Financial Statements and Report of Independent Certified Public Accountants

Clark University

May 31, 2015 and 2014

Contents

Grant Thornton LLP
75 State Street, 13th Floor
Boston, MA 02109

T 617.723.7900
F 617.723.3640
GrantThornton.com
linkd.in/GrantThorntonUS
twitter.com/GrantThorntonUS

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees of
Clark University

We have audited the accompanying financial statements of Clark University ("the University"), which comprise the statements of financial position as of May 31, 2015 and 2014, 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.

Auditor's 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 auditor's 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 Clark University as of May 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Grant Thornton LLP

Boston, Massachusetts
September 10, 2015

CLARK UNIVERSITY
Statements of Financial Position
May 31, 2015 and 2014
(in thousands of dollars)

		2015		2014
ASSETS:				
Cash and cash equivalents	**$**	**48,988**	$	52,183
Funds held by bond trustee (Note F)		**850**		816
Interest and dividends receivable		**12**		16
Grants and contracts receivable		**767**		577
Student accounts receivable, net of allowance for doubtful accounts of $455 and $416 in 2015 and 2014, respectively		**310**		178
Other accounts receivable		**575**		412
Prepaid expenses and other assets		**748**		695
Contributions receivable - net (Note E)		**3,789**		4,396
Bond issue costs, unamortized		**713**		754
Student loans receivable - net (Note D)		**5,448**		5,281
Beneficial interests in outside trusts		**1,358**		1,271
Investments, at market (Note C)		**422,834**		409,112
Land, buildings, equipment, and construction in progress- net of accumulated depreciation (Note G)		**123,308**		120,115
TOTAL ASSETS	**$**	**609,700**	$	595,806
LIABILITIES AND NET ASSETS				
LIABILITIES:				
Accounts payable and accrued expenses	**$**	**13,009**	$	12,206
Advance payments under grants		**1,485**		1,749
Other liabilities		**3,387**		2,685
Deposits and deferred revenue		**8,490**		8,930
Notes payable (Note K)		**510**		650
Interest rate swap (Note I)		**156**		(436)
Bonds payable (Note I)		**73,183**		76,111
Annuities and unitrusts payable		**7,465**		7,789
Federal loan program advances		**5,455**		5,480
TOTAL LIABILITIES		**113,140**		115,164
NET ASSETS (Note N):				
Unrestricted		**134,637**		128,056
Temporarily restricted		**229,044**		222,039
Permanently restricted		**132,879**		130,547
TOTAL NET ASSETS		**496,560**		480,642
TOTAL LIABILITIES AND NET ASSETS	**$**	**609,700**	$	595,806

The accompanying notes are an integral part of these financial statements.

CLARK UNIVERSITY
Statements of Activities
For the years ended May 31, 2015 and 2014
(in thousands of dollars)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2015 Total	2014 Total
REVENUES AND OTHER SUPPORT:					
Operating revenues:					
Tuition and fees	$ 120,476	$ -	$ -	$ 120,476	$ 117,347
Financial aid discount	(56,296)	-	-	(56,296)	(55,086)
Net tuition and fees	64,180	-	-	64,180	62,261
Auxiliary services	14,428	-	-	14,428	14,407
Contributions	2,571	585	-	3,156	4,213
Income appropriated under spending policy	12,654	2,741	217	15,612	14,960
Grants and contracts	5,618	-	-	5,618	5,404
Federal student financial aid	1,046	-	-	1,046	1,046
Other investment return	10	5	-	15	9
Other income	2,486	78	-	2,564	2,152
Net assets released from restrictions	4,064	(4,064)	-	-	-
Total operating revenues and other support	107,057	(655)	217	106,619	104,452
EXPENSES (Note L):					
Operating expenses:					
Instruction	40,826	-	-	40,826	39,919
Student services	12,314	-	-	12,314	11,939
Academic support	14,885	-	-	14,885	15,309
General institutional	9,295	-	-	9,295	8,217
Alumni and development	4,935	-	-	4,935	4,750
Research	7,666	-	-	7,666	7,374
Auxiliary services	13,104	-	-	13,104	12,915
Total operating expenses	103,025	-	-	103,025	100,423
Change in net assets from operations	4,032	(655)	217	3,594	4,029
NON-OPERATING ACTIVITY:					
Investment income net of amounts appropriated under spending policy	1,545	8,046	703	10,294	37,666
Contributions	81	1,269	1,685	3,035	3,804
Change in value of interest rate swap	(592)	-	-	(592)	71
Change in value of beneficial interests in outside trusts (Note C)	-	(1)	88	87	128
Annuity and unitrust obligation expense	(94)	(14)	(411)	(519)	(1,149)
Other non-operating charges, net	(31)		50	19	2
Net assets released from restrictions	1,640	(1,640)	-	-	-
Total non-operating revenue (expense)	2,549	7,660	2,115	12,324	40,522
CHANGE IN NET ASSETS	6,581	7,005	2,332	15,918	44,551
NET ASSETS - Beginning of year	128,056	222,039	130,547	480,642	436,091
NET ASSETS - End of year	$ 134,637	$ 229,044	$ 132,879	$ 496,560	$ 480,642

The accompanying notes are an integral part of these financial statements.

CLARK UNIVERSITY
Statement of Activities
For the year ended May 31, 2014
(in thousands of dollars)

