DeSales University

Consolidated Financial Statements

June 30, 2018 and 2017

Baker Tilly

Candor. Insight. Results.

Independent Auditors' Report

Board of Trustees
DeSales University and Subsidiaries

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the University as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Baker Tilly Virchow Krause, LLP

Allentown, Pennsylvania
October 25, 2018

DeSales University and Subsidiaries

Consolidated Statement of Financial Position
June 30, 2018 and 2017

	2018	2017
Assets		
Current Assets		
Cash and cash equivalents	$ 12,514,900	$ 8,144,793
Short-term investments (Note 2)	110,782	210,699
Accounts receivable, less allowance of $1,230,000 in 2018 and $1,180,000 in 2017	2,913,832	2,684,309
Contributions receivable (Note 3)	1,015,459	1,001,875
Notes receivable and other assets (Notes 1 and 4)	764,834	738,623
Charitable lead trust receivable (Note 5)	138,168	129,623
Prepaid expenses and other current assets	702,744	673,791
Investment income receivable	65,850	48,245
Total current assets	18,226,569	13,631,958
Long-Term Investments (Note 2)	87,843,074	80,096,104
Contributions Receivable (Note 3)	1,343,060	1,498,334
Notes Receivable and Other Assets (Notes 1 and 4)	2,186,228	1,608,306
Charitable Lead Trust Receivable (Note 5)	-	118,415
Assets Held Under Other Split Interest Agreements (Note 5)	115,903	117,726
Land, Buildings, and Equipment (Note 6)	123,392,265	124,548,821
Total assets	$ 233,107,099	$ 221,619,664

See notes to consolidated financial statements

DeSales University and Subsidiaries

Consolidated Statement of Financial Position
June 30, 2018 and 2017

	2018	2017
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 2,887,014	$ 3,077,457
Accrued expenses	3,015,426	2,936,738
Deferred revenues (Note 1)	8,449,570	8,105,142
Line of credit (Note 7)	-	3,000,000
Current portion of long-term debt (Note 7)	3,963,999	3,913,984
Total current liabilities	18,316,009	21,033,321
Accrued Expenses, Non-Current	972,693	495,939
Long-Term Debt (Note 7)	51,064,612	44,893,780
Refundable Deposits	374,200	378,600
Refundable Government Loan Funds	1,462,395	1,468,909
Liabilities Under Split-Interest Agreements (Note 5)	87,274	88,342
Total liabilities	72,277,183	68,358,891
Net Assets (Note 9)		
Unrestricted	120,987,937	117,612,442
Temporarily restricted	13,821,693	11,953,166
Permanently restricted	26,020,286	23,695,165
Total net assets	160,829,916	153,260,773
Total liabilities and net assets	$ 233,107,099	$ 221,619,664

See notes to consolidated financial statements

DeSales University and Subsidiaries

Consolidated Statement of Activities
Year Ended June 30, 2018

	2018			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating Revenues and Other Additions				
Tuition and fees	$ 82,817,921	$ -	$ -	$ 82,817,921
Scholarship allowances	(28,754,115)	-	-	(28,754,115)
Net tuition and fees	54,063,806	-	-	54,063,806
Federal grants	348,474	-	-	348,474
State appropriations	391,573	-	-	391,573
Private gifts and grants	773,075	414,123	1,712,948	2,900,146
Endowment earnings	1,259,736	1,165,777	673,983	3,099,496
Investment earnings	832,940	16,877	-	849,817
Sales and services of educational departments	397,029	-	-	397,029
Sales and services of auxiliary enterprises	15,302,556	-	-	15,302,556
Other sources	421,171	190,138	-	611,309
Net assets released from restrictions	1,326,013	(1,326,013)	-	-
Total operating revenues and other additions	75,116,373	460,902	2,386,931	77,964,206
Operating Expenditures and Other Deductions				
Educational and general:				
Instruction and research	31,309,554	-	-	31,309,554
Academic support:				
Administrative	3,091,460	-	-	3,091,460
Library	1,305,913	-	-	1,305,913
Student services	11,607,899	-	-	11,607,899
Institutional support	11,915,414	-	-	11,915,414
Auxiliary enterprise expenditures	14,144,337	-	-	14,144,337
Other expenses	32,908	-	-	32,908
Total operating expenditures and other deductions	73,407,485	-	-	73,407,485
Increase in net assets from operating activities	1,708,888	460,902	2,386,931	4,556,721
Non-Operating Activities				
Endowment earnings less than spending policy	(92,688)	(19,895)	-	(112,583)
Unrealized net gain on investments	1,770,896	1,075,091	-	2,845,987
Capital campaign gifts	-	1,371,374	-	1,371,374
Other non-operating expenses	(919,827)	-	-	(919,827)
Gifts released from restrictions	785,254	(785,254)	-	-
Subsidiary operations, net	122,972	(156,782)	(28,094)	(61,904)
Change in value of split-interest agreements	-	(76,909)	(33,716)	(110,625)
Change in net assets from non-operating activities	1,666,607	1,407,625	(61,810)	3,012,422
Change in net assets	3,375,495	1,868,527	2,325,121	7,569,143
Net Assets, Beginning of Year	117,612,442	11,953,166	23,695,165	153,260,773
Net Assets, End of Year	$ 120,987,937	$ 13,821,693	$ 26,020,286	$ 160,829,916

