Financial Statements
2018 and 2017

LAFAYETTE COLLEGE

CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Lafayette College
Easton, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of Lafayette College (the College), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 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 entity'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 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 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 Lafayette College as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
December 14, 2018

LAFAYETTE COLLEGE
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017
(DOLLARS IN THOUSANDS)

	2018	2017
ASSETS		
Cash and Cash Equivalents	$ 24,093	$ 33,031
Short-Term Investments (Note 2)	19,105	13,674
Accounts and Loans Receivable, Net (Note 3)	6,697	6,834
Contributions Receivable and Bequests, Net (Note 4)	27,902	31,262
Prepaid Expenses and Other Assets	2,695	3,920
Deposits with Bond and Other Trustees (Note 10)	60,216	80,011
Long-Term Investments (Note 5)	901,969	852,709
Property and Equipment, Net (Note 7)	333,943	311,548
Total Assets	$ 1,376,620	$ 1,332,989
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	$ 12,445	$ 12,404
Deposits and Deferred Revenues	3,525	4,685
Funds Held For Others	3,064	3,042
Annuities Payable (Note 2)	23,010	23,954
Postretirement Benefits (Note 15)	46,883	47,892
Federal Student Loans Refundable	1,246	2,067
Interest Rate Hedge/Swap Agreements (Note 11)	11,205	14,396
Conditional Asset Retirement Obligation (Note 13)	1,806	1,778
Capitalized Lease Obligations (Note 12)	1,749	4,828
Mortgages Payable (Note 9)	2,340	-
Bonds Payable, Net (Note 9)	274,090	276,153
Total Liabilities	381,363	391,199
COMMITMENTS AND CONTINGENCIES (Notes 7 and 19)	-	-
NET ASSETS (Note 17)		
Unrestricted	305,160	289,447
Temporarily Restricted	329,596	322,627
Permanently Restricted	360,501	329,716
Total Net Assets	995,257	941,790
Total Liabilities and Net Assets	$ 1,376,620	$ 1,332,989

See accompanying Notes to Financial Statements.

LAFAYETTE COLLEGE
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2018 AND 2017
(DOLLARS IN THOUSANDS)

	2018				2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
OPERATING REVENUE								
Student Related Revenue:								
Tuition and Fees	$ 130,773	$ -	$ -	$ 130,773	$ 124,413	$ -	$ -	$ 124,413
Scholarships and Fellowships	(46,689)	-	-	(46,689)	(43,172)	-	-	(43,172)
Net Student Related Revenue	84,084	-	-	84,084	81,241	-	-	81,241
Government Grants	1,436	21	-	1,457	2,500	21	-	2,521
Private Gifts and Grants	6,252	560	-	6,812	7,754	1,732	-	9,486
Endowment Support	39,288	671	-	39,959	37,722	688	-	38,410
Other	4,798	533	-	5,331	4,404	190	-	4,594
Sales and Services of Auxiliaries	35,512	-	-	35,512	33,767	-	-	33,767
Net Assets Released from Restriction	1,167	(1,167)	-	-	1,359	(1,359)	-	-
Total Operating Revenue	172,537	618	-	173,155	168,747	1,272	-	170,019
OPERATING EXPENSES								
Instruction	60,266	-	-	60,266	59,520	-	-	59,520
Research	2,181	-	-	2,181	2,032	-	-	2,032
Academic Support	11,883	-	-	11,883	12,946	-	-	12,946
Student Services	32,699	-	-	32,699	33,147	-	-	33,147
Institutional Support	33,198	-	-	33,198	30,407	-	-	30,407
Auxiliary Services	29,986	-	-	29,986	27,130	-	-	27,130
Total Operating Expenses	170,213	-	-	170,213	165,182	-	-	165,182
INCREASE IN NET ASSETS FROM OPERATING ACTIVITIES	2,324	618	-	2,942	3,565	1,272	-	4,837
NONOPERATING ACTIVITIES								
Long-Term Investment Return	39,105	15,713	4,370	59,188	49,484	27,479	7,672	84,635
Endowment Support	(39,288)	(671)	-	(39,959)	(37,722)	(688)	-	(38,410)
Capital Gifts	6,087	457	18,668	25,212	2,861	14,691	11,240	28,792
Redesignation of Net Assets	(483)	(6,510)	6,993	-	(45)	(324)	369	-
Deferred Giving, Net	1,330	684	754	2,768	9,389	(7,235)	(1,200)	954
Change in Fair Value of Interest Rate Hedge/Swap Agreements	3,191	-	-	3,191	5,405	-	-	5,405
Change in Postretirement Benefits Cost	108	-	-	108	2,481	-	-	2,481
Disposal of Property and Equipment	17	-	-	17	8	-	-	8
Loss of Defeasement of Debt	-	-	-	-	(3,384)	-	-	(3,384)
Net Assets Released from Restriction	3,322	(3,322)	-	-	6,374	(6,374)	-	-
Increase in Net Assets from Nonoperating Activities	13,389	6,351	30,785	50,525	34,851	27,549	18,081	80,481
NET INCREASE IN NET ASSETS FOR THE YEAR	15,713	6,969	30,785	53,467	38,416	28,821	18,081	85,318
Net Assets - Beginning of Year	289,447	322,627	329,716	941,790	251,031	293,806	311,635	856,472
NET ASSETS - END OF YEAR	$ 305,160	$ 329,596	$ 360,501	$ 995,257	$ 289,447	$ 322,627	$ 329,716	$ 941,790

See accompanying Notes to Financial Statements.

LAFAYETTE COLLEGE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2018 AND 2017
(DOLLARS IN THOUSANDS)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 53,467	$ 85,318
Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	16,378	15,892
Net Realized and Unrealized (Gain) Loss on Short-Term Investments	(119)	1
Net Unrealized Gain on Long-Term Investments	(17,777)	(24,984)
Loss on Conditional Asset Retirement Obligation	29	127
Loss on Adjustment for Experience of Postretirement Benefits Cost	989	1,018
Gain on Property and Equipment Disposals	(9)	(9)
Contributions for Investment in Endowment and Annuities	(26,254)	(22,725)
Changes in Assets and Liabilities:		
Change in Short-Term Investments	(5,317)	(4,834)
Change in Accounts and Loans Receivable, Net	(221)	(2,038)
Change in Contributions and Bequests, Net	71	(821)
Change in Prepaid Expenses and Other	1,235	(187)
Change in Issuance Costs	193	85
Change in Accounts Payable and Accrued Liabilities	(4,747)	(2,585)
Change in Deposits and Deferred Revenues	(1,160)	(677)
Change in Funds Held for Others	22	451
Change in Postretirement benefits	(1,998)	(4,379)
Change in Interest Rate Hedges/ Swaps Agreements	(3,191)	(5,405)
Net Cash Provided by Operating Activities	11,591	34,248
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(36,374)	(28,312)
Student Loans Issued	(366)	(446)
Student Loans Repaid, Net	721	768
Change in Contributions and Bequests, Net	3,280	(11,026)
Purchases of Investments	(516,532)	(501,860)
Proceeds from Sales and Maturities of Investments	485,052	486,394
Change in Deposits with Bond and Other Trustees	19,796	(73,516)
Net Cash Used by Investing Activities	(44,423)	(127,998)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Principal of Debt	(2,995)	(74,511)
Proceeds from Issuance of Debt	2,400	157,027
Change in Deferred Giving Liability	(944)	1,591
Change in Federal Student Loans Refundable	(821)	(75)
Contributions for Investment in Endowment and Annuities	26,254	22,725
Net Cash Provided by Financing Activities	23,894	106,757
CHANGE IN CASH AND CASH EQUIVALENTS	(8,938)	13,007
Cash and Cash Equivalents - Beginning of Year	33,031	20,024
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 24,093	$ 33,031
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Noncash Transactions:		
Amounts Included in Accounts Payable for Purchase of Property and Equipment	$ 4,790	$ 5,021
Equipment Acquired through Capital Lease	$ -	$ 894
Cash Paid During the Year for Interest	$ 11,686	$ 9,413

See accompanying Notes to Financial Statements.

1. THE COLLEGE

Lafayette College (the College), located in Easton, Pennsylvania, is an independent institution offering undergraduate bachelor of arts, science, and engineering degrees. The College was chartered in 1826 and named for the Revolutionary War hero the Marquis de Lafayette. The College is fully accredited by the Middle States Association of Colleges and Schools. The College is coeducational with approximately 2,565 and 2,520 full-time students in Fall 2017 and Fall 2016, respectively. The College occupies a 110-acre campus; the campus comprises approximately 69 academic, residential, and student activity buildings as well as various athletic and playing fields.

