Wabash College

Independent Auditor's Report and Financial Statements

June 30, 2017 and 2016

Wabash College

June 30, 2017 and 2016

Contents

BKD LLP
CPAs & Advisors

201 N. Illinois Street, Suite 700 // P.O. Box 44998 // Indianapolis, IN 46244-0998
317.383.4000 // fax 317.383.4200 // bkd.com

Independent Auditor's Report

Board of Trustees
Wabash College
Crawfordsville, Indiana

We have audited the accompanying financial statements of Wabash College, which comprise the statements of financial position as of June 30, 2017 and 2016, 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 organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating 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 Wabash College as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

BKD, LLP

Indianapolis, Indiana
October 19, 2017

Wabash College

Statements of Financial Position
June 30, 2017 and 2016

	2017	2016
Assets		
Cash	$ 2,141,358	$ 3,596,660
Accounts receivable	583,880	586,299
Prepaid expenses and other	397,694	442,126
Contributions receivable	6,158,556	9,266,433
Student loans receivable held by endowment	6,925,004	7,311,954
Investments	343,814,818	336,775,678
Cash surrender value of life insurance	2,307,821	2,150,781
Charitable remainder trusts	21,600,536	19,114,316
Interest rate swap agreement	26,199	-
Property and equipment, net	127,798,120	127,824,299
Beneficial interest in perpetual trusts	8,230,472	7,590,325
Total assets	$ 519,984,458	$ 514,658,871
Liabilities		
Accounts payable and accrued expenses	$ 2,986,101	$ 6,185,021
Line of credit	3,469,000	3,488,000
Interest rate swap agreement	-	1,923,800
Long-term debt	49,027,600	50,387,200
Accumulated postretirement benefit obligation	9,848,843	10,597,719
Annuities and trusts payable	5,796,626	4,286,477
Total liabilities	71,128,170	76,868,217
Net Assets		
Unrestricted	244,426,878	226,113,901
Temporarily restricted	74,084,118	87,731,980
Permanently restricted	130,345,292	123,944,773
Total net assets	448,856,288	437,790,654
Total liabilities and net assets	$ 519,984,458	$ 514,658,871

Wabash College

Statements of Activities
Years Ended June 30, 2017 and 2016

	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, Income and Other Support				
Student tuition and fees	$ 33,198,329	$ -	$ -	$ 33,198,329
Grants and scholarships	(19,396,465)	-	-	(19,396,465)
Net student tuition and fees	13,801,864	-	-	13,801,864
Contributions, gifts and bequests	5,352,657	3,044,621	3,812,566	12,209,844
Investment return designated for current operations	14,179,316	6,724,742	102,226	21,006,284
Change in value of split-interest agreements	157,718	(1,873,585)	1,464,722	(251,145)
Auxiliary services	5,006,801	-	-	5,006,801
Other income	1,404,999	69,308	-	1,474,307
	39,903,355	7,965,086	5,379,514	53,247,955
Net assets released from restrictions	25,037,506	(25,132,945)	95,439	-
Total revenues, income and other support	64,940,861	(17,167,859)	5,474,953	53,247,955
Expenses				
Instruction	10,998,663	-	-	10,998,663
Research	1,623,885	-	-	1,623,885
Public service	3,230,829	-	-	3,230,829
Academic support and library	4,151,968	-	-	4,151,968
Student services	8,960,467	-	-	8,960,467
Management and general	5,044,089	-	-	5,044,089
Fund raising	1,995,659	-	-	1,995,659
Auxiliary services	2,537,087	-	-	2,537,087
Operations and maintenance	6,688,259	-	-	6,688,259
Interest expense	741,389	-	-	741,389
Depreciation expense	5,345,534	-	-	5,345,534
Total expenses	51,317,829	-	-	51,317,829
Change in Net Assets Before Other Changes	13,623,032	(17,167,859)	5,474,953	1,930,126
Other Changes				
Investment return in excess of (less than) amounts designated for current operations	3,956,094	3,519,997	925,566	8,401,657
Defined-benefit postretirement health plan - net gain (loss) arising during the period	712,466	-	-	712,466
Amortization of net loss included in net periodic pension costs	1,165,975	-	-	1,165,975
Amortization of prior service credit included in net periodic pension cost	(1,144,590)	-	-	(1,144,590)
Change in Net Assets	18,312,977	(13,647,862)	6,400,519	11,065,634
Net Assets, Beginning of Year	226,113,901	87,731,980	123,944,773	437,790,654
Net Assets, End of Year	$ 244,426,878	$ 74,084,118	$ 130,345,292	$ 448,856,288

2016			
Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**
$ 33,519,907	$ -	$ -	$ 33,519,907
(18,763,433)	-	-	(18,763,433)
14,756,474	-	-	14,756,474
13,280,945	7,270,796	2,055,783	22,607,524
14,758,154	6,764,150	102,922	21,625,226
(2,344)	192,914	(536,663)	(346,093)
4,909,954	-	-	4,909,954
1,084,152	13,800	-	1,097,952
48,787,335	14,241,660	1,622,042	64,651,037
12,677,876	(12,728,420)	50,544	-
61,465,211	1,513,240	1,672,586	64,651,037
11,302,718	-	-	11,302,718
1,564,437	-	-	1,564,437
3,833,221	-	-	3,833,221
3,649,135	-	-	3,649,135
9,111,948	-	-	9,111,948
4,896,707	-	-	4,896,707
1,979,122	-	-	1,979,122
2,446,866	-	-	2,446,866
6,491,549	-	-	6,491,549
1,184,811	-	-	1,184,811
4,378,655	-	-	4,378,655
50,839,169	-	-	50,839,169
10,626,042	1,513,240	1,672,586	13,811,868
(17,175,363)	(14,936,184)	(474,360)	(32,585,907)
(684,776)	-	-	(684,776)
1,276,209	-	-	1,276,209
(1,144,590)	-	-	(1,144,590)
(7,102,478)	(13,422,944)	1,198,226	(19,327,196)
233,216,379	101,154,924	122,746,547	457,117,850
$ 226,113,901	$ 87,731,980	$ 123,944,773	$ 437,790,654