See notes to consolidated financial statements

DeSales University and Subsidiaries

Consolidated Statement of Activities
Year Ended June 30, 2017

	2017			
	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Operating Revenues and Other Additions				
Tuition and fees	$ 80,449,815	$ -	$ -	$ 80,449,815
Scholarship allowances	(27,447,234)	-	-	(27,447,234)
Net tuition and fees	53,002,581	-	-	53,002,581
Federal grants	378,534	-	-	378,534
State appropriations	391,052	-	-	391,052
Private gifts and grants	727,768	257,932	1,572,131	2,557,831
Endowment earnings	1,217,001	1,108,552	98,752	2,424,305
Investment earnings	547,119	7,141	-	554,260
Sales and services of educational departments	431,658	-	-	431,658
Sales and services of auxiliary enterprises	15,708,968	-	-	15,708,968
Other sources	470,699	262,332	-	733,031
Net assets released from restrictions	1,186,378	(1,186,378)	-	-
Total operating revenues and other additions	74,061,758	449,579	1,670,883	76,182,220
Operating Expenditures and Other Deductions				
Educational and general:				
Instruction and research	31,146,306	-	-	31,146,306
Academic support:				
Administrative	3,157,021	-	-	3,157,021
Library	1,148,743	-	-	1,148,743
Student services	11,464,678	-	-	11,464,678
Institutional support	11,453,428	-	-	11,453,428
Auxiliary enterprise expenditures	13,804,050	-	-	13,804,050
Other expenses	26,196	-	-	26,196
Total operating expenditures and other deductions	72,200,422	-	-	72,200,422
Increase in net assets from operating activities	1,861,336	449,579	1,670,883	3,981,798
Non-Operating Activities				
Endowment earnings less than spending policy	(560,587)	(141,322)	-	(701,909)
Unrealized net gain on investments	4,759,751	2,523,380	-	7,283,131
Capital campaign gifts	-	1,429,970	-	1,429,970
Gifts released from restrictions	754,859	(754,859)	-	-
Subsidiary operations, net	69,571	(98,755)	26,940	(2,244)
Change in value of split-interest agreements	-	(69,522)	(24,201)	(93,723)
Change in net assets from non-operating activities	5,023,594	2,888,892	2,739	7,915,225
Change in net assets	6,884,930	3,338,471	1,673,622	11,897,023
Net Assets, Beginning of Year	110,727,512	8,614,695	22,021,543	141,363,750
Net Assets, End of Year	$ 117,612,442	$ 11,953,166	$ 23,695,165	$ 153,260,773

See notes to consolidated financial statements

DeSales University and Subsidiaries

Consolidated Statement of Cash Flows
Years Ended June 30, 2018 and 2017

	2018	2017
Cash Flows from Operating Activities		
Change in net assets	$ 7,569,143	$ 11,897,023
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	7,206,737	7,188,983
Amortization of note premium and deferred financing costs, net	8,090	5,196
Contributions restricted for permanent endowment and capital campaign	(3,109,710)	(3,064,253)
Contributed property	-	(3,000)
Net realized and unrealized gains on investments	(5,640,971)	(8,804,310)
Gain on disposal of equipment	(12,421)	(26,050)
(Increase) decrease in assets:		
Accounts receivable	(229,523)	(53,146)
Contributions receivable	141,690	214,800
Charitable lead trust receivable	109,870	99,316
Notes receivable and other assets	(585,692)	611,571
Prepaid expenses and other current assets	(28,953)	31,703
Investment income receivable	(17,605)	(1,155)
Assets held under split-interest agreements	1,823	3,501
Increase (decrease) in liabilities:		
Accounts payable	386,182	360,251
Accrued expenses	555,442	(34,763)
Deferred revenues	344,428	954,382
Refundable government loan funds	(6,514)	(28,148)
Liability under split-interest agreements	14,090	6,063
Refundable deposits	(4,400)	23,200
Net cash provided by operating activities	6,701,706	9,381,164
Cash Flows from Investing Activities		
Proceeds from sales of investments	11,314,222	24,093,257
Purchase of investments	(13,320,304)	(26,107,225)
Student loans advanced	(160,500)	(232,833)
Student loans collected	142,059	130,531
Purchase of buildings and equipment	(6,354,018)	(4,769,887)
Proceeds from sale of equipment	27,900	28,950
Net cash used in investing activities	(8,350,641)	(6,857,207)

See notes to consolidated financial statements

DeSales University and Subsidiaries

Consolidated Statement of Cash Flows
Years Ended June 30, 2018 and 2017

	2018	2017
Cash Flows from Financing Activities		
Contributions restricted for permanent endowment and capital campaign	$ 3,109,710	$ 3,064,253
Proceeds from line of credit	-	4,500,000
Proceeds from long-term debt	10,000,000	-
Payment of financing costs on issuance of long-term debt	(92,681)	-
Repayment on line of credit	(3,000,000)	(4,500,000)
Repayment of long-term debt	(3,982,829)	(3,703,535)
Payment of annuity obligations	(15,158)	(15,158)
Net cash provided by (used in) financing activities	6,019,042	(654,440)
Net increase in cash and cash equivalents	4,370,107	1,869,517
Cash and Cash Equivalents, Beginning	8,144,793	6,275,276
Cash and Cash Equivalents, Ending	$ 12,514,900	$ 8,144,793
Supplementary Cash Flows Information		
Interest paid	$ 1,326,935	$ 1,280,742
Contributed property	$ -	$ 3,000
Assets acquired under financing arrangements	$ 288,267	$ -
Building and equipment purchases in accounts payable	$ 888,116	$ 1,464,741

See notes to consolidated financial statements

1. Summary of Significant Accounting Policies

Nature of Operations

DeSales University (the "University") is an independent, four-year coeducational Catholic liberal arts university with both undergraduate and graduate degree programs serving approximately 3,200 students. The University is incorporated in the Commonwealth of Pennsylvania as a non-profit corporation in accordance with Section 501(c)(3) of the Internal Revenue Code, and is accredited by the Middle States Association of Colleges and Schools.

