

The College of Wooster

Consolidated Financial Report
June 30, 2017

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Independent Auditor's Report

Board of Trustees
The College of Wooster
Wooster, Ohio

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of The College of Wooster which comprise the consolidated statements of financial position as of June 30, 2017 and 2016, and the related consolidated statements of activities and cash flows for the years then ended and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free of material misstatement.

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

RSM US LLP

Cleveland, Ohio
October 26, 2017

The College of Wooster

Consolidated Statements of Financial Position
June 30, 2017 and 2016

	2017	2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 3,634,917	\$ 2,008,867
Short-term investments	32,971,290	29,794,741
Accounts receivable, net	1,196,738	716,022
Contributions receivable	14,006,010	17,893,736
Receivable from federal government	361,968	257,920
Note receivable, net	-	15,436
Inventories, prepaid expenses and deposits	2,742,060	2,958,920
Total current assets	54,912,983	53,645,642
Contributions receivable, net	13,111,009	21,246,744
Student notes receivable, net	2,773,811	2,836,252
Note receivable, net	11,248	5,359
Investments	313,909,711	283,090,353
Trusts held by others	5,589,360	5,275,051
Land, buildings and equipment, net	149,962,369	142,241,752
Total assets	\$ 540,270,491	\$ 508,341,153
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 6,689,561	\$ 5,153,699
Accrued salaries and benefits	4,939,159	5,144,613
Prepaid tuition, fees and deposits	1,865,088	1,903,916
Bonds payable, net	2,365,000	2,322,702
Total current liabilities	15,858,808	14,524,930
Bonds payable, net	17,242,384	19,571,741
Accrued charitable gift annuity and trust obligations	7,447,888	7,341,311
Accrued postretirement benefit obligations	7,872,515	8,525,023
Other liabilities	2,882,833	2,826,755
Advances from government for student loans	3,203,179	3,250,720
Total liabilities	54,507,607	56,040,480
Net assets:		
Unrestricted	252,616,499	227,023,614
Temporarily restricted	81,674,562	83,890,626
Permanently restricted	151,471,823	141,386,433
Total net assets	485,762,884	452,300,673
Total liabilities and net assets	\$ 540,270,491	\$ 508,341,153

See notes to consolidated financial statements.

The College of Wooster

Consolidated Statement of Activities
Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating revenues:				
Student tuition and fees	\$ 90,524,353	\$ -	\$ -	\$ 90,524,353
Less institutional financial aid	(50,492,520)	-	-	(50,492,520)
Net student tuition and fees	40,031,833	-	-	40,031,833
Contributions, pledges, bequests and research grants	5,751,146	4,775,577	9,309,810	19,836,533
Contributions and grants designated for scholarships and student aid	466,115	60,083	-	526,198
Investment earnings:				
Interest, dividend and unrealized gains/losses	469,640	81,416	-	551,056
Investment return designated for operations	12,936,304	2,177,999	-	15,114,303
Other income	3,466,549	203,255	-	3,669,804
Auxiliary enterprises	22,845,230	-	-	22,845,230
Net assets released from restrictions	17,634,656	(17,634,656)	-	-
Total operating revenues	103,601,473	(10,336,326)	9,309,810	102,574,957
Operating expenses:				
Educational and general:				
Instruction	30,006,400	-	-	30,006,400
Research	1,400,218	-	-	1,400,218
Public service	1,832,077	-	-	1,832,077
Academic support	9,793,746	-	-	9,793,746
Student services	19,194,810	-	-	19,194,810
Institutional support	11,552,204	-	-	11,552,204
Total educational and general expenses	73,779,455	-	-	73,779,455
Auxiliary enterprises	18,340,576	-	-	18,340,576
Total operating expenses	92,120,031	-	-	92,120,031
Net increase from operations	11,481,442	(10,336,326)	9,309,810	10,454,926
Non-operating items:				
Net gain on endowment investments, net of distribution to operations	13,694,619	8,290,046	-	21,984,665
Change in value of split interest agreements	2,196	265,385	(270,795)	(3,214)
Change in value of trusts held by others	-	-	314,309	314,309
(Loss) gain on sale/disposition of assets	(344,091)	1,500	-	(342,591)
Postretirement liability related changes other than periodic pension costs	1,091,616	-	-	1,091,616
Asset retirement obligation	(37,500)	-	-	(37,500)
Transfers among funds	(295,397)	(436,669)	732,066	-
Total non-operating items	14,111,443	8,120,262	775,580	23,007,285
Change in net assets	25,592,885	(2,216,064)	10,085,390	33,462,211
Net assets at beginning of year	227,023,614	83,890,626	141,386,433	452,300,673
Net assets at end of year	\$ 252,616,499	\$ 81,674,562	\$ 151,471,823	\$ 485,762,884

See notes to consolidated financial statements.