		Temporarily Restricted	Permanently Restricted	2014 Total
	Unrestricted			
REVENUES AND OTHER SUPPORT:				
Operating revenues:				
Tuition and fees	$ 117,347	$ -	$ -	$ 117,347
Financial aid discount	(55,086)	-	-	(55,086)
Net tuition and fees	62,261	-	-	62,261
Auxiliary services	14,407	-	-	14,407
Contributions	2,232	1,981	-	4,213
Income appropriated under spending policy	12,177	2,586	197	14,960
Grants and contracts	5,404	-	-	5,404
Federal student financial aid	1,046	-	-	1,046
Other investment return	7	2	-	9
Other income	2,144	8	-	2,152
Net assets released from restrictions	4,867	(4,867)	-	-
Total operating revenues and other support	104,545	(290)	197	104,452
EXPENSES (Note L):				
Operating expenses:				
Instruction	39,919	-	-	39,919
Student services	11,939	-	-	11,939
Academic support	15,309	-	-	15,309
General institutional	8,217	-	-	8,217
Alumni and development	4,750	-	-	4,750
Research	7,374	-	-	7,374
Auxiliary services	12,915	-	-	12,915
Total operating expenses	100,423	-	-	100,423
Change in net assets from operations	4,122	(290)	197	4,029
NON-OPERATING ACTIVITY:				
Investment income net of amounts appropriated under spending policy	5,698	30,376	1,592	37,666
Contributions	735	1,611	1,458	3,804
Changes in value of interest rate swap	71	-	-	71
Change in value of beneficial interests in outside trusts (Note C)	-	4	124	128
Annuity and unitrust obligation expense	(81)	(21)	(1,047)	(1,149)
Other non-operating charges, net	26	-	(24)	2
Net assets released from restrictions	1,698	(1,698)		-
Total non-operating revenue (expense)	8,147	30,272	2,103	40,522
CHANGE IN NET ASSETS	12,269	29,982	2,300	44,551
NET ASSETS - Beginning of year	115,787	192,057	128,247	436,091
NET ASSETS - End of year	$ 128,056	$ 222,039	$ 130,547	$ 480,642

The accompanying notes are an integral part of these financial statements.

CLARK UNIVERSITY
Statements of Cash Flows
For the years ended May 31, 2015 and 2014
(in thousands of dollars)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	**$ 15,918**	$ 44,551
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	**8,000**	7,449
Student loans cancelled/assigned to the federal government	**-**	(3)
Contributions restricted for long-term purposes	**(3,039)**	(3,885)
Interest and dividends restricted for long-term purposes - net	**(1,521)**	(2,162)
Donated assets (non-cash) contributions and payments	**(153)**	(151)
Realized and unrealized investment gains	**(24,688)**	(50,566)
Beneficial interests in outside trusts	**(87)**	(128)
Loss on disposal of land, buildings and equipment	**-**	57
Change in value of interest rate swap	**592**	(71)
Changes in assets and liabilities:		
Accounts receivable and interest and dividends receivable	**(291)**	89
Prepaid expenses and other assets	**(53)**	(42)
Contributions receivable	**607**	665
Grants and contracts receivable	**(190)**	(133)
Accounts payable and accrued expenses	**803**	2,009
Other liabilities	**702**	(58)
Annuities and unitrust obligations	**(324)**	294
Deposits and deferred revenue	**(440)**	611
Advance payments under grants	**(264)**	300
Net cash used in operating activities	**(4,428)**	(1,174)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Student loans receivable	**(167)**	101
Purchase of land, buildings, equipment and construction in progress	**(11,290)**	(8,150)
Proceeds from sales of investments	**19,049**	43,653
Purchases of investments	**(6,245)**	(26,610)
Interest and dividends restricted for long-term purposes - net	**1,521**	2,162
Net change in funds held by trustee	**(34)**	(33)
Net cash provided by investing activities	**2,834**	11,123
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions restricted for long-term purposes	**3,039**	3,885
Decrease in federal loan program advances	**(25)**	(23)
Principal payments of bonds payable	**(2,790)**	(2,680)
Payments of notes payable	**(140)**	(101)
Donated assets (non-cash) contributions and payments	**(1,685)**	(729)
Net cash provided by (used in) financing activities	**(1,601)**	352
Net (decrease) increase in cash and cash equivalents	**(3,195)**	**10,301**
Cash and cash equivalents - Beginning of year	**52,183**	41,882
Cash and cash equivalents - End of year	**$ 48,988**	$ 52,183
Supplemental Disclosures		
Cash paid for interest	**$ 1,715**	$ 1,784
Capital lease obligations incurred to acquire assets	**$ 960**	$ -

The accompanying notes are an integral part of these financial statements.

NOTE A - ORGANIZATION

Clark University (the "University") was established in 1887 and serves as a teaching and research institution offering undergraduate and graduate degrees to approximately 3,420 full and part-time students drawn from 45 states and 86 foreign countries. The University's main campus is located in Worcester, Massachusetts. The University is accredited by the New England Association of Schools and Colleges and offers liberal arts-based education as well as professional master's degree and doctoral programs.

The University participates in student financial assistance programs sponsored by the United States Department of Education and the Commonwealth of Massachusetts, which facilitate the payment of tuition and other expenses for certain students.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies followed by the University.

Basis of Presentation

The accompanying financial statements of the University have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America.

Net assets, revenues, expenses, gains, and losses are classified into three categories, based on the existence or absence of donor-imposed restrictions. The categories are permanently restricted, temporarily restricted, and unrestricted net assets.

Permanently restricted net assets generally represent the historical cost (fair value at date of gift) of contributions and other inflows of assets whose use by the University is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by the University. Permanently restricted net assets also include certain life income funds (in cases where the remainder interest for such gifts is permanently restricted) and certain perpetual revolving loan funds that have been established by donors for the benefit of students at the University. The life income and revolving loan funds are recorded at fair value. Adjustments for uncollectible loans from the revolving loan funds are accounted for as net assets released from restrictions.

Temporarily restricted net assets generally result from contributions and other inflows of assets whose use by the University is limited by law or donor-imposed stipulations that either expire with the passage of time or can be fulfilled and removed by actions of the University pursuant to those stipulations.

Unrestricted net assets generally result from contributions or other inflows of assets whose use by the University is not limited by donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by actions of the University or may otherwise be limited by contractual agreement with outside parties.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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. Realized and unrealized gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

Expirations of temporary restrictions on net assets are reported as "net assets released from restrictions" in the Statements of Activities.

In certain situations, donor-restricted gifts which are received and spent within the same year are reported as unrestricted revenues.

Operating activities presented in the Statements of Activities consist of revenues earned, net investment return of the endowment appropriated by Clark's Board of Trustees for spending, and expenses incurred in conducting Clark's programs and services. Functional classifications of expenses include instruction, student services, academic support, auxiliary services (primarily operation of residence halls and dining services), alumni and development, research, and general institutional (communications, community and government relations, centralized services, and administrative services). Depreciation and facilities operation and maintenance expenses are allocated to the functional classifications based on the use and square footage of each building. Interest expense is allocated to the functional classifications based on the use of each building that has been debt financed.