The University was established in 1965 by the Oblates of St. Francis de Sales and is situated on an approximately 500 acre campus in Center Valley, Pennsylvania. The University offers undergraduate degrees in forty major areas of study, as well as pre-professional programs in medicine, dentistry, law, and teacher certification in secondary education. In graduate study, the University offers master's degrees in business administration, education, nursing, information systems, criminal justice and physician assistant studies, and doctorates of nursing practice in clinical leadership and of physical therapy.

The significant accounting policies followed by the University are set forth below and in other sections of these notes.

Basis of Presentation and Consolidation

The consolidated financial statements of the University have been prepared on the accrual basis of accounting and in accordance with the principles of not-for-profit accounting generally accepted in the United States of America. These financial statements include the accounts of the University and its wholly-owned subsidiaries, The Pennsylvania Shakespeare Festival ("PSF") and the Forum for Ethics in the Workplace ("Forum for Ethics").

All significant inter-organization accounts and transactions have been eliminated in consolidation.

The University's consolidated financial statements are presented in accordance with the provisions of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958-205, *Not-for-Profit Entities, Presentation of Financial Statements*. FASB ASC 958-205 establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into three net asset categories according to externally (donor) imposed restrictions.

The three net asset categories as reflected in the accompanying financial statements are as follows:

Unrestricted Net Assets

Unrestricted net assets include funds not subject to donor-imposed stipulations. In general, the revenues received and expenses incurred in conducting the educational mission of the University are included in this category. Also, the University has determined that any contributions with donor-imposed stipulations that are received and consumed, in accordance with the donor-imposed stipulations, in the current operating cycle of the University will be classified as unrestricted net asset activities.

Designated net assets include unrestricted funds that have been set aside by the Board of Trustees for specific initiatives of the University. The Board of Trustees, for the future benefit of the University, may also designate unrestricted funds for endowment, plant activities, debt service or any other special purpose.

Temporarily Restricted Net Assets

Temporarily restricted net assets include gifts or grants for which donor-imposed restrictions have not been met, including pledges receivable for which the ultimate purpose of the proceeds is not permanently restricted.

Permanently Restricted Net Assets

Permanently restricted net assets include gifts, trusts, and pledges which are required by donor-imposed restrictions to be invested in perpetuity and only the income be made available for operations in accordance with donor restrictions, subject to limitations specified by Pennsylvania law.

Non-Operating Activities

Non-operating activities primarily reflect transactions of a long-term investment or capital nature, including contributions restricted for future acquisitions of facilities and equipment and the net realized and unrealized gains and losses on investments in excess of, or less than, the University's spending policy, change in value of split-interest agreements, as well as the net operating results of PSF and the Forum for Ethics.

Tuition and Auxiliary Enterprises Revenue

The University recognizes tuition revenue in the semester that it is earned. Revenue for auxiliary enterprises is recognized as the related goods and services are delivered and rendered. Auxiliary enterprises include food services, residence halls, the bookstore and facility rentals and camps. Payments related to the subsequent year received in advance for tuition, goods, and services are classified as deferred revenue.

Fair Value Measurements

Accounting guidance establishes a fair value hierarchy that prioritizes the inputs to valuation methods used to measure fair value for certain financial assets and liabilities. The three levels of the fair value hierarchy are as follows:

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

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

Level 3 - Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported with little or no market activity).

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

See Notes 2 and 5 for the fair value measurements by level within the fair value hierarchy.

Cash Equivalents

Cash equivalents include short-term, highly liquid investments with maturities of three months or less. The carrying amount approximates fair value because of the short-term maturity of these instruments, which is considered a Level 1 input.

Accounts Receivable

Accounts receivable are stated at outstanding balance less an allowance for doubtful accounts. Management's periodic evaluation of the adequacy of the allowance is based primarily on past experience, aging of the receivables, and other relevant factors, and is maintained at a level considered adequate to provide for losses that can be reasonably anticipated.

Accounts are written off when they are determined to be uncollectible based upon management's assessment of the individual accounts.

Notes Receivable and Other Assets

The notes receivables include loans to students funded by advances to the University by the federal government under the Federal Perkins Loan Program, Nursing Student Loan Program, and the Nursing Faculty Loan Program (the "Programs"). These advances may be re-loaned by the University after collection, but in the event that the University no longer participates in the Programs, the amounts are refundable to the federal government. The federal government's portion of these funds at June 30, 2018 and 2017 was $1,455,000. The University provides required matching contributions for any new advances received from the U.S. Government, of which there were none during fiscal 2018 and 2017. The carrying amounts of these notes receivables and federal government grants refundable approximate the fair value of these instruments. The fair value of these loans receivable and advances from the federal government are based upon management's best estimate of the indicated future cash flows discounted at interest rates required by market participants, which are considered to be Level 2 measurements.

The Federal Perkins Loan Extension Act amended section 461 of the Higher Education Act to end the University's authority to grant new Perkins Loans after June 30, 2018. The University is not required to assign the outstanding Perkins Loans to the Department of Education or liquidate the Perkins Loan Revolving Funds due to the wind-down of the Perkins Loan Program (the "Program"); however, the University may choose to liquidate at any time in the future. As of June 30, 2018, the University continues to service the Program.