The College of Wooster

Consolidated Statement of Activities
Year Ended June 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating revenues:				
Student tuition and fees	\$ 89,255,844	\$ -	\$ -	\$ 89,255,844
Less institutional financial aid	(49,184,991)			(49,184,991)
Net student tuition and fees	40,070,853			40,070,853
Contributions, pledges, bequests and research grants	5,462,629	6,665,238	3,093,239	15,221,106
Contributions and grants designated for scholarships and student aid	466,121	66,012		532,133
Investment earnings:				
Interest, dividend and unrealized gains/losses	520,143	174,350		694,493
Investment return designated for operations	12,675,486	1,817,032		14,492,518
Other income	3,493,155	10,244		3,503,399
Auxiliary enterprises	22,600,373			22,600,373
Net assets released from restrictions	7,138,990	(7,138,990)		-
Total operating revenues	92,427,750	1,593,886	3,093,239	97,114,875
Operating expenses:				
Educational and general:				
Instruction	29,634,439			29,634,439
Research	1,082,607			1,082,607
Public service	1,876,450			1,876,450
Academic support	9,520,304			9,520,304
Student services	18,595,068			18,595,068
Institutional support	10,770,644			10,770,644
Total educational and general expenses	71,479,512	-	-	71,479,512
Auxiliary enterprises	17,709,747			17,709,747
Total operating expenses	89,189,259	-	-	89,189,259
Net increase from operations	3,238,491	1,593,886	3,093,239	7,925,616
Non-operating items:				
Net loss on endowment investments, net of distribution to operations	(16,249,820)	(8,025,779)		(24,275,599)
Change in value of split interest agreements	1,579	107,031	146,438	255,048
Change in value of trusts held by others	-		(285,823)	(285,823)
Loss on sale/disposition of assets	(117,514)			(117,514)
Postretirement liability related changes other than periodic pension costs	(2,273,658)			(2,273,658)
Asset retirement obligation	96,105			96,105
Transfers among funds	184,031	(494,108)	310,077	-
Total non-operating items	(18,359,277)	(8,412,856)	170,692	(26,601,441)
Change in net assets	(15,120,786)	(6,818,970)	3,263,931	(18,675,825)
Net assets at beginning of year	242,144,400	90,709,596	138,122,502	470,976,498
Net assets at end of year	\$ 227,023,614	\$ 83,890,626	\$ 141,386,433	\$ 452,300,673

See notes to consolidated financial statements.

The College of Wooster

Consolidated Statements of Cash Flows
Years Ended June 30, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Change in net assets	\$ 33,462,211	\$ (18,675,825)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation, amortization and accretion	7,694,960	7,568,815
Loss on disposal of fixed assets	342,591	117,514
Unrealized and realized (gains) losses on investments	(35,627,528)	10,780,143
Pension changes other than periodic pension costs	(1,091,616)	2,273,658
Restricted contributions, bequests and research grants	(11,258,015)	(2,219,340)
Change in value of trusts held by others	(314,309)	285,823
(Increase) decrease in assets:		
Accounts receivable	(480,716)	311,539
Receivable from federal government	(104,048)	(62,880)
Student notes receivable	62,441	(71,278)
Inventories, prepaid expenses and deposits	216,860	(1,718,679)
Contributions receivable	12,023,461	2,896,012
Increase (decrease) in liabilities:		
Accounts payable, accrued expenses and other liabilities	1,348,988	(12,517)
Accrued annuity, pooled income and trust obligations	(191,687)	(708,110)
Prepaid tuition, fees and deposits	(38,828)	(131,737)
Accrued post retirement liability	439,108	(482,935)
Net cash provided by operating activities	6,483,873	150,203
Cash flows from investing activities:		
Increase in short term investments	(3,258,232)	(20,354,135)
Decrease in notes receivable	9,547	8,284
Sale of investments	94,426,169	87,063,083
Purchase of investments	(89,238,052)	(63,946,081)
Capital expenditures	(15,707,729)	(6,251,174)
Net cash used in investing activities	(13,768,297)	(3,480,023)
Cash flows from financing activities:		
Contributions for restricted purposes	11,258,015	2,219,340
Payments on long-term debt	(2,300,000)	(2,200,000)
Net decrease in advances from government for student loans	(47,541)	(882,707)
Net cash provided by (used in) financing activities	8,910,474	(863,367)
Net increase (decrease) in cash and cash equivalents	1,626,050	(4,193,187)
Cash and cash equivalents:		
Beginning	2,008,867	6,202,054
Ending	\$ 3,634,917	\$ 2,008,867
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ 685,480	\$ 777,554
Non-cash investing activity:		
Capital expenses financed with payables	\$ 2,794,990	\$ 1,319,245

See notes to consolidated financial statements.

The College of Wooster

Notes to the Consolidated Financial Statements

Note 1. Nature of Organization and Summary of Significant Accounting Policies

Organization: The College of Wooster (the College) is a private, not-for-profit institution of higher education located in Wooster, Ohio. The College provides educational services at the undergraduate level. The consolidated financial statements include the College and its two wholly owned subsidiaries, The Wooster Inn Management Company, Ltd. and The Wooster Technology Group, Ltd. The College of Wooster is the sole member of both limited liability companies and both are disregarded for tax purposes. All significant intercompany transactions and accounts have been eliminated.

The Wooster Technology Group, Ltd. was organized to administer certain intellectual property owned by the College. The Wooster Inn Management Company, Ltd was organized to manage and administer the use of a College owned inn.

Basis of presentation: The financial statements of the College have been prepared in conformity with accounting principles generally accepted in the United States of America and as recommended by the American Institute of Certified Public Accountants' Audit and Accounting Guide, Not-for-Profit Organizations. These standards include the requirements of the Financial Accounting Standards Board (FASB) Accounting Standard Codification (ASC) 958, *Not-for-Profit Entities*, which requires the College to report information regarding its financial position and net assets and revenues, gains and losses be classified as unrestricted, temporarily restricted or permanently restricted based upon the existence or absence of donor-imposed restrictions as follows:

Unrestricted: Net assets that are not subject to donor-imposed restrictions. Certain unrestricted net assets are designated for specific purposes by action of the Board of Trustees.