Non-operating activities presented in the Statements of Activities include endowment investment activity net of amounts appropriated for spending; contributions and gifts that are restricted by donors to invest in perpetuity or to support the construction and purchase of capital assets; net change in life income and similar split-interest agreements; and the net change in the estimated value of the interest rate swap agreement. Non-operating activities also present changes in net asset classification when donor restrictions for non-operating activities have been met.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The more significant estimates made by the University involve allowances for uncollectible accounts, net realizable values of contribution receivable, economic useful lives of buildings and equipment, conditional asset retirement obligations, fair values of investments and interest rate swap, impairment of land, buildings and equipment, beneficial interests in outside trusts, and present values of annuity payment liabilities. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid instruments purchased with an initial maturity of three months or less, excluding balances whose use is restricted or that are included in the investment accounts.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Concentration of Credit Risk

The University maintains cash balances at several banks in excess of federally insured limits. The University also maintains cash balances in money market funds which have Securities Investor Protection Corporation insurance to cover its position if the fund or fund manager defaults. The University has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk.

Contracts and Grants

Federal government grants and contracts normally provide for the recovery of direct and indirect costs, subject to audit. The University recognizes revenue associated with direct and indirect costs as the related costs are incurred or expended. Recovery of related indirect costs generally is recorded at predetermined fixed rates negotiated with the federal government.

Other Assets

Other assets include prepaid expenses such as insurance as well as inventories. Inventories consist principally of supplies and are carried at cost.

Unconditional Promises

Gifts which are recorded at fair value when received, including unconditional promises to give, are recorded as revenue when the donor's written commitment is received. Unconditional pledges of more than one year are recorded after discounting to the present value of expected future cash flows, net of an allowance for unfulfilled pledges.

Bond Issuance Costs and Bond Discount/Premium

Costs incurred in connection with bond issuance are deferred and amortized on a straight-line basis over the life of the respective debt issues; original issue discount or premium is amortized over the life of the respective debt issues using the effective interest method.

Beneficial Interests in Outside Trusts

The University's split interest agreements with donors consist primarily of charitable gift annuities, pooled income funds, and charitable remainder trusts. Assets are invested and payments are made to donors and/or other beneficiaries in accordance with the respective agreements. Contribution revenue is recognized at the date the agreement is established, net of the liability recorded for the present value of the estimated future payments made to the respective donors and/or other beneficiaries or at the fair value of the estimated future receipts discounted for the estimated time period to complete the agreement.

The University records its beneficial interests in trusts at the fair value of the assets contributed to the trust at the time the University is notified of the trust's existence. Annual changes to the market value of the assets are recognized as temporarily or permanently restricted gains or losses within non-operating revenue (expenses) in the Statements of Activities.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Investments

Investments other than real estate, life insurance policies and notes receivable are stated at fair value. Real estate is stated at the fair value at the time of donation, life insurance policies are stated at cash surrender value and notes receivable are stated at the outstanding principal amount of the notes (the recorded amounts for these assets approximate fair value). The fair value of publicly traded securities is based upon quoted market prices or net asset values. Other securities for which no such quotations or valuations are readily available are carried at estimated fair values. The estimated fair value of these investments is based on valuations provided by external investment managers and reviewed by management. The University believes the carrying amount of these financial instruments is a reasonable estimate of fair value. Because these 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 ready market for such investments existed. Such differences could be material. Securities contributed to the University are recorded at fair value on the date of the gift.

Changes in fair value are recorded as unrealized gains or losses on investments. Realized gains or losses from the sale of investment securities are computed on the specific-identification-cost basis or, for pooled funds, on the average-cost basis.

Collections of Art, Historical Treasures, and Other Similar Assets

The University houses certain collections of works of art, literary works and artifacts. These collections are protected and preserved for public exhibition, education, research, and the furtherance of public service. They are neither disposed of for financial gain nor encumbered in any manner. Accordingly, these collections are not recorded or capitalized for financial statement purposes.

Land, Buildings, and Equipment

Land, buildings, equipment and information technology (IT) equipment are recorded at cost on the date of acquisition or construction or, if received as a gift, at the fair value at the time of receipt, net of accumulated depreciation.

Depreciation is computed on a straight-line basis using a half-year convention for new additions over the following estimated useful lives:

Buildings	50 years
Building improvements	20 years
Capital leases	Life of lease
Furniture, fixtures, and equipment	8 years, 4 years for IT
Internal use software, minor and major	5 years and 10 years
Land improvements and infrastructure	15 years
Leasehold improvements	Shorter of useful life or lease period

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Expenditures for maintenance, repairs, and books for the library are charged to operations as incurred; betterments that materially extend the life of the assets are capitalized. Capital assets are removed from the records at the time of disposal, and any resulting gain or loss is included in the Statements of Activities.

Conditional Asset Retirement Obligations

In the normal course of its operations, the University incurs legal obligations to perform certain retirement activity with regard to the ultimate disposition of some of its tangible long-lived assets due to the nature of material used in their construction or operation. The timing of the performance of these retirement activities is within the control of the University and, due to the long useful lives of these assets, will be performed at some future date. The University has recorded a liability of $1,079 and $1,091 for these activities as of May 31, 2015 and 2014, respectively. The estimated liability relates principally to buildings and equipment that are partially depreciated.

Income Taxes

The University is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code, as amended (the Code), and is generally exempt from income taxes pursuant to Section 501(a) of the Code. The University is required to assess uncertain tax positions and has determined that there were no such positions that are material to the financial statements. If such positions existed, it is the University's policy to record estimated interest and penalties as part of general and institutional expense. No interest or penalties have been recorded for the years ended May 31, 2015 and 2014.

Federal Student Program Advances

These amounts include funds advanced to the University under the Federal Perkins Loan Program. Such funds may be re-loaned by the University after collection. In the event that the University no longer participates in the Program, the amounts are generally refundable to the federal government.