The College derives its revenues principally from student tuition, fees, gifts, and investment earnings. Additional support is generated through auxiliary activities, such as dining services and residence facilities. The College expends its resources to meet the College's instructional and educational mission. The College is exempt from federal and state income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3) and similar Commonwealth of Pennsylvania provisions. Donations to the College qualify for deduction as charitable contributions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed by the College in the preparation of its financial statements are described below:

Basis of Presentation

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). College resources are classified and reported in the accompanying financial statements as separate classes of net assets based on the existence or absence of donor-imposed restrictions within the following categories:

Permanently Restricted — Net assets subject to donor-imposed stipulations that require the corpus to be maintained in perpetuity by the College. The donors of these assets permit the College to use these funds based on the endowment spending policy for general or specific purposes.

Temporarily Restricted — Net assets subject to donor-imposed stipulations that will be met either by actions of the College or the passage of time. Temporarily restricted net assets also include earnings on permanently restricted endowment funds that have not yet been appropriated by the College's Board of Trustees for expenditure.

Unrestricted — Expendable resources that are used to carry out the College's operations and are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by the College's Board of Trustees or may be limited by contractual agreements with outside parties.

Revenue Recognition

Revenue from sources other than contributions is reported as increases in unrestricted net assets. Contributions are reported as increases in the appropriate category of net assets. Long-term investment return is reported as changes in unrestricted net assets unless limited by explicit donor-imposed stipulations, in which case related returns are reported as changes in either temporarily or permanently restricted assets. Expenses are reported as decreases in unrestricted net assets. Expirations of temporary restrictions on net assets, that is, the donor-imposed stipulated purpose has been accomplished, or the stipulated time period has elapsed, are reported as net assets released from restrictions. Because of changes or clarifications in donor-imposed stipulations, certain net assets may be reclassified amongst permanently restricted, temporarily restricted, or unrestricted net assets.

Tuition and fee revenues are reported net of scholarships and financial aid. Scholarships and financial aid are provided from unrestricted College resources, endowment earnings, donor-restricted gifts, or government grants awarded to students by the College.

Contributions, including unconditional promises to give (pledges), are reported as revenues in the period received or pledged at their net realizable value. Unconditional promises to give, which are to be received after one year, are discounted using an appropriate discount rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any. An allowance for uncollectible contributions receivable is provided in the net asset class in which the contribution receivable resides based on an assessment of the creditworthiness of the respective donor and nature of fundraising activity. Contributions receivable are written-off in the period deemed uncollectible.

Contributions with purpose or time restrictions are reported as increases in temporarily restricted net assets and subsequently released when the restrictions on which they depend are met. The College has determined that any donor-imposed restrictions for current programs and activities met within the operating cycle of the College are recorded directly as unrestricted support. Contributions subject to donor-imposed stipulations that the corpus be maintained permanently are recognized as increases in permanently restricted net assets.

Contributions to be used to acquire or construct long-lived assets are reported as temporarily restricted revenues. The restriction is satisfied when the assets are acquired or constructed and placed in service.

Conditional promises to give and intentions to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

Fair Value Measurements

The College has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy in accordance U.S. GAAP. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the hierarchy under U.S. GAAP are described below:

Level 1 – Financial assets and liabilities with values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets, or liabilities.

Level 2 – Financial assets and liabilities with values based on one or more of the following:

1. Quoted prices for similar assets or liabilities in active markets;
2. Quoted prices for identical or similar assets or liabilities in nonactive markets;
3. Pricing models whose inputs are observable for substantially the full term of the asset or liability; or
4. Pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means for substantially the full term of the asset or liability.

Level 3 – Financial assets and liabilities with values based on prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level input that is significant to the fair value measurement in its entirety. The College's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability.

Both observable and unobservable inputs may be used to determine the fair value of positions that the College has classified within the Level 3 category. As a result, the unrealized gains and losses for assets and liabilities within the Level 3 category presented in the tables below may include changes in fair value that were attributable to both observable (for example, changes in market interest rates) and unobservable (for example, changes in unobservable long-dated volatilities) inputs, if any.

A review of the fair value hierarchy classifications is conducted on an annual basis. Changes in the types of inputs may result in a reclassification for certain financial assets or liabilities. Reclassifications impacting Level 3 of the fair value hierarchy are reported as transfers in/out of the Level 3 category as of the beginning of the year in which reclassifications occur.

As a practical expedient, in accordance with ASU 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or its Equivalent) (NAV)*, the College is permitted to estimate the fair value of an investment in an investment company at the measurement date using the reported NAV. Adjustment is required if the College expects to sell the investment at a value other than NAV or if the NAV is not calculated in accordance with U. S. GAAP. Accordingly, all investments, for which fair value is measured using NAV, are excluded within the fair value hierarchy.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statement of financial position and reported based on quoted market prices. Reported fair values for private equities, venture capital limited partnership interests, hedge funds and similar interests (collectively, alternative investments) are estimated by the respective external investment manager if ascertainable fair values are not readily available. Such valuations involve assumptions and methods that are reviewed by the College. Because the College's alternative investments are not readily marketable, their estimated fair value is subject to uncertainty and, therefore, may differ significantly from the fair value that would have been reported had a ready market for such investments existed. Due to inherent risks and potential volatility in investment valuations, the amounts reported in the accompanying financial statements can vary substantially from year to year and such differences could be material.

Cash and Cash Equivalents

Cash and cash equivalents consist of short-term, highly liquid investments with a maturity of three months or less at the time of purchase and debt securities with original maturities of three months or less from the date of purchase, except for those assigned to the College's investment managers as part of the College's long-term investment strategies.

Short-Term Investments

Short-term investments primarily include money market funds and fixed income securities with maturities of up to one year at the time of purchase and are reported at net asset value. Short-term investments are classified as Level 1 in the fair value hierarchy.

Concentrations of Credit Risk

The College's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents, investments, and deposits with bond and other trustees. These funds are held in various high-quality financial institutions managed by College personnel and outside advisors. The College maintains its cash and cash equivalents in financial institutions that typically, significantly exceed federally insured limits. The College believes that the concentrations of credit risk are reasonable for its cash and cash equivalents, investments, and deposits with bond and other trustees.

Accounts and Loans Receivable

The College's accounts and loans receivable relate to tuition and fees for student attendance and auxiliary activities. Accounts receivable are due at the beginning of each semester and are stated at amounts due from students, net of an allowance for doubtful accounts. The College determines its allowance based on the anticipated net realizable value of collections expected. Receivables are written-off in the period in which they are deemed uncollectible.

Student loans receivable represent institutional loans to students and loans issued under federal student loan programs and are reported net of an allowance for doubtful accounts. Certain student loans through the federal Perkins revolving loan program (see Note 3) are guaranteed by the federal government. Allowances for doubtful accounts are established for all student loans receivable, including federal Perkins loans receivable, based on prior collection experience and current economic factors that, in management's judgment, could influence the ability of loan recipients to repay the amounts per the loan terms. Loan balances are written off when they are deemed to be permanently uncollectible.

Deposits with Bond and Other Trustees

Deposits with bond and other trustees represent funds held by bond trustees for capital projects and the collateral obligation to the counterparty under the College's various interest rate hedge/swap agreements. Deposits with bond trustees include highly liquid investments with varying maturities and investment goals of preserving capital and maintaining daily liquidity. Deposits with bond and other trustees and the College's obligation to provide collateral to the counterparty of its various swap agreements are classified as Level 2 in the fair value hierarchy.

Property and Equipment

The College capitalizes assets acquired for greater than $5,000 and with useful lives greater than one year. Gifts of property and equipment are recorded at fair value at the date of donation as part of unrestricted nonoperating activities, unless explicit donor stipulations specify how the donated assets must be used.

Maintenance, repairs, and minor improvements are charged to operations as incurred. Major improvements, which substantially extend the useful lives of assets, are capitalized. Upon sale or other disposition of assets, the cost and related accumulated depreciation are removed from the accounts of the College and the resulting gain or loss, if any, is reflected as part of nonoperating activities.

Depreciation is computed on the straight-line basis over the estimated useful lives of the assets as follows:

	Years
Infrastructure and Land Improvements	40
Building Acquisition and New Construction	40
Building Improvements	25
Library Books	10
Furniture, Fixtures, Equipment, and Vehicles	4-10
Software	4-10

Included in property and equipment is the College's rare works collection. The College carries its rare works collection, works of art, historical treasures, and similar assets at the fair value of the collection items at the date of gift or purchase. These collections are held for public exhibition, education, and research in furtherance of the College's educational and public service mission. The College's collections are not depreciated.

Leasehold improvements are amortized over the shorter of their useful lives or the term of the lease using the straight-line method. Assets under capital leases are amortized on the straight-line method over either the lease term or the estimated useful life of the assets in accordance with current accounting standards.

Capitalized interest is charged to construction in progress or buildings during the period of construction of the capital assets, and is amortized over the useful lives of the associated assets.

The College capitalizes certain computer software costs which are amortized consistent with College policy upon being placed in service. Amortization of capitalized software is included in depreciation expense. No capitalized software was placed in service in 2018 and 2017.