Wabash College

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

	2017	2016
Operating Activities		
Change in net assets	$ 11,065,634	$ (19,327,196)
Items not requiring (providing) cash flows		
Depreciation and amortization	5,345,534	4,378,655
Net realized and unrealized (gains) losses on investments	(24,161,434)	19,656,837
Actuarial (gain) loss on annuity and trust obligations	1,510,149	(319,455)
Change in value of split-interest agreements	(2,486,220)	(3,493,495)
(Gain) loss on beneficial interest in perpetual trusts	(640,147)	588,147
Contributions restricted for long-term investment	(3,812,566)	(2,055,783)
Contributions restricted for property and equipment	(4,316,651)	(329,526)
Change in value of interest rate swap agreement	(477,999)	(96,764)
Noncash gifts of real estate and marketable securities	(4,311,093)	(4,356,478)
Changes in		
Receivables	389,369	19,773
Prepaid expenses, cash surrender value of life insurance and other	(112,608)	(229,109)
Contributions receivable	3,107,877	2,890,850
Accounts payable and accrued expenses	(3,198,920)	839,150
Postretirement benefit obligation	(748,876)	699,712
Net cash used in operating activities	(22,847,951)	(1,134,682)
Investing Activities		
Purchase of property and equipment	(5,615,128)	(20,841,364)
Proceeds from disposition of property and equipment	295,773	-
Purchase of investments	(258,666,219)	(429,752,272)
Proceeds from disposition of investments	280,099,606	437,900,572
Net cash provided by (used in) investing activities	16,114,032	(12,693,064)
Financing Activities		
Proceeds from contributions restricted for		
Investment in endowment	3,812,566	2,055,783
Investment subject to annuity and trust agreements	-	66,638
Acquisition of property and equipment	4,316,651	329,526
Issuance of debt	-	15,000,000
Payments on line of credit	(19,000)	(330,000)
Payments on long-term debt	(2,831,600)	(2,081,600)
Payment of annuity and trust obligations	-	(192,840)
Net cash provided by financing activities	5,278,617	14,847,507
Increase (Decrease) in Cash	(1,455,302)	1,019,761
Cash, Beginning of Year	3,596,660	2,576,899
Cash, End of Year	$ 2,141,358	$ 3,596,660
Supplemental Cash Flows Information		
Interest paid	$ 785,947	$ 1,004,014
Proceeds from note payable used to terminate interest rate swap agreement	1,472,000	-

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Wabash College (College) was founded in 1832 as an independent, nonsectarian, liberal arts college for men. The mission of the College is to educate men to think critically, act responsibly, lead effectively and live humanely. This is accomplished through excellence in teaching and learning within a community built on close and caring relationships among students, faculty and staff. The College's revenues and other support are derived principally from student tuition and fees, contributions and investment income.

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 at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash

Interest-bearing and noninterest-bearing transaction accounts are subject to a $250,000 limit on FDIC insurance per covered institution. At June 30, 2017, the College's cash accounts exceeded federally insured limits by approximately $1,545,000.

Investments and Investment Return

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Investment return includes dividends, interest and realized and unrealized gains and losses on investments.

The College also invests in certain real estate, venture capital, private equity and hedge funds, natural resource and distressed debt funds which are primarily held through limited partnerships. As discussed later in these notes, the College uses net asset value as a practical expedient to estimate the fair value of these funds. Because these investments are not readily marketable and may be subject to withdrawal restrictions, their estimated value is subject to uncertainty and, therefore, may materially differ from the value that would have been used had a ready market for such investments existed.

The College maintains pooled investment accounts for its endowment. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated quarterly to the individual endowments based on the relationship of the fair value of the interest of each endowment to the total fair value of the pooled investments accounts, as of December 31 of the prior year.

The College has significant investments in stocks, bonds and mutual funds, and is therefore subject to market, credit and interest-rate risk. Investments are made by investment managers engaged by the College and the investments are monitored by management, the College's Investment Committee and an outside investment advisor. Although the fair value of investments is subject to fluctuations on a year-to-year basis, management believes the investment policy is prudent for the long-term welfare of the College and its constituents.

Accounts Receivable

Student and fraternity accounts receivable are stated at the amounts billed for tuition and fees and rent. The College provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Student accounts receivable are due on July 15 and December 15 of each year for the Fall and Spring semesters, respectively. Accounts past due more than one semester are considered delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the student. It is the policy of the College to pursue collection of accounts unless the debt is legally discharged, at which time, the account is written off.

Property and Equipment

Expenditures for property and equipment and items which substantially increase the useful lives of existing assets are capitalized at cost. The College provides for depreciation on the straight-line method at rates designed to depreciate the cost of assets over estimated useful lives as follows:

	Years
Buildings	25-50
Machinery and equipment	3-10
Vehicles	5-8

Long-Lived Asset Impairment

The College evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment was recognized during the years ended June 30, 2017 and 2016.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the College has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the College in perpetuity.