Revenue Recognition

Substantially all of the University's revenue is derived from student tuition and fees, private contributions, federal and state student assistance, and auxiliary enterprises related to the University. Auxiliary enterprises include dining halls, residence halls, and other undertakings which provide services primarily to students, faculty, and staff for fees directly related to, but not necessarily equivalent to, the costs of the services. Tuition, fees and auxiliary revenue are recognized as revenue in the period to which they relate. Student deposits and deferred revenue represent tuition and student deposits paid in advance, which are recognized as income when the related educational services are provided.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Under its Accelerated Degree Program, the University offers qualifying undergraduate students the opportunity to receive a graduate tuition scholarship. Under the scholarship, students may receive up to one hundred percent remission of their graduate tuition. In connection with this scholarship program, at May 31, 2015 and 2014 the University has deferred revenue liabilities of $6,153 and $6,678, respectively.

Financial Aid Discount

The University's financial aid grants are reported in the Statements of Activities as an adjustment to revenues. The financial aid program assists all students with demonstrated need, defined in accordance with a uniform formula, by providing a mix of grants and loans designed to help cover some of the costs of attendance when combined with student and family contributions based upon ability to pay. Additionally, the University maintains a merit aid program. Student assistance is funded, in part, by income from endowed scholarship funds, gifts for specific scholarships and unrestricted gifts available for use in current operations.

Federal and State Student Assistance

Substantial financial aid for students is provided by grants (including work study) and loans through federal and state programs. Federal aid totaled $16,694 and $17,633 for the years ended May 31, 2015 and 2014, respectively. Federal Pell Grants and Direct Student Loans in the amount of $15,648 and $16,588 for the years ended May 31, 2015 and 2014, respectively, are pass-through funding to students and are not presented in the Statements of Activities. State aid totaled $628 and $669 for the years ended May 31, 2015 and 2014, respectively.

Functional Expense Allocation

Expenses have been allocated to programmatic and non-programmatic functions based on the estimated percentage of effort, usage, square footage and other criteria.

(in thousands of dollars)

NOTE C - INVESTMENTS

As of May 31, 2015 and 2014, investments consisted of the following:

	2015	2014
Marketable securities		
Fixed income		
Money market mutual funds	**$ 842**	$ 697
Government bonds	**61**	61
Equity securities	**64,891**	59,695
Partnerships		
Private equity/venture capital	**12,955**	16,561
Private equity international	**6,135**	8,381
Real assets	**37,556**	39,600
Absolute return/hedge funds	**182,151**	168,073
Debt funds	**20,409**	20,220
International equity	**85,287**	83,396
Other	**126**	142
Real estate, life insurance, notes	**853**	533
Other	**332**	393
Beneficial interest in trusts	**11,236**	11,360
Total investments	**$ 422,834**	$ 409,112

Beneficial interest in trusts as of May 31, 2015 is comprised of marketable investments of $299 in money market mutual funds, $8,689 in equity mutual funds, $1,885 in fixed income mutual funds, and $363 in publicly traded real estate investment trusts (REIT's). Beneficial interest in trusts as of May 31, 2014 is comprised of marketable investments of $597 in money market mutual funds, $8,086 in equity mutual funds, $2,294 in fixed income mutual funds, and $383 in publicly traded real estate investment trusts (REIT's).

Overall investment results on all investments, net of investment expenses and management fees, are summarized in the table below. Certain investment expenses were paid directly by the University for investment advisors and custodial services totaling $311 and $209 for the years ended May 31, 2015 and 2014, respectively.

	2015	2014
Net realized and unrealized gain	**$ 24,688**	$ 50,566
Interest and dividends, net	**1,226**	2,062
Split-interest agreement annuity payments, change in annuities and unitrusts payable, and related expenses, net	**(431)**	(1,020)
Interest and dividends – funds held by trustee	**6**	6
Total investment return	**$ 25,489**	$ 51,614

(in thousands of dollars)

NOTE C - INVESTMENTS - Continued

For the years ended May 31, 2015 and 2014, investment return is reported in the Statements of Activities as follows:

	2015	2014
Income appropriated under spending policy	**$ 15,612**	$ 14,960
Investment income net of amounts appropriated under spending policy	**10,294**	37,666
Other investment return	**15**	9
Change in value of beneficial interests in outside trusts	**87**	128
Annuity and unitrust obligation expense	**(519)**	(1,149)
Total investment return	**$ 25,489**	$ 51,614

Endowment and annuity funds are generally pooled for investment purposes. Units of the pool are assigned on the basis of market value per unit at the beginning of the quarter in which funds are received. Income is distributed quarterly, thereafter, on a per-unit basis.

In conjunction with the annuity funds, the University has recorded a liability, included in annuities and unitrusts payable, equal to the present value of future cash flows expected to be paid to the beneficiaries based upon their actuarial expected lives.

As of May 31, 2015 and 2014, the University had outstanding commitments for investments in partnerships amounting to $20,133 and $17,857, respectively.

The University has indirect investments in derivative financial instruments through partnership investments. Derivatives, such as forward foreign currency contracts and futures contracts, are used by the partnerships to hedge against risk.

(in thousands of dollars)

NOTE D - STUDENT LOANS RECEIVABLE

The University makes uncollateralized loans to students based on financial need. Student loans are funded through federal government loan programs or institutional resources. As of May 31, 2015 and 2014, student loans represented 0.9% of total assets.

At May 31, 2015 and 2014, student loans consisted of the following:

	2015	2014
Federal Perkins Loan Program	**$ 5,477**	$ 5,376
University Loan Program	**357**	357
Total student loans receivable	**5,834**	5,733
Less allowance for doubtful loans		
Beginning of year	**(452)**	(427)
Decrease/(increase)	**66**	(25)
End of year allowance for doubtful loans	**(386)**	(452)
Student loans receivable, net	**$ 5,448**	$ 5,281

The University participates in the Federal Perkins Loan Program. The availability of funds for loans under the program is dependent on reimbursements to the pool from repayments on outstanding loans. Funds advanced by the federal government of $5,455 and $5,480 at May 31, 2015 and 2014, are ultimately refundable to the government and are classified as liabilities in the Statements of Financial Position. Outstanding loans cancelled under the program result in a reduction of the funds available for loans and a decrease in the liability to the government.