Valuation of Long-Lived Assets

Long-lived assets to be held and used are required to be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In general, any long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell. The College periodically evaluates the recoverability of its long-lived assets, including real estate and improvements and deferred costs, using objective methodologies. Such methodologies include evaluations based on cash flows generated by the underlying assets or other determinants of fair value. None of the College’s long-lived assets were considered to be impaired as of June 30, 2018 and 2017.

Deposits and Deferred Revenues

Deposits and deferred revenues relate to tuition and matriculation deposits and other payments for future services that are received prior to the end of the current fiscal year. The College apportions revenues and the related expenses of academic semesters which span fiscal years, between the fiscal years to which they pertain. Funds held on behalf of the student organizations and collected for activity fees wherein the College is acting as the fiscal agent are reported as funds held for others.

Annuities Payable

Under the College’s charitable gift annuities program, the College has various types of split-interest agreements, including charitable gift annuities, charitable remainder trusts, and pooled life income funds. Liabilities are recorded at the present value of the estimated future payments expected to be made to donors or other designated beneficiaries. Assets pertaining to the College’s charitable gift annuities program are measured at fair value, are classified as Level 2 in the fair value hierarchy, and are included in long-term investments.

Contribution revenue is recognized at the date the agreements are established based on the fair value of the assets contributed less a liability of the present value of the expected payments to be made to the beneficiaries, which are actuarially determined. Such revenue is reported as an increase in unrestricted, temporarily restricted, or permanently net assets, based on the existence or absence of donor stipulated use restrictions.

For the years ended June 30, 2018 and 2017, the discount rates used to value split-interest agreements ranged between 1.2% and 11.2% and represented the applicable Internal Revenue Service discount rate in effect at the time the gift arrangement originated.

(DOLLARS IN THOUSANDS)

Each year, the College re-evaluates the expected future payments to beneficiaries based on changes in life expectancy and other actuarial assumptions. The changes in the value of the agreements are reported as nonoperating on the statements of activities. Changes in the life expectancy, amortization of the discount, and other changes in the estimates of future annuity payments are recognized annually and are reported as change in value of split-interest agreements in the statement of activities. Upon termination of a life interest, the share of the corpus attributable to the life interest holder becomes available to the College, which may temporarily be restricted based on the existence or absence of donor stipulated use restrictions.

At June 30, 2018 and 2017, the fair value of the assets associated with split-interest agreements was $58,651 and $58,982, respectively, and the liability is recorded as annuities payable in the statements of financial position.

The following table summarizes the changes in the College's annuities payable balance for the years ended June 30, 2018 and 2017:

	2018	2017
Beginning of Year	$ 23,954	$ 22,363
New Agreements	1,024	201
Terminations of Life Interest	(417)	(609)
Actuarial Valuation Change	(1,551)	1,999
End of Year	$ 23,010	$ 23,954

Federal Student Loans Refundable

Funds provided by the federal government under the Perkins Student Loan Program were loaned to qualified students. The amounts due from students are reported as student loans receivable. These funds are ultimately refundable to the U.S. government and are presented in the statement of financial position as a liability (see Note 3).

On September 30, 2017, the Federal Perkins Loan Program expired. No new loans can be issued under this federal program. Student who received their first Perkins Loan before July 1, 2017; however, may be eligible for four more years of loans unless they change their major. As loans are repaid the federal portions are to be returned to the U.S. Department of Education. The Department of Education started collecting these funds as of October 1, 2018. The College is in process of liquidating its loan portfolio in accordance with federal guidelines.

Interest Rate Hedge/Swap Agreements

Interest rate hedge/swap agreements are recognized as either assets or liabilities in accordance with the netting provisions in the counterparty agreement and are measured at fair value. Gains or losses resulting from changes in the fair values of the interest rate hedge/swap agreements are reported by the College as nonoperating gains or losses.

The interest rate hedge/swap agreements liability is measured by alternative pricing sources with reasonable levels of price transparency in markets that may not be continuously active. Based on the complex nature of interest rate hedge/swap agreements, the markets these instruments trade in are not as efficient and are less liquid than that of the more mature Level 1 markets. These markets do, however, have comparable, observable inputs in which an alternative pricing source values these assets in order to arrive at a fair market value. These characteristics classify interest rate hedge/swap agreements as Level 2 in the fair value hierarchy.

Conditional Asset Retirement Obligation

A conditional asset retirement obligation is a legal obligation to perform an asset retirement activity in which the timing and method of settlement are conditional on a future event that may be within the control of the entity. The assets are depreciated over their remaining useful lives and the conditional asset retirement obligation is adjusted for accretion and payments made, if any, on an annual basis.

Debt - Original Issue Premium or Discount

A premium or discount resulting from the issuance of long-term debt (typically the difference between the par amounts of bonds compared to the proceeds received) is amortized to interest expense over the life of the debt instrument using the straight-line method.

The presentation of net borrowings as required under Accounting Standards Update 2015-03 (ASU 2015-03), *Simplifying the Presentation of Debt Issuance Costs* includes the total premium or discount and cost of issuance such as underwriting, bond rating, and legal fees associated with the debt issuance. The carrying value of debt on the statement of financial position includes the unamortized issuance costs in determining the net premium.

Tax Status

The College has been recognized by the Internal Revenue Service (IRS) as exempt from federal income tax under Section 501(c)(3) of the U.S. Internal Revenue Code, except for taxes on income from activities unrelated to its exempt purpose. Accordingly, the College is not subject to income taxes except to the extent it has taxable income from activities that are not related to its exempt purpose. The College has accrued costs of $250 within its accrued liabilities at June 30, 2018 and 2017 for the estimated income tax liability.

U.S. GAAP requires management to evaluate tax positions taken by the College and recognize a tax liability if the College has taken an uncertain tax position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the College, and has concluded that as of June 30, 2018, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period.

The most significant management estimates and assumptions relate to the determination of allowances for doubtful accounts for student accounts, loans, and bequests receivable in probate; valuation of investments without a readily determinable fair value; useful lives of fixed assets; conditional asset retirement obligations; actuarial estimates for the College's postretirement health plan and annuities payable; and the reported fair values of certain of the College's assets and liabilities. Actual results could differ from those estimates.

Fund Accounting

The College maintains its internal accounts in accordance with the principles of fund accounting to ensure observance of limitations and restrictions placed on the use of resources available to the College, and to reflect how the College manages its resources. This is the procedure by which resources for various purposes are classified into funds that are in accordance with specified activities or objectives. These financial statements; however, are prepared to focus on the College as a whole and according to the existence or absence of donor-imposed restrictions as required by U.S. GAAP.

Operations

The accompanying statements of activities present the changes in net assets distinguishing between operating and nonoperating activities. Operating activities principally include all operating revenues and expenses that are an integral part of its educational programs, research, and supporting activities, net assets released from donor restrictions to support operating expenditures, and transfers from board-designated and other nonoperating funds to support current operating activities. Operating revenues include investment return pursuant to the College's endowment spending policy, appreciation earned on working capital funds and unrestricted contributions.

The College has defined nonoperating activities principally to include endowment investment return, net of amounts distributed to support operations in accordance with the endowment spending policy (see Note 6); contributions and bequests added to the endowment or supporting major capital acquisition or construction; net assets released from restrictions for capital expenditures; gains or losses on derivative financial instruments; activity related to split interest agreements; and actuarial adjustments associated with postretirement benefits. Certain other gains and losses considered to be of a more unusual or nonrecurring nature are also included as part of nonoperating activities.

Reclassifications

Certain line items in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements. These reclassifications had no impact on total assets, total liabilities, or net assets.

In 2017, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2017-07, Compensation - Retirement Benefits (Topic 715). The ASU attempts to improve the presentation of net periodic pension and postretirement benefit costs. The ASU requires that the service cost component of net benefit cost be presented in the same line item as other employee compensation costs and that the remaining components be presented separately from those line items and outside of operations. ASU 2017-07 is effective for fiscal years beginning after December 15, 2018 with early adoption permitted. In fiscal 2018, the College early adopted the ASU retrospectively, which resulted in the reclassification of $1,898 of net periodic benefit cost from benefits expenses to postretirement costs other than service costs within nonoperating activities for the year ended June 30, 2017. The change in postretirement costs other than service costs was a positive $2,481 for the year ended June 30, 2017.

(DOLLARS IN THOUSANDS)

As a result of implementation of ASU 2017-17 the 2017 increase to net assets from unrestricted operating activities was revised by the $1,898 to $3,565 and the increase in net assets from nonoperating activities was reduced by $1,898 to $34,851; there was no change in the total change in net assets.

3. ACCOUNTS AND LOANS RECEIVABLE, NET

Accounts and other receivables are reported net of allowance for doubtful accounts. Adjustments to the provision are recorded as part of institutional support in the statement of activities.

