OBERLIN COLLEGE FINANCIAL REPORT

YEAR ENDED JUNE 30, 2020

OBERLIN

COLLEGE & CONSERVATORY

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Financial Report 2019-2020

We are pleased to present Oberlin College's Annual Financial Report for the year ended June 30, 2020. This report includes our independent auditor's report, audited consolidated financial statements and related footnotes to the statements.

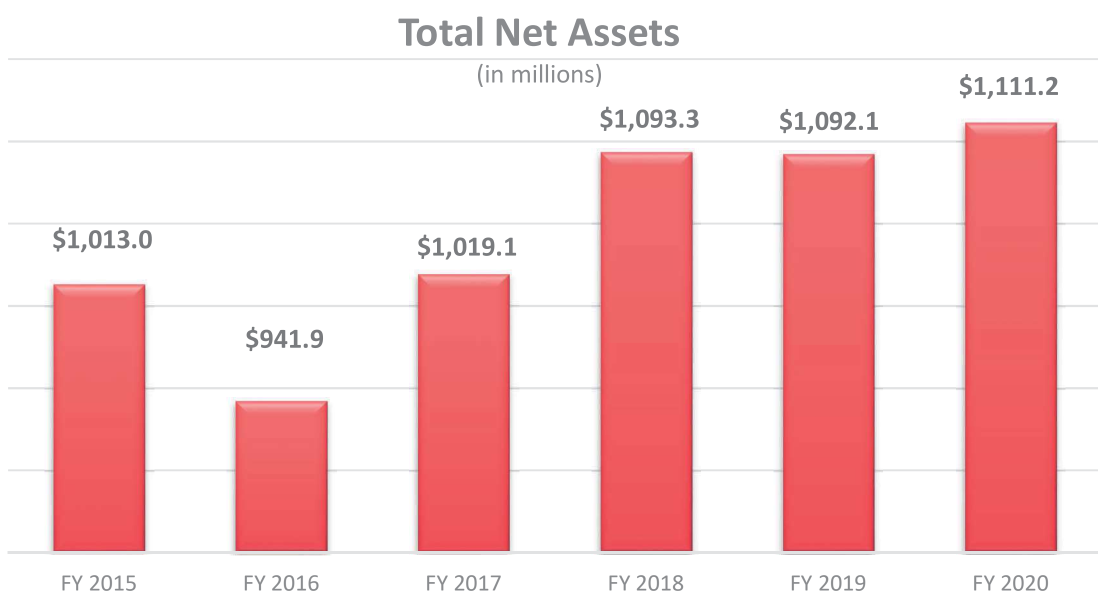
To provide the users of these financial statements with a better understanding of the College's financial position and operations, we include an overview of the institution's financial condition and operating results for the year. We also look ahead to 2021 and note items of significance that have occurred in the first part of the new fiscal year.

These statements include the consolidation of our Apollo Theater Project and the Gateway Complex Project. In fiscal year 2019, the costs and operations are accounted for in subsidiaries. A discussion of these projects and entities in greater detail can be found in the related footnotes to our audited consolidated financial statements. Beginning in fiscal year 2020, the Apollo Theater is reported as an auxiliary operation of the College and no longer as a stand-alone subsidiary due to the unwinding of the Federal New Market Tax Credit.

FINANCIAL CONDITION

Total Assets and Total Net Assets

Oberlin's total assets at June 30, 2020 were $1,437.5 million, an increase of $17.3 million, or 1.2%, from the previous fiscal year's $1,420.2 million. Total liabilities as of June 30, 2020 were $326.3 million, a decrease of $1.8 million from the prior year's $328.1 million. Total net assets for the College were $1,111.2 million, compared to $1,092.1 million as of June 30, 2019, an increase of 1.7%. The following chart reflects the total net assets of Oberlin College at June 30, 2020 and for the previous five fiscal years.



The majority of the College's net assets are within its endowed funds and plant funds. The increases and decreases in the College's total assets, as well as total net assets, are primarily the result of investment returns and the spending of cumulative earnings of the College's endowed funds.

Endowed Funds

Total endowed funds as of June 30, 2020 were $937.0 million, as compared to $925.0 million the previous year, an increase of $12.0 million. In comparison, total endowed funds increased by $37.6 million in the fiscal year ended June 30, 2019, from $887.4 million at June 30, 2018.

Like most private liberal arts schools, the endowment is the financial cornerstone of the College. Nearly all of Oberlin's 1,700 endowed funds are invested within the General Investment Pool. The College's Pooled Endowment was $936.6 million at June 30, 2020, versus $924.6 million at June 30, 2019, a $12.0 million increase. The change in the total value from year to year is the result of changes in the market values of our pooled investments and the many donor-designated and board-designated gifts received from generous alumni and friends during the fiscal year, offset by the distribution of cumulative investment earnings. Such distributions of investment earnings from our endowment provide long-term funding for student financial aid, support faculty compensation and fund academic programs, and totaled $40.6 million for operations. Capital and deferred gifts totaled $16.6 million this fiscal year, of which $14.4 million were donor-restricted endowed gifts. In fiscal year 2019, capital and deferred gifts were $22.0 million, with $13.1 million of donor-restricted endowed gifts. In fiscal year 2020, the College's net total investment return for the General Investment Pool was 4.9% as compared to a total net return in fiscal year 2019 of 8.0%, resulting in a top quartile ranking across the College's peer group.

Over the past 20 years, the General Investment Pool has grown from $634.6 million to $936.6 million. Oberlin College's spending and investment policies have provided substantial levels of financial support to the operating budget. The annual distributions are critical in supporting our academic mission while preserving endowment purchasing power for future generations.

Oberlin College's endowment has a highly diversified portfolio with allocations to hedge funds, private equity and real assets, which include venture capital, private real estate, private energy and other alternative investments. Our allocations to alternative investments have been higher than many other endowments our size. Historically, our relatively higher allocations have both increased investment returns and decreased volatility.

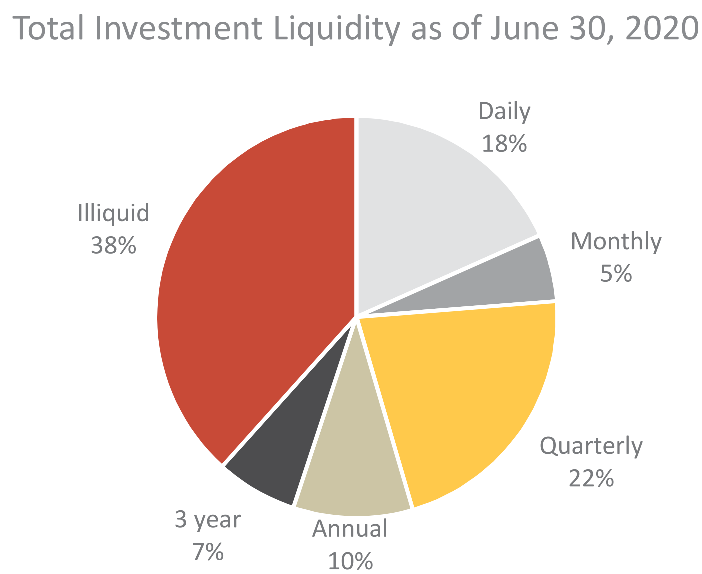
The following is the College's long-term strategic target and actual endowment portfolio allocation for the year ending June 30, 2020. The College's Investment Office staff adjusts our actual portfolio allocations in response to market conditions as directed by our Board's Investment Committee.

Asset Allocation	**Strategic Target**	**Actual**
Cash and cash equivalents	**5.0%**	**6.0%**
U.S. equity	11.0%	11.8%
International equity	12.0%	13.2%
Emerging markets equity	7.0%	5.1%
Total equity	**30.0%**	**30.1%**
Hedge funds	30.0%	25.0%
Private credit	5.0%	5.1%
Private equity	24.0%	29.5%
Real assets	6.0%	4.3%
Total alternatives	**65.0%**	**63.9%**
Total	**100.0%**	**100.0%**

Actual investment balances at June 30, 2020 and 2019 are reflected in Footnote 2 to the financial statements. It should be noted that the College's Investment Office often rebalances endowment portfolio allocations at quarter end, which can result in higher than targeted levels of cash and larger investment proceeds receivable balances.

Liquidity

The Investment Committee has increased liquidity in the endowment in recent years to avoid the risk of being forced to sell securities in highly distressed markets. The following chart depicts the total investment liquidity of the $936.6 million General Investment Pool and $56.4 million invested within our cash equivalents at June 30, 2020. The endowment has ample monthly and quarterly liquidity to meet projected cash needs for the next three years.



Plant Funds

The second largest component of the College's total net assets is net assets related to plant facilities totaling $166.5 million at June 30, 2020, as compared to $167.5 million at June 30, 2019. Plant related funds are reflected in net assets without donor restrictions and net assets with donor restrictions, including cumulative gifts received over the years in support of investment in plant. Gifts designated by donors were $0.2 million for the year ended June 30, 2020. Plant related funds consist primarily of the College's property, plant and equipment assets, at cost, net of accumulated depreciation and capital-related debt.