At May 31, 2015 and 2014, the following amounts were past due under the student loan programs:

May 31,	**1-59 days past due**	**60 - 90 days past due**	**90+ days past due**	**Total past due**
2015	**$ 185**	**$ 40**	**$ 767**	**$ 992**
2014	$ 209	$ 35	$ 760	$ 1,004

Allowances for doubtful loans are established based on prior collection experience for the previous 3 years and the 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 to be permanently uncollectible. Amounts due under the Federal Perkins Loan Program are assignable to the government; therefore, the allowance calculation is based on the probable credit loss for the institutional portion of the fund and a percentage of the portfolio that may not be assignable to the federal government.

(in thousands of dollars)

NOTE E - CONTRIBUTIONS RECEIVABLE

Contributions receivable at May 31, 2015 and 2014 are time restricted and have the following purpose restrictions:

	2015	2014
Endowment for academic purposes	**$ 85**	$ 85
Endowment for scholarships	**113**	120
Nonendowment academic	**204**	253
Nonendowment facilities	**3,134**	3,641
Nonendowment other	**263**	323
Nonendowment scholarship	**201**	151
Unrestricted	**191**	288
Total contributions receivable	**$ 4,191**	$ 4,861

Contributions are expected to be realized in the following periods:

	2015	2014
In less than one year	**$ 2,540**	$ 2,684
Between one year and five years	**1,651**	2,177
Total contributions receivable	**4,191**	4,861
Less:		
Present value discount (discount rates range from 3.08% to 11.08%)	**(377)**	(431)
Allowance for unfulfilled pledges	**(25)**	(34)
Contributions receivable, net	**$ 3,789**	$ 4,396

The University also has received revocable bequest intentions which have not been recorded in the financial statements as of May 31, 2015 and 2014.

NOTE F - FUNDS HELD BY BOND TRUSTEE

The University has several funds held by trustees, which are restricted as to use according to debt agreements. As of May 31, 2015 and 2014, the University had debt service fund collateral and reserve funds totaling $850 and $816, respectively.

(in thousands of dollars)

NOTE G - LAND, BUILDINGS, EQUIPMENT AND CONSTRUCTION IN PROGRESS

Land, buildings, equipment and construction in progress consisted of the following at May 31, 2015 and 2014:

	2015	2014
Land	**$ 8,351**	$ 8,351
Land improvements and infrastructure	**11,588**	8,693
Buildings	**102,890**	102,891
Building improvements	**89,653**	86,219
Furniture, fixtures, and equipment	**10,929**	10,662
Assets under capital lease	**993**	51
Internal use software	**329**	319
Leasehold improvements	**53**	53
Total	**224,786**	217,239
Less accumulated depreciation	**(108,147)**	(100,481)
Construction in progress	**6,669**	3,357
Land, buildings and equipment, net	**$ 123,308**	$ 120,115

The University has entered into contracts for various construction projects on campus. The total obligation for these contracts is $18,131 of which $962 had been expended at May 31, 2015.

NOTE H - LINE OF CREDIT

The University has a demand note working capital line of credit of $2 million with TD Bank. The line bears interest at a rate of 30-day LIBOR plus 75 basis points. There were no borrowings outstanding on the line at May 31, 2015 or 2014. The line of credit will expire on February 28, 2016.

(in thousands of dollars)

NOTE I - BONDS PAYABLE

Bonds payable as of May 31, 2015 and 2014 consisted of the following:

	2015	2014
In November 2005, the University issued $20,000 of Series 2005 revenue bonds through MDFA for the purpose of the construction of a new residence hall, renovations to Goddard Library, and to refund the outstanding amount of the Series 1996 bonds. The bonds, which carry fixed interest rates ranging from 4.00% to 5.13%, are due in varying installments, plus interest, with final maturity in 2035. The unamortized original issue premium on these bonds was $354 and $374 as of May 31, 2015 and May 31, 2014, respectively.	**$ 15,454**	$ 16,179
In April 2008, the University issued $50,255 of Series 2008 revenue bonds through MDFA for the purpose of renovations and an addition to Goddard Library, and to redeem the Series 2000 and 2002 bonds. As security for the bonds, TD Bank issued an irrevocable, transferable, direct-pay letter of credit in an amount sufficient to pay the aggregate principal and an amount of up to 45 days' interest on the bonds. The bonds, for which interest is payable at a variable rate (.09% on May 31, 2015) are due in varying installments, plus interest, with final maturity in 2036.	**40,560**	41,780
In December 2011, the University issued $19,085 of Series 2011 revenue bonds through MDFA for the purpose of refinancing the University's Series 1998 bonds, to finance the construction, renovation, and/or equipping of certain facilities of the institution, and to pay the costs of issuing the bonds. The bonds, which carry fixed interest rates ranging from 2.00% to 5.00%, are due in varying installments, plus interest, with final maturity in 2028. Sinking fund payments must be made in annual amounts ranging from $755 to $1,550. The unamortized original issue discount/premium was $544 and $662 as of May 31, 2015 and 2014, respectively.	**17,169**	18,152
	$ 73,183	$ 76,111

(in thousands of dollars)

NOTE I - BONDS PAYABLE - Continued

Principal payments related to the above indebtedness due in future fiscal years are as follows as of May 31, 2015:

2016	$ 2,905
2017	3,010
2018	2,780
2019	2,895
2020	3,010
Thereafter	57,685
	$ 72,285

The University entered into an interest rate swap agreement with a major financial institution with the intended purpose to effectively fix the interest cost on $15 million of the Series 2008 bonds at 1.711%. The variable rate received under the term of the swap agreement is calculated at 75% of 1 month LIBOR, which on May 31, 2015 was 0.18025% resulting in an effective rate of 1.576%. The swap agreement expires in October 2032, and the notional principal amount will decrease as the bonds mature. The swap agreement is reported at fair value in the Statements of Financial Position. The fair value of the swap agreement is based on pricing models that consider risks and market factors. The change in the fair value of the swap agreement is reported in non-operating revenue (expense) in the Statements of Activities and amounted to ($592) in 2015 and $71 in 2014, respectively.

The agreements related to the bonds payable contain certain financial covenants which provide for, among other things, debt service requirements. As of May 31, 2015, the University was in compliance with the financial covenants.

Based on estimates using current interest rates available for similar debt of the same remaining maturities, the fair value of the bonds payable outstanding at May 31, 2015 and 2014 is $74,235 and $76,974, respectively.