The prescribed practices for the Programs do not provide for accrual of interest on student loans receivable. Accordingly, interest on loans is recorded as received and is reinvested to support additional loans; uncollectible loans are not recognized until the loans are canceled or written-off in conformity with the Programs' requirements. The impact of recording interest income on a cash basis is not considered significant. In addition, the credit quality of the student is not evaluated after the initial approval and calculation of the loans. Delinquent loans and the allowance for losses on loans receivable are reviewed by management, but are not material to the overall financial statements.

Investments

Investments in marketable securities are stated at fair value. The average cost of marketable securities is used to determine the basis for computing realized and unrealized gains and losses.

Interest Capitalized

Interest on borrowed money used to finance construction costs is capitalized as a part of the related projects. There was no capitalized interest during the fiscal years ended June 30, 2018 and 2017.

Contributions

Contributions received, including unconditional promises to give, are recognized as revenues when the donor's commitment is received. The carrying amount of contributions receivable to be received in less than one year approximates fair value because of the short-term maturity of those instruments, which are considered Level 1 inputs. Unconditional promises to give over more than one year are recognized at the estimated present value of the future cash flows. The discounts on those amounts are computed using the expected rate of return of a market participant applicable to the year in which the promise is received, which are considered Level 3 inputs. Promises made and collected in the same reporting period are recorded when received in the appropriate net asset category. Contributions and promises to give of non-cash assets are recorded at their fair value. Conditional promises are recognized when donor stipulations are substantially met.

Fund-Raising Costs

Total direct fund-raising expenses were approximately $1,929,000 and $1,873,000 for the years ended June 30, 2018 and 2017, respectively, and are included in institutional support expenditures in the Statement of Activities.

Advertising Expenses

Advertising costs are expensed when incurred. Total advertising expense during the years ended June 30, 2018 and 2017 was approximately $1,477,000 and $1,472,000, respectively, and are included in operating expenditures and other deductions in the Statement of Activities.

Allocation of Certain Expenses

Operation and maintenance of plant expenses, interest on indebtedness and depreciation of plant assets are allocated to program activities based upon the primary uses of the facilities involved.

Land, Buildings and Equipment

Land, buildings and equipment are stated at cost if purchased or at fair value at date of donation if received by gift, less an allowance for depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets ranging from 5 years to 50 years. All assets with a purchased cost, or fair value if acquired by gift, in excess of $5,000 are capitalized. Depreciation is not recorded on works of art or land.

Planned major maintenance activities are expensed as incurred or capitalized if the planned maintenance extends the useful life of the asset.

Impairment of Long-lived Assets

Management of the University reviews long-lived assets (including property and equipment and other assets) for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Management considers the undiscounted cash flow expected to be generated by the use of the asset and its eventual disposition to determine when, and if, an impairment has occurred. An impairment loss is recognized to the extent that the carrying value of assets exceeds their fair value. Any write-downs due to impairment are charged to operations at the time impairment is identified. No such write-downs were required in 2018 and 2017.

Pension Plans

The University provides defined contribution pension plan benefits for substantially all regular full-time employees through the Teachers Insurance and Annuity Association and contributes to a pension fund established and maintained by the Oblates of St. Francis de Sales. Total University contributions made under these plans totaled approximately $2,112,000 and $2,110,000 for the fiscal years ended June 30, 2018 and 2017, respectively.

Self-Funded Insurance

The University participates in a self-funded insurance plan to cover employee medical claims. Under the terms of the underlying trust agreement, a trust account was established to administer the stop/loss premium and medical claim payments. At June 30, 2018 and 2017, the value of the trust account, less an estimated liability which includes an estimate of incurred but not reported claims based on data compiled from historical and actuarial experience, is recorded in Notes Receivable and Other Assets in the Statement of Financial Position (Note 4).

Use of Estimates

The preparation of the University's consolidated 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 disclosures of contingent assets and liabilities at the dates of the Statements of Financial Position and the reported amounts of revenue and expense included in the Statements of Activities. Actual results could differ from such estimates. Significant estimates relate to the allowance for uncollectible accounts receivable and contributions receivable, the fair value of alternative investments, and the estimate of incurred but not reported employee medical claims that are self-funded.

Concentrations of Credit Risk

The University's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents and investments, all of which are held in various high-quality financial institutions. The University believes that the concentrations of credit risk are very limited for these instruments, although the University does maintain cash and cash equivalent balances in financial institutions which at times exceed federally insured limits.

Risks and Uncertainties

Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is at least reasonably possible that changes in the fair value of investments in the near term would materially affect the amounts reported in the Statement of Financial Position and the Statement of Activities.

Income Taxes

The Internal Revenue Service ("IRS") has ruled that the University is tax-exempt as a not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code; accordingly, no provision for income taxes is required in the accompanying consolidated financial statements.

The University accounts for uncertainties in income taxes in accordance with authoritative guidance, which prescribes a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold has been met. Management determined there were no tax uncertainties that met the recognition threshold at June 30, 2018 and 2017.

The University's policy is to recognize interest related to unrecognized tax benefits in interest expense and penalties in operating expenses.

Endowments

The University's endowments consist of various funds established for a variety of purposes. Its endowments include both a donor-restricted endowment fund and a fund designated by the Board of Trustees to function as an endowment. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The University has interpreted relevant state law as requiring the 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 University classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment and 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 the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the University in a manner consistent with the standard of prudence prescribed by relevant state law.

Funds with Deficiencies

The fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the relevant state law requires the University to retain as a fund of perpetual duration. In accordance with FASB ASC 958-205, these deficiencies are reported as unrestricted net assets. At June 30, 2018 and 2017, approximately $685,000 and $655,000, respectively, was reported in unrestricted net assets. The deficiencies resulted from recent unfavorable market fluctuations that occurred after the investment of permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by University management.