The College makes uncollateralized loans to students based on financial need. Student loans are funded through federal government and institutional loan programs, and are reported net of allowance for doubtful loans. Allowances for uncollectible amounts are established based on prior collection experience, student default rates, and current economic factors which, in management's judgment, could influence the ability of loan recipients to repay the amounts per the loan terms. Institutional loan balances are written-off only when they are deemed uncollectible. Loans disbursed under the Federal Perkins Loan program are able to be assigned to the federal government in certain nonrepayment situations. In these situations, the federal portion of the loan balance is guaranteed.

Student account and other receivables as of June 30 consist of the following:

	2018	2017
Students	$ 1,525	$ 1,647
Less: Allowance for Doubtful Accounts	(646)	(528)
	879	1,119
Student Loans	3,856	4,213
Less: Allowance for Doubtful Accounts	(817)	(872)
	3,039	3,341
Grants	1,712	1,043
Other	1,067	1,331
Total	$ 6,697	$ 6,834

Funds advanced by the federal government, including allocated interest earnings of $1,246 and $2,067 at June 30, 2018 and 2017, respectively, are ultimately refundable to the government and are classified as federal student loans refundable in the statements of financial position.

(DOLLARS IN THOUSANDS)

4. CONTRIBUTIONS RECEIVABLE AND BEQUESTS, NET

Contributions receivable are recorded at estimated fair value on the date the donor's unconditional promise to contribute is made using the present value of future cash flows. Contributions receivable are not measured at fair value subsequent to the initial measurement because the discount rate selected for each contribution receivable remains constant over time. Contributions receivable, net, consists of the following unconditional promises to give and bequests in probate at June 30, 2018 and 2017:

	2018	2017
Expected to be Collected in:		
Less than One Year, Including Bequests of $66 in 2018 and $66 in 2017	$ 9,998	$ 9,934
Between One and Five Years	21,414	24,116
In More than Five Years	102	251
Total	31,514	34,301
Less: Discount to Present Value at Discount Rates Ranging from (0.9% to 3.4%)	(2,351)	(1,670)
Less: Allowance for Uncollectible Amounts	(1,261)	(1,369)
Total Contributions Receivable and Bequests, Net	$ 27,902	$ 31,262

The net present value of the contribution receivable is recorded as follows:

	2018	2017
Unrestricted	$ 69	$ 113
Temporarily Restricted (Donor-Imposed Purpose and Time Restrictions)	14,743	24,003
Permanently Restricted (Donor-Endowment Funds)	13,090	7,146
Total Contributions Receivable and Bequests, Net	$ 27,902	$ 31,262

At June 30, 2018 and 2017, the College had outstanding contributions receivable from related parties (trustees) of $3,764 and $2,241, respectively. Such trustees are not part of the College's management team.

The College has been notified of certain intentions to give under various wills and trust agreements, the realizable amounts of which are not presently determinable. The College's share of such bequests is recorded when the College has an irrevocable right to the bequest and the proceeds are measurable.

At June 30, 2018 and 2017, the College also had conditional contributions of approximately $1,977 and $2,111, respectively, which are not recognized until the condition on which they depend is substantially met.

(DOLLARS IN THOUSANDS)

5. LONG-TERM INVESTMENTS

The following table represents a summary of long-term investments at June 30, 2018 and 2017:

	2018	2017
Endowment Funds	$ 839,928	$ 791,505
Deferred Giving	59,651	58,981
Funds Held for Others	2,390	2,223
Total	$ 901,969	$ 852,709

The following table presents information about the College's long-term investments measured at fair value as of June 30, 2018 and 2017 and indicates the fair value hierarchy of the valuation techniques utilized by the College to determine such fair value:

	2018				
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV	Total
Cash and Cash Equivalents	$ 45,875	$ -	$ -	$ -	$ 45,875
Fixed Income:					
Investments	10,193	-	-	-	10,193
Mutual Funds	37,022	-	-	-	37,022
Institutional Mutual Funds	40,917	21,746	-	-	62,663
Total Fixed Income	88,132	21,746	-	-	109,878
Equity:					
Stocks	175,425	-	-	-	175,425
Mutual Funds	31,485	-	-	-	31,485
Institutional Mutual Funds	-	46,956	-	151,437	198,393
Total Equity	206,910	46,956	-	151,437	405,303
Alternative Investments:					
Event Driven/Distressed	-	-	-	48,738	48,738
Long-Short	-	-	-	100,478	100,478
Multi-Strategy/Absolute Return	-	-	-	98,625	98,625
Real Estate	-	-	-	17,064	17,064
Private Equity	-	-	-	76,008	76,008
Total Alternative Investments	-	-	-	340,913	340,913
Total Long-Term Investments	$ 340,917	$ 68,702	$ -	$ 492,350	$ 901,969

(DOLLARS IN THOUSANDS)

	2017				
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV	Total
Cash and Cash Equivalents	$ 39,818	$ -	$ -	$ -	$ 39,818
Fixed Income:					
Investments	11,246	-	-	-	11,246
Mutual Funds	46,557	-	-	-	46,557
Institutional Mutual Funds	39,449	21,318	-	-	60,767
Total Fixed Income	97,252	21,318	-	-	118,570
Equity:					
Stocks	160,201	-	-	-	160,201
Mutual Funds	15,660	-	-	-	15,660
Institutional Mutual Funds	-	41,130	-	131,541	172,671
Total Equity	175,861	41,130	-	131,541	348,532
Alternative Investments:					
Event Driven/Distressed	-	-	-	47,014	47,014
Long-Short	-	-	-	85,015	85,015
Multi-Strategy/Absolute Return	-	-	-	126,731	126,731
Real Estate	-	-	-	21,621	21,621
Private Equity	-	-	-	65,408	65,408
Total Alternative Investments	-	-	-	345,789	345,789
Total Long-Term Investments	$ 312,931	$ 62,448	$ -	$ 477,330	$ 852,709

The estimated fair value of investments is based on quoted market prices, except for certain investments for which quoted market prices are not available and measured at net asset value. Because certain alternative investments are not readily marketable, their estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a market for such investments existed. These instruments may contain elements of both credit risk and market risk. Such risks include, but are not limited to: limited liquidity, dependence upon key individuals, emphasis on speculative investments, nondisclosure of portfolio composition, and absence of oversight. The College reviews and evaluates the values provided by the investment managers and agrees with the valuation methods and assumptions (third-party price verifications for example) used in determining the fair value of the alternative investments. The College requests, receives, and reviews the audited financial statements from all investment managers. Under the terms of certain limited partnership agreements, the College is obligated to periodically advance additional funding or capital calls.

(DOLLARS IN THOUSANDS)

The following tables summarize the liquidity, redemption frequency, redemption notice, and unfunded commitments that have not expired of the Long-Term Investments as of June 30, 2018 and 2017:

	2018					Unfunded Commitments	Redemption Frequency	Redemption Notice Period
	Within 30 Days	31-90 Days	91-365 Days	>365	Total			
Cash and Cash Equivalents	$ 45,875	$ -	$ -	$ -	$ 45,875	$ -	None	N/A
Fixed Income:								
Investments	10,193	-	-	-	10,193	-	None	N/A
Mutual Funds	37,022	-	-	-	37,022	-	None	N/A
Institutional Mutual Funds	62,663	-	-	-	62,663	-	None	N/A
Total Fixed Income	109,878	-	-	-	109,878	-		
Equity:								
Stocks	175,425	-	-	-	175,425	-	None	N/A
Mutual Funds	31,485	-	-	-	31,485	-	None	N/A
Institutional Mutual Funds	109,592	70,437	-	18,364	198,393	-	Daily - Qtr	N-A - 90 Days
Total Equity	316,502	70,437	-	18,364	405,303	-		
Alternative Investments:								
Event Driven/Distressed	-	-	31,080	17,658	48,738	10,626	None-Annual	N/A-90 Days
Long-Short	25,831	47,708	-	26,939	100,478	-	None-Annual	30-90 Days
Multi-Strategy/Absolute Return	3	16,588	16,850	65,184	98,625	-	Weekly- Annual	3-60 Days
Real Estate	-	-	-	17,064	17,064	11,029	None	N/A
Private Equity	-	-	-	76,008	76,008	48,381	None	N/A
Total Alternative Investments	25,834	64,296	47,930	202,853	340,913	70,036		
Total Long-Term Investments	$ 498,089	$ 134,733	$ 47,930	$ 221,217	$ 901,969	$ 70,036		