Interest expense on bonds payable was $1,700 and $1,766 for 2015 and 2014, respectively.

NOTE J - RETIREMENT PLANS

The University participates in a defined contribution plan administered by the Teachers Insurance & Annuity Association and Fidelity Investments Institutional Operations Company, Inc. The plan requires a two-year waiting period before new employees may participate. Participants contribute at least 5% of salary and the University contributes 10% of salary. Expenses recognized by the University related to the above were $3,708 in 2015 and $3,656 in 2014.

(in thousands of dollars)

NOTE J - RETIREMENT PLANS - Continued

The University has a health care insurance cost reimbursement program for eligible retired faculty members. Benefits are a fixed monthly amount with no provision for increase over time. Actual expense reimbursements paid under this program during fiscal 2015 and 2014 totaled $19 and $17, respectively. As of May 31, 2015 and 2014, the University had accrued $881 and $842, respectively, for the health care insurance cost reimbursement program which is included in accrued salary expenses in the Statements of Financial Position.

NOTE K - COMMITMENTS AND CONTINGENCIES

Notes Payable

The University's contract for dining services includes a provision for the interest-free repayment of investments in dining facilities made by the contractor. The balance was $510 and $650 on May 31, 2015 and 2014 respectively. A portion of the balance is amortized by the contractor over the life of the contract and is payable only in the event the contract is terminated. The remaining portion is payable per the following schedule:

Year ending May 31,	Amortized by Contractor	Payable to Contractor	Total
2016	$ 100	$ 80	$ 180
2017	100	130	230
2018	100	-	100
Total minimum payments	$ 300	$ 210	$ 510

Leases

The University leases campus space, automobiles, and office equipment under operating lease agreements.

The University also leases equipment under leases which are classified as capital leases. The obligation associated with these leases is included in other liabilities in the Statements of Financial Position. The amount of assets recorded under capital leases is included in land, buildings, equipment and construction in progress and had a capitalized value of $993 and $51, with related accumulated amortization of $256 and $23, as of May 31, 2015 and 2014, respectively.

(in thousands of dollars)

NOTE K - COMMITMENTS AND CONTINGENCIES – Continued

Future minimum lease payments under lease agreements for the years ending May 31 are as follows:

Year ending May 31,	Operating Leases	Capital Leases	Total
2016	$ 174	$ 247	$ 421
2017	173	247	420
2018	170	247	417
2019	174	-	174
2020	172	-	172
2021 and beyond	2,801	1	2,802
Total minimum lease payments	$ 3,664	742	$ **4,406**
Less amount representing interest above		(1)	
Capital lease obligations		$ **741**	

Lease expense for 2015 and 2014 was $221 and $223, respectively.

Contingencies

All funds expended by the University in connection with government grants and contracts are subject to audit by governmental agencies. In the opinion of management, any cost disallowances resulting from these audits would not have a material effect on the University's financial position.

The University is periodically involved in claims, suits, and other legal matters, all of which arise in the normal course of business. Management does not believe that the outcome of any currently pending matters, either individually or in the aggregate, will have a material impact on the University's financial position or statement of activities.

(in thousands of dollars)

NOTE L - FUNCTIONAL EXPENSES PRIOR TO ALLOCATIONS

Functional expenses prior to the allocation of interest, depreciation, and operation and maintenance of the facilities for the years ended May 31, 2015 and 2014 are as follows:

	2015	2014
Instruction	$ 37,288	$ 36,449
Student services	10,026	9,901
Academic support	12,209	12,935
General institutional	6,819	5,718
Alumni and development	4,696	4,625
Operation and maintenance	6,701	6,533
Research	5,233	4,954
Auxiliary services	10,114	9,821
Interest and fees	1,842	1,933
Depreciation	8,097	7,554
Total	$ 103,025	$ 100,423

Allocations to functional areas are based on square footage utilized by function.

NOTE M - ENDOWMENTS

The University's endowment consists of 552 funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the University to function as quasi-endowments. As required by accounting principles generally accepted in the United States of America, 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

In June 2009, the Commonwealth of Massachusetts enacted a version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). Although UPMIFA offers short-term spending flexibility, the explicit consideration of the preservation of the endowed funds among factors for prudent investment and spending suggests that a donor-restricted endowment fund is still perpetual in nature. Under UPMIFA, the Board of Trustees is permitted to determine a prudent payout amount, even if the market value of the fund is below the historic-dollar-value. There is an expectation that, over time, the permanently restricted amount will generally remain intact. The perspective is aligned with the accounting standards definition that permanently restricted funds are those that must be held in perpetuity even though the historic-dollar-value may be spent on a temporary basis. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets and is regarded as net appreciation is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the University's spending policy.

NOTE M – ENDOWMENTS - Continued

Endowment Investment Policy

The University has adopted an investment philosophy, which combined with the spending rate, attempts to provide a predictable stream of returns thereby making funds available to programs that are supported by its endowment, while at the same time seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for donor-specified periods, as well as designated funds. Under the University's investment policy and spending rate, both of which are approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce an inflation-adjusted return in excess of the spending rate over a long period of time. Actual returns in any given year may vary.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the University 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). Decades ago, the University determined it was not capable of independently managing the investment portfolio and that outsourcing its management to a variety of managers with differing strategies was the best course. The Investment Committee of the Board is responsible for selecting the managers. The rationale for including an array of alternative strategy managers for a portion of the University's portfolio is to reduce overall volatility while providing equity-like returns. Alternative asset classes have historically demonstrated lower volatility on a stand-alone basis compared to traditional asset classes. Additionally, they have had lower correlations, thus providing diversification benefits at the total fund level.

Spending Policy

The University utilizes the total return method for determining the distribution to pooled funds. The total return includes investment yield (interest and dividends, less investment fees), realized gains (losses), and unrealized appreciation (depreciation). On this basis, the Board of Trustees has established a spending rate of 5.00% based on the average market value per unit of pooled endowment funds for the twenty quarters ended six months prior to the beginning of the current year. Funds that are "underwater" by 20% or less will have spending distributions calculated using the same formula as that adopted by the Board of Trustees for all other endowment funds, provided that this level does not exceed 7% of the beginning market value of any fund that is "underwater".