Return Objectives and Risk Parameters

The University has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the University must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the performance of a blended index while assuming a moderate to moderately aggressive level of investment risk. The University expects its endowment funds, over time, to provide an average rate of return of approximately the consumer price index plus five percent annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving 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). The University 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.

Endowment Spending Policy

The University has an endowment and similar funds investment return spending policy. The policy allows spending of the earnings equal to 5% of the lower of cost or market value of the respective endowment at the beginning of the fiscal year. Any income earned in excess of the spending limit is reinvested, while funds may be withdrawn from investment returns earned in previous years if income is less than the spending limit.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation. These reclassifications had no effect on previously reported net assets.

Subsequent Events

The University has evaluated subsequent events through October 25, 2018, which is the date the consolidated financial statements were issued.

New Accounting Standards Not Yet Adopted

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*. This new accounting guidance outlines a single comprehensive model for entities to use in accounting for revenue from contracts with customers. ASU No. 2014-09 is effective for the University in fiscal 2019. Management is assessing the impact this new standard will have on its consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. ASU No. 2016-02 was issued to increase transparency and comparability among entities. Lessees will need to recognize nearly all lease transactions (other than leases that meet the definition of a short-term lease) on the Statement of Financial Position as a lease liability and a right-of-use asset (as defined). Lessor accounting under the new guidance will be similar to the current model. ASU No. 2016-02 is effective for the University in fiscal 2020. Early adoption is permitted for all entities. Upon adoption, lessees and lessors will be required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach, which includes a number of optional practical expedients that entities may elect to apply. Management is assessing the impact this standard will have on its consolidated financial statements.

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The new guidance is intended to improve and simplify the current net asset classification requirements and information presented in financial statements and notes that is useful in assessing a not-for-profit's liquidity, financial performance and cash flows. ASU No. 2016-14 is effective for the University in fiscal 2019 and is to be applied retroactively with transition provisions. Management is assessing the impact this standard will have on its consolidated financial statements.

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* The new guidance is intended to clarify and improve accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. ASU No. 2018-08 is effective for the University in fiscal 2019. Management is assessing the impact that this standard will have on its consolidated financial statements.

2. Investments

The following table summarizes the fair value and cost of investments at June 30:

	2018		2017	
	Fair Value	**Cost**	**Fair Value**	**Cost**
Short-term investments, Certificates of deposit	$ 110,782	$ 110,782	$ 210,699	$ 210,699
Long-term investments:				
Financial instruments measured at fair value	$ 87,618,147	$ 78,571,286	$ 79,875,145	$ 73,674,271
Cash surrender value of life insurance	224,927	224,927	220,959	220,959
Total long-term investments	$ 87,843,074	$ 78,796,213	$ 80,096,104	$ 73,895,230

The following is a summary of the University's investments in financial instruments measured at fair value segregated by level within the fair value hierarchy at June 30:

	2018			
	Level 1	**Level 2**	**Level 3**	**Total**
Reported at Fair Value:				
Long-term investments:				
Money market funds	$ 1,795,024	$ -	$ -	$ 1,795,024
U.S. government obligations	2,665,626	-	-	2,665,626
Domestic equity:				
Small-cap securities	2,686,163	-	-	2,686,163
Mid-cap securities	2,477,945	-	-	2,477,945
Large-cap securities	26,109,763	-	-	26,109,763
International equity:				
Developed markets securities	17,125,910	-	-	17,125,910
Emerging markets securities	6,488,691	-	-	6,488,691
Income mutual funds	9,079,397	-	-	9,079,397
Growth mutual funds	2,445,988	-	-	2,445,988
Mortgage and other asset backed securities	-	1,880,823	-	1,880,823
Land	-	3,279,698	-	3,279,698
Total investments by valuation hierarchy	70,874,507	5,160,521	-	76,035,028
Alternative investments (measured at net asset value)				11,583,119
Total investments				$ 87,618,147

	2017			
	Level 1	**Level 2**	**Level 3**	**Total**
Reported at Fair Value:				
Long-term investments:				
Money market funds	$ 1,760,681	$ -	$ -	$ 1,760,681
U.S. government obligations	2,005,363	-	-	2,005,363
Domestic equity:				
Small-cap securities	2,185,806	-	-	2,185,806
Mid-cap securities	2,199,534	-	-	2,199,534
Large-cap securities	24,536,589	-	-	24,536,589
International equity:				
Developed markets securities	15,761,125	-	-	15,761,125
Emerging markets securities	6,152,027	-	-	6,152,027
Income mutual funds	7,563,391	-	-	7,563,391
Growth mutual funds	2,100,043	-	-	2,100,043
Mortgage and other asset backed securities	-	1,408,540	-	1,408,540
Land	-	3,279,698	-	3,279,698
Total investments by valuation hierarchy	64,264,559	4,688,238	-	68,952,797
Alternative investments (measured at net asset value)				10,922,348
Total investments				$ 79,875,145

The following valuation techniques were used to measure the fair value of investments as of June 30, 2018 and 2017:

Money market funds, U.S. government obligations, income and growth mutual funds and marketable equity securities - Fair value for these investments was based on quoted market prices for the identical security.

Mortgage and other asset backed securities - Interest rates and credit risks of similar securities are used to determine the fair value of these investments.

Land - An independent appraisal based on quoted prices for similar land and other observable inputs was used to determine the fair value.