Contributions

Gifts of cash and other assets received without donor stipulations are reported as unrestricted revenue and net assets. Gifts received with a donor stipulation that limits their use are reported as temporarily or permanently restricted revenue and net assets. When a donor stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as temporarily restricted and then released from restriction.

Gifts of land, buildings, equipment and other long-lived assets are reported as unrestricted revenue and net assets unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as temporarily or permanently restricted revenue and net assets. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of temporarily restricted net assets as unrestricted net assets are reported when the long-lived assets are placed in service.

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are reported at the present value of estimated future cash flows. The resulting discount is amortized using the level-yield method and is reported as contribution revenue.

Conditional gifts depend on the occurrence of a specified future and uncertain event to bind the potential donor and are recognized as assets and revenue when the conditions are substantially met and the gift becomes unconditional.

Collections

The College's collections, which were acquired through purchases and contributions since the College's inception, are not recognized as assets in the statements of financial position. Purchases of collection items are reported in the year of acquisition as decreases in unrestricted net assets, or in temporarily or permanently restricted net assets if the assets used to purchase the items were restricted to that use by donor stipulation. Contributions of collection items are not reported in the financial statements. Proceeds from deaccessions or insurance recoveries related to collection items are reported as increases in the appropriate net asset classes.

The College's collections consist primarily of books, artwork and scientific artifacts. Each of the items is cataloged, preserved and cared for, and activities verifying their existence and assessing their condition are performed continuously. The collections are subject to a policy that requires proceeds from the disposition of collection items to be used to acquire other collection items.

In-Kind Contributions

In addition to receiving cash contributions, the College receives in-kind contributions of marketable securities and real estate from various donors. It is the policy of the College to record the estimated fair value of certain in-kind donations as an asset or expense in its financial statements, and similarly increase contribution revenue by a like amount. For the years ended June 30, 2017 and 2016, approximately $4,311,000 and $4,356,000, respectively, was received in in-kind contributions.

Government Grants

Support funded by state and federal grants is recognized as the contracted services are performed or as outlays for eligible reimbursement under the grant agreements are incurred. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Income Taxes

The College is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the College is subject to federal income tax on any unrelated business taxable income. The College files tax returns in the U.S. federal jurisdiction.

Self Insurance

The College has elected to self-insure certain costs related to employee health and accident benefit programs. Costs resulting from noninsured losses are charged to income when incurred. The College has purchased insurance that limits its exposure for individual claims to $130,000 with an additional $50,000 in total of all claims in excess of $130,000 and that limits its aggregate exposure to $3,633,913.

Subsequent Events

Subsequent events have been evaluated through the date of the Independent Auditor’s Report, which is the date the financial statements were available to be issued.

Note 2: Investments and Investment Return

Investments at June 30 consisted of the following:

	2017	2016
Cash equivalents	$ 7,465,989	$ 31,912,106
Domestic common stocks		
Large cap	36,750,617	31,406,740
Mid cap	135,624	-
Small cap	505,269	7,192,894
Foreign common stocks	39,122,722	37,404,990
Diversified strategies	-	52,388
Fixed income securities/funds	83,143,415	84,711,935
	167,123,636	192,681,053
Alternative investments		
Hedge funds	71,043,080	59,597,795
Distressed debt securities	14,160,697	13,753,965
Private equity and venture capital	60,782,404	49,872,115
Real estate	15,628,453	4,208,180
Natural resources	15,076,548	16,662,570
	176,691,182	144,094,625
	$ 343,814,818	$ 336,775,678

The following schedules summarize the investment return and its classification in the statements of activities.

	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest and dividend income (net of expenses of $1,136,945)	$ 3,541,411	$ 1,679,564	$ 25,532	$ 5,246,507
Net realized and unrealized gains	14,593,999	8,565,175	1,002,260	24,161,434
Total investment return	18,135,410	10,244,739	1,027,792	29,407,941
Investment return designated for current operations	(14,179,316)	(6,724,742)	(102,226)	(21,006,284)
Investment return in excess of amounts designated for current operations	$ 3,956,094	$ 3,519,997	$ 925,566	$ 8,401,657

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest and dividend income (net of expenses of $1,120,760)	$ 5,934,699	$ 2,720,069	$ 41,388	$ 8,696,156
Net realized and unrealized losses	(8,351,908)	(10,892,103)	(412,826)	(19,656,837)
Total investment return	(2,417,209)	(8,172,034)	(371,438)	(10,960,681)
Investment return designated for current operations	(14,758,154)	(6,764,150)	(102,922)	(21,625,226)
Investment return less than amounts designated for current operations	$ (17,175,363)	$ (14,936,184)	$ (474,360)	$ (32,585,907)

Alternative Investments

The fair value of alternative investments presented in the tables above has been estimated using the net asset value per share of the investments. Alternative investments held at June 30 consist of the following:

	June 30, 2017			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Alternative investments				
Hedge funds	$ 71,043,080	$ -	Quarterly - annually	30 - 100 days
Distressed debt securities	14,160,697	413,254	Not eligible	n/a
Private equity and venture capital	60,782,404	9,544,275	Not eligible	n/a
Real estate	15,628,453	146,128	Not eligible	n/a
Natural resources	15,076,548	4,083,263	Not eligible	n/a

	June 30, 2016			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Alternative investments				
Hedge funds	$ 59,597,795	$ -	Quarterly - annually	30 - 100 days
Distressed debt securities	13,753,965	1,065,024	Not eligible	n/a
Private equity and venture capital	49,872,115	16,773,771	Not eligible	n/a
Real estate	4,208,180	100,619	Not eligible	n/a
Natural resources	16,662,570	4,938,195	Not eligible	n/a

Hedge Funds includes investments in hedge funds that take both long and short positions across asset classes. Management of the funds has the ability to shift investments among differing investment strategies. The remaining restriction period for these investments ranged from six to twelve months at June 30, 2017.