Funds that are "underwater" by an amount in excess of 20%, but less than 30%, will be deemed at risk of permanent loss of principal, and spending will be reduced to a level of 2.5% of the beginning market value of the fund, with all further income and capital gains to be added to the principal of the fund until the amount "underwater" has been reduced to less than 20%. This calculation and adjustment will be made only at the beginning of each fiscal year, and continue for at least that year. Funds that are "underwater" by an amount equal to or in excess of 30% will be frozen, with no distribution to support programs unless and until the shortfall amount has been reduced to below 30%. This calculation and adjustment will also be made only at the beginning of each fiscal year, and continue for at least that year. Net assets are released from restriction up to the spending rate.

(in thousands of dollars)

NOTE M - ENDOWMENTS - Continued

Endowment Net Asset Composition by Type of Fund as of May 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 216,481	$ 123,096	$ 339,577
Board-designated funds	62,069	2,076	-	64,145
Total funds	$ 62,069	$ 218,557	$ 123,096	$ 403,722

Changes in Endowment Net Assets for the Fiscal Year Ended May 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 60,571	$ 210,525	$ 120,996	$ 392,092
Investment return:				
Investment income	90	496	-	586
Net appreciation (realized and unrealized)	3,518	21,009	-	24,527
Total investment return	3,608	21,505	-	25,113
Contributions	-	-	2,100	2,100
Appropriations of endowment assets for expenditure (draw)	(2,139)	(13,473)	-	(15,612)
Other changes:				
Transfer to Board-designated endowment funds	29	-	-	29
Total other changes	29	-	-	29
Endowment net assets, end of year	$ 62,069	$ 218,557	$ 123,096	$ 403,722

(in thousands of dollars)

NOTE M - ENDOWMENTS - Continued

Endowment Net Asset Composition by Type of Fund as of May 31, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 208,498	$ 120,996	$ 329,494
Board-designated funds	60,571	2,027	-	62,598
Total funds	$ 60,571	$ 210,525	$ 120,996	$ 392,092

Changes in Endowment Net Assets for the Fiscal Year Ended May 31, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 55,045	$ 180,186	$ 119,642	$ 354,873
Investment return:				
Investment income	305	1,669	-	1,974
Net appreciation (realized and unrealized)	7,447	41,268	-	48,715
Total investment return	7,752	42,937	-	50,689
Contributions	-	130	1,354	1,484
Appropriations of endowment assets for expenditure (draw)	(2,232)	(12,728)	-	(14,960)
Other changes:				
Transfer to Board-designated endowment funds	6	-	-	6
Total other changes	6	-	-	6
Endowment net assets, end of year	$ 60,571	$ 210,525	$ 120,996	$ 392,092

(in thousands of dollars)

NOTE N - COMPONENTS OF NET ASSETS

The components of net assets at May 31, 2015 and 2014 are as follows:

	2015	2014
Unrestricted net assets:		
Undesignated funds	**$ 72,568**	$ 67,457
Designated funds	**62,069**	60,599
Total unrestricted net assets	**134,637**	128,056
Temporarily restricted net assets:		
Endowment investment gains	**218,557**	210,525
Pledges and life insurance policies for nonendowment purposes	**3,929**	4,485
Unspent endowment income restricted as to purpose	**3,555**	3,080
Unspent gifts restricted as to purpose	**2,603**	3,554
Trust agreements not for unrestricted or endowed purposes	**400**	395
Total temporarily restricted net assets	**229,044**	222,039
Permanently restricted net assets:		
Endowed funds	**123,096**	120,996
Pledges and life insurance policies for endowment purposes	**282**	1,507
Trust agreements with endowed purposes	**8,878**	7,443
Donor-restricted loan funds	**623**	601
Total permanently restricted net assets	**132,879**	130,547
Total net assets	**$ 496,560**	$ 480,642

The University has classified certain funds in the Statements of Financial Position as permanently restricted net assets, which is consistent with the donors' primary intent. These funds are, however, through an agreement with the donors, available to the University to meet financial obligations in the event no other sources are available. At May 31, 2015, endowed funds with a fair value of $95,988 representing $49,896 of gains in temporarily restricted net assets and $46,092 of principal in permanently restricted net assets, could be utilized by the Trustees if it should become impossible and/or impractical to employ the funds as the donors intended. Unrestricted designated funds are legally unrestricted funds invested with the University's pooled endowment.

NOTE O - FAIR VALUE MEASUREMENTS

The University measures the fair value of assets and liabilities as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). A fair value hierarchy is used to prioritize the inputs to valuation techniques used to measure fair value. 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 fair value hierarchy are described below:

Level 1 inputs are unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 inputs include quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 inputs are unobservable for the asset or liability and reflect management's own estimates.

An asset or liability's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Contributions Receivable

Contributions receivable are reported based on non-recurring fair value measurements and classified as Level 3. Any multi-year pledges received are initially recorded at the present value of estimated future cash flows. The discounts on these pledges are computed using rates commensurate with the risks involved and applicable to the year in which the promise is expected to be received.

Investments

Investments whose values are based on quoted market prices in active markets are classified as Level 1. These investments primarily consist of publicly traded mutual funds, government bonds, corporate bonds and equity securities. Investments whose values are based on prices in markets that are not active are classified as Level 2. Interests in private partnerships that can be redeemed at the measurement date at net asset value (NAV) are classified as Level 2. Interests in private partnerships that are not redeemable at the measurement date are classified as Level 3 when there are not observable inputs and management is required to estimate fair value using a valuation technique.

NOTE O - FAIR VALUE MEASUREMENTS - Continued

Beneficial Interests in Trusts

Assets held in outside trusts are classified as Level 3, as the University is not the trustee for these trusts and the unit of ownership is an individual interest in the trust; the University determines the fair value of the outside trusts based on the underlying investments. Assets held in other trusts are classified according to the nature of the underlying assets in the trust as the University is the trustee for the trusts.

Annuities and Unitrusts Payable

Annuities and Unitrusts Payable are based on non-recurring Level 3 fair value measurements. These instruments are initially recorded at the present value of future cash flows with a fair value discount rate adjusted for any market conditions to determine fair value.