	2017					Unfunded Commitments	Redemption Frequency	Redemption Notice Period
	Within 30 Days	31-90 Days	91-365 Days	>365	Total			
Cash and Cash Equivalents	$ 39,818	$ -	$ -	$ -	$ 39,818	$ -	None	N/A
Fixed Income:								
Investments	11,246	-	-	-	11,246	-	None	N/A
Mutual Funds	46,557	-	-	-	46,557	-	None	N/A
Institutional Mutual Funds	60,767	-	-	-	60,767	-	None	N/A
Total Fixed Income	118,570	-	-	-	118,570	-		
Equity:								
Stocks	160,201	-	-	-	160,201	-	None	N/A
Mutual Funds	15,660	-	-	-	15,660	-	None	N/A
Institutional Mutual Funds	103,185	68,533	953	-	172,671	-	Daily - Qtr	N-A - 90 Days
Total Equity	279,046	68,533	953	-	348,532	-		
Alternative Investments:								
Event Driven/Distressed	-	-	29,214	17,800	47,014	14,626	None-Annual	N/A-90 Days
Long-Short	-	36,373	17,810	30,832	85,015	-	None-Annual	30-90 Days
Multi-Strategy/Absolute Return	14,549	15,779	20,937	75,466	126,731	-	Weekly-Annual	3-60 Days
Real Estate	-	-	-	21,621	21,621	3,731	None	N/A
Private Equity	-	-	-	65,408	65,408	55,847	None	N/A
Total Alternative Investments	14,549	52,152	67,961	211,127	345,789	74,204		
Total Long-Term Investments	$ 451,983	$ 120,685	$ 68,914	$ 211,127	$ 852,709	$ 74,204		

The following provides a brief description of the types of financial instruments held in the long-term investments, the methodology for estimating fair value, and the level within the hierarchy of the estimate. As mentioned previously, a financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Fixed Income Investments: U.S. dollar denominated, investment grade fixed income securities with quoted prices in active markets. Fixed income investments are considered a Level 1 in the hierarchy.

Fixed Income – Mutual Funds: Mutual funds (open to the general public with quoted prices in active markets) investing in publicly traded fixed income securities with quoted prices in active markets. These mutual funds are generally considered to be a Level 1 in the hierarchy. However, certain fixed income mutual funds that do not have quoted prices in active markets for which fair value is measured using NAV are excluded within the fair value hierarchy.

Fixed Income – Institutional Mutual Funds: Mutual funds (open to institutions only) investing in publicly traded fixed income securities with quoted prices in active markets. Fixed income institutional mutual funds are generally considered to be a Level 1 in the hierarchy. However, certain fixed income institutional mutual funds that do not have quoted prices in active markets for which fair value is measured using NAV are excluded within the fair value hierarchy.

Equity – Stocks: Domestic and/or foreign equity securities with quoted prices in active markets. Equity stocks are considered a Level 1 in the hierarchy.

Equity – Mutual Funds: Mutual funds (open to the general public with quoted prices in active markets) investing in domestic and/or foreign equity securities with quoted prices in active markets. Equity mutual funds are generally considered to be a Level 1 in the hierarchy. However, certain equity income mutual funds that do not have quoted prices in active markets, for which fair value is measured using NAV are excluded within the fair value hierarchy.

Equity – Institutional Mutual Funds: Mutual funds (open to institutions only) investing in domestic and/or foreign equity securities with quoted prices in active markets. Certain equity institutional mutual funds that do not have quoted prices in active markets, are considered to be Level 2 in the hierarchy unless fair value is measured using NAV which are excluded within the fair value hierarchy.

Alternative Investments: Funds and partnerships that invest in a variety of investments to include: private equity, derivatives, real estate, multi-strategy, long/short equities, distressed, and opportunistic fixed income. These investments for which fair value is measured using NAV are excluded within the fair value hierarchy.

Event Driven/Distressed Funds: This category invests in U.S. dollar denominated securities of distressed global companies.

Long/Short Equity Funds: This category invests directly in long and short positions in U.S. and international equities.

(DOLLARS IN THOUSANDS)

Multi-Strategy/Absolute Return Funds: Investments in this category focus on multi-strategy investing including, but not limited to, a variety of arbitrage strategies, distressed investments, private equity, long/short equity, and special situations.

Real Estate Funds: This category's investments include any interest in or vehicle relating to real estate assets.

Private Equity Funds: Holdings in this category include private equity, venture capital funds, buyout funds, secondary funds, and direct investments.

The components of long-term investment return from all sources are reflected below for the years ended June 30:

	2018	2017
Endowment Assets		
Dividends and Interest, Net	$ 5,950	$ 6,155
Realized Gains, Net	33,468	44,220
Change in Unrealized Gains , Net	19,830	34,402
Total	$ 59,248	$ 84,777
Deferred Giving Assets		
Dividends and Interest, Net	$ 1,437	$ 1,655
Realized Gains, Net	3,834	4,321
Change in Unrealized Losses, Net	(2,053)	(506)
Total	$ 3,218	$ 5,470

Investment advisory fees paid by the College to external consultants and custodians included in long-term investment return for the years ended June 30, 2018 and 2017 are $727 and $702, respectively. The long-term investment return above includes approximately $2,147 and $2,035 of internal investment office management expenses for 2018 and 2017, respectively.

6. ENDOWMENT

The College's endowment consists of approximately 1,450 individual funds established primarily for scholarships, academic program support, and facilities maintenance. Endowment assets include those assets of donor-restricted funds that the College must hold in perpetuity or for a donor-specified period and funds designated by the Board of Trustees to function as endowments (quasi-endowments). 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. Net assets of the deferred giving program (investment fair value less annuities payable) primarily designated for the endowment at maturity are also included in the endowment. Some endowment assets are held, controlled, and administered by third-party trustees (funds held in trust by others).

(DOLLARS IN THOUSANDS)

The College has interpreted Commonwealth of Pennsylvania law as requiring the donor-restricted endowment funds, absent explicit donor stipulations to the contrary, to be managed with the long-term objective of preserving the real value (after inflation) of the funds. As a result of this interpretation, the College classifies as permanently restricted net assets: (a) the original value of gifts donated to its permanent endowment; (b) the original value of subsequent gifts to its permanent endowment; and, (c) accumulations of income to its permanent endowment made in accordance with the direction of the applicable donor gift instrument. Therefore, permanently restricted endowment net assets represent the original corpus of gifts given to the College for which the gift instruments stipulate that the principal be invested in perpetuity and only income be used for donor intended purposes, if any.

Total return earned on the corpus of permanently restricted endowment net assets, is spendable and, accordingly, the College classifies the earnings as temporarily restricted net assets, pending appropriation for expenditure by the College's Board of Trustees.

The fair value of the endowment net assets consists of the following net asset classes:

	2018			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted Endowment Funds	$ (169)	$ 269,252	$ 336,258	$ 605,341
Board-Designated Endowment Funds	225,296	-	-	225,296
Total Managed Endowment Net Assets	225,127	269,252	336,258	830,637
Annuity Net Assets	425	8,560	7,372	16,357
Funds Held in Trust by Others	-	-	3,781	3,781
Pledges and Bequests	-	6,877	13,090	19,967
Total Endowment and Similar Fund Net Assets	$ 225,552	$ 284,689	$ 360,501	$ 870,742

	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted Endowment Funds	$ (559)	$ 255,656	$ 312,264	$ 567,361
Board-Designated Endowment Funds	222,943	-	-	222,943
Total Managed Endowment Net Assets	222,384	255,656	312,264	790,304
Annuity Net Assets	276	8,999	6,618	15,893
Funds Held in Trust by Others	-	-	3,688	3,688
Pledges and Bequests	-	16,038	7,146	23,184
Total Endowment and Similar Fund Net Assets	$ 222,660	$ 280,693	$ 329,716	$ 833,069

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the "historic dollar value." Deficiencies of this nature that are reported in unrestricted net assets totaled $169 and $559 as of June 30, 2018 and 2017, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new restricted contributions.

(DOLLARS IN THOUSANDS)

Much of the College's individual endowments are pooled for investment purposes, each unitized fund subscribing to or disposing of units on the basis of the fair value per unit at the beginning of the quarter within which the transaction takes place, while others are invested separately in accordance with donor direction. Total managed endowment net assets are invested as follows:

	2018	2017
Endowment Pooled Funds	$ 717,348	$ 681,141
Separately Invested Endowment Funds	113,289	109,163
Total Managed Endowment Net Assets	$ 830,637	$ 790,304

The investment portfolios are managed to achieve a prudent long-term total return. The College relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The College targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints. Under the College's investment policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to provide an average rate of return, over time that exceeds the endowment spending rate plus inflation, defined as the Consumer Price Index, and related investment costs.

The College has adopted an endowment spending policy designed to provide a predictable flow of funds to support annual operations. The spending policy is intended to balance current spending needs and preserve the endowment's future purchasing power. The College applies a 5% spending rate to a 36-month moving average of the endowment's market value ending as of the previous December. The purpose of using a moving average is to smooth out wide fluctuations in the fair value of endowment investments. The Board of Trustees sets the spending rate through the College's annual budget process. Endowment earnings in excess of the spending rate are classified as temporarily restricted net assets until such time that they are appropriated for expenditure. When annual yield is insufficient to support spending appropriations, the balance is provided from temporarily restricted net assets. Special appropriations from the College's quasi-endowment are made for certain purposes in addition to the spending rate, as approved by the College's Board of Trustees, annually, if determined to be necessary.