The College capitalized $14.3 million to its land, buildings and equipment assets in the year ended June 30, 2020. During fiscal year 2020, capital expenditures focused on deferred maintenance projects such as Dascomb Hall renovations, as well as numerous other building improvements, equipment purchases and library acquisitions.

Debt

The College has $168.1 million of outstanding bonded debt at June 30, 2020. During fiscal year 2020, the College issued $82.1 million of taxable refunding bonds to refinance the Series 2009 Bonds, the Series 2014A Bonds and the Series 2014B Bonds.

Effective and responsible debt portfolio management enables Oberlin to execute major strategic initiatives while preserving working capital. The Oberlin College Board of Trustees' Budget and Finance Committee and finance staff oversee the management of our long-term debt, utilizing both revenue bonds and derivative transactions to optimize our debt portfolio.

Oberlin's prudent debt portfolio management is designed to achieve the following objectives:

- Ensure that an appropriate mix of funding sources is used;
- Limit the overall debt to a level that, when combined with the College's strategic initiatives, will help preserve strong credit ratings over the long term;
- Achieve a low risk-adjusted cost of capital while balancing that effort appropriately with the College's exposure to market shifts; and

- Manage working capital, short-term investments and debt service requirements in a coordinated manner to optimize overall funding and investment return strategies.

The College's derivative transactions are described within Footnote 8 to the financial statements. In summary, the College used derivative transactions, including variable-to-fixed interest rate swaps and a basis swap involving taxable and tax exempt variable interest rates, to limit the debt portfolio's exposure to long-term interest rate fluctuations as well as to lower the College's cost of capital at fixed rates well below historical levels.

OPERATING RESULTS – FISCAL YEAR 2020

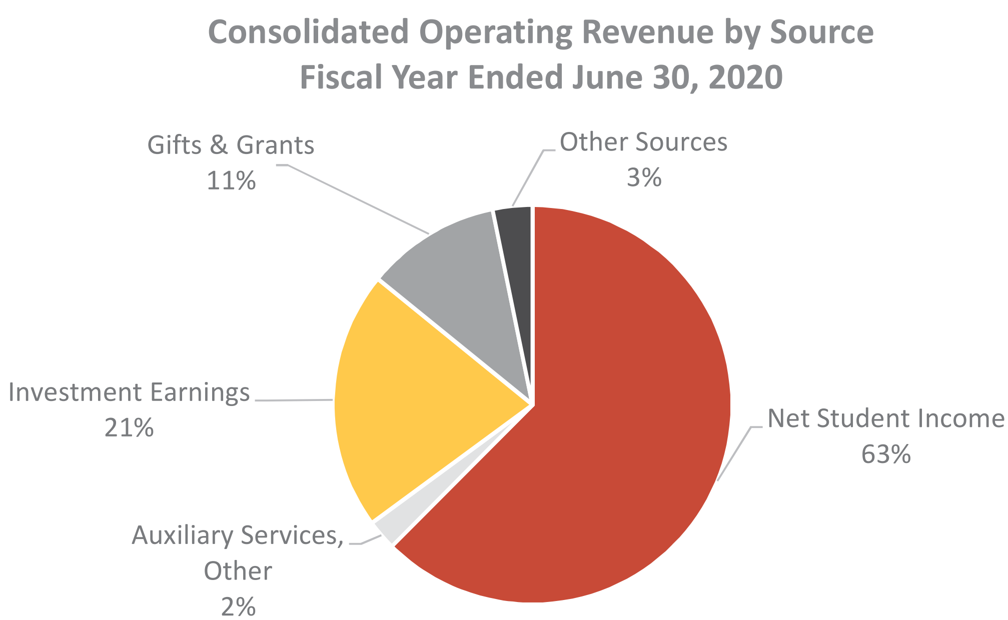
Oberlin College's Consolidated Statement of Activities presents the results of operations of the College and the net income or loss of its "tax credit" subsidiaries. Oberlin experienced an unrestricted surplus of $2.4 million from College operations before consolidation in fiscal year 2020, as compared to $1.0 million operating deficit last fiscal year. The College's Gateway subsidiary had an accounting loss of $1.8 million from depreciation and interest expense as well as nearly $0.3 million loss due to the pandemic's disruption in operations. In summary, the College's consolidated Statement of Activities reflects an unrestricted operating net surplus of $0.4 million and an overall positive change in net assets of $19.1 million.

Results of Unconsolidated Operating Surplus

As noted above, Oberlin College had an unconsolidated unrestricted operating surplus of $2.4 million for fiscal year 2020. For the ten-year period ended June 30, 2020, Oberlin has generated a cumulative unconsolidated operating surplus of $8.1 million, excluding restructuring charges of $1.9 million and $8.4 million recorded in 2018 and 2016, respectively. It should also be noted that Oberlin has accomplished these surpluses while fully funding its depreciation each year, using the funded depreciation as a source for capital maintenance, equipment replacement and other capital investments.

Operating Revenues

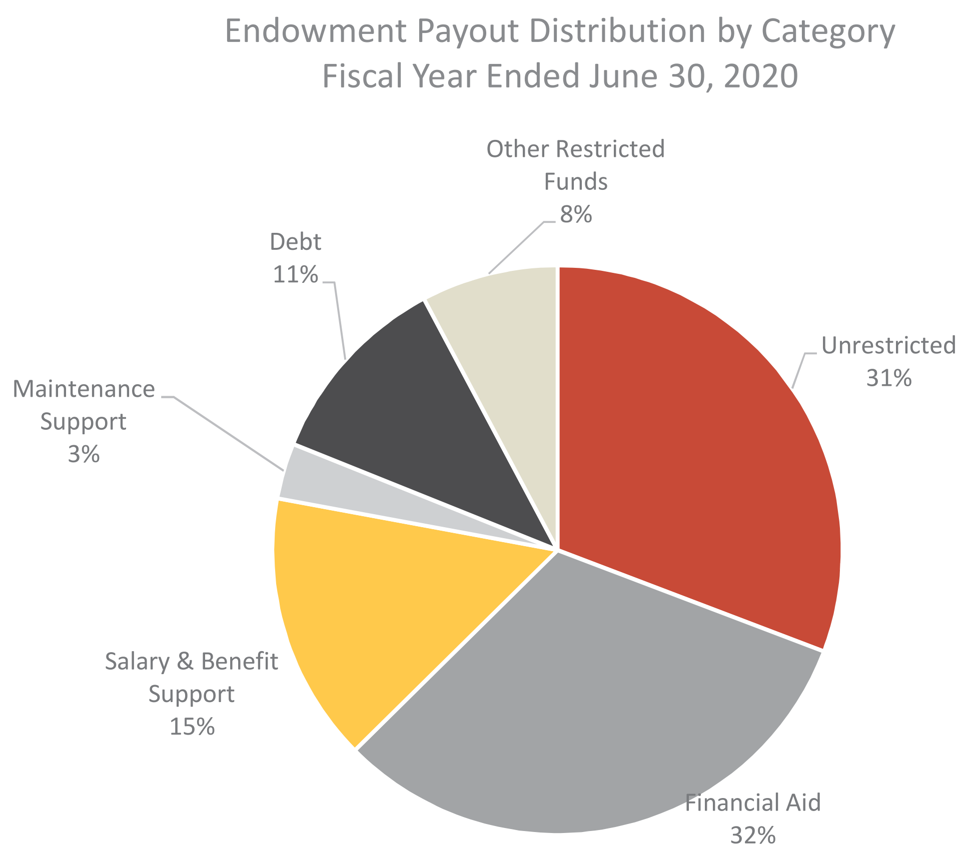
Oberlin's consolidated total operating revenues were $187.7 million for the year ended June 30, 2020 as compared to last year's $189.5 million. The following chart depicts the various sources of operating revenue for the College and the relative percentages of each source to total operating revenues.



Net student income, comprised of tuition and fees, room and board, net of student financial aid, is the largest component of Oberlin's operating revenues. In 2020, net student income totaled $117.2 million, including a reduction of $6.1 million due to refunds issued to students who left campus during the pandemic in March 2020. Compared to the prior year's revenue of $120.9 million, net student income decreased $3.7 million, but without the refunds the College's net student income would have increased $2.4 million. The reduction is fully attributed to the unprecedented event of closing campus during the pandemic. In fiscal year 2020, the first year class was slightly larger than the prior year's and Fall Headcount of 2,846 was up from 2,785 in fiscal year 2019. Also our discount rate increased from 45.4% last year to 46.8% this year (calculated as the percentage of total student aid to total tuition and fees). Tuition rates increased 3.0% in 2020, which is the same as 2019. Total student financial aid increased by $4.6 million in fiscal 2020, rising from $71.2 million in fiscal year 2019 to $75.8 million this year.

Earnings from endowment used in support of unrestricted operations are the second largest component of the College's unrestricted operating revenues. In fiscal year 2020, $13.8 million of unrestricted operating support was provided in accordance with the College's endowment spending policy. This level of support compares to $14.0 million in fiscal year 2019. Oberlin's endowment spending policy strives to increase the real value of the endowment, provide a dependable stream of support to the College's annual operating budget, and achieve earnings at a sustainable rate over the long-term while seeking to provide predictability and stability of endowment spending essential for long-range planning. The College continues to pursue its long-term objective of gradually reducing the payout rate of pooled endowment investments. In addition to support for operations, $5.0 million was withdrawn to pay down debt in conjunction with the 2019 bond issuance and $2.5 million was transferred to the newly established sinking fund.

For fiscal year 2020, the College also distributed $26.8 million in earnings from endowments that have a spending restriction. As depicted in the chart below, the majority of this restricted distribution was used to offset the cost of financial aid scholarships and to contribute toward the salaries and benefits of faculty and staff consistent with donor agreements.



The total operating distribution of $40.6 million equates to a spending rate of 4.7% of the 36-month weighted average of our general investment pool and 4.4% of the beginning market value. This compares to $40.2 million distributed in fiscal year 2019, which equated to a spending rate of 4.8% of the 36-month weighted average, and 4.3% of the beginning market value of our general investment pool. Footnotes 1 and 2 to our financial statements further discuss the College's endowment investment and endowment spending policies

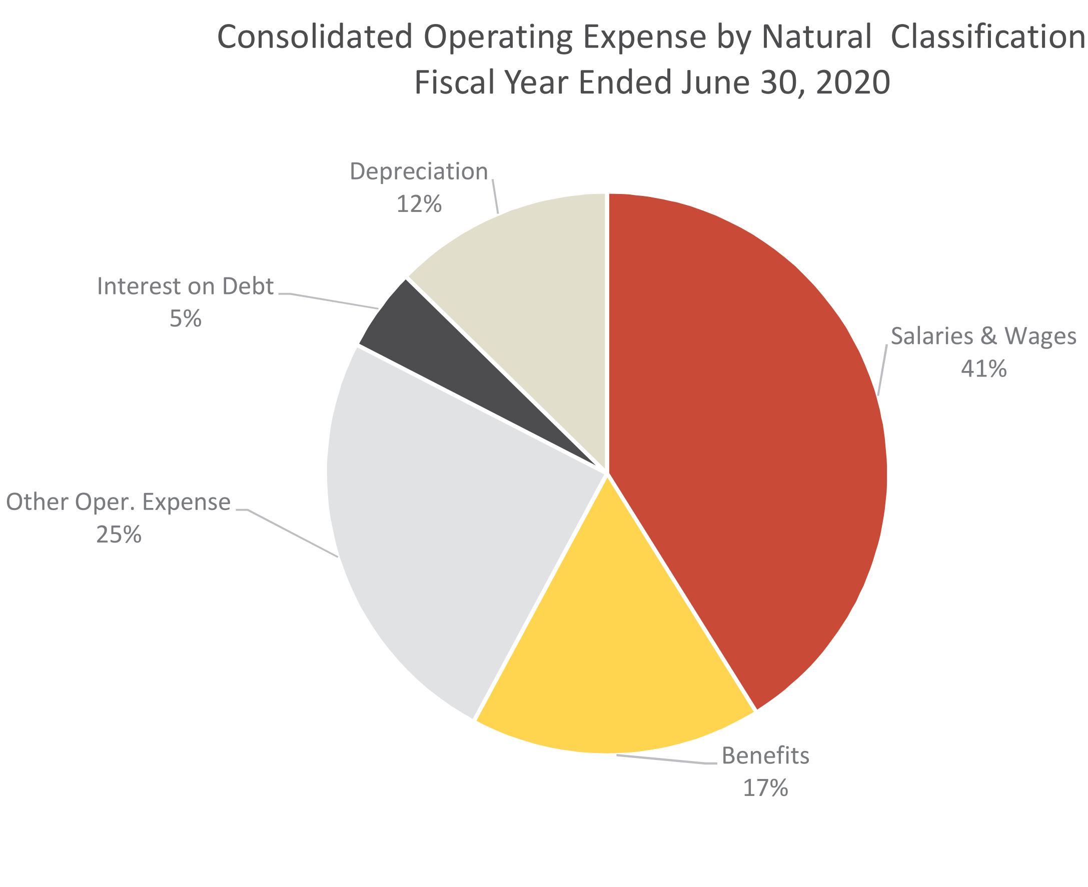
Oberlin's third largest component of unrestricted operating revenues is support from unrestricted Private Gifts and Grants. The timing of the receipt of gifts, especially bequests, is unpredictable, and the varying size of such contributions can cause fluctuations in giving from year to year, as depicted in this chart (dollars in thousands).

	2016	**2017**	**2018**	**2019**	**2020**
Undesignated Bequests	$1,430	$2,538	$1,760	$1,274	$2,995
Unrestricted Giving	3,233	3,369	3,640	3,528	3,480
Total	$4,663	$5,907	$5,400	$4,802	$6,475

Operating Expenses

Oberlin's consolidated operating expenses, which includes expenses both with and without donor restrictions, totaled $181.60 million for the year ended June 30, 2020; a decrease of $6.4 million from the prior year's operating expenses of $188.0 million, or 3.4%. The decrease in operating expenses can primarily be attributed to implementation of planned cost savings of $4.7 million as well as cost avoidance due to the closure of campus because of the global pandemic.

While the audited financial statements present operating expenses by program, as required by the current accounting and reporting standards, the following chart reflects the fiscal year 2020 operating expenses by natural classification, or function, to enable greater analysis of expenses and spending trends.



Salaries and wages are by far our largest component of operating expense, totaling approximately $74.8 million in fiscal year 2020. This represents a decrease from the fiscal year 2019 total of $78.1 million. This decrease in salaries and wages from the prior year reflects savings attributed to the implementation of the voluntary separation incentive program in prior fiscal years as well as a reduction of overtime, temporary wages and student wages during the campus closure caused by the pandemic.

Other operating expense, which includes utilities expense and food costs among others, is our second largest spending component, totaling approximately $44.1 million in fiscal year 2020. This represents a decrease of 11.3% from the fiscal year 2019 total of $49.7 million, and can primarily be attributed to a reduction of travel, supplies and other operating costs avoided when campus operations were disrupted by the pandemic.

Employee benefits expense is our third largest component of operating expense. This expense classification, which includes expenses associated with the College's 403(b) employee defined contribution plan and the College's health plans for active employees and retirees, in addition to other employee benefit expenses, totaled $30.5 million in fiscal year 2020, which was approximately the same as 2019.

LOOKING AHEAD – FISCAL YEAR 2021

Enrollment

First-year enrollment statistics are reflected in the chart below and shows another strong class with solid academic indicators and the addition of impressive talent to the Conservatory.

COLLEGE OF ARTS AND SCIENCES

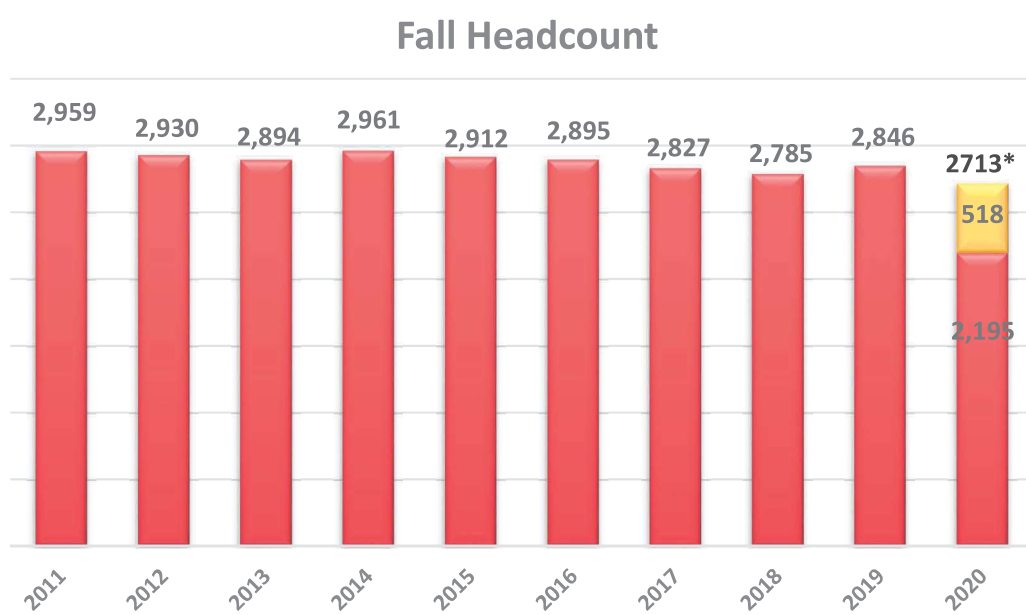
Fall Year	Applications	Admitted No.	Admitted % of Applications	Enrolled No.	Enrolled % of Admitted	Double Degree	Average SAT Score Verbal	Average SAT Score Math	Average SAT Score Writing
2011	6,117	1,942	32%	647	33%	33	699	678	696
2012	5,842	1,978	34%	664	34%	45	692	674	685
2013	6,167	2,023	33%	683	34%	38	696	673	689
2014	6,038	2,094	35%	713	34%	34	690	671	683
2015	6,589	1,982	30%	690	35%	37	694	669	686
2016	7,257	2,093	29%	658	31%	35	688	676	678
2017	6,366	2,344	37%	644	27%	36	687	682	
2018	6,269	2,473	39%	713	29%	46	693	690	
2019	6,265	2,518	40%	697	28%	47	695	695	
2020	7,919	2,999	38%	579	19%	33	695	678	

CONSERVATORY OF MUSIC

Fall Year	Applications	Admitted No.	Admitted % of Applications	Enrolled No.	Enrolled % of Admitted	Double Degree	Average SAT Score Verbal	Average SAT Score Math	Average SAT Score Writing
2010	1208	301	25%	119	40%	38	662	641	652
2011	1277	340	27%	137	40%	33	647	628	652
2012	1330	377	28%	145	38%	45	664	649	649
2013	1271	341	27%	136	40%	38	643	641	644
2014	1189	377	32%	118	31%	34	650	630	642
2015	1195	359	30%	125	35%	37	652	626	639
2016	1261	399	32%	139	35%	35	639	622	632
2017	1396	388	28%	120	31%	36	667	642	
2018	1256	412	33%	138	33%	46	679	657	
2019	1444	420	29%	148	35%	47	658	637	
2020	1386	417	30%	134	32%	33	663	644	

As in the prior year, applications for the fall 2020 incoming class continued to increase. Initial projections and preliminary yield data suggested an entering class that met the College's goals. In response to the pandemic, the College developed a comprehensive strategy to enable a safe on campus experience for the 2020-21 academic year. A key element of that strategy was the development of a three-semester academic year calendar and the development of hybrid and online courses. The College elected to expand its traditional in-person two-semester model to include a third semester to de-densify the classrooms and establish single occupancy in student housing. During the fall and spring semesters, three of four cohorts were assigned to attend on campus or enroll to study remotely. Third year students, with some exceptions, were not enrolled this fall. Therefore, the fall 2020 above headcount does not include a cohort of nearly 500 students that have historically been included. When considering the number of enrolled students for all cohorts not assigned to the fall term, enrollment stands at 2713.

The loss of total student enrollment primarily results from the pandemic. The College experienced a significant increase in the number of first year students who elected to defer a year due to the pandemic. The pandemic also negatively influenced the retention of our returning students. The first to second year retention rate dropped to 83% in fall 2020 compared to 91% in the prior year. The College continues to actively engage those students and remains optimistic that many of those students will return to campus in fall 2021.



**Includes 518 students normally enrolled in fall but moved to spring due to the pandemic*

Endowment

Overall, our General Investment Pool continues to perform positively and ended a volatile fiscal year with a record setting market value of $941.7 million, which includes $936.6 million of pooled endowment and $5.1 million allocated to the Sinking Fund. Subsequent to June 30, 2020, the investment performance of our investment pool has continued to have favorable results, increasing to $1.0 billion in November 2020. During fiscal year 2020, the College elected to establish a sinking fund to generate the necessary funds for future debt retirement. These funds are invested consistently within the General Investment Pool alongside the general endowment.

Bond Agency Ratings

Oberlin College has long maintained strong ratings with Standard & Poor's (S&P) and Moody's, allowing Oberlin to issue bonds and refinance debt at optimal interest rates (see Footnote 6). These ratings reflect our ongoing efforts to manage the College's finances in a challenging higher education market sector. In June 2018, S&P affirmed our AA rating and changed the outlook to negative from stable. In October 2017, Moody's assigned Oberlin a rating of Aa3 with a negative outlook. In fiscal year 2020, the College maintained its ratings of Aa3/AA from Moody's and S&P.

SUMMARY

Oberlin College responded to the unprecedented impacts of the global pandemic in fiscal year 2020 by shifting to online remote learning after an extended spring break. The College worked tirelessly to modify operating standards to ensure that students, faculty and staff could return to campus for an in-person experience in fall 2020. By establishing a three-semester model that allowed for de-densification of the residential halls and classrooms; the College modified course work; enhanced technology; improved facilities to promote a safe environment; created community safety agreements; and deployed regular corona virus testing of students, faculty and staff to ensure the health and safety of the community during the pandemic. Financially, the College has braced for a reduction of revenue due to the loss of enrollment as students elected to defer their studies. The additional expenses of a rigorous testing program, partially offset by student fee revenue, as well as costs to modify facilities and improve technology will further affect the fiscal year 2021 bottom line. Government support and extraordinary withdrawals from the endowment, coupled with cost reductions such as suspension of the College's contribution to the employees' retirement plans will allow the College to sustain an environment of productive learning, scholarly activity and community building. These actions are in concert with the implementation of planned base budget savings for this year.

As noted previously, pre-pandemic threats to long-term financial sustainability existed in the higher education marketplace, especially among private liberal arts colleges. The One Oberlin report that was issued during fiscal year 2019 by an Academic and Administrative Program Review committee to address future challenges of the College was instrumental in providing the framework for reacting to the realities of the pandemic. The College will continue to implement the recommendations included in the report that will further align institutional resources to the College's mission and build upon academic excellence.

Independent Auditor's Report

Board of Trustees
Oberlin College

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of Oberlin College, which comprise the statement of consolidated statements of financial position as of June 30, 2020 and 2019, the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free 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 Oberlin College as of June 30, 2020 and 2019, 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.

Other Matter

Accompanying Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information, consisting of management's discussion and analysis on pages 1-9 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements, or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

RSM US LLP

Cleveland, Ohio
January 4, 2021

Oberlin College

Consolidated Statements of Financial Position

As of June 30, 2020 and 2019

(dollars in thousands)

	2020	2019
ASSETS		
Current Assets		
Cash and cash equivalents	$ 35,161	$ 22,974
Accounts receivable, net	5,303	5,006
Pledges	6,636	3,125
Other current assets	2,245	2,162
Total current assets	$ 49,345	$ 33,267
Other Assets		
Pledges, net	$ 9,834	$ 6,702
Student loans, net	7,953	9,774
Other long-term receivables	9,781	9,781
Other non-current assets	4,092	4,268
Total other assets	$ 31,660	$ 30,525
Long-Term Investments		
Assets restricted to investment in land, buildings and equipment	$ 4,937	$ 10,831
Endowment funds	937,050	925,043
Sinking fund	5,120	-
Annuity and life income funds	39,327	41,206
Funds held in trust by others	17,884	18,427
Total long-term investments	$ 1,004,318	$ 995,507
Property, Plant and Equipment		
Land, buildings and equipment	$ 788,124	$ 772,336
Construction in progress	3,186	4,656
Less: accumulated depreciation	(439,133)	(416,078)
Total property, plant and equipment	$ 352,177	$ 360,914
TOTAL ASSETS	$ 1,437,500	$ 1,420,213

The Notes to Financial Statements are an integral part of these statements.

Oberlin College
Consolidated Statements of Financial Position
As of June 30, 2020 and 2019
(dollars in thousands)

LIABILITIES and NET ASSETS	2020	2019
Current Liabilities		
Accounts payable	$ 9,557	$ 11,685
Bonds and loans payable	4,238	3,180
Deposits and agency funds	11,705	6,186
Other current liabilities	4,822	8,986
Total current liabilities	$ 30,322	$ 30,037
Other Liabilities		
Accrued postretirement benefit obligation	20,667	21,394
Annuity obligations	14,430	14,875
Federal student loan funds	3,155	5,202
Loans payable	29,085	30,013
Other non-current liabilities	63,893	54,022
Bonds payable, net	164,773	172,573
Total liabilities	$ 326,325	$ 328,116
Net Assets		
Without donor restrictions -		
Current operations	$ (42,551)	$ (44,811)
Non-operating	(21,619)	(12,904)
Legal contingency	(31,615)	(31,615)
Designated for specific purposes	8,642	9,057
Plant and facility funds	62,717	60,425
Amortized contributions for long-lived assets	80,477	83,756
Sinking fund	5,120	-
Endowment funds	138,094	155,756
Total without donor restrictions	$ 199,265	$ 219,664
With donor restrictions -		
Donor designated for specific purposes	$ 43,267	$ 35,168
Annuity and life income funds	16,285	17,302
Student loan funds	6,151	5,710
Unexpended plant and facility funds	23,302	23,339
Funds held in trust by others	17,884	18,427
Endowment funds	805,021	772,487
Total with donor restrictions	$ 911,910	$ 872,433
Total net assets	$ 1,111,175	$ 1,092,097
TOTAL LIABILITIES and NET ASSETS	$ 1,437,500	$ 1,420,213

The Notes to Financial Statements are an integral part of these statements.

Oberlin College

Consolidated Statement of Activities

For the year ended June 30, 2020
(dollars in thousands)

	2020		
	Without donor restrictions	With donor restrictions	Total
Operating Revenues			
Tuition and fees	$ 161,894		$ 161,894
Room and board	31,117		31,117
Student aid	(75,766)		(75,766)
Net student income	117,245		117,245
Auxiliary services, other	4,590		4,590
Government grants and contributions		$ 2,848	2,848
Private gifts and grants	6,475	6,303	12,778
Investment earnings	13,814	25,559	39,373
Other sources	5,417	636	6,053
Net assets released from restrictions	34,388	(29,559)	4,829
Total operating revenues	$ 181,929	$ 5,787	$ 187,716
Operating Expenses			
Instruction and research	$ 84,615		$ 84,615
Academic support	23,763		23,763
Student services	16,064		16,064
Institutional support	23,990		23,990
Auxiliary services, student and other	33,142		33,142
Total operating expenses	$ 181,574		$ 181,574
Change in net assets from operating activities	$ 355	$ 5,787	$ 6,142
Non-operating Activities			
Investment earnings, net	$ 8,874	$ 15,855	$ 24,729
Unrealized losses	(9,795)	(10,634)	(20,429)
Contributions, net	514	22,772	23,286
Change in annuity obligations	29	416	445
Payments to beneficiaries	(1,279)	(728)	(2,007)
Post-retirement benefit obligation adjustment	2,093		2,093
Change in fair value of swap contracts	(8,715)		(8,715)
Non-recurring bond defeasance charge	104		104
Redesignated funds and other	(9,300)	7,559	(1,741)
Net assets released from restrictions	(3,279)	(1,550)	(4,829)
Change in net assets from non-operating activities	$ (20,754)	$ 33,690	$ 12,936
Change in net assets	(20,399)	39,477	19,078
Net assets at beginning of year	$ 219,664	$ 872,433	$ 1,092,097
Net assets at end of year	$ 199,265	$ 911,910	$ 1,111,175

The Notes to Financial Statements are an integral part of these statements.

Oberlin College
Consolidated Statement of Activities
For the year ended June 30, 2019
(dollars in thousands)

	2019		
	Without donor restrictions	With donor restrictions	Total
Operating Revenues			
Tuition and fees	$ 156,976		$ 156,976
Room and board	35,170		35,170
Student aid	(71,224)		(71,224)
Net student income	120,922		120,922
Auxiliary services, other	6,393		6,393
Government grants and contributions		$ 1,975	1,975
Private gifts and grants	4,802	6,406	11,208
Investment earnings	14,015	24,563	38,578
Other sources	4,273	814	5,087
Net assets released from restrictions	34,592	(29,206)	5,386
Total operating revenues	$ 184,997	$ 4,552	$ 189,549
Operating Expenses			
Instruction and research	$ 87,829		$ 87,829
Academic support	24,874		24,874
Student services	16,715		16,715
Institutional support	24,842		24,842
Auxiliary services, student and other	33,710		33,710
Total operating expenses	$ 187,970		$ 187,970
Change in net assets from operating activities	$ (2,973)	$ 4,552	$ 1,579
Non-operating Activities			
Investment earnings, net	$ 14,949	$ 9,662	$ 24,611
Unrealized gains	(9,330)	17,074	7,744
Contributions, net	766	8,867	9,633
Change in annuity obligations	(187)	453	266
Payments to beneficiaries	(1,252)	(687)	(1,939)
Post-retirement benefit obligation adjustment	(412)		(412)
Change in fair value of swap contracts	(4,015)		(4,015)
Legal contingency	(31,615)		(31,615)
Redesignated funds and other	3,457	(5,111)	(1,654)
Net assets released from restrictions	20,257	(25,643)	(5,386)
Change in net assets from non-operating activities	$ (7,382)	$ 4,615	$ (2,767)
Change in net assets	(10,355)	9,167	(1,188)
Net assets at beginning of year	$ 230,019	$ 863,266	$ 1,093,285
Net assets at end of year	$ 219,664	$ 872,433	$ 1,092,097

The Notes to Financial Statements are an integral part of these statements.

Oberlin College

Consolidated Statements of Cash Flows

For the years ended June 30, 2020 and 2019
(dollars in thousands)

	2020	2019
Cash Flows From Operating Activities		
Change in net assets	$ 19,078	$ (1,188)
Adjustments to reconcile change in net assets to net cash used for operating activities:		
Depreciation	23,055	22,641
Change in fair market value of interest rate swap arrangements	8,715	4,015
Net amortization of deferred financing costs	(443)	105
Contributions restricted for long-term investments	(16,608)	(19,541)
Earnings restricted for long-term investment	(332)	(1,607)
Net realized and unrealized gains on long-term investments	(43,673)	(70,933)
Changes in assets and liabilities that provide (use) cash:		
Accounts receivable	(297)	(940)
Other current and non-current assets	93	1,095
Pledges receivable	(6,643)	12,368
Accounts payable, accrued expenses and other liabilities	6,531	31,171
Deposits and agency funds	5,519	1,016
Accrued postretirement benefit obligation	(727)	546
Net adjustment of annuity obligations	(445)	(266)
Net cash used for operating activities	$ (6,177)	$ (21,518)
Cash Flows From Investing Activities		
Purchases of plant and equipment	$ (14,318)	$ (25,479)
Proceeds from student loans collected	1,797	1,656
Student loans received	24	245
Decrease in other long-term receivables	-	4,440
Purchases of investments	(387,161)	(253,098)
Proceeds from sales and maturities of investments	413,309	290,951
Net cash provided by investing activities	$ 13,651	$ 18,715
Cash Flows From Financing Activities		
Proceeds from contributions for:		
Investment in endowment	$ 14,423	$ 13,127
Investment in long-lived assets	232	5,315
Investment in life income agreements	1,953	1,099
Earnings restricted for long-term investment	332	1,607
Payments on bonds and loans payable	(89,292)	(17,279)
(Payments on) proceeds from short-term debt	(5,000)	5,000
Proceeds from issuance of long-term debt	82,065	-
Net cash provided by financing activities	$ 4,713	$ 8,869
Net increase in cash and cash equivalents	$ 12,187	$ 6,066
Cash and cash equivalents, beginning of year	22,974	16,908
Cash and cash equivalents, end of year	$ 35,161	$ 22,974

The Notes to Financial Statements are an integral part of these statements.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Oberlin College is an independent, coeducational institution consisting of two major divisions. The College of Arts and Sciences offers a balanced curriculum in the humanities, social sciences and natural sciences. The Conservatory of Music offers pre-professional training in music performance, composition, education, technology, theory and history.

Basis of Presentation and Accounting

The consolidated financial statements are prepared in accordance with Generally Accepted Accounting Principles in the United States and accordingly they are presented on the accrual basis of accounting, focusing on the institution as a whole. These statements also reflect the assets, liabilities and operating activities of the College's wholly-owned entities, Apollo Theater, LLC and Apollo Theater Holdings, Inc. (collectively known as the Apollo Theater Project) and College Properties of Northern Ohio, Inc. (Gateway Complex Project), with the elimination of inter-company transactions and balances. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes in net assets are classified as follows:

> Net assets without donor restrictions are net assets that are free of donor imposed restrictions as well as net assets designated by the governing board.
>
> Net assets with donor restrictions include net assets from gifts subject to donor-imposed stipulations and cumulative earnings and gains, both realized and unrealized, that may or will be met by Board appropriation, the College satisfying the purpose restriction and/or the passage of time. These net assets are used to support general instruction, scholarships, professorships, research, library operations and capital acquisitions.

Also included in net assets with donor restrictions are net assets subject to donor-imposed restrictions that the corpus be maintained permanently by the College. The Board of Trustees has specifically resolved that in the absence of explicit donor stipulations to the contrary, an amount equal to the aggregate fair value of (a) each permanent endowment fund of the College at the time it became an endowment fund, (b) each subsequent donation to the fund at the time it is made, and (c) each accumulation made pursuant to a direction in the applicable gift instrument at the time the accumulation is added to the fund is deemed to be the amount that must be retained permanently consistent with applicable law. In general, the donors of these assets permit the use of all or part of the cumulative earnings and gain, both realized and unrealized, on related investments for general or specific purposes. These net assets consist primarily of amounts whose income supports general instruction, scholarships, professorships and library funds.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restriction unless their use is restricted by explicit donor restriction or by law. Expirations of restrictions on net assets (i.e., the donor-restricted purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Investment return is distributed for operations on a unit share basis as authorized by the Board of Trustees, and is reflected in investment earnings and gains and net assets released from restrictions in the consolidated statement of activities.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair market value. Contributions to be received after one year are stated at their net present value using an annual discount rate commensurate with the risks involved (7.0% for those intentions established prior to June 30, 2014 and 5.0% post July 1, 2014). Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectable contributions receivable is provided based upon management's judgment, considering such factors as prior collection history, type of contribution and nature of fund-raising activity. Based on prior history, no allowance is recorded at June 30, 2020 and 2019.

Income and realized net gains or losses on long-term investments are reported as increases or decreases, respectively, in net assets with donor restrictions if the terms of the gift require that they be added or subtracted from the principal of a permanent endowment fund or as funds held in trust by others; or, if the terms of the gift or state law impose restrictions on the use of the income. In all other cases, they are reported as increases or decreases in net assets with donor restrictions until the earnings have been appropriated for expenditure and any related purpose restriction is met.

Accounts Receivable, net

The College uses the allowance method for accounts receivable. Management estimates the allowance and reserve based upon its assessment of historical collections and outstanding receivables. The allowance for doubtful accounts at June 30, 2020 and 2019 was $2,398 and $2,737, respectively.

Long-Term Investments

The College classifies its investments into the following categories:

Cash and Cash Equivalents - The College invests in cash and cash equivalents, short-term investments and other securities with quoted prices in active markets. Typical liquidity for these investments is daily.

Collateral Cash - Cash overlay pools are used to provide the margin necessary to support the futures contracts. The size of the margin pool varies depending on the notional value of the future contracts. Futures contracts are used in the fixed income and equity categories to maintain investment policy allocation and/or gain investment exposure to specific markets. Typical liquidity for these investments is daily.

Fixed Income - Fixed income investments include investments in government securities and corporate bonds via separate accounts, limited partnerships, commingled vehicles, and futures contracts. Typical liquidity for these investments is daily and monthly.

Funds Held in Trust by Others - These investments represent resources neither in the possession nor under the control of the College, but rather held and administered by outside trustees, with the College paid income or a residual interest from the assets of such funds. The fair value of these funds is based on the College’s proportionate interest in the fair market value of the trusts as determined by the trustee.

Gift Annuities and Trusts and Investments Restricted for Plant Facilities - These investments consist of annuity and life income funds and assets restricted to investment in land, buildings and equipment. The College invests in equities and fixed income securities with quoted prices in active markets.

Hedge Funds - Hedge funds seek to generate high long-term real returns and reduce volatility by exploiting market inefficiencies. Returns are achieved using various strategies including market neutral, long/short equity, credit, event driven, and global macro strategies. Typical liquidity for these investments is quarterly, annually, or greater than one year, with over 50% of the net asset value being accessible within one quarter.

Private Credit – These investments include private equity-style draw-down vehicles that make loans to corporations and provide steady returns above comparable-duration public bonds. The vehicles are expected to generate and distribute interest cash flows throughout the vehicle’s life. These investments are not redeemable but would be fully liquidated within four to six years.

Private Equity - Private equity investments include buyouts, distressed debt, and venture capital. The College diversifies these investments by geography and sectors. These investments are not redeemable. As these funds age in duration, distributions are received as the underlying portfolio companies are sold in the market. On average the underlying investments within the funds would be fully liquidated over the next five to 12 years.

Real Assets - Real assets include commodities, energy, natural resource equities, real estate, Treasury Inflation-Protected Securities (TIPS) and Real Estate Investment Trusts (REITs). Real asset investments are made both via liquid public markets (commodities, natural resource equities, REITs and TIPS) and via illiquid private equity structured funds (private real estate and private energy). The private real estate and private energy funds are not redeemable. As these funds age in duration, distributions are received as the underlying portfolio companies are sold in the market. The underlying companies within the private funds would be fully liquidated over the next eight to 12 years.

U.S. Equity, International Equity, and Emerging Markets Equity - The College invests in public equity securities in various geographical areas including U.S., developed markets (international equity) and emerging markets. Public equity securities are owned either directly by the College or indirectly through investments in limited partnerships, limited liability companies, commingled vehicles and futures contracts. Fund liquidity is daily, monthly, quarterly and annually, with approximately 80% of the net asset value being accessible within one quarter or less.

Interest Rate Swaps

The College has entered into interest rate swap agreements to reduce the costs of and exposure to significant, unanticipated fluctuations caused by interest-rate volatility on certain variable rate debt. The College's goal is to lower (whenever possible) the cost of its borrowed funds. In accordance with the *Accounting for Derivative Instruments* and *Hedging Activities* Topics of the ASC, the College recognizes its derivative financial instruments as either assets or liabilities at fair value in the consolidated statements of financial position. The fair value of the interest rate swaps is based on projected London InterBank Offered Rate (LIBOR) for the duration of the swap, values that, while observable in the market, are subject to adjustment due to pricing considerations for the specific instrument and the resulting fair values.

The fair market value of interest swap arrangements is the estimated amount that the College would receive (or would be required to pay) to terminate these contracts as of the fiscal year end. The swap arrangements currently carry no collateral requirement. The estimated cumulative fair value gain is included in long-term investments in the consolidated statements of financial position. The estimated cumulative fair value (loss) is included within other non-current liabilities in the consolidated statements of financial position. Changes in the fair value of these contracts are recorded as other non-operating items in the consolidated statement of activities. These agreements were entered into in order to manage interest rate exposures and qualify as fair value hedges.

Capital Commitments and Endowment Liquidity

Investment funds in the private equity and real assets classes are typically organized as limited partnerships. A unique characteristic of these funds is that the investment manager requests (or 'calls') capital commitments from the investors as investment opportunities arise and distributes capital as investments are liquidated. Capital calls are typically made by the investment manager during years 1-5 of a fund's life while the majority of capital distributions do not occur until years 8-10 of a fund's life.

Due to the nature of alternative investments and the use of some limited partnerships and commingled vehicles in traditional asset classes (public equities and fixed income), the College contractually agrees to liquidity restrictions. The College, in response to this risk, closely monitors the liquidity of the portfolio. As of June 30, 2020, the following liquidity characteristics applied to the College's pooled endowment and board- designated endowment funds:

Liquid within	% of Endowment
1 year	55%
3 years	7%
Illiquid	38%

Illiquid investments represent those invested in real assets and private equity limited partnerships. There is a very limited secondary market for these interests and selling them would require considerable time. The College is not actively trying to sell any of its illiquid investments at this time.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation.

Depreciation

Depreciation of the property, plant and equipment owned by the College and its subsidiaries has been computed using the mid-year convention and depreciated straight-line under the following depreciation guidelines:

Buildings and additions	40 years
Building improvements and renovations	20 years
Library books and materials	15 years
Furniture and equipment	10 years

Using these guidelines, depreciation expense for years ended June 30, 2020 and 2019 was:

	2020	2019
Educational and general properties	$ 14,183	$ 13,839
Library books and materials	2,403	2,368
Auxiliary properties	6,469	6,434
	$ 23,055	$ 22,641

Release of Restrictions on Net Assets for Acquisition of Land, Building and Equipment

Capital gifts to acquire or construct a long-lived asset are recorded as a donor restricted gift until the related asset is placed in service, at which time, the capital gift is released from net assets with donor restrictions to net assets without donor restrictions and subsequently amortized into operations over the estimated useful life of the acquired or constructed asset. This amortization, which amounted to $4,829 in fiscal year 2020 and $5,386 in fiscal year 2019, is recorded as a transfer between the non-operating and operating sections of the change in net assets without donor restrictions on the consolidated statement of activities.

Collections and Works of Art

The College has elected not to capitalize contributed collections. All works of art and collections are held for public exhibition, education or research; are protected, kept unencumbered, cared for, and preserved; and are subject to policies governing their use. Recognizing works of art as an asset of the institution would result in a material increase in property, plant and equipment and a corresponding increase in net assets in the consolidated statements of financial position.

Bequests

The College follows the policy of designating bequests without donor restrictions as additions to board-designated funds or plant and facility funds.

Split Interest Agreements

The College is party to various split interest agreements, including perpetual trusts held by third parties, irrevocable charitable remainder trusts, charitable gift annuities, and pooled life income funds. Assets are invested by the College or by third-party trustees. Payments are made to donors and/or other beneficiaries in accordance with the respective agreements. Contribution revenues for split-interest agreements are recognized at the dates the agreements are established. Revenues are recorded at fair value, net of the present value of the estimated future payments to be made to donors and/or other beneficiaries. The present value of payments to beneficiaries under split-interest agreements has been calculated using an annual discount rate of 7.0% for those agreements entered into prior to June 30, 2014 and 5.0% post July 1, 2014.

Revenue Recognition

The College recognizes revenue from exchange transactions in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606).*

Revenue from student tuition and fees primarily relates to undergraduate and graduate program offered at the College and is recognized ratably over each academic term. Tuition and fees collected that are applicable to a future academic term are reported as deposits and agency funds. Payment for each semester's tuition and fees must be made prior to enrollment, unless other payment arrangements are made. The College does, in certain instances, provide financing to students that allow for payments in excess of one year; however, the financing component is not deemed to be significant.

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

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

The College utilized the portfolio approach to apply Topic 606 to tuition and fees revenue and auxiliary enterprise revenue. The College has elected the practical expedient with respect to performance obligations under its contracts with students as all such contracts have original terms of less than one year.

Cash Flow Information

For financial statement purposes, the College considers all investments (not held for long-term investment) with original maturities of three months or less as cash equivalents. Cash payments for interest amounted to $7,449 in 2020 and $7,938 in 2019. Included in these amounts is $ -0- and $527 of capitalized interest, respectively. Interest expense, reflected in the consolidated statement of activities, was $8,693 and $7,128 for years ended June 30, 2020 and 2019, respectively. In addition, the College includes debt issuance costs as additional interest expense and amortizes those costs using the straight-line method over the term of the loan.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 income, revenues and expenses during the reporting period. Actual results could differ from those estimates.

Tax Status

The College is exempt from Federal income taxes under Internal Revenue Code Section 501(c)(3). The College generates minor amounts of unrelated business income, annually files Form 990T and pays taxes on such income. The College recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the College, the continued tax-exempt status of bonds issued by the College and various positions related to potential sources of unrelated taxable income. The College believes that it has appropriate support for any tax positions taken and, as such, does not have any uncertain tax positions that are material to the financial statements. As of June 30, 2020, the College's income tax years from 2016 and thereafter remain subject to examination by the Internal Revenue Service, as well as various state and local taxing authorities.

Adoption of Recently Issued Accounting Pronouncements

The College adopted the following Accounting Standards Updates (ASUs) for the year ended June 30, 2020:

In November 2016, the FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash (a consensus of the FASB Emerging Issues Task Force), which provides guidance on the presentation of restricted cash or restricted cash equivalents in the statement of cash flows. As a result, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the consolidated statements of cash flows. The adoption of this standard did not have a material effect on the consolidated financial statements.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the consolidated statement of financial position for all leases with terms longer than 12 months, along with additional qualitative and quantitative disclosures. Leases will be classified as either financing or operating, with classification affecting the pattern of expense recognition in the consolidated statement of activities. This ASU was originally effective for the College's fiscal year ended June 30, 2020; however, the College determined to defer the adoption of Topic 842 until fiscal year ended June 30, 2021 as a result of the issuance of ASU 2020-05, *Revenue from Contracts with Customers* (Topic 606) and *Leases* (Topic 842) – Effective Dates for Certain Entities in June 2020.

In August 2018, the FASB issued ASU 2018-13, Changes to Disclosure Requirements for Fair Value Measurement. The objective of this statement is to modify the disclosure requirements on fair value measurements in Topic 820, Fair Value Measurement. The statement is effective for all entities for fiscal years beginning after December 15, 2019. Early adoption is permitted.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures for Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU was issued to increase the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. This ASU is required to be applied retrospectively and is effective for fiscal years beginning after June 15, 2021.

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. This ASU provides temporary optional guidance to ease the potential burden in accounting for reference rate reform. The new guidance provides optional expedients and exceptions for applying generally accepted accounting principles to contract modifications, subject to meeting certain criteria that reference LIBOR or another reference rate expected to be discontinued. The ASU is intended to help stakeholders during the global market-wide reference rate transition period. The new standard may be applied for a limited time through December 31, 2022.

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

Reclassification

Certain June 30, 2019 data have been reclassified to conform to the June 30, 2020 presentation.

Subsequent Events

The College has evaluated subsequent events for potential recognition and/or disclosure through January 4, 2021, the date the financial statements were available to be issued.

2. ENDOWMENT AND OTHER LONG-TERM INVESTMENTS

Uniform Prudent Management of Institutional Funds Act

The College has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") 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. Pooled endowment assets are comprised of Board-designated and donor restricted endowment funds. The following table reflects the College's change in pooled endowment assets for the year ended:

	June 30, 2020		
	Without donor restrictions	With donor restrictions	Total
Endowment assets, July 1, 2019	$ 155,756	$ 768,849	$ 924,605
Realized gains	21,898	40,127	62,025
Unrealized losses	(9,145)	(8,603)	(17,748)
Investment return	$ 12,753	$ 31,524	$ 44,277
Contributions and transfers, net	(16,601)	24,892	8,291
Endowment distributions	(13,814)	(26,783)	(40,597)
Endowment assets, June 30, 2020	$ 138,094	$ 798,482	$ 936,576

	June 30, 2019		
	Without donor restrictions	With donor restrictions	Total
Endowment assets, July 1, 2018	$ 155,900	$ 731,067	$ 886,967
Realized gains	27,630	32,243	59,873
Unrealized gains	(8,755)	18,084	9,329
Investment return	$ 18,875	$ 50,327	$ 69,202
Contributions and transfers, net	(5,004)	13,664	8,660
Endowment distributions	(14,015)	(26,209)	(40,224)
Endowment assets, June 30, 2019	$ 155,756	$ 768,849	$ 924,605

Endowment Investment and Spending Policy

The College's endowment consists of donor restricted endowment funds and unrestricted board-designated or quasi endowment funds established for a variety of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The College has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) to require 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 College classifies as permanent endowments (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 the donor-restricted endowment fund that is not classified in permanent endowments is classified as unrestricted or donor restricted in accordance with UPMIFA and donor stipulations. Also in accordance with the College's interpretation of UPMIFA and absent specific donor restrictions on an endowed fund, the Board may appropriate the realized and unrealized net appreciation in the fair value of the assets of that fund for uses and purposes of the fund.

The College's investment policies are designed to ensure the achievement of a rate of return that adequately supports the College's mission while minimizing risk to the greatest extent possible. The College seeks to minimize downside volatility and other risks while maximizing returns. The objective is to achieve a total return that exceeds a weighted average of individual asset class benchmarks as defined. Oberlin College's Endowment Spending Policy is set by the College's Board of Trustees. The Board of Trustees takes great care in developing the broad objectives and specific spending methodology, giving consideration to a number of factors, including preservation of the College's endowment for perpetuity, economic conditions and the possible impact of inflation and deflation, the College's historical total return on endowment, the expected total returns and the related investment policies and targeted allocations to achieve the expected returns, and the other financial resources of the College. The broad objectives of the Endowment Spending Policy are to increase the real value of the endowment, to provide a dependable stream of current earnings distribution from the endowment pool to the College, to release earnings at a rate sustainable over the long term, and to seek to provide predictability and stability of endowment spending essential for long range planning. These broad objectives, and the Board's frequent evaluation of the factors noted above, allow the College to establish its specific spending methodology. The College's specific spending methodology involves applying a targeted long-term spending rate applied to the 36-month weighted average as adjusted by board-imposed spending collars and also by a maximum spending rate applied to current market value. The actual payout rate for each fiscal year is approved annually by the Board of Trustees.

On occasion, unfavorable market fluctuations cause the fair value of assets associated with individual donor restricted endowment funds to fall below the level that the donor requires the College to retain as a fund of perpetual duration or the historical value of the original gift. For the year ended June 30, 2020, deficiencies of this nature exist in 19 donor-restricted endowment funds, which together have an original gift value of $7,171, a current fair value of $7,108 and a deficiency of $63. For the year ended June 30, 2019, deficiencies of this nature exist in 6 donor-restricted endowment funds, which together have an original gift value of $545, a current fair value of $525 and a deficiency of $20. These deficiencies are reported in net assets with donor restrictions and resulted from unfavorable market fluctuations that occurred shortly after the investment of new contributions for donor-restricted endowment funds and continued appropriation for certain purposes that was deemed prudent by the Board of Trustees.

Investments in marketable equity and debt securities with readily determinable fair values are stated at the quoted market value based on the last trade price. The College has a substantial allocation to alternative investments, including hedge funds, private equity or real assets depending on the legal structure and investment strategy of the underlying manager. Nearly all of the valuations reported by alternative investment managers rely upon third-party administrators to objectively value positions and calculate net asset value. Asset managers in private equity structured funds internally calculate values according to agreed upon procedures and provide audited financial statements at calendar year end. Alternative investments are not readily marketable; therefore, the estimated fair value is subject to uncertainty and may differ from the value that would have been used had a ready market for such investments existed. The investment managers for these investments report their audited financial information as of December 31st of each calendar year. These investments are valued by the College as of June 30th at their estimated fair value based on the most recent unaudited quarterly financial reports provided by investment managers.

Investments are exposed to various risks including interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the investment account balances and the amounts reported in the consolidated statements of financial position.

The College utilizes derivative financial instruments in pursuing its endowment investment objectives. Futures contracts are used to maintain asset class exposures in accordance with the College's asset allocation policy, as well as to obtain exposure to movements in equity prices. Futures contracts provide reduced counterparty risk to the endowment since futures are exchange-traded, and the exchange's clearinghouse, as the counterparty to all exchange-traded futures, guarantees the futures against default. The College uses a third-party advisor and has established policies and procedures to actively monitor and manage the market, credit and counter-party risks associated with these contracts. These financial instruments are valued at their notional exposure, net of leverage, as reflected in the following table (summarized by long-term investment asset class):

	2020	2019
U.S. equity futures	$ 21,323	$ 6,766
International equity futures	8,181	2,693
Emerging markets futures	5,963	21,551
Total Notional	$ 35,467	$ 31,010
Collateral Cash	$ 35,656	$ 31,010
Net Leverage	$ (189)	$ -

Net realized and unrealized gains (losses) in market value of investments are reflected in the consolidated statement of activities.

The College has committed to make $132,752 and $139,659 of additional investments at June 30, 2020 and 2019, respectively. These commitments will be satisfied over a five-year period from the maturities and redemptions of existing investments of a similar nature.

Long-term investments as reflected in the consolidated statements of financial position are detailed as follows:

	June 30, 2020 Fair Value	June 30, 2019 Fair Value
GENERAL INVESTMENT POOL		
Cash and cash equivalents	$ 56,364	$ 39,775
Emerging markets	47,561	35,182
Hedge funds	234,712	296,038
International equity	123,183	111,834
Private credit	48,131	48,210
Private equity	275,871	249,660
Real assets	40,347	47,448
U.S. equity	110,407	96,458
Total General Investment Pool	$ 936,576	$ 924,605
Non Pooled Endowment		
Cash and cash equivalents	$ 39	$ 54
Fixed income	39	39
International equity	44	28
U.S. equity	352	317
Total Separately Invested Funds	$ 474	$ 438
TOTAL ENDOWMENT	**$ 937,050**	**$ 925,043**
SINKING FUND		
Cash and cash equivalents	$ 202	
Emerging markets	327	
Hedge funds	1,303	
International equity	630	
Private credit	269	
Private equity	1,545	
Real assets	226	
U.S. equity	618	
TOTAL SINKING FUND	**$ 5,120**	
ANNUITY AND LIFE INCOME FUNDS		
Pooled Income Fund Trusts		
Cash and cash equivalents	$ 65	$ 78
Fixed income	1,214	1,267
International equity	143	155
Real assets	293	312
U.S. equity	344	376
Total Pooled Income Fund Trusts	$ 2,059	$ 2,188
Gift Annuity Pool		
Cash and cash equivalents	$ 170	$ 189
Emerging markets	913	949
Fixed income	4,623	4,587
International equity	2,745	2,806
Real assets	2,472	2,440
U.S. equity	5,639	5,739
Total Gift Annuity Pool	$ 16,562	$ 16,710

	June 30, 2020 Fair Value	June 30, 2019 Fair Value
ANNUITY AND LIFE INCOME FUNDS (continued)		
Annuity Trusts And Unitrusts		
Cash and cash equivalents	$ 764	$ 759
Emerging markets	1,163	1,266
Fixed income	5,419	5,494
International equity	3,425	3,742
Real assets	2,964	3,248
U.S. equity	6,971	7,799
Total Separately Invested Funds	$ 20,706	$ 22,308
TOTAL ANNUITY & TRUSTS	**$ 39,327**	**$ 41,206**
ASSETS RESTRICTED TO INVESTMENT IN LAND, BUILDINGS AND EQUIPMENT		
Fixed income	$ 4	$ 5,925
Real assets	4,933	4,906
TOTAL ASSETS RESTRICTED TO INVESTMENT IN LAND, BUILDINGS AND EQUIPMENT	**$ 4,937**	**$ 10,831**
FUNDS HELD IN TRUST BY OTHERS	**$ 17,884**	**$ 18,427**
TOTAL ASSETS FOR LONG-TERM INVESTMENT	**$ 1,004,318**	**$ 995,507**

An analysis of investment earnings is as follows for the year ended June 30:

	2020	2019
Investment earnings allocated to operations	$ 39,373	$ 38,578
Investment earnings in non-operating	24,729	24,611
Unrealized (losses) gains	(20,429)	7,744
Total	$ 43,673	$ 70,933
Realized gains on sale of investments	$ 59,853	$ 58,310
Unrealized (loss) gain on investments	(20,429)	7,744
Interest and dividends, net	4,249	4,879
Total	$ 43,673	$ 70,933

3. FAIR VALUE OF FINANCIAL INSTRUMENTS

The College follows FASB Topic 820, Fair Value Measurements, for its financial instruments measured at fair value on a recurring basis. Topic 820 provides a framework for measuring fair value, expands disclosure about fair value measurements, and establishes a three-level hierarchy for disclosure to show the extent and the level of judgment used to estimate fair value measurements:

Level 1 - Uses unadjusted quoted prices that are available in active markets for identical assets or liabilities as of the reporting date.

Level 2 - Uses inputs other than Level 1 that are either directly or indirectly observable as of the reporting date through correlation with market data, including quoted prices for similar assets or liabilities in active markets and quoted prices in markets that are not active.

Level 3 - Uses inputs that are unobservable and are supported by little or no market activity, and reflects the use of significant management judgment. These values are generally determined using pricing models for which assumptions utilize management's estimates of market participant assumptions.

The College also holds investments in private equity funds, real estate and real estate funds, hedge funds and other investments that are not publicly traded but are valued at a net asset value per unit, or its equivalent. The College records its portion of these funds at the reported net asset value of its ownership interest in partner capital as reported by the general partner or fund manager, and as such, these investments are separately reported in the fair value hierarchy table. Due to the inherent uncertainty of valuation, the estimated fair values may differ from values that would have been used had a readily available market value for the investments existed, and such differences could be material.

The following table sets forth by level the College's financial assets and liabilities that were accounted for at fair value on a recurring basis as of June 30, 2020 and 2019. The financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The College's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and their placement within the three levels.

			June 30, 2020		
ASSETS	**Level 1**	**Level 2**	**Level 3**	**NAV**	**Total**
Long-Term Investments					
Cash and cash equivalents	$ 56,605				$ 56,605
Emerging markets equity	6,021			$ 41,867	47,888
Fixed income	39				39
Hedge funds	2,031			233,984	236,015
International equity	8,264			115,593	123,857
Private credit	22,101			26,299	48,400
Private equity	115			277,301	277,416
Real assets				40,573	40,573
U.S. equity	51,253			60,124	111,377
Interests in gift annuities and trusts	16,562		$ 22,765		39,327
Investments restricted for plant facilities	4,937				4,937
Interests in funds held in trust by others			17,884		17,884
TOTAL	**$ 167,928**	**$ -**	**$ 40,649**	**$ 795,741**	**$ 1,004,318**
LIABILITIES					
Interest rate swaps		$ 21,619			$ 21,619
TOTAL	**$**	**$ 21,619**	**$**	**$**	**$ 21,619**

			June 30, 2019		
ASSETS	**Level 1**	**Level 2**	**Level 3**	**NAV**	**Total**
Long-Term Investments					
Cash and cash equivalents	$ 39,829				$ 39,829
Emerging markets equity	21,551			$ 13,631	35,182
Fixed income	39				39
Hedge funds				296,038	296,038
International equity	3,057			108,805	111,862
Private credit	23,647			24,563	48,210
Private equity	698			248,962	249,660
Real assets				47,448	47,448
U.S. equity	36,549			60,226	96,775
Interests in gift annuities and trusts	16,710		$ 24,496		41,206
Investments restricted for plant facilities	10,831				10,831
Interests in funds held in trust by others			18,427		18,427
TOTAL	**$ 152,911**	**$ -**	**$ 42,923**	**$ 799,673**	**$ 995,507**
LIABILITIES					
Interest rate swaps		$ 12,904			$ 12,904
TOTAL	**$**	**$ 12,904**	**$**	**$**	**$ 12,904**

The nature and risk of investments carried at net asset value as of June 30, 2020 and 2019 are as follows:

	Fair Value at 6/30/20	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Emerging markets equity	$ 41,867		Annually	90 - 180 days
Hedge funds	233,984		Quarterly, Annually, >1 Year	45 - 366 days
International equity	115,593		Monthly, Quarterly, Annually	5 - 45 days
Private credit	26,299	$ 14,605	Illiquid	Not applicable
Private equity	277,301	99,153	Illiquid	Not applicable
Real assets	40,573	18,994	Illiquid	Not applicable
U.S. equity	60,124		Quarterly	30 - 60 days
	$ 795,741	**$ 132,752**		

	Fair Value at 6/30/19	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Emerging markets equity	$ 13,631		Annually	90 - 180 days
Hedge funds	296,038		Quarterly, Annually, >1 Year	45 - 366 days
International equity	108,805		Monthly, Quarterly, Annually	5 - 45 days
Private credit	24,563	$ 22,732	Illiquid	Not applicable
Private equity	248,962	94,194	Illiquid	Not applicable
Real assets	47,448	22,733	Illiquid	Not applicable
U.S. equity	60,226		Quarterly	30 - 60 days
	$ 799,673	**$ 139,659**		

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3 inputs) are as follows:

	Balance at 6/30/19	Contributions	Withdrawals	Change in MV	Balance at 6/30/20
Interests in Gift Annuities and Trusts	$ 24,496	$ 885	$ (1,892)	$ (724)	$ 22,765
Interests in Funds Held in Trust by Others	18,427	(232)		(311)	17,884
TOTAL	**$ 42,923**	**$ 653**	**$ (1,892)**	**$ (1,035)**	**$ 40,649**

	Balance at 6/30/18	Contributions	Withdrawals	Change in MV	Balance at 6/30/19
Interests in Gift Annuities and Trusts	$ 25,061	$ 263	$ (1,685)	$ 857	$ 24,496
Interests in Funds Held in Trust by Others	18,555	(204)		76	18,427
TOTAL	**$ 43,616**	**$ 59**	**$ (1,685)**	**$ 933**	**$ 42,923**

4. PLEDGES RECEIVABLE

Unconditional promises to give and bequests in probate are included in the financial statements as pledges receivable, and as revenue within the appropriate net asset category. Promises to give that are to be received after one year are recorded after discounting to the present value of the future cash flows. Pledges of $5,184 and $2,343, due within one year, that are restricted for long-term purposes have been classified as non-current pledges on the consolidated statements of financial position at June 30, 2020 and 2019, respectively.

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

	2020	2019
In one year or less	$ 11,820	$ 5,468
Between one year and five years	2,293	2,001
Greater than five years	6,276	6,376
Less discount	(3,919)	(4,018)
	$ 16,470	$ 9,827

5. STUDENT LOANS, NET

Student loans receivable are carried at face value, less an allowance for doubtful accounts of $1,383 at June 30, 2020 and 2019. The interest rate on federal student financial aid was 5.0% for the years ended June 30, 2020 and 2019. Maturity dates range up to 10 years.

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

The Federal Perkins Loan Program expired on September 30, 2017 and the College did not disburse Perkins loans to any new student on or after October 1, 2017, except for subsequent disbursements of loans first disbursed between June 30, 2017 and September 30, 2017. For the near future, the College plans to administer the Perkins Loan Program and continue normal collections on the outstanding loan balance. Ultimately, the Perkins