Temporarily restricted: Net assets whose use by the College is subject to donor-imposed restrictions that can be fulfilled by actions of the College pursuant to those restrictions or that expire by the passage of time. Temporarily restricted net assets also include the accumulated earnings of donor-restricted funds that have yet to be appropriated for expenditure under the guidance of UPMIFA.

Permanently restricted: Net assets subject to donor-imposed restrictions that they be maintained permanently by the College. Generally, donors of these assets permit the College to use all or part of the income earned on these assets.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Expiration of donor-imposed restrictions that simultaneously increase one class of net assets and decrease another are reported as net assets released from restrictions.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the College to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents: The College considers all highly liquid investments with original maturities of three months or less to be cash equivalents, consisting of demand deposits with banks and petty cash funds. At various times throughout the year, the College may have cash balances in financial institutions which exceed the amounts that are federally insured. Cash and cash equivalents that are part of the College's investment portfolio are included in long-term investments as these funds are not generally used for short-term operating purposes.

The College of Wooster

Notes to the Consolidated Financial Statements

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

Short-term investments: Short-term investments consist of certificates of deposit, U.S. Government agency bonds and notes and corporate obligations. These funds are invested for short-term cash management purposes.

Accounts and student notes receivable: Accounts receivable primarily consists of tuition and fees charged to students, on which interest is periodically charged. The College has provided an allowance for uncollectible accounts receivable of \$345,700 and \$278,300 as of June 30, 2017 and 2016, respectively. Student notes receivable primarily includes amounts due under various College based loan programs funded with donor restricted dollars and are carried at unpaid principal balances, less an allowance for uncollectible loans of approximately \$538,400 and \$517,700 at June 30, 2017 and 2016, respectively. The College uses the allowance method to estimate uncollectible receivables in these two categories. The allowances are based on management's analysis of delinquent accounts, historical evidence of collections, and current economic conditions.

Inventories: Inventories are stated at cost using either the retail inventory method or first-in first-out method and consist primarily of food service supplies, facility repair and replacement parts and bookstore merchandise.

Contributions and contributions receivable: Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of the gift. Contributions of services are not recognized unless the services create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Unconditional promises to give that are expected to be received after one year are discounted using an interest rate at the time of the promise, which approximates a risk-free rate of interest, to determine the present value of the estimated future cash flows.

An allowance is made for uncollectible contributions based on management's judgment including such factors as prior collection history, type of contribution, current economic conditions, and the nature of fund-raising activity.

Student loans: The College participates with the U.S. Department of Education in the Federal Perkins Loan Program for the purpose of granting low interest loans to students demonstrating financial need. After a student's graduation or withdrawal, Perkins loans are to be repaid over a maximum of ten years.

The Federal Perkins Loan Program expired on September 30, 2017 and the College did not disburse Perkins loans to any new student on or after October 1, 2017, except for subsequent disbursements of loans first disbursed between June 30, 2017 and September 30, 2017. For the near future, the College plans to administer the Perkins Loan Program and continue normal collections on the outstanding loan balance. Ultimately, the Perkins Loan funds are refundable to the U.S. Government to the extent funds are available from the program. Upon ultimate shut down of the program, the College would be required to return most of its loan program assets to the U.S. Government. The College, accordingly, has a liability to the U.S. Government as of June 30, 2017 and 2016 in the amount of \$3,203,179 and \$3,250,720, respectively.

Investments: The College invests its endowed funds and other funds in a variety of marketable securities and alternative investments. Investments in marketable debt and equity securities are carried at fair value based on quoted market prices or the last reported sale price on the last business day of the fiscal year.

The College of Wooster

Notes to the Consolidated Financial Statements

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

Investment in alternative investments include limited partnerships, private equity, hedge funds, and real estate partnerships, which do not have readily determinable fair values, and are carried at the College's proportionate share of the fund's net asset value used as a practical expedient. Such fair value estimates are based upon the funds' net asset value at its year end, adjusted for any contributions, distributions and earnings between the funds' year end and the College's year end. In management's opinion, the stated values approximate fair value. Due to the inherent uncertainty of valuation, the estimated values may differ from values that would have been used had a readily available market value for the investments existed, and such differences may be material.

Trusts held by others: Trusts held by others represent the present value of the estimated income the College will receive in the future from beneficial interests in trusts for which third parties serve as the trustees.

Land, buildings and equipment: Land, buildings and equipment are stated at cost or, if contributed, estimated fair value at the date of contribution, less accumulated depreciation. Depreciation is computed on a straight-line basis over the estimated useful life of the related asset. The costs of repairs are expensed when incurred.

The College reviews its investments in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future undiscounted cash flow expected to be generated by the property and any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. There were no impairment losses recognized in 2017 and 2016.

Collections and works of art: Collections are not capitalized under the provisions of ASC 958-605, *Revenue Recognition – Contributions Received*. The College did capitalize collections prior to adopting ASC 958-605. Assets are included in the consolidated statements of financial position as part of land, buildings and equipment.

Split interest agreements: The College's split-interest agreements with donors consist of irrevocable charitable gift annuities held and charitable remainder trusts administered by the College or outside trustees. For annuity contracts, the contributed assets are included as part of investments at fair value. Contribution revenue, net of the accompanying obligation is recognized as of the date the donated assets are transferred to the College, and liabilities are recorded at the present value of the estimated future payments to the donors and/or other beneficiaries. The liabilities are adjusted during the term of the annuities consistent with changes in the actuarial assumptions.