In accordance with the spending rate and special appropriations, endowment spending distribution of $39,959 and $38,410 was made available in 2018 and 2017, respectively, to support operations of the College. Included in the fiscal 2018 and 2017 appropriations were $2,076 and $2,050, respectively, of support for the College's capital campaign and $963 and $4,500, respectively, of additional support for property acquisitions.

(DOLLARS IN THOUSANDS)

The following tables summarize the changes in managed endowment net assets:

	2018			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Managed Endowment Net Assets - June 30, 2017	$ 222,384	$ 255,656	$ 312,264	$ 790,304
Endowment Return	12,782	38,126	8,280	59,188
Contributions	1,674	25	12,725	14,424
Endowment Support Used in Operations	(13,274)	(22,096)	(4,589)	(39,959)
Matured Annuity Funds	1,181	-	-	1,181
Deficiencies in Historical Values	390	(390)	-	-
Transfers and Other Changes	(10)	(2,069)	7,578	5,499
Managed Endowment Net Assets - June 30, 2018	$ 225,127	$ 269,252	$ 336,258	$ 830,637

	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Managed Endowment Net Assets - June 30, 2016	$ 209,722	$ 229,578	$ 293,943	$ 733,243
Endowment Return	23,856	49,272	11,513	84,641
Contributions	1,282	(130)	10,587	11,739
Endowment Support Used in Operations	(12,856)	(21,805)	(3,749)	(38,410)
Matured Annuity Funds	2,629	-	512	3,141
Deficiencies in Historical Values	690	(690)	-	-
Transfers and Other Changes	(2,939)	(569)	(542)	(4,050)
Managed Endowment Net Assets - June 30, 2017	$ 222,384	$ 255,656	$ 312,264	$ 790,304

(DOLLARS IN THOUSANDS)

7. PROPERTY AND EQUIPMENT

Property and equipment, net, consists of the following at June 30, 2018 and 2017:

	2018	2017
Land Improvements	$ 60,184	$ 55,306
Buildings and Building Improvements	399,974	392,870
Library Books	29,607	30,994
Furniture, Equipment, Software, and Other Plant Assets	43,305	41,465
Total	533,070	520,635
Less: Accumulated Depreciation and Amortization	(243,244)	(232,590)
Total	289,826	288,045
Land	7,734	7,749
Works of Art and Historical Treasures	5,851	4,597
Construction-in-Progress	30,532	11,157
Total Property and Equipment, Net	$ 333,943	$ 311,548

Depreciation expense for the years ended June 30, 2018 and 2017 was $16,378 and $15,892, respectively.

Buildings and building improvements include capitalized conditional asset retirement obligations at a cost of $1,806 and $1,778 at June 30, 2018 and 2017, with accumulated depreciation of $793 and $789 at June 30, 2018 and 2017, respectively.

Construction in progress is put into service when projects are completed for use. Estimated outstanding construction contract commitments at June 30, 2018 were $66,796 and will be funded through contributions, operating resources, or bond financing proceeds.

8. UNSECURED LINE OF CREDIT

The College has a committed and unsecured line of credit with a financial institution at a maximum borrowing amount of $10,000 for working capital needs. This line of credit is periodically renewed and is scheduled to expire on November 1, 2019. Interest, if funds are drawn, is payable monthly at a floating rate. The College has a depository relationship with this financial institution. There were no borrowings against the line in both June 30, 2018 and 2017.

The College has a committed and unsecured line of credit with a second financial institution at a maximum borrowing amount of $20,000 for working capital. This line of credit is periodically renewed and is scheduled to expire on February 1, 2020. Interest, if funds are drawn, is payable monthly at a floating rate. The College also has a depository relationship with this financial institution. There were no borrowings against the line in both June 30, 2018 and 2017.

9. BONDS AND MORTGAGE PAYABLE

Bonds payable, net consisting of bonds with varying terms and maturity dates through November 2053 (fiscal 2054) totaled $274,090 and $276,153 at June 30, 2018 and 2016, respectively.

Total interest expense on long-term obligations, including net payments related to swap agreements, and investment income offset from deposits with bond trustee, totaled $7,974 and $9,388 for the years ended June 30, 2018 and 2017, respectively. Cash paid for bond interest totaled $11,535 and $9,231, for the years ended June 2018and 2017, respectively. Interest expense totaling $2,820 and $306 was capitalized to construction projects for years ended June 30, 2018 and 2017, respectively.

The College amortizes on a straight-line basis bond issuance costs and bond discounts and premiums over the life of the bonds. As of June 30, 2018 and 2017, unamortized bond issuance costs were $1,651 and $1,843, respectively, and are included in bonds payable in the College's statements of financial position. Amortization expense for issuance cost was $193 and $85 for the years ended June 30, 2018 and 2017, respectively. As of June 30, 2018 and 2017, unamortized bond premiums were $21,666 and $23,671, respectively, are also included in bonds payable in the College's statement of financial position. Amortization expense for bond premiums was $2,005 and $247 for the years ended June 30, 2018 and 2017, respectively.

(DOLLARS IN THOUSANDS)

Bonds payable consist of the following at June 30, 2018 and 2017:

	2018	2017
Northampton County General Purpose Authority Variable Rate Revenue Refunding Bonds, Series 2003, bearing a weekly variable market interest rate paid monthly, principal payments due in 2023. Interest rate at June 30, 2018 was 1.48%. The bonds are hedged with an interest rate swap agreement.	$ 10,190	$ 10,190
Northampton County General Purpose Authority Variable Rate Revenue Bonds, Series 2006, bearing a weekly variable market interest rate paid monthly, with principal payment due in 2036. Interest rate at June 30, 2018 was 1.49%. The bonds are hedged with an interest rate swap agreement.	11,000	11,000
Northampton County General Purpose Authority Refunding and Revenue Bonds, Series 2008, 3.25% to 4.5%, principal payments due in 2018 and 2027.	21,150	21,400
Northampton County General Purpose Authority Variable Rate Revenue Refunding Bonds, Series 2010A, principal payments due in 2030, bearing a weekly variable market interest rate paid monthly. The interest rate at June 30, 2018 was 1.49%. The bonds are hedged with an interest rate swap agreement.	22,290	22,290
Northampton County General Purpose Authority Revenue Bonds, Series 2010B, 5%, with principal payments due in 2022.	4,000	4,000
Northampton County General Purpose Authority Refunding and Revenue Bonds, Series 2013A, 4.25% to 5%, with principal payments due in 2032 and 2043.	33,715	33,715
Northampton County General Purpose Authority Taxable Refunding and Revenue Bonds, Series 2013B, 5.9%, with principal payment due in 2053.	15,680	15,680
Northampton County General Purpose Authority Taxable Refunding and Revenue Bonds, Series 2017 3.125% to 5%, with principal payments due in 2023, 2027 2034, and 2047.	136,050	136,050
Par Value	254,075	254,325
Unamortized Premium	21,666	23,671
Unamortized Bond Issuance Costs	(1,651)	(1,843)
Total Bonds Payable, Net	$ 274,090	$ 276,153

(DOLLARS IN THOUSANDS)

Aggregate principal maturities of bonds obligations are as follows:

Year Ending June 30,	Amount
2019	$ 21,150
2020	-
2021	-
2022	4,000
2023	-
Thereafter	228,925
Total	$ 254,075

The College's Series 2008 bonds were scheduled to come due November 1, 2018. In October 2018, the College refinanced these $21,150 in bonds by issuing a 20-year fixed rate tax-exempt bond matching the remaining life of the underlying assets.

The College assumed the mortgage on the Student Residence at 512 March Street in November 2017. At June 30, 2018 the principal outstanding balance was $2,340.

The mortgage requires payment of $120 in principal and approximately $86 in interest per year through fiscal 2020; and a $1,980 payment is due in August 2021.

10. DEPOSITS WITH BOND AND OTHER TRUSTEES

Under the terms of its various debt agreements, the College is required to pledge revenues, maintain certain funding for debt repayment and collateral, and comply with various financial covenants including the maintenance of a specified debt service coverage ratio. Deposits with bond trustees, pursuant to these provisions, as of June 30, 2018 and 2017, are as follows:

	2018	2017
Construction Funds	$ 60,216	$ 80,011
Total	$ 60,216	$ 80,011

Management is unaware of any violations of the covenants as of June 30, 2018.

11. INTEREST RATE HEDGE/SWAP AGREEMENTS

At June 30, 2018, the College has three fixed interest rate exchange agreements (swap contracts) in order to hedge a portion of its interest rate exposure on floating rate tax-exempt bonds. In each swap the College pays a counterparty a fixed rate, and the counterparty pays the College a variable rate based on an index.

Each of the three swap contracts is used to hedge certain interest rate exposures and is not used for speculative purposes. The net payments either made to or received from the counterparty are reported as interest expense within the operating expenses of the statements of activities. For the years ended June 30, 2018 and 2017, net payments to the counterparty were $1,683 and $1,823, respectively.