Distressed Debt Securities includes investments in partnerships that purchase debt securities trading at a discount to their par value. The unofficial definition of distressed debt is any security yielding 10% points more than a U.S. Treasury bond with an equivalent maturity. Under the terms of the partnership agreements, capital is committed for seven to twelve years and may not be redeemed. Typically, the general partner requests capital during the initial three to five year period in order to fund investment activities. Distributions are made throughout and upon dissolution of the partnership.

Private Equity and Venture Capital includes several funds that invest primarily in the equity securities of public or private companies at various stages within their life cycle. These investments are either direct, fund of funds or secondary purchases across multiple strategies (growth equity, company buyout, venture capital, etc.) and are expected to significantly exceed performance of traditional equity indices.

Real Estate includes several real estate funds that invest in residential, multi-family, commercial and distressed properties in the U.S. Distributions from each fund will be made as the underlying investments of the funds are liquidated. It is estimated the underlying assets of the funds will be liquidated over the next one to twelve years.

Natural Resources includes investments in partnerships that invest primarily in oil and gas royalties and timber properties. Under the terms of the partnership agreements, capital is committed for seven to twelve years and may not be redeemed. Typically, the general partner requests capital during the initial three to five year period in order to fund investment activities. Distributions are made throughout and upon dissolution of the partnership.

Note 3: Contributions Receivable

Contributions receivable consisted of the following:

	2017		
	Temporarily Restricted	Permanently Restricted	Total
Due within one year	$ 1,699,951	$ 1,614,179	$ 3,314,130
Due in one to five years	2,303,192	936,883	3,240,075
Due after five years	152,600	300,000	452,600
	4,155,743	2,851,062	7,006,805
Less:			
Allowance for uncollectible contributions	(287,482)	(266,926)	(554,408)
Unamortized discount	(133,036)	(160,805)	(293,841)
	$ 3,735,225	$ 2,423,331	$ 6,158,556

	2016		
	Temporarily Restricted	Permanently Restricted	Total
Due within one year	$ 2,803,966	$ 1,991,442	$ 4,795,408
Due in one to five years	4,809,569	436,387	5,245,956
Due after five years	202,000	330,000	532,000
	7,815,535	2,757,829	10,573,364
Less:			
Allowance for uncollectible contributions	(479,239)	(285,639)	(764,878)
Unamortized discount	(428,017)	(114,036)	(542,053)
	$ 6,908,279	$ 2,358,154	$ 9,266,433

Discount rates ranged from 1.41% to 8.25% for 2017 and 2016.

Note 4: Property and Equipment

Property and equipment at June 30 consists of:

	2017	2016
Land and land improvements	$ 10,588,762	$ 10,204,254
Buildings	171,164,773	144,562,679
Machinery and equipment	21,319,396	19,090,853
Vehicles	559,781	759,118
Construction in progress	43,569	23,951,632
	203,676,281	198,568,536
Less accumulated depreciation and amortization	(75,878,161)	(70,744,237)
	$ 127,798,120	$ 127,824,299

Note 5: Beneficial Interest in Trusts

The College is the beneficiary under various perpetual trusts administered by outside parties. Under the terms of these trusts, the College has the irrevocable right to receive income earned on the trust assets in perpetuity, but never receives the assets held in trust. The estimated value of the expected future cash flows is $8,230,472 and $7,590,325, which represents the College’s share of the fair value of the trust assets at June 30, 2017 and 2016, respectively.

The College is the beneficiary under various charitable remainder trusts for which it is not the trustee. The College's beneficial interest in these trusts is recorded at fair value, measured by the present value of the estimated expected future benefits to be received when the trust assets are distributed. At June 30, 2017 and 2016, the College's beneficial interest in remainder trusts administered by outside parties is $13,063,473 and $13,110,797, respectively. During the years ended June 30, 2017 and 2016, the College received $0 and $3,465,821 of contributions under remainder trusts held by others

The College is also the beneficiary under various charitable trusts for which the College is the trustee. At June 30, 2017 and 2016, the value of these trusts was $8,537,063 and $6,003,519, respectively. At June 30, the underlying investments in these trusts included the following:

	2017	2016
Cash equivalents	$ 7,661	$ 63,980
Exchange - traded funds	6,077,487	3,859,675
Other mutual funds	2,451,915	2,079,864
	$ 8,537,063	$ 6,003,519

The College is the beneficiary under various revocable trust agreements. The assets of these trusts are not included in the statements of financial position of the College, since the trusts are revocable at the discretion of the grantor.

Note 6: Line of Credit

The College has a $10 million revolving bank line of credit that expires in December 2017. At June 30, 2017 and 2016, there was $3,469,000 and $3,488,000 borrowed against this line, respectively. Interest varies with the one-month LIBOR rate plus 1.0%, which was 1.65% and 1.45% on June 30, 2017 and 2016 and is payable monthly.