Alternative investments - Fair value was based on estimated fair values using the net asset value ("NAV") per share of the investments as provided by investment managers, adjusted to reflect significant events between measurement dates if the NAV measurement date was not June 30. Certain attributes that impact the security's fair value may not be reflected in NAV, including but not limited to, the investor's ability to redeem the investment at the measurement date and any unfunded purchase commitments. If the University sold all or a portion of its alternative investments, it is reasonably possible that the transaction value could differ significantly from the estimated fair value at the measurement date due to the nature of the investments, changes in market conditions and the overall economic environment.

Alternative investments are funds and partnerships that invest in a variety of strategies including hedge funds, managed futures, and private equity funds. These are generally illiquid investments pooled and professionally managed with the goal of generating higher returns.

The investment strategies as of June 30, 2018 are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge Funds	$ 9,372,477	$ -	Various	90 - 95 days
Managed Futures	2,187,308	-	Monthly	3 days
Private Equity Funds	23,334	56,371	Illiquid	
	$ 11,583,119	$ 56,371		

The investment strategies as of June 30, 2017 are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge Funds	$ 8,702,854	$ -	Various	90 - 95 days
Managed Futures	2,133,333	-	Monthly	3 days
Private Equity Funds	86,161	56,129	Illiquid	
	$ 10,922,348	$ 56,129		

The hedge funds category includes investments in several funds. One hedge fund invests primarily in long and short equity markets as well as equity markets with arbitrage strategies, merger arbitrage, closed-end fund arbitrage and equity derivative strategies. This investment has a 90 day redemption notice for which funds will be paid semi-annually on the anniversary date over a three year period. Another hedge fund invests primarily in arbitrage, credit and event strategies, equity strategies, and trading oriented strategies. This particular fund has a 95 day redemption notice for which funds will be paid semi-annually.

The managed futures category includes several investment funds that directly invest in futures, forwards and options in global currency, interest rate, energy, equity, metal, and agricultural markets.

The private equity limited partnership's investment objective is long-term capital appreciation by creating a diversified portfolio of global private market investment strategies. The partnership's current investment diversification by strategy consists of 64% buyouts, 11% venture capital, 13% distressed securities, 7% growth capital, and 5% special situations. There are no redemption provisions, and unless sooner dissolved, the partnership's term is anticipated to end by December 31, 2018.

The components of total investment return are reflected below. Investment earnings for the years ended June 30, 2018 and 2017 are net of investment management and custodian expenses of approximately $430,000 and $447,000, respectively.

	2018	2017
Investment earnings	$ 1,041,746	$ 755,477
Net realized and unrealized gains	5,640,971	8,804,310
Total investment return	$ 6,682,717	$ 9,559,787

Investment return as reflected in the Statement of Activities consists of the following components:

	2018	2017
Operating:		
Endowment earnings	$ 3,099,496	$ 2,424,305
Investment earnings	849,817	554,260
Non-operating:		
Endowment earnings less than spending policy	(112,583)	(701,909)
Unrealized net gain on investments	2,845,987	7,283,131
Total investment return	$ 6,682,717	$ 9,559,787

3. Contributions Receivable

Unconditional promises to give have been recorded in the financial statements as contributions receivable and revenue of the appropriate net asset category, and are expected to be realized in the following periods:

	2018	2017
In one year or less	$ 1,015,459	$ 1,001,875
Between one year and five years	1,568,488	1,630,468
Greater than five years	140,820	275,465
Gross contributions receivable	2,724,767	2,907,808
Unamortized discount (discount rates ranging from 1.5% to 2.25%) and allowance for uncollectible amounts	(366,248)	(407,599)
Net contributions receivable	$ 2,358,519	$ 2,500,209

4. Notes Receivable and Other Assets

Notes receivable and other assets at June 30 consist of the following:

	2018	2017
Student loans	$ 1,494,132	$ 1,499,014
Self-insurance trust account, net of estimated claims	885,000	296,993
Other, including government grants and other program receivables	620,254	592,922
Total notes receivable and other assets	2,999,386	2,388,929
Allowance for doubtful accounts	(48,324)	(42,000)
Net notes receivable and other assets, net	2,951,062	2,346,929
Current portion	(764,834)	(738,623)
Long-term notes receivable and other assets	$ 2,186,228	$ 1,608,306

5. Split-Interest Agreements

The University holds a beneficial interest in a charitable lead trust that awards the University an annual amount equal to 8.75% of the University's portion of the fair market value of the trust's assets at the end of each calendar year for a twenty-five year period ending in 2019. The trust assets were valued based on quoted market prices for identical securities. The trust agreement stipulates that 30% of each annual payment is permanently restricted, while 70% of the annual payment is eligible to be spent in the next fiscal year. Any earnings on the trust payments are to be reinvested into permanent endowment. The present value of the University's share of future amounts from the trust was recorded as a charitable lead trust receivable using a discount rate of 7.5%.

The University is also a party to various other types of split-interest agreements, including charitable gift annuities, pooled life income funds, and charitable remainder trusts. Revenue under these agreements is recognized based on the fair value of the assets contributed less a liability for the present value of the payments expected to be made to the beneficiaries. The University annually re-evaluates the expected future payments to beneficiaries based on changes in life expectancy.

The fair value of the charitable lead trust receivable is calculated as the present value of expected future cash flows utilizing inputs that a market participant would be expected to use. Fair value of the assets held under split-interest agreements is based on quoted market prices.