(DOLLARS IN THOUSANDS)

The College is required to provide collateral to the counterparty if the fair value liability of the swap contracts in accordance with the valuations calculated by the counterparty is in excess of $15 million in aggregate in the counterparty's favor. The counterparty is required to provide collateral to the College if a fair value in excess of $5 million is in favor of the College. For purposes of these daily collateral calculations, the fair values of the three swap contracts are netted. The thresholds and collateralization requirements can change with ratings of the College's bonds. As of June 30, 2018 and 2017, collateral was not required. The College's fair value liability of the swap contracts was the following as of June 30, 2018 and 2017:

	2018	2017
2003 Swap - In December 2002, the College entered into a fixed-payor swap contract to hedge its 2003 Variable Rate Refunding Bonds. The College is paying the counterparty 4.34% and receiving the SIFMA Index on the 2003 Swap. The 2003 Swap terminates in 2023.	$ 1,174	$ 1,705
2006 Swap - In May 2004, the College entered into a fixed-payor Swap Contract to hedge a portion of its Second Series of 2004 Variable Rate Bonds. In August 2008, the College retired the Second Series of 2004 Variable Rate Bonds and subsequently associated the provisions of the 2004 Swap to the 2006 Bonds. The College is paying the counterparty 3.88%, and the College receives a varying percentage of one-month LIBOR. The 2006 Swap terminates in 2034.	4,789	2,901
2010 Swap - In March 2003, the College sold the counterparty an option to enter into a fixed-payor swap contract which the counterparty exercised in May 2010. The College has associated the 2010 Swap to the 2010A Bonds. The College pays the counterparty a fixed rate of 6% and receives the SIFMA Index plus 0.25%. The 2010 Swap terminates in 2030.	5,242	9,790
Total Interest Rate Hedge/Swap Agreements	$ 11,205	$ 14,396

12. LEASES

The College has entered into various lease agreements for buildings vehicles, computers, and related equipment. The leases expire at various dates through December 31, 2030. For financial reporting purposes, certain minimum lease payments have been capitalized. Capitalized lease obligations consist of the following at June 30, 2018 and 2017:

	2018	2017
Student Residence at 512 March Street	$ -	$ 2,490
Equipment Leases	1,749	2,338
Total	$ 1,749	$ 4,828

(DOLLARS IN THOUSANDS)

In August 2011, the College entered into various agreements related to the development of a new residential facility on a College-owned land parcel within Easton, Pennsylvania. The College leased this property to a developer who constructed and managed the facility. The College leased the facility from the developer as a student residence. As part of the development agreement, the College guaranteed the borrower's $3,000 loan. As of June 30, 2017 principal payments of $510 had been made life to date; therefore, the current outstanding balance was $2,490. The loan bears a fixed interest rate of 3.75% with a maturity date of August 29, 2021.

The College retained ownership of the land, and the agreement allowed the College to purchase the facility from the developer and assume the loan according to the negotiated terms. The lease agreement was subject to certain Put rights with the developer having the right to put the development to the College with prior notice annually beginning in 2017; such notice was provided to the College on June 1, 2017, effective November 1, 2017. Accordingly, the College purchased the facility in consideration of the College's assumption of the then existing principal ($2,430), all accrued interest of the developer's bank loan, payment of transfer taxes and closing costs. The assumption of the lease had no impact on the College's statement of position as the value of the lease is capitalized. The College's lease payments corresponded to the mortgage to be assumed, with the College paying $120 in principal and approximately $86 in interest per year through fiscal 2020; and a $1,980 payment due in August 2021. The mortgage that was assumed is reflected on the statement of position as a mortgage payable as of June 30, 2018 (Note 9).

Other capitalized lease obligations are collateralized by related property and equipment. A summary of the total lease payments for the years ended June 30, 2018 and 2017 are as follows:

	2018	2017
Total Lease Payments	$ 680	$ 709
Less: Amount Representing Interest	(123)	(181)
Net Lease Payments	$ 557	$ 528

Amortization of assets under capital leases is included in depreciation expense and amounted to $671 and $752 for the years ended June 30, 2018 and 2017, respectively.

Future minimum lease payments under capital leases at June 30, 2018 are as follows:

Year Ending June 30,	Amount
2019	$ 535
2020	526
2021	441
2022	363
2023	-
Thereafter	-
Total	1,865
Amount Representing Interest	(116)
Total, Net	$ 1,749

(DOLLARS IN THOUSANDS)

Future minimum lease payments under operating leases at June 30, 2018 are as follows:

Year Ending June 30,	Amount
2019	$ 175
2020	180
2021	186
2022	191
2023	197
Thereafter	792
Total	$ 1,721

13. CONDITIONAL ASSET RETIREMENT OBLIGATIONS

The College has asset retirement obligations (CARO) for asbestos related removal costs. The College accrues for asset retirement obligations in the period in which they are incurred if sufficient information is available to reasonably estimate the fair value of the obligation. The College applied retrospective application to the inception of the liability using an inflation rate of 3.5% and a discount rate of 4.88%. These inputs to the fair value estimate are considered Level 3 in the fair value hierarchy. Over time, the liability is accreted to its settlement value. Upon settlement of the liability, the College will recognize a gain or loss for any difference between the settlement amount and liability amount recorded. The abatement projects, to which the adjustment pertains, are expected to be completed by fiscal 2024.

The following table summarizes the activity for the CARO for the years ended June 30, 2018 and 2017:

	2018	2017
Beginning of Year	$ 1,778	$ 1,651
Obligations Settled During the Period	(19)	(32)
Accretion Expense	47	159
End of Year	$ 1,806	$ 1,778

14. STUDENT AID

Tuition and fees revenue are presented net of amounts awarded to students to defray the cost of attending the College based on academic merit, need, leadership, service, athleticism, among other criteria.

	2018	2017
Institutional Support	$ 37,879	$ 34,674
Sponsored Support	8,810	8,498
Total	$ 46,689	$ 43,172

Institutional aid includes tuition discounts, financial aid, and merit scholarships awarded to students from unrestricted operating resources. Sponsored aid includes financial aid and scholarships funded from donor-restricted spendable and endowed gifts and other external sources including federal and state grant programs.

(DOLLARS IN THOUSANDS)

15. POSTRETIREMENT BENEFIT OBLIGATIONS

The College maintains a defined contribution retirement plan, the "Lafayette College Retirement Plan" of the "Plan," which covers substantially all eligible employees. The Plan qualifies under Section 403(b) of the Internal Revenue Code and is subject to the provisions of the Employee Retirement Income Security Act of 1974. The College contributes approximately 9.5% of full-time employees' base salary and 8% of eligible part-time employees' base salary. The Plan is funded concurrently. The College's contributions to the Plan for the years ended June 30, 2018 and 2017 amounted to $5,909 and $5,613, respectively.

The College provides a postretirement health plan for certain current and former employees. The plan primarily covers full-time employees who joined the College before July 1, 1996 and have continued on a full-time basis since their start of employment. The College accrues expected medical postretirement benefits over the years that the employees render the necessary service. The College has not funded these benefits.

The College recognizes the difference between the cumulative accrued periodic postretirement benefits expense charged to annual operations and the total Accumulated Postretirement Benefit Obligation (APBO) accrued as the postretirement benefits liability with a corresponding charge to unrestricted operating expenses for service cost and a credit or charge to unrestricted nonoperating postretirement benefit costs. Net periodic postretirement benefit cost for 2018 and 2017 includes the following components:

	2018	2017
Operating Expenses - Service Cost	$ 172	$ 220
Interest Cost	1,890	1,898
Discount Rate Changes	(1,998)	(2,050)
Experience and Other Assumption Changes	-	(2,329)
Net Periodic Postemployment Benefit Cost - Nonoperating	(108)	(2,481)
Net Periodic Postretirement Benefit Cost	$ 64	$ (2,261)

The following sets forth the plan status with amounts reported in the College's financial statements at June 30:

	2018	2017
Accumulated Postretirement Benefit Obligation:		
Retirees and Spouses	$ 18,907	$ 20,011
Other Fully Eligible Participants	23,623	23,683
Other Active Plan Participants Not Yet Fully Eligible	4,353	4,198
Accumulated Postretirement Benefit Obligation	$ 46,883	$ 47,892

(DOLLARS IN THOUSANDS)

	2018	2017
Change in Benefit Obligation During the Year:		
Benefit Obligation at Beginning of Year	$ 47,892	$ 51,253
Service Cost	172	220
Interest Cost	1,890	1,898
Experience and Other Actuarial Assumption Changes	-	(2,329)
Discount Rate Changes	(1,998)	(2,050)
Disbursements	(1,073)	(1,100)
Benefit Obligation at End of Year	$ 46,883	$ 47,892
Change in Plan Assets During the Year:		
Fair Value of Plan Assets at Beginning of Year	$ -	$ -
College Contributions	1,073	1,100
Benefits Paid	(1,073)	(1,100)
Fair Value of Plan Assets at End of Year	$ -	$ -

The College assumed a 7% annual rate of increase in the per capita costs of covered health care benefits for 2016 and all years thereafter. Increasing the assumed health care cost trend rates by one percentage point in each year would increase the medical portion of the APBO as of June 30, 2018 by $8,251 and increase the aggregate of the service cost and interest cost components of net periodic postretirement benefit cost for 2018 by $402. The June 30, 2018 and 2017 APBO is based on a discount rate of 4.25% and 4%, respectively.

