endowment assets for expenditure/net assets released from restriction	(807,840)
Endowment net assets at June 30, 2019	$ 21,266,020

(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 net assets with donor restrictions. There was no deficiency of as of June 30, 2018 and 2019.

(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.

(14) Liquidity and Availability of Resources

The following schedule reflects the financial assets as of June 30, 2019, reduced by the amounts not available for general use within one year of the balance sheet date because of contractual or donor imposed restrictions.

		2019
Cash and cash equivalents	$	9,682,379
Student receivables, due within one year		1,081,808
Contributions receivable, due in one year		292,080
Investments		28,631,653
		39,687,920
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Endowment return restricted for scholarships and program		(6,676,737)
Restricted by donors in perpetuity (corpus)		(14,589,283)
Restricted by contractual obligations		(834,649)
Total amounts unavailable for general expenditures within one year		(22,100,669)
Add: Endowment payout		881,832
Liquidity resources:		
Revolving line of credit facility		5,000,000
Total financial asset available to management for general expenditures within one year	$	23,469,083

The College considers all expenditures related to its ongoing mission-related activities except for plant assets funded by donor contributions as well as the conduct of services undertaken to support those activities to be general expenditures.

(Continued)

The College maintains a revolving line of credit of $5,000,000 which it could draw upon to manage cash needs. The College does not intend to utilize this line of credit in fiscal year 2020.

(15) Subsequent Events

In December 1986, the air rights associated with the College’s facilities were sold to a purchaser under an agreement that provided for receipt of $2.1 million at the time of the sale and contingent payment(s) of amounts based upon subsequent sale of the building as condominium units or a sale of the entire apartment building by the purchaser. The College was entitled to either 10% of the condominium unit sales or to 6% of the proceeds from sale of entire apartment building. In July 2019 the entire apartment building was sold and a payment was made to the College for 6% of the sale price, which amounted to approximately $9.57 million.

The College evaluated additional subsequent events after the balance sheet date of June 30, 2019 through December 3, 2019, which was the date the financial statements were issued, and has concluded that there are no other subsequent events required to be disclosed.