The present values of the estimated future cash receipts from charitable remainder trusts are recognized as investments and contribution revenues as of the date the trusts are established. Distributions received from these trusts are recorded as contributions, and the carrying value of the assets is adjusted for changes in the estimates of future receipts.

The College of Wooster

Notes to the Consolidated Financial Statements

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

Conditional asset retirement obligations: ASC 410, *Asset Retirement and Environmental Obligations*, clarified when an entity is required to recognize a liability for a conditional asset retirement obligation. Management has considered ASC 410, specifically as it relates to its legal obligations to perform asset retirement activities on its existing properties. Management has determined a 25-year settlement date for the asset retirement obligations relating to asbestos removal from various buildings across campus. The College recognizes the fair value of a liability for legal obligations associated with asset retirement in the period in which it is incurred, if a reasonable estimate of the fair value of the obligation can be made. When the liability is initially recorded, the cost of the retirement obligation is capitalized by increasing the carrying value of the related asset. Over time, the liability is accreted to its present value each year, and the capitalized cost associated with the retirement obligation is depreciated over the useful life of the related assets. Upon settlement of the obligation, any difference between the cost to settle the asset retirement obligation and the liability recorded is recognized as a gain or loss in the consolidated statement of activities. The College reviews its estimate annually and adjusts the recorded liability as needed. The related liability as of June 30, 2017 and 2016 totaled \$2,822,188 and \$2,784,688, respectively, and is included in other liabilities on the consolidated statements of financial position.

Tuition and fees: Tuition and fees are reported as revenues over the academic term earned; tuition and fees collected that are applicable to a future academic term are reported as prepaid tuition, fees and deposits. Revenues and expenditures related to summer school sessions are reported within the fiscal year in which the summer session is substantially completed.

Scholarships: Scholarships represent tuition reductions awarded to students to reduce the overall cost for tuition and fees. Scholarships are given to students in the course of providing educational services and the amounts, as well as the individual recipients, are determined by the College. Scholarships are reported as a reduction to tuition revenues, as the College does not receive any goods or services in exchange for the discount.

Auxiliary enterprises: Revenue from auxiliary enterprises is recognized when goods or services are provided.

Federal income tax: The College qualifies as an organization exempt from Federal income taxation under Section 501(c)(3) of the Internal Revenue Code (IRC). As such, the College is generally not subject to federal or state income taxes except for amounts derived from unrelated business activities as defined by the IRC.

The College adopted the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the College may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the College, the continued tax-exempt status of bonds issued by the College, and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods. At June 30, 2017 and 2016, there were no unrecognized tax benefits identified or recorded as liabilities. With few exceptions, the College is no longer subject to examinations by tax authorities for years prior to 2014.

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Notes to the Consolidated Financial Statements

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

Recently issued accounting pronouncements: In April 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2015-03, *Interest – Imputation of Interest* (Sub-Topic 835-30) *Simplifying the Presentation of Debt Issuance Costs*. This ASU simplifies the presentation of debt issuance costs by requiring that the debt issuance costs related to a recognized debt liability be presented in the statement of financial position as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The impact of adopting this Update is reflected in Note 6.

The FASB has issued the following pronouncements that have not yet been implemented by the College:

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14, which defers the effective date of ASU 2014-09 one year making it effective for public business entities, certain not-for-profit entities and certain employee benefit plans for annual reporting periods beginning after December 15, 2017.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either financing or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for the College for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years.

In August, 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities*. The objective of this statement is to improve the current net asset classification requirements and information presented in the financial statements and notes about the College's liquidity, financial performance and cash flows. The statement is effective for fiscal years beginning after December 15, 2017.

The College is currently evaluating the impact of the adoption of these new standards on their consolidated financial statements.

Reclassification: Certain amounts from the 2016 financial statements have been reclassified to conform to the current year presentation.

Subsequent events: Management has performed an analysis of the activities and transactions subsequent to June 30, 2017 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2017. Management has performed their analysis through October 26, 2017 the date the consolidated financial statements were available to be issued. No subsequent events as defined by the standard were found, except as disclosed in Note 6.

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Notes to the Consolidated Financial Statements

Note 2. Contributions Receivable, Net

Unconditional promises to give are expected to be realized in the following periods at June 30:

	2017	2016
Unconditional promises expected to be collected in:		
Less than one year	\$ 14,006,010	\$ 17,893,736
One year to five years	10,560,707	18,531,213
Over five years	8,957,636	10,866,477
	<u>33,524,353</u>	<u>47,291,426</u>
Unamortized discount	(4,764,434)	(5,865,963)
Allowance for uncollectible pledges	(1,642,900)	(2,284,983)
	<u>\$ 27,117,019</u>	<u>\$ 39,140,480</u>

Note 3. Investments

Investments consisted of the following at June 30:

	2017	2016
Invested cash	\$ 30,087,913	\$ 6,894,719
Equities	40,979,319	38,914,041
Equity mutual funds	16,574,213	43,516,733
Exchange traded funds	95,239,477	30,228,752
Fixed income:		
Mutual funds	4,175,346	342,621
Corporate obligations	38,851,391	24,418,938
Government agency bonds	1,372,363	14,066,695
Alternatives:		
Hedge funds	84,867,122	125,599,446
Private equity	9,261,358	8,024,052
Fund of funds	13,321,148	11,520,745
Real estate	12,151,351	9,358,352
	<u>\$ 346,881,001</u>	<u>\$ 312,885,094</u>

The composition of investment return is as follows:

	2017	2016
Interest and dividends, net of investment management fees of \$1,538,566 and \$898,202, respectively	\$ 2,022,496	\$ 1,691,555
Net realized and unrealized gain (loss)	35,627,528	(10,780,143)
	<u>\$ 37,650,024</u>	<u>\$ (9,088,588)</u>

The College of Wooster

Notes to the Consolidated Financial Statements

Note 3. Investments (Continued)

Total investment return is reflected in the statement of activities as follows:

	2017	2016
Operating:		
Interest, dividend and unrealized gains/losses	\$ 551,056	\$ 694,493
Investment return designated for operations	15,114,303	14,492,518
Total operating	15,665,359	15,187,011
Non operating:		
Net gain (loss) on endowment investments, net of distribution to operations	21,984,665	(24,275,599)
Total investment returns (losses) net of fees	\$ 37,650,024	\$ (9,088,588)

Note 4. Fair Value Measurements

The Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification defines fair value as the price that would be received for an asset or paid to transfer a liability (exit price) in the College's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

This guidance establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The Topic describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data. The College has no level 2 financial instruments.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

The College assesses the levels of the investments at each measurement date, and transfers between levels are recognized on the actual date of the event or change in circumstances that caused the transfer in accordance with the College's accounting policy regarding the recognition of transfers between levels of the fair value hierarchy. There were no significant transfers among levels 1, 2 and 3 during the year.

The fair values of invested cash, equities, fixed income investments, and mutual funds that are readily marketable are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs).

The fair value of beneficial interests in trusts held by others (perpetual trusts) and remainder interests in life income trusts are based on the present value of the estimated income the College will receive. Due to restrictions on these assets that do not allow College redemption rights, fair value is deemed to be based on Level 3 inputs.

The College of Wooster

Notes to the Consolidated Financial Statements

Note 4. Fair Value Measurements (Continued)

In accordance with Subtopic 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

The following table presents the fair value hierarchy for the balances of the investments and trusts held by others of the College measured at fair value on a recurring basis as of June 30:

	2017			Total
	Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Investments:				
Equities:				
Consumer goods	\$ 21,684,356	\$ -	\$ -	\$ 21,684,356
Consumer services	1,700,374			1,700,374
Energy	3,129,713			3,129,713
Financials	10,627,643			10,627,643
Healthcare	298,675			298,675
Industrial	856,282			856,282
Information technology	961,629			961,629
Materials	1,185,493			1,185,493
Telecommunications	526,821			526,821
Other	8,333			8,333
Equity mutual funds	16,574,213			16,574,213
Exchange traded funds	95,239,477			95,239,477
Fixed income:				
Mutual funds	4,175,346			4,175,346
Corporate obligations	38,851,391			38,851,391
Government agency bonds	1,372,363			1,372,363
	<u>\$ 197,192,109</u>	<u>\$ -</u>	<u>\$ -</u>	<u>197,192,109</u>
Investments reported at fair value based on net asset value:				
Hedge funds				84,867,122
Private equity				9,261,358
Fund of funds				13,321,148
Real estate				12,151,351
Invested cash				<u>30,087,913</u>
				<u>\$ 346,881,001</u>
Trusts held by others	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,589,360</u>	<u>\$ 5,589,360</u>

The College of Wooster

Notes to the Consolidated Financial Statements

Note 4. Fair Value of Measurements (Continued)

	2016			Total
	Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Investments:				
Equities:				
Consumer goods	\$ 20,377,080	\$ -	\$ -	\$ 20,377,080
Consumer services	4,041,636			4,041,636
Energy	2,388,976			2,388,976
Financials	6,749,301			6,749,301
Healthcare	460,507			460,507
Industrial	1,871,323			1,871,323
Information technology	2,145,658			2,145,658
Materials	205,172			205,172
Telecommunications	666,055			666,055
Other	8,333			8,333
Equity mutual funds	43,516,733			43,516,733
Exchange traded funds	30,228,752			30,228,752
Fixed income:				
Mutual funds	342,621			342,621
Corporate obligations	24,418,938			24,418,938
Government agency bonds	14,066,695			14,066,695
	<u>\$ 146,153,472</u>	<u>\$ -</u>	<u>\$ -</u>	<u>151,487,780</u>
Investments reported at fair value based on net asset value:				
Hedge funds				125,599,446
Private equity				8,024,052
Fund of funds				11,520,745
Real estate				9,358,352
Invested cash				6,894,719
				<u>\$ 312,885,094</u>
Trusts held by others	\$ -	\$ -	\$ 5,275,051	\$ 5,275,051

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Notes to the Consolidated Financial Statements

Note 4. Fair Value Measurements (Continued)

The table below represents quantitative information about significant unobservable inputs related to investments reported at fair value using the practical expedient.

	Fair Value at June 30, 2017	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge funds ^(a)	\$ 84,867,122	18,692,016	Monthly, Quarterly, Semi-Annual, Annual	30,45,60,90 Days
Private equity ^(c)	9,261,358	-	> Annual	90 Days
Fund of funds ^(b)	13,321,148	20,968,335	> Annual	N/A
Real estate ^(d)	12,151,351	5,173,269	> Annual	N/A
Total	\$ 119,600,979	\$ 44,833,620		

(a) Hedge funds consist of investments with managers who invest in public equity and debt securities on a long only, or a combination of long/short positions. It also includes managers who invest in distressed securities, futures contracts, credit facilities, commodities. Strategies may include long-term appreciation of principal, hedging current market fluctuations for current income with the goal to achieve superior, risk-adjusted total returns, and to generate event driven returns.