The University measures its charitable lead trust receivable and assets held under split-interest agreements on a recurring basis in accordance with accounting standards on fair value measurements based on the following inputs at June 30:

	2018		
	Level 1	**Level 3**	**Total**
Charitable lead trust receivable	$ -	$ 138,168	$ 138,168
Assets held under other split-interest agreements	115,903	-	115,903
	$ 115,903	$ 138,168	$ 254,071
	2017		
Charitable lead trust receivable	$ -	$ 248,038	$ 248,038
Assets held under other split-interest agreements	117,726	-	117,726
	$ 117,726	$ 248,038	$ 365,764

For charitable lead trust receivables falling within Level 3 in the fair value hierarchy, the activity recognized during the years ended June 30, 2018 and 2017 was as follows:

	2018	**2017**
Beginning balance	$ 248,038	$ 347,354
Unrealized gains	19,753	29,494
Distributions	(129,623)	(128,810)
Ending balance	$ 138,168	$ 248,038

Unrealized gains are reported in the change in value of split-interest agreements in the non-operating section of the Statement of Activities for the years ended June 30, 2018 and June 30, 2017.

6. Land, Buildings and Equipment

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

	2018	2017
Land	$ 3,326,612	$ 3,326,612
Land improvements	30,103,840	29,822,391
Buildings and building improvements	139,541,210	134,454,675
Construction in progress	2,432,312	3,475,135
Equipment	41,009,138	39,493,403
Library books	3,408,879	3,391,324
Works of art	1,678,417	1,678,417
	221,500,408	215,641,957
Accumulated depreciation	(98,108,143)	(91,093,136)
	$ 123,392,265	$ 124,548,821

Depreciation expense was $7,206,737 and $7,188,983 for the years ended June 30, 2018 and 2017, respectively.

7. Long-Term Debt and Line of Credit

Long-term debt at June 30 consists of the following:

	2018	2017
University Revenue Note, Series of 2017, 2.32% through December 2022, 2.44% through December 2027, 2.69% through December 2032, and 2.84% through December 2037 with scheduled principal payments through December 2037.	$ 10,000,000	$ -
University Revenue Note, Series of 2015, 2.12% through December 2022, 66% of the bank's prime rate, capped at 5.50% with scheduled principal payments through December 2035.	9,720,000	10,000,000
University Revenue Note, Series of 2013, 2.2% through December 2020, 67% of the sum of one month Libor plus 1% thereafter, capped at 6.0% with scheduled principal payments through December 2033.	8,870,000	9,275,000
University Revenue Note, Series A of 2010, 2.55% with scheduled principal payments through December 2022.	6,385,000	7,050,000
University Revenue Note, Series B of 2010, 2.56% through December 2023, 69% of the sum of one month Libor plus 1.8% thereafter, capped at 5.5% with scheduled principal payments through December 2025.	7,480,000	7,705,000

	2018	2017
University Revenue Note, Series of 2007, 2.8% through December 2023, 60% of the sum of one month Libor plus 1% or upon election a fixed rate of interest at 60% of the then prevailing 4-year Treasury Rate plus 1.70%, thereafter, capped at 5.5% with scheduled principal payments through December 2027.	$ 5,555,000	$ 6,015,000
University Revenue Note, Series of 2005, 4.79% through December 2015, 67% of the bank's prime rate thereafter, capped at 5.50%, with scheduled principal payments through December 2020 (unamortized premium of $94,250 and $133,250 in 2018 and 2017, respectively). Interest rate was 2.18% at June 30, 2018.	3,855,000	5,030,000
University Revenue Note, Series of 2004, with scheduled principal payments through December 2024 and an interest rate of 2.95%.	2,820,000	3,135,000
Bank note, proceeds used to finance equipment, monthly payments plus interest at one month Libor plus 2% through April 2021. Interest rate was 4.00% at June 30, 2018.	340,000	460,000
Equipment financing agreements	381,089	430,651
	55,406,089	49,100,651
Current portion of debt	(3,963,999)	(3,913,984)
Deferred financing costs	(471,728)	(426,137)
Original issue premium	94,250	133,250
	$ 51,064,612	$ 44,893,780

The University Revenue Notes, Series of 2017, 2015, 2013, 2007, 2005, 2004 and Series A and B of 2010, are held by banks and are also secured by a pledge of, and a lien on, the University's unrestricted revenues, but do not contain any debt service reserve requirements. Proceeds from the University Revenue Note, Series of 2004, funded the construction of Annecy Hall, a student residence placed in service in August 2005. Proceeds from the University Revenue Note, Series of 2005, were placed in escrow to refund $9,025,000 of the University Revenue Bonds, Series of 1999A in December 2009. Proceeds from the University Revenue Note, Series of 2007 were used for the construction of Donahue Hall, a student residence hall placed into service in August 2008, and certain other campus improvements. Proceeds from the University Revenue Note, Series A of 2010 were used to refinance the University Revenue Bonds, Series of 2002. Proceeds from the University Revenue Note, Series B of 2010 were used for the construction of the Gambet Center, a 78,000 square foot instructional facility placed into service in April 2013. Proceeds from the University Revenue Note, Series of 2013 were used for the construction of student residence units placed in service in August 2014 in addition to other campus improvements. Proceeds from the Revenue Note, Series of 2015, were used for athletic field and facility improvements that were placed into service during spring 2016. Approximately $6,600,000 of the proceeds from the Revenue Note, Series of 2017, were used to construct a student residence unit placed in service in August 2017, as well as other campus improvements, and to purchase two properties adjacent to campus, with the remaining $3,400,000 to be utilized for the construction of a baseball and softball stadium complex with an anticipated completion date of March 2019.

The University has an outstanding taxable note with a bank that financed certain capital improvements to Dooling Hall that is also secured by a pledge on the University's unrestricted revenues, but on a subordinated basis as compared to the University Revenue Notes detailed previously.