Interest Rate Swap

The fair value of interest rate swap agreements is estimated through the use of pricing models which reflect the contractual terms of the swap and where the inputs to those models are readily observable from actively quoted markets.

The fair value of the University's interest rate swap is determined based on a discounted cash flow method using the following significant inputs: the contractual terms of the swap such as the notional amount, fixed coupon rate, floating coupon rate (based on interbank rates consistent with the frequency and currency of the interest cash flows) and tenor.

(in thousands of dollars)

NOTE O - FAIR VALUE MEASUREMENTS - Continued

The following tables set forth the University's financial assets and liabilities that were accounted for at fair value on a recurring basis as of May 31, 2015 and 2014 by level within the fair value hierarchy.

	May 31, 2015			
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Money market mutual funds	$ 842	$ -	$ -	$ 842
Government bonds	61	-	-	61
Equity securities	64,891	-	-	64,891
Partnership - Other	-	126	-	126
Private equity/venture capital	-	-	12,955	12,955
Private equity international	-	-	6,135	6,135
Real assets	-	-	37,556	37,556
Absolute return/hedge funds	-	44,490	137,661	182,151
Debt funds	-	20,409	-	20,409
International equity mutual funds	-	85,287	-	85,287
Other	-	-	332	332
Beneficial interest in trusts	11,236	-	-	11,236
Beneficial interests in outside trusts	-	-	1,358	1,358
Total	$ 77,030	$ 150,312	$ 195,997	$ 423,339
Liabilities:				
Interest rate swap agreement	-	156	-	156
Total	-	156	-	156

(in thousands of dollars)

NOTE O - FAIR VALUE MEASUREMENTS - Continued

	May 31, 2014			
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Money market mutual funds	$ 697	$ -	$ -	$ 697
Government bonds	61	-	-	61
Equity securities	59,695	-	-	59,695
Partnership - Other	-	142	-	142
Private equity/venture capital	-	-	16,561	16,561
Private equity international	-	-	8,381	8,381
Real assets	-	-	39,600	39,600
Absolute return/hedge funds	-	37,902	130,171	168,073
Debt funds	-	20,220	-	20,220
International equity mutual funds	-	83,396	-	83,396
Other	-	-	393	393
Beneficial interest in trusts	11,360	-	-	11,360
Beneficial interests in outside trusts	-	-	1,271	1,271
Interest rate swap agreement	-	436	-	436
Total	$ 71,813	$ 142,096	$ 196,377	$ 410,286

The following table presents a rollforward by investment category of the change in the value of Level 3 assets for the year ended May 31, 2015:

	Beginning Balance at June 1, 2014	**Realized/ Unrealized Gains**	**Net Purchases (Redemptions)**	**Transfer Out of Level 3**	**Ending Balance at May 31, 2015**
Private equity/venture capital	**$ 16,561**	**$ 2,194**	**$ (5,800)**	**$ -**	**$ 12,955**
Private equity international	**8,381**	**(123)**	**(2,123)**	**-**	**6,135**
Real assets	**39,600**	**1,859**	**(3,903)**	**-**	**37,556**
Absolute return/hedge funds	**130,171**	**7,490**	**-**	**-**	**137,661**
Other	**393**	**14**	**5**	**(80)**	**332**
Beneficial interests in outside trusts	**1,271**	**87**	**-**	**-**	**1,358**
Total	**$ 196,377**	**$ 11,521**	**$ (11,821)**	**$ (80)**	**$ 195,997**

(in thousands of dollars)

NOTE O - FAIR VALUE MEASUREMENTS - Continued

The following table presents a rollforward by investment category of the change in value of Level 3 assets for the year ended May 31, 2014:

	Beginning Balance at June 1, 2013	Realized / Unrealized Gains	Net Purchases (Redemptions)	Ending Balance at May 31, 2014
Private equity/venture capital	$ 16,744	$ 4,665	$ (4,848)	$ 16,561
Private equity international	8,731	1,467	(1,817)	8,381
Real assets	34,626	2,293	2,681	39,600
Absolute return/hedge funds	122,123	14,452	(6,404)	130,171
Other	444	24	(75)	393
Beneficial interests in outside trusts	1,143	128	-	1,271
Total	$ 183,811	$ 23,029	$ (10,463)	$ 196,377

There were no transfers between Levels during the year ended May 31, 2014.

The following table sets forth the liquidity, redemption policies and unfunded commitments of the University's investments that have been accounted for using net asset value (NAV) per share or its equivalent as a practical expedient for calculating fair value as of May 31, 2015.

Investments	**Fair Value**	**Commitments**	**Frequency**	**Notice Period**
Partnership-Other	$ 126	$ -	quarterly	90 days notice
Private equity/Venture Capital	12,955	6,710	temporarily illiquid	(1)
Private equity international	6,135	1,073	temporarily illiquid	(1)
Real assets	33,097	12,350	temporarily illiquid	(1)
Real assets	4,459	-	quarterly	90 days notice
Absolute Return/Hedge	182,151	-	monthly	30 days notice
Debt funds	20,409	-	monthly	30 days notice
International equity mutual funds	85,287	-	daily, monthly	30 days notice
Other	332	-	temporarily illiquid	(1)
Total	$ 344,951	$ 20,133		

(1) Temporarily illiquid includes lockups with definite expiration dates or funds in liquidation which have suspended normal liquidity terms or trusts that become liquid upon death of final beneficiary.

NOTE P - RELATED PARTY TRANSACTIONS

A trustee, who began his term on July 1, 2012, is a partner in an investment firm that provides investment services to the University. The investment balance in that fund was $6,673 and $6,533 as of May 31, 2015 and 2014, respectively. The University first invested with this firm well prior to his joining the board.

NOTE Q - SUBSEQUENT EVENTS

For purposes of determining the effects of subsequent events on these financial statements, management has evaluated events subsequent to May 31, 2015 and through September 10, 2015, the date on which the financial statements were available to be issued. On August 27, 2015, the University issued a 20-year fixed-rate private tax-exempt bank loan for $17.9 million. Proceeds were used to pay the callable portion of the University's MDFA 2005 bond of $14.7 and to fund $3.2 million of new capital projects and the cost of issuance. Management has verified that nothing else has transpired that would require modification to the financial statements through the date of issuance.