(b) Private equity funds consist of investments in limited partnerships with managers who invest in privately structured transactions. The College expects to receive interest, dividends, and proceeds from the sale of the underlying investments during the life of the private equity funds. The average life of a private equity fund is generally ten years but may be extended by the general partner, normally with the consent of a majority of the limited partners in the fund, for up to three years, to permit an orderly dissolution of the fund. Private equity funds are generally illiquid in nature and may not be redeemed during the life of the fund.

(c) Fund of funds consist of investments with managers who invest in a portfolio of hedge funds within a single fund with a goal to achieve superior, risk-adjusted total returns. The underlying funds may invest domestically or internationally. Fund of funds are generally more illiquid than individual funds, due to the combination of multiple underlying funds within one investment vehicle.

(d) Real estate funds consist of investments with managers who invest in real estate equity and debt securities, for current income and capital appreciation. Real estate funds may also include limited partnerships that invest in a portfolio of multiple underlying real estate funds with the goal to diversify risk and achieve superior risk-adjusted total returns.

The College of Wooster

Notes to the Consolidated Financial Statements

Note 4. Fair Value Measurements (Continued)

The table below presents a reconciliation and statements of activities classification of gains and losses for all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30, 2017 and 2016:

	<u>Trusts Held by Others</u>
Ending balance, June 30, 2015	\$ 7,317,898
Change in value of trusts held by others	(285,823)
Distributions of trusts held by others	<u>(1,757,024)</u>
Ending balance, June 30, 2016	5,275,051
Change in value of trusts held by others	<u>314,309</u>
Ending balance, June 30, 2017	<u>\$ 5,589,360</u>

Note 5. Land, Buildings and Equipment

Land, buildings and equipment consisted of the following at June 30:

	<u>2017</u>	<u>2016</u>
Land and land improvements	\$ 17,259,175	\$ 17,199,965
Buildings and improvements	184,886,913	181,230,663
Equipment and vehicles	35,023,671	34,444,392
Library books	8,030,853	8,184,994
Construction in process	16,964,980	6,685,134
	<u>262,165,592</u>	<u>247,745,148</u>
Accumulated depreciation	<u>(112,203,223)</u>	<u>(105,503,396)</u>
	<u>\$ 149,962,369</u>	<u>\$ 142,241,752</u>

Depreciation expense totaled \$7,644,521 and \$7,654,156 for 2017 and 2016, respectively.

The College of Wooster

Notes to the Consolidated Financial Statements

Note 6. Bonds Payable

Bonds payable are reported net of discounts and deferred financing charges as follows June 30:

	2017	2016
State of Ohio, Higher Education Facility Refunding Revenue Bonds (The College of Wooster 2013 Project) bearing interest at an average fixed rate of 1.74% and principal payments due annually beginning September 1, 2013 through September 1, 2021.	\$ 5,280,000	\$ 5,405,000
State of Ohio, Higher Education Facility Refunding Revenue Bonds (The College of Wooster 2012 Project) bearing interest at an average fixed rate of 3.21% and principal payments due annually beginning September 1, 2012 through September 1, 2033, including net bond premium of \$96,357 and \$102,405 at June 30, 2017 and 2016, respectively.	7,466,357	8,022,405
State of Ohio, Higher Education Facility Refunding Revenue Bonds (The College of Wooster 2010 Project) bearing interest at an average fixed rate of 3.39% and principal payments due annually beginning September 1, 2011 through September 1, 2028, including net bond discount of \$28,380 and \$30,900 at June 30, 2017 and 2016, respectively.	7,146,620	7,644,100
State of Ohio, Higher Education Facility Refunding Revenue Bonds (The College of Wooster 2005 Project) bearing interest at an average fixed rate of 4.75% and principal payments due annually through September 1, 2016, including net bond premium of \$0 and \$19,174 at June 30, 2017 and 2016, respectively.	-	1,144,174
	19,892,977	22,215,679
Unamortized deferred financing charges	(285,593)	(321,236)
Bonds payable, net	<u>\$ 19,607,384</u>	<u>\$ 21,894,443</u>

The College of Wooster

Notes to the Consolidated Financial Statements

Note 6. Bonds Payable (Continued)

Aggregate principal maturities, excluding amortized costs, of bonds payable to OHEFC at June 30 are:

	Total	OHEFC Issue 2010	OHEFC Issue 2012	OHEFC Issue 2013
2018	\$ 2,365,000	\$ 515,000	\$ 565,000	\$ 1,285,000
2019	2,225,000	535,000	380,000	1,310,000
2020	2,270,000	550,000	390,000	1,330,000
2021	2,335,000	575,000	405,000	1,355,000
2022	1,020,000	595,000	425,000	-
Thereafter	9,610,000	4,405,000	5,205,000	-
	<u>\$ 19,825,000</u>	<u>\$ 7,175,000</u>	<u>\$ 7,370,000</u>	<u>\$ 5,280,000</u>

Interest expense for bonds payable was \$653,667 and \$752,837 for June 30, 2017 and 2016, respectively.

On August 2, 2017, the College issued short-term revenue bonds through the State of Ohio Higher Education Facility. The bonds have a maximum principal amount of \$30 million and are issued at a variable rate of interest based on a percentage of the monthly LIBOR rate. The maximum maturity of the bonds are 42 months. The bonds are set up as a draw note and are being used to fund several different renovation projects, primarily for residence halls. As of the report date, the College had drawn \$2.95 million on the bonds.