Note 7: Long-Term Debt

Long-term debt consists of the following:

	2017	2016
Indiana Finance Authority Educational Facilities Revenue Bond, Series 2015	$ 14,250,000	$ 15,000,000
Indiana Finance Authority Educational Facilities Revenue Refunding Bond, Series 2013	33,305,600	35,387,200
Note payable	1,472,000	-
	$ 49,027,600	$ 50,387,200

On November 5, 2015, the College entered into a bond and loan agreement with the Indiana Finance Authority (Authority) and a financial institution whereby the Authority issued the Indiana Finance Authority Educational Facilities Revenue Bond, Series 2015 (the 2015 Bond) on behalf of the College, then sold the bond to the financial institution and loaned the proceeds of $15,000,000 to the College. The College used the proceeds from the loan to facilitate the acquisition, construction, furnishing and equipping of new student housing facilities and the remodeling, renovation and improvement of an existing student housing facility. The proceeds of the 2015 Bond were also used to fund the costs of issuance.

The 2015 Bond matures on January 1, 2036, subject to prior redemption, principal amortization and acceleration. Interest on the 2015 Bond is due on the first business day of each month commencing on December 1, 2015. The 2015 Bond bears interest at a fixed rate of 1.95% through November 30, 2022. After that date, the interest rate mode may be adjusted to another mode prescribed by the bond and loan agreement.

On April 15, 2013, the College entered into a bond and loan agreement with the Authority and a financial institution whereby the Authority issued the Indiana Finance Authority Educational Facilities Revenue Refunding Bond, Series 2013 (the 2013 Bond) on behalf of the College, then sold the bond to the financial institution and loaned the proceeds of $41,632,000 to the College. The College used the proceeds from the loan to facilitate the refunding of the Indiana Educational Facilities Authority Variable Rate Demand Educational Facilities Revenue Bonds, Series 2001 (the 2001 Bonds) and Indiana Educational Facilities Authority Variable Rate Demand Educational Facilities Revenue Bonds, Series 2003 (the 2003 Bonds). The proceeds of the 2013 Bond were also used to fund the costs of issuance related to the 2013 Bond.

The 2013 Bond matures on February 1, 2033, subject to prior redemption, principal amortization and acceleration. Interest on the 2013 Bond is due on the first business day of each month commencing on June 3, 2013. The 2013 Bond bears interest at a fixed or variable rate through February 1, 2020, at which time the 2013 Bond will enter a new interest rate mode at either a fixed or variable rate. At June 30, 2017, the 2013 Bond was subject to variable interest payments at a rate equal to 0.67% of the one-month LIBOR rate plus 0.87%, which was 1.65%.

On November 21, 2016, the College entered into a note payable agreement, the proceeds of which were used to facilitate the termination of the previous interest rate swap agreement. The note matures on December 1, 2023, and bears interest 3.24%. Payments of $210,286 are due annually on December 1 of each year.

The 2015 Bond and 2013 Bond are subject to certain covenants, including a requirement to maintain a ratio of unrestricted cash and investments to funded debt of at least 1.50 to 1.00 (as defined in the bond and loan agreement), tested annually as of the last day of each fiscal year.

Aggregate annual maturities and sinking fund requirements of long-term debt at June 30, 2017, are:

	Long-Term Debt
2018	$ 3,041,886
2019	3,041,886
2020	3,041,886
2021	960,286
2022	960,286
Thereafter	37,981,370
	$ 49,027,600

Note 8: Derivative Financial Instrument

As a strategy to maintain acceptable levels of exposure to the risk of changes in future cash flows due to interest rate fluctuations, the College enters into an interest rate swap agreements for a portion of its variable rate debt.

The College's previous interest rate swap agreement provided the College to receive interest from the counterparty at a rate that varied with the one-month LIBOR rate and to paid interest to the counterparty at a fixed rate of 3.87% on a notional amount of $15,920,000 at June 30, 2016. In November 2016, the College and counterparty terminated this swap agreement, which resulted in the College paying the counterparty $1,472,000. This payment was financed with a note payable as previously described.

Upon terminating the previous interest rate swap agreement, the College entered into a new interest rate swap agreement whereby the College receives interest from the counterparty at a rate that varies with the one-month LIBOR rate and pays interest at a fixed rate of 1.265% on a notional amount of $14,587,500 at June 30, 2017.

Under the interest rate swap agreements, the College pays or receives the net interest amount monthly, with the monthly settlements included in interest expense, unless related to the construction of new facilities, in which case, the settlements are capitalized as a cost of the project. The agreement is recorded at its fair value with subsequent changes in fair value reflected as interest expense, unless capitalized.

Note 9: Annuities and Trusts Payable

The College has been the recipient of several gift annuities, which require future payments to the donor or their named beneficiaries. The College has recorded a liability at June 30, 2017 and 2016 of $1,660,457 and $1,637,106, respectively, which represents the present value of the future annuity obligations. The liability has been determined using discount rates ranging from 1.80% to 10%.

The College administers various charitable remainder trusts. A charitable remainder trust provides for the payment of distributions to the grantor or other designated beneficiaries over the trust's term (usually the designated beneficiary's lifetime). At the end of the trust's term, the remaining assets are available for the College's use. The portion of the trust attributable to the future interest of the College is recorded in the statements of activities as temporarily restricted contributions in the period the trust is established. Assets held in the charitable remainder trusts are recorded at fair value in the College's statements of financial position. On an annual basis, the College revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. The present value of the estimated future payments is calculated using discount rates ranging from 1.80% to 10% and applicable mortality tables. At June 30, 2017 and 2016, assets held by the College under charitable remainder trusts aggregate $8,537,063 and $6,003,519 and the associated liabilities are $4,136,169 and $2,649,371, respectively.