Gains or losses from discount rate changes have been recognized and added or (deducted) from the APBO in the amount of ($1,998) and ($2,050) as of June 30, 2018 and 2017, respectively. Lastly, Experience and Mortality Table changes were deducted from the APBO in the amount of $0 and ($2,329) as of June 30, 2018 and 2017, respectively.

Expected College Costs are as follows:

Year Beginning July 1,	Expected College Cost
2019	$ 1,543
2020	1,665
2021	1,797
2022	1,926
2023	1,967
2024-2028	11,202

(DOLLARS IN THOUSANDS)

16. SUMMARY OF EXPENSES BY NATURAL CLASSIFICATION

The College's primary program services are instruction and research. Expenses reported as academic support, student services, and auxiliary activities are incurred in support of these primary program services. Institutional support includes general and administrative expenses. Expenses by functional classification, in accordance with the categories recommended by the National Association of College and University Business Officers, include allocations of depreciation, operation and maintenance costs, and interest. Depreciation and operation and maintenance costs are allocated based upon the use of facilities. Interest costs are allocated based upon the use of debt proceeds.

Expenses, by natural classification, for the years ended June 30, 2018 and 2017 were as follows:

	2018							
	Instruction	Research	Academic Support	Student Services	Institutional Support	Auxiliary Services	Operations and Maintenance	Total
Salaries and Wages	$ 29,433	$ 908	$ 3,469	$ 10,782	$ 15,098	$ 5,075	$ 4,707	$ 69,472
Benefits	9,284	131	1,060	3,130	4,688	1,337	1,651	21,281
Total Compensation	38,717	1,039	4,529	13,912	19,786	6,412	6,358	90,753
Scholarships and Fellowships	183	61	1	215	2	-	-	462
Materials, Equipment, and Supplies	1,294	136	1,488	1,285	561	1,888	1,658	8,310
Purchased for Contractual Services	4,323	169	251	1,443	3,280	8,942	4,295	22,703
Lodging, Travel, and Similar Costs	1,717	420	173	3,089	1,169	61	160	6,789
Utilities, Taxes, Occupancy, and Insurance	30	-	4	208	1,623	758	4,582	7,205
Other Expenses	1,122	185	666	2,027	3,932	1,204	282	9,418
Depreciation and Amortization	4,283	171	1,902	2,834	1,527	2,759	2,902	16,378
Interest	2,552	-	628	1,952	413	1,768	882	8,195
Operations and Maintenance	6,045	-	2,241	5,734	905	6,194	(21,119)	-
Total Expenses	$ 60,266	$ 2,181	$ 11,883	$ 32,699	$ 33,198	$ 29,986	$ -	$ 170,213

	2017							
	Instruction	Research	Academic Support	Student Services	Institutional Support	Auxiliary Services	Operations and Maintenance	Total
Salaries and Wages	$ 27,800	$ 723	$ 3,575	$ 10,687	$ 13,986	$ 5,132	$ 4,445	$ 66,348
Benefits	8,943	67	1,080	3,054	4,291	1,504	1,690	20,629
Total Compensation	36,743	790	4,655	13,741	18,277	6,636	6,135	86,977
Scholarships and Fellowships	282	151	6	157	46	-	-	642
Materials, Equipment, and Supplies	1,367	194	1,252	1,224	701	2,125	1,167	8,030
Purchased for Contractual Services	3,113	226	489	1,575	3,087	8,474	4,485	21,449
Lodging, Travel, and Similar Costs	2,263	338	215	2,566	1,121	55	121	6,679
Utilities, Taxes, Occupancy, and Insurance	120	-	46	304	997	888	4,670	7,025
Other Expenses	1,038	148	529	1,993	3,728	1,143	246	8,825
Depreciation and Amortization	4,119	185	2,292	2,906	1,166	2,644	2,580	15,892
Interest	3,295	-	801	1,869	210	3,102	386	9,663
Operations and Maintenance	7,180	-	2,661	6,812	1,074	2,063	(19,790)	-
Total Expenses	$ 59,520	$ 2,032	$ 12,946	$ 33,147	$ 30,407	$ 27,130	$ -	$ 165,182

Fundraising expenses are included in institutional support in the accompanying statements of activities. For the years ended June 30, 2018 and 2017, fundraising costs total $5,446 and $5,224, respectively. The College includes only those fundraising costs incurred by its development office for purposes of reporting fundraising expenses and does not allocate other College personnel costs or overhead to this category.

(DOLLARS IN THOUSANDS)

17. NET ASSETS

Certain unrestricted net assets have been designated for specific purposes or uses under various internal operating and administrative arrangements of the College. As a result, substantially all the net assets classified as unrestricted in the accompanying statements of financial position as of June 30, 2018 and 2017 have been earmarked for long-term investment, special purposes, or are invested in plant. Unrestricted net assets consisted of the following at June 30, 2018 and 2017:

	2018	2017
General	$ 23,947	$ 20,551
Quasi-Endowment	225,127	222,384
Postretirement Benefits Provision	(46,883)	(47,892)
Hedge/Swap Agreements Provision	(11,205)	(14,396)
Net Investment in Plant	114,174	108,800
Total	$ 305,160	$ 289,447

Temporarily restricted net assets are principally restricted for educational and other donor-stipulated purposes. Temporarily restricted net assets also include certain gifts for which the donors have not yet articulated their intended purposes.

The composition of temporarily restricted net assets at June 30, 2018 and 2017 is as follows:

	2018	2017
Temporarily Restricted Endowment Funds Supporting:		
Scholarship and Financial Aid	$ 8,722	$ 8,459
Educational and General Programs	13,288	13,156
Facilities and Maintenance	17,356	16,890
Appreciation on Permanently Restricted Endowment Funds Supporting:		
Scholarship and Financial Aid	51,492	47,278
Educational and General Programs	162,849	154,689
Facilities and Maintenance	15,546	14,727
Annuity Funds	28,818	28,134
Contributions Receivable	14,811	24,116
Other - Related to Time and Purpose Restricted	16,714	15,178
Total	$ 329,596	$ 322,627

(DOLLARS IN THOUSANDS)

Permanently restricted net assets consist principally of endowment funds and funds held in trust by others, which are designated for the following purposes at June 30:

	2018	2017
Permanent Endowment Fund Principal Invested to Support:		
Scholarship and Financial Aid	$ 94,751	$ 84,688
Educational and General Programs	214,876	201,280
Facilities and Maintenance	30,204	29,774
Loan Funds for Students	210	210
Annuity Funds	7,371	6,618
Contributions Receivable	13,089	7,146
Total	$ 360,501	$ 329,716

Deferred Giving net assets consist of the following for the years ended June 30:

	2018	2017
Unrestricted	$ 425	$ 276
Temporarily Restricted	28,818	28,134
Permanently Restricted	7,372	6,618
Total	$ 36,615	$ 35,028

18. NET ASSETS RELEASED FROM RESTRICTIONS AND RECLASSIFICATIONS

Net assets released from donor-imposed restrictions for the years ended June 30, 2018 and 2017 are as follows:

	2018	2017
Academic Support	$ 260	$ 330
Expiration of Time and Purpose Restrictions	4,229	7,403
Net Assets Released from Restrictions	$ 4,489	$ 7,733

From time to time, certain funds may be reclassified from permanently restricted net assets to temporarily restricted net assets or unrestricted net assets or from temporarily restricted net assets to permanently restricted net assets due to clarification of donor stipulations. During fiscal 2018 and 2017, the College reclassified $6,993 and $369, respectively, from unrestricted and temporarily restricted net assets to permanently restricted net assets.

19. CONTINGENCIES

Amounts received and expended by the College under various federal and state programs are subject to audit by governmental agencies. In the opinion of management, audit adjustments, if any, would not have a material effect on the financial position, changes in net assets, or cash flows of the College.

The College is, from time to time, subject to routine litigation incidental to its business. College counsel believes that existing insurance policies are sufficient and, as such, management believes that pending litigation will not have a material adverse effect on the financial position, changes in net assets, or cash flows of the College.

20. SUBSEQUENT EVENTS

The College evaluated its June 30, 2018 financial statements for subsequent events through December 14, 2018, the date the financial statements were issued, and determined that all significant events and disclosures are included in the accompanying financial statements. See Note 9 regarding the Series 2008 bond refinancing that occurred in September 2018.

LAFAYETTE COLLEGE

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