Note 7. Employee Benefit Plans

Defined contribution plan: The College maintains a 403(b) defined contribution retirement plan for substantially all full time employees meeting certain eligibility requirements with the Teacher's Insurance and Annuity Association and College Retirement Equity Funds Company. Participants may elect to make contributions up to the maximum allowable per Section 402(g) of the Internal Revenue Code. For participants that have met the eligibility requirements for employer contributions, and were hired before January 1, 2011, the College will contribute 10% of pretax annual base compensation and a matching contribution equal to a percentage of pretax annual base compensation of 1% for employee contributions of 1.5% - 3% of base compensation or 2% for employee contributions greater than 3% of base compensation. For participants hired after January 1, 2011, the College will contribute 8% of pretax annual base compensation and matching contributions of 2% for employee contributions of 5% or more. The College's contribution to the plan was \$3,521,233 and \$3,412,165 in 2017 and 2016, respectively.

Post-retirement medical plan: The College provides postretirement benefits which include health care and life insurance for eligible employees as of February 28, 1994. No benefit is provided to employees hired on or after March 1, 1994.

Benefits are the same as those provided to non-retired faculty and staff and continue until the age of Medicare eligibility. After a participant reaches Medicare eligibility, the College pays a secondary plan and provides benefits after Medicare payments are applied, as permitted by the Social Security Act. Effective January 1, 2017, the College entered into a fully insured program for prescription drug coverage for Medicare eligible retirees. Retired employees are required to contribute a certain amount of the cost of insurance as determined by the College from time to time.

The College of Wooster

Notes to the Consolidated Financial Statements

Note 7. Employee Benefit Plans (Continued)

The following table sets forth the funded status and the amounts recognized in the consolidated statements of financial position at June 30:

	2017	2016
Accumulated benefit obligation:		
Accumulated benefit obligation	\$ 7,872,515	\$ 8,525,023
Fair value of plan assets	-	-
Unfunded status	\$ (7,872,515)	\$ (8,525,023)

The following table sets forth the costs related to this obligation for the years ended June 30:

	2017	2016
Accrued benefit cost:		
Beginning of year balance	\$ 8,525,023	\$ 6,734,300
Service cost	46,614	38,076
Interest cost	331,711	293,622
Amortization of net loss	534,264	144,445
Net periodic pension cost	912,589	476,143
Participant contributions	519,316	508,368
Benefits paid	(992,797)	(1,467,446)
Postretirement liability related changes other than periodic cost	(1,091,616)	2,273,658
Accumulated postretirement liability recognized in the statement of financial position	\$ 7,872,515	\$ 8,525,023

Estimated future net employer benefit payments are as follows:

2018	\$ 454,210
2019	452,340
2020	458,062
2021	451,217
2022	428,256
2023 through 2027	2,145,396

Effective June 1, 2001, the College implemented a self-funded health plan from which these benefits will be paid after that date. The weighted-average annual assumed rate of increase in the health care cost trend rate is 7.50% and is assumed to decrease to 4.5% in 2027 and after. The discount rate used for determining the APBO was 4.0% for 2017 and 2016. The amount of net gain (loss) that has been recognized in net assets but not as a component of pension expense is \$1,091,616 and \$(2,273,658) at June 30, 2017 and 2016, respectively.

The College of Wooster

Notes to the Consolidated Financial Statements

Note 8. Temporarily Restricted Net Assets

Temporarily restricted net assets are comprised of the following at June 30:

	2017	2016
Endowment funds:		
Split-interest agreements	\$ 2,110,868	\$ 1,840,409
Accumulated endowment earnings	37,112,458	29,503,871
Total temporarily-restricted endowment	39,223,326	31,344,280
Expendable funds restricted for:		
Operating purposes	12,465,160	11,716,872
Other	187,247	7,421
Investment in land, buildings and equipment	11,450,435	12,361,695
Contributions receivable, net	18,348,394	28,460,358
Total	\$ 81,674,562	\$ 83,890,626

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

	2017	2016
Scholarships and prizes	\$ 15,294,246	\$ 12,274,705
Professorship	9,608,876	7,549,403
Academic/administrative support	23,218,827	21,063,750
Operating fund support	5,439,695	4,539,735
Library	761,391	609,800
Wooster Fund	926,134	1,061,792
Split interest agreements	2,110,868	1,840,409
Land, buildings and equipment	23,950,498	34,558,653
Other	364,027	392,379
	\$ 81,674,562	\$ 83,890,626

Note 9. Permanently Restricted Net Assets

Permanently restricted net assets are comprised of the following at June 30:

	2017	2016
Endowment funds:		
Split-interest agreements	\$ 1,493,192	\$ 1,714,513
Endowment funds - principal	135,415,561	123,139,387
Total permanently-restricted endowment	136,908,753	124,853,900
Student loan funds	512,588	577,360
Trusts held by others	5,589,360	5,275,051
Contributions receivable, net	8,461,122	10,680,122
Total	\$ 151,471,823	\$ 141,386,433

The College of Wooster

Notes to the Consolidated Financial Statements

Note 9. Permanently Restricted Net Assets (Continued)

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

	2017	2016
Scholarship and prizes	\$ 62,784,268	\$ 59,334,814
Professorships	35,234,453	31,896,352
Academic/administrative support	28,990,923	25,912,614
Operating fund support	10,740,165	10,917,738
Library	4,148,755	3,967,041
Wooster Fund	1,735,194	1,709,872
Split interest agreements	1,493,192	1,714,513
Trusts held by others	5,589,360	5,275,051
Other	755,513	658,438
Total	\$ 151,471,823	\$ 141,386,433