Note 10: Net Assets

Temporarily Restricted Net Assets

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

	2017	2016
Scholarships	$ 15,555,007	$ 13,817,531
Research (including Center for Inquiry)	2,530,649	2,872,546
Public service (including Wabash Center)	6,561,189	9,978,293
Academic support and library	5,051,831	4,884,773
Student services	2,696,869	2,635,478
Capital projects	1,614,740	10,216,350
Accumulated earnings on unrestricted endowments	24,784,813	30,346,959
Other	1,084,293	981,209
For periods after June 30	14,204,727	11,998,841
	$ 74,084,118	$ 87,731,980

Permanently Restricted Net Assets

Permanently restricted net assets at June 30 are restricted to:

	2017	2016
Investment in perpetuity, the income of which is expendable to support		
Scholarships	$ 66,181,108	$ 61,363,287
Research	763,786	758,286
Public service	47,660	47,660
Academic support and library	3,365,189	3,151,590
Student services	7,824,295	7,695,844
Administration	316,319	315,819
Endowed chairs	14,472,369	14,012,064
General operations of the College (General endowment)	35,330,804	34,542,292
Capital projects	450,423	450,423
Loans	1,593,339	1,607,508
	$ 130,345,292	$ 123,944,773

Net Assets Released From Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	2017	2016
Purpose restrictions accomplished		
Scholarships	$ 3,978,743	$ 3,989,650
Research (including Center for Inquiry)	1,267,465	1,248,325
Public service (including Wabash Center)	3,458,292	4,128,238
Academic support and library	1,997,192	1,851,498
Student services	1,102,913	1,157,057
Property and equipment acquired and placed in service	12,899,559	70,941
Other	333,342	232,167
	$ 25,037,506	$ 12,677,876

Note 11: Endowment

The College's pooled endowment consists of approximately 400 individual funds established for a variety of purposes. The pooled endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments (board-designated endowment funds). As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with pooled endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The College's Board of Trustees has interpreted the State of Indiana's Prudent Management of Institutional Funds Act (SPMIFA) as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the College classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of donor-restricted endowment funds is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the College in a manner consistent with the standard of prudence prescribed by SPMIFA.

In accordance with SPMIFA, the College considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of the College and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the College
7. Investment policies of the College

The composition of net assets by type of pooled endowment fund at June 30, 2017 and 2016 was:

	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ (2,894,385)	$ 49,723,254	$ 100,047,952	$ 146,876,821
Board-designated endowment funds	175,294,771	-	-	175,294,771
Total pooled endowment funds	$ 172,400,386	$ 49,723,254	$ 100,047,952	$ 322,171,592

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	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ (3,652,827)	$ 46,098,185	$ 100,328,596	$ 142,773,954
Board-designated endowment funds	171,954,477	-	-	171,954,477
Total pooled endowment funds	$ 168,301,650	$ 46,098,185	$ 100,328,596	$ 314,728,431

Changes in endowment net assets for the years ended June 30, 2017 and 2016 were:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, July 1, 2015	$ 181,559,289	$ 61,157,981	$ 94,588,055	$ 337,305,325
Investment return	(6,196,466)	(5,245,328)	-	(11,441,794)
Contributions received and board designations	3,908,748	-	5,588,795	9,497,543
Appropriation of endowment assets for expenditure	(11,280,733)	(9,814,529)	-	(21,095,262)
Other changes to endowment funds	310,812	61	151,746	462,619
Endowment net assets, June 30, 2016	168,301,650	46,098,185	100,328,596	314,728,431
Investment return	14,885,094	12,835,145	-	27,720,239
Contributions received and board designations	(176,029)	-	3,704,380	3,528,351
Appropriation of endowment assets for expenditure	(10,778,389)	(9,363,623)	-	(20,142,012)
Other changes to endowment funds	168,060	153,547	(3,985,024)	(3,663,417)
Endowment net assets, June 30, 2017	$ 172,400,386	$ 49,723,254	$ 100,047,952	$ 322,171,592

Amounts of donor-restricted endowment funds classified as permanently and temporarily restricted net assets at June 30, 2017 and 2016, consisted of:

	2017	2016
Permanently restricted net assets - portion of perpetual endowment funds required to be retained permanently by explicit donor stipulation or SPMIFA	$ 100,047,952	$ 100,328,596
Temporarily restricted net assets		
Portion of perpetual endowment funds subject to a time restriction under SPMIFA		
With purpose restrictions	$ 24,938,441	$ 15,751,226
Without purpose restrictions	24,784,813	30,346,959
	$ 49,723,254	$ 46,098,185

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the College is required to retain as a fund of perpetual duration pursuant to donor stipulation or SPMIFA. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature are reported in unrestricted net assets and aggregated $2,894,385 and $3,652,827 at June 30, 2017 and 2016, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after investment of new permanently restricted contributions and continued appropriation for certain purposes that was deemed prudent by the governing body.

The College has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds the College must hold in perpetuity or for donor-specified periods, as well as those of board-designated endowment funds. Under the College's policies, endowment assets are invested in a manner that is intended to produce results that exceed inflation, spending and the costs of asset management while assuming a prudent level of investment risk. The College expects its endowment funds to provide an average annual rate of return of approximately 6% plus the Consumer Price Index over time. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate of return objectives, the College relies on a total return strategy in which investment returns are achieved through both current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). 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 endowment spending policy, a percentage of the twelve quarter moving average of the fair value of the College's pooled endowment is appropriated to support current operations and debt service. For fiscal years 2017 and 2016, the College drew 5.0% and 5.2%, respectively, for operations, with a total draw of 6.0% and 6.3%, respectively, when incorporating the draw for debt service, early retirement payments, capital projects and marketing. This is consistent with the College's objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

Note 12: Pension Plans

The College provides noncontributory retirement plans through Teachers Insurance and Annuity Association and College Retirement Equities Fund (TIAA/CREF), a national organization used to fund retirement benefits for educational institutions, and American Funds, a mutual fund company used to fund retirement benefits. These plans cover substantially all employees of the College. The College makes monthly contributions to TIAA/CREF and American Funds to purchase individual annuities. Total amounts expensed in relation to these plans were $1,429,904 and $1,478,259 for 2017 and 2016, respectively.

Note 13: Postretirement Plan

The College sponsors a defined-benefit postretirement health plan that covers both salaried and non-salaried employees who meet the eligibility requirements. The College expects to contribute $465,177 to the plan in fiscal year 2017.

Effective January 1, 2015, the Medicare retirees were moved from the College's postretirement health plan to a fully insured Medicare Supplement plan. Since prescription drug under this plan is now covered on a secondary basis to Medicare, the College discontinued participation in the Medicare Part D Retiree Drug Subsidy program effective the same day. This change accounted for $13,735,074 of the decline in the accumulated benefit obligation as of June 30, 2015.

The College uses a June 30 measurement date for this plan and information about the plan's funded status follows:

	2017	2016
Benefit obligation	$ 9,848,843	$ 10,597,719
Funded status	$ (9,848,843)	$ (10,597,719)
Accumulated benefit obligation	$ (9,848,843)	$ (10,597,719)
Items not yet recognized as a component of net periodic benefit cost		
Net loss	$ 6,177,179	$ 8,055,620
Prior service credit	(11,445,894)	(12,590,484)

A liability of $9,848,843 and $10,597,719 was recorded at June 30, 2017 and 2016, respectively, for the accumulated benefit obligation in excess of plan assets.

Other significant balances and costs are:

	2017	2016
Benefit cost	$ 450,152	$ 605,631
Employer contribution	465,177	459,076
Benefits paid	465,177	459,076

The estimated net loss and prior service credit that will be amortized into net periodic benefit cost over the next fiscal year are $1,038,459 and $1,165,975, respectively.

The following amounts have been recognized in the statements of activities for the years ended June 30, 2017 and 2016:

	2017	2016
Amounts reclassified as components of net periodic pension cost of the period:		
Net loss	$ 1,165,975	$ 1,276,209
Prior service credit	1,144,590	1,144,590

Significant assumptions include:

	2017	2016
Weighted-average assumptions used to determine benefit obligations:		
Discount rate	4.00%	3.75%
Medical trend rate	8.00%	8.00%
Weighted-average assumptions used to determine benefit costs:		
Discount rate	3.75%	4.50%
Medical trend rate	8.00%	8.00%

For measurement purposes, an 8.00% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2017 and 2016.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as of June 30:

2018	$ 495,243
2019	516,649
2020	544,108
2021	568,444
2022	573,204
2023 - 2027	2,807,462

Note 14: Disclosures About Fair Value of Assets and Liabilities

Fair value is 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. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended June 30, 2017. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

Investments

Domestic Common Stocks and Foreign Common Stocks: Where quoted market prices are available in an active market, domestic and foreign common stocks are classified within Level 1 of the valuation hierarchy.

Fixed Income Securities/Funds: Where quoted market prices are available in an active market, fixed income securities/funds are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows and are classified as Level 2.

Alternative Investments: As a practical expedient, fair value of alternative investments is determined using the net asset value (or its equivalent) supplied by the respective fund managers. Alternative investments are therefore classified within the Investments Measured at NAV of the valuation hierarchy.

Charitable Remainder Trusts

The fair value of charitable remainder trusts held by others is estimated at the present value of future distributions expected to be received by the College over the term of the agreement based on life expectancy tables and discount rates that approximate the average return on the endowment. Due to the nature of the valuation inputs, the interest in charitable remainder trusts held by others is classified within Level 3 of the hierarchy.

The fair value of the investments in charitable remainder trusts held by the College are based on quoted market prices available in active markets, and are therefore classified within Level 1 of the hierarchy. The underlying securities of the charitable remainder trusts held by the College consist primarily of domestic and foreign common stocks and fixed income funds.

Beneficial Interest in Perpetual Trust

Fair value is estimated at the present value of the future distributions expected to be received over the term of the agreement, which approximates the fair value of the underlying investments which are primarily held in marketable securities. Due to the nature of the valuation inputs, the interest is classified within Level 2 of the hierarchy.

Interest Rate Swap Agreement

The fair value is estimated by the counterparty using a proprietary model and, therefore, is classified within Level 3 of the valuation hierarchy.

Fair value determinations for Level 3 measurements of investments, charitable remainder trusts and the interest rate swap agreement are the responsibility of the Business Office. The Business Office utilizes the valuations provided by third parties to generate fair value estimates on a monthly or quarterly basis and challenges the reasonableness of the assumptions used and reviews the methodology to ensure the estimated fair value complies with accounting standards generally accepted in the United States.

Recurring Measurements

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2017 and 2016.

		Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at NAV[(A)]
June 30, 2017					
Investments					
Cash equivalents	$ 7,465,989	$ 7,465,989	$ -	$ -	$ -
Domestic common stocks					
Large cap	36,750,617	36,750,617	-	-	-
Mid cap	135,624	135,624	-	-	-
Small cap	505,269	505,269	-	-	-
Foreign common stocks	39,122,722	39,122,722	-	-	-
Fixed income securities/funds	83,143,415	41,147,792	41,995,623	-	-
Alternative investments	-				
Hedge funds	71,043,080	-	-	-	71,043,080
Distressed debt securities	14,160,697	-	-	-	14,160,697
Private equity and venture capital	60,782,404	-	-	-	60,782,404
Real estate	15,628,453	-	-	1,995,804	13,632,649
Natural resources	15,076,548	-	-	-	15,076,548
Total investments	343,814,818	125,128,013	41,995,623	1,995,804	174,695,378
Charitable remainder trusts	21,600,536	8,537,063	-	13,063,473	-
Beneficial interest in perpetual trusts	8,230,472	-	8,230,472	-	-
Interest rate swap agreement	26,199	-	-	26,199	-
June 30, 2016					
Investments					
Cash equivalents	$ 31,912,106	$ 31,912,106	$ -	$ -	$ -
Domestic common stocks					
Large cap	31,406,740	31,406,740	-	-	-
Small cap	7,192,894	7,192,894	-	-	-
Foreign common stocks	37,404,990	37,404,990	-	-	-
Diversified strategies	52,388	52,388	-	-	-
Fixed income securities/funds	84,711,935	40,543,117	44,168,818	-	-
Alternative investments					
Hedge funds	59,597,795	-	-	-	59,597,795
Distressed debt securities	13,753,965	-	-	-	13,753,965
Private equity and venture capital	49,872,115	-	-	-	49,872,115
Real estate	4,208,180	-	-	275,000	3,933,180
Natural resources	16,662,570	-	-	-	16,662,570
Total investments	336,775,678	148,512,235	44,168,818	275,000	143,819,625
Charitable remainder trusts	19,114,316	6,003,519	-	13,110,797	-
Beneficial interest in perpetual trusts	7,590,325	-	7,590,325	-	-
Interest rate swap agreement	(1,923,800)	-	-	(1,923,800)	-

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying statements of financial position using significant unobservable (Level 3) inputs:

	Real Estate	Charitable Remainder Trusts	Interest Rate Swap Agreement
Balance, July 1, 2015	$ 540,000	$ 9,288,907	$ (2,020,564)
Sales	(265,000)	-	-
Change in value of split-interest agreements	-	356,069	-
Contributions	-	3,465,821	-
Gain on interest rate swap	-	-	96,764
Balance, June 30, 2016	275,000	13,110,797	(1,923,800)
Change in value of split-interest agreements	-	(47,324)	-
Contributions	1,720,804	-	-
Payment on adjustment of interest rate swap terms	-	-	1,472,000
Gain on interest rate swap	-	-	477,999
Balance, June 30, 2017	$ 1,995,804	$ 13,063,473	$ 26,199

The College occasionally recognizes transfers from Level 3 to Level 2 as a result of the expiration of fund lock-up provisions. The expiration of these provisions allows the College to redeem its interest in these funds at net asset value within a reasonable period of time. Such transfers are recognized as of the end of the year.

Unobservable (Level 3) Inputs

The fair value of the College's interest in charitable remainder trusts held by others is estimated at the present value of the estimated expected future benefits to be received and was $13,063,473 and $13,110,796 at June 30, 2017 and 2016, respectively. The fair value of the interest in charitable remainder trusts held by others is based on unobservable inputs such as mortality tables and a discount rate of 1.80%.

The fair value of the College's interest rate swap is based on the counterparty's proprietary model, which is based on forward-looking interest rate curves and discounted cash flows and is considered an unobservable input. No adjustments were made by the College to the fair value.

Note 15: Functional Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis below. Certain costs have been allocated among the instruction, research, public service, academic support and library, student services, management and general, fund raising and auxiliary services based on the square footage of the College's facilities, estimates of time spent by College personnel and similar methods.

	2017	2016
Instruction	$ 14,314,404	$ 14,754,449
Research	1,706,900	1,695,081
Public service	3,326,228	3,943,923
Academic support and library	5,426,081	4,930,769
Student services	11,633,166	11,987,246
Management and general	5,364,201	5,237,114
Fund raising	2,030,962	2,023,118
Auxiliary services	7,515,887	6,267,469
	$ 51,317,829	$ 50,839,169

Note 16: Significant Estimates, Concentrations and Contingencies

Concentrations - Contributions

At June 30, 2017 and 2016, approximately 36% and 58%, respectively, of the contributions receivable balance was due from Board of Trustees' members.

Contingencies

The College is subject to claims and lawsuits that arise primarily in the ordinary course of its activities. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, change in net assets and cash flows of the College.

Pension Benefit Obligations

The College has a defined-benefit postretirement health plan whereby it agrees to provide certain postretirement health benefits to eligible employees. The benefit obligation is the actuarial present value of all benefits attributed to service rendered prior to the valuation date. It is reasonably possible that events could occur that would change the estimated amount of this liability in the near term.

Related Parties

One member of the College's Board of Trustees has a management role in a firm that manages significant investment interests of the College.