The University has three four-year equipment financing agreements remaining for computers with terms expiring between July 2019 and August 2021. The maximum payments on these agreements, which are made quarterly, total approximately $51,000. The financing agreements are collateralized by the related equipment.

The University has a $10 million commercial line of credit with a bank that expires on December 31, 2020. Interest on this line is payable monthly based on the published 30-day LIBOR rate plus 1.85%. As of June 30, 2018 there was no amount outstanding under the line of credit while as of June 30, 2017, there was $3,000,000 outstanding under the line of credit.

The University is required to maintain a minimum debt service coverage ratio as defined under the Loan and Security Agreements for the 2017, 2015, 2013, 2010, 2007, 2005 and 2004 Notes.

At June 30, 2018, the University had five irrevocable letters of credit with a bank related to certain construction projects on campus totaling approximately $943,000. There were no draws against these letters of credit during the years ended June 30, 2018 and 2017.

Scheduled principal payments, excluding premiums, on the long-term debt during the next five fiscal years and thereafter are as follows:

Years ending June 30:	
2019	$ 3,963,999
2020	4,186,737
2021	4,120,353
2022	3,920,000
2023	3,790,000
Thereafter	35,425,000
	$ 55,406,089

Deferred financing costs are amortized using the straight-line method over the remaining terms of the associated debt. Amortization expense was $47,090 and $44,196 for the years ended June 30, 2018 and 2017, respectively.

Total interest expense on long-term obligations totaled $1,331,899 and $1,276,662 for the years ended June 30, 2018 and 2017, respectively.

8. Commitments and Contingencies

Commitments

The University is party to an agreement with a computer services and consulting firm to manage, maintain, and deliver all computer services on campus. The minimum payments required under the remaining term of the agreement is $1,341,000 in 2019. Payments made under this agreement were approximately $1,302,000 and $1,139,000 in 2018 and 2017, respectively.

The University's Bethlehem Area and Lansdale campus locations are leased under non-cancelable agreements that expire in May 2020 and February 2022, respectively. Minimum lease obligations under these agreements by fiscal year are as follows: 2019 $429,000; 2020 $412,000; 2021 $184,000; and 2022 $125,000. Rent expense under these agreements was $407,000 in 2018 and $406,000 in 2017.

In May 2018, the University began construction on a baseball and softball stadium complex with an anticipated project cost of $5,300,000, of which approximately $900,000 has been expended as of June 30, 2018. Sources of funding for this project include donations as well as proceeds from the University Revenue Note Series of 2017.

Contingencies

The University is involved in litigation arising during the normal course of business. While it cannot be predicted with certainty, the University believes that the outcome of such litigation will not have a material adverse effect on the University's financial statements.

9. Net Assets

Net assets at June 30 consist of the following:

	2018	2017
Unrestricted:		
Board-designated endowment	$ 39,785,513	$ 38,025,146
Designated for plant activities	6,371,705	4,741,413
Designated for debt service	2,672,419	2,643,589
Net investment in plant	70,103,810	70,595,179
Subsidiary operations	293,932	400,539
Subsidiary operations, board-designated endowment	402,665	201,154
Designated for program and faculty development	950,000	950,000
Undesignated	407,893	55,422
Total unrestricted	120,987,937	117,612,442

	2018	2017
Temporarily restricted:		
Donor restricted endowment	$ 8,139,904	$ 6,624,166
Capital campaign funds	3,619,930	3,018,983
Daniel Gambet Enrichment fund	850,486	920,365
Academic programs and related funds	729,763	751,260
Net investment in plant	255,000	255,000
Subsidiary operations	226,610	383,392
Total temporarily restricted	13,821,693	11,953,166
Permanently restricted:		
Donor restricted endowment	23,108,022	20,754,052
Subsidiary operations, donor restricted endowment	2,438,825	2,466,919
Other	473,439	474,194
Total permanently restricted	26,020,286	23,695,165
Total net assets	$ 160,829,916	$ 153,260,773

The following schedule represents the changes in endowment net assets for the year ended June 30, 2018:

	2018			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Beginning endowment net assets	$ 38,226,300	$ 6,624,166	$ 23,220,971	$ 68,071,437
Investment return:				
Endowment earnings	1,259,736	1,165,777	673,983	3,099,496
Net appreciation (realized and unrealized)	1,766,157	1,126,082	-	2,892,239
Total investment return	3,025,893	2,291,859	673,983	5,991,735
Contributions	31,921	18,250	1,684,854	1,735,025
Net assets released from restriction	(1,259,736)	(794,371)	-	(2,054,107)
Transfers to create board designations	163,800	-	-	163,800
Change in value in split-interest agreements	-	-	(32,961)	(32,961)
Ending endowment net assets	$ 40,188,178	$ 8,139,904	$ 25,546,847	$ 73,874,929

The following schedule represents the changes in endowment net assets for the year ended June 30, 2017:

	2017			
	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Beginning endowment net assets	$ 33,038,855	$ 3,905,356	$ 21,552,942	$ 58,497,153
Investment return:				
Endowment earnings	1,217,001	1,108,552	98,752	2,424,305
Net appreciation (realized and unrealized)	3,560,030	2,327,677	-	5,887,707
Total investment return	4,777,031	3,436,229	98,752	8,312,012
Contributions	536,215	17,350	1,599,071	2,152,636
Net assets released from restriction	(1,217,001)	(734,769)	-	(1,951,770)
Transfers to create board designations	1,091,200	-	-	1,091,200
Change in value in split-interest agreements	-	-	(29,794)	(29,794)
Ending endowment net assets	$ 38,226,300	$ 6,624,166	$ 23,220,971	$ 68,071,437