Note 10. Endowment Funds

The College's endowment consists of both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law: The College's interpretation of The Uniform Prudent Management of Institutional Funds Act (UPMIFA) is as follows:

The portion of a donor-restricted endowment that the College classifies in permanently restricted net assets is the original gift value plus the value of subsequent gifts to the endowment. It is not reduced by losses on the investments, except to the extent required by the donor, or by appropriations from the endowment fund. The accumulated portion of a donor-restricted fund that is not permanently restricted is considered to be temporarily restricted until appropriated for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. The College uses the following criteria to determine whether to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the College and the donor-restricted fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The total return from income and appreciation of investments
6. Other resources of the College
7. The investment policies of the College

Investment return objectives and risk parameters: The College has adopted investment and spending policies for endowment assets that provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under these policies, as approved by the Board of Trustees, the investment objective is to generate, for each rolling 3 to 5 year period, an average annual total return, plus endowment gifts, sufficient to fund the sum of the level of inflation for academic institutions as defined by the Higher Education Price Index, the annual payout to operations and a premium for growth in principal. Risk, as measured by standard deviation, should be commensurate with a passive portfolio, consisting of a similar asset allocation to the endowment fund.

The College of Wooster

Notes to the Consolidated Financial Statements

Note 10. Endowment Funds (Continued)

Strategies to achieve investment objectives: The purpose of the endowment is to meet the current financial needs of the College and to support current operations with the long-term goal of developing and maintaining a strategic advantage compared to institutions with which the College competes for students and faculty. While placing reasonable limits on the use of the investment returns for current financial needs of the College, the College may limit expansion of some programs during the short run. This approach to endowment management ensures that, in the long run, these same programs will benefit on an even a larger scale, thereby maximizing the long-term financial strength and stability of the College.

Spending policy and investment objectives: The annual spending policy, established by the Board of Trustees, is a fixed percentage of the trailing twelve-quarter moving average endowment market value at December 31 of the calendar year preceding the beginning of the fiscal year. In establishing this policy, the College considered the long-term expected return on its endowment. This is consistent with the College's objective to maintain the purchasing power of the endowment assets held in perpetuity, as well as to provide additional real growth through new gifts and investment return.

Endowment funds with deficiencies: On occasion, unfavorable market fluctuations cause the fair value of assets associated with individual donor restricted endowment funds to fall below the level that the donor or the UPMIFA law requires the College to retain as a fund of perpetual duration. Deficiencies of this nature that are in excess of related temporarily restricted amounts are reported in unrestricted net assets. Such amounts totaled \$7,255,772 and \$11,331,805 as of June 30, 2017 and 2016, respectively.

Endowment asset composition by type of fund at June 30:

	2017			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Board-designated funds	\$ 125,439,694	\$ -	\$ -	\$ 125,439,694
Donor restricted endowment funds	(7,255,772)	39,223,326	136,908,753	168,876,307
	<u>\$ 118,183,922</u>	<u>\$ 39,223,326</u>	<u>\$ 136,908,753</u>	<u>\$ 294,316,001</u>

	2016			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Board-designated funds	\$ 115,547,850	\$ -	\$ -	\$ 115,547,850
Donor restricted endowment funds	(11,331,805)	31,344,280	124,853,900	144,866,375
	<u>\$ 104,216,045</u>	<u>\$ 31,344,280</u>	<u>\$ 124,853,900</u>	<u>\$ 260,414,225</u>

The College of Wooster

Notes to the Consolidated Financial Statements

Note 10. Endowment Funds (Continued)

The following schedules represent changes in endowment investments only. These amounts are included in investments on the consolidated statements of financial position at June 30, 2017 and 2016.

	2017			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment assets, beginning of year	\$ 104,216,045	\$ 31,344,280	\$ 124,853,900	\$ 260,414,225
Investment return				
Investment income (loss)	597,216	1,060,122	(270,795)	1,386,543
Net appreciation (realized and unrealized)	19,861,064	15,848,147		35,709,211
Total investment return	20,458,280	16,908,269	(270,795)	37,095,754
Contributions and other	26,889	-	11,528,809	11,555,698
Appropriation of endowment assets for expenditure	(6,761,466)	(8,352,837)	-	(15,114,303)
Transfers among funds	244,174	(676,386)	796,839	364,627
Endowment assets, end of year	\$ 118,183,922	\$ 39,223,326	\$ 136,908,753	\$ 294,316,001
	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment assets, beginning of year	\$ 120,324,074	\$ 39,585,056	\$ 120,544,352	\$ 280,453,482
Investment return				
Investment income	366,873	769,679	146,438	1,282,990
Net depreciation (realized and unrealized)	(9,908,477)	(906,940)	-	(10,815,417)
Total investment return	(9,541,604)	(137,261)	146,438	(9,532,427)
Contributions and other	25,024	4,469	2,072,904	2,102,397
Appropriation of endowment assets for expenditure	(6,708,506)	(7,784,012)	-	(14,492,518)
Transfers among funds	117,057	(323,972)	2,090,206	1,883,291
Endowment assets, end of year	\$ 104,216,045	\$ 31,344,280	\$ 124,853,900	\$ 260,414,225

Note 11. Commitments

At June 30, 2017, the College has commitments totaling \$30,609,400 for construction services, of which approximately \$9,822,700 had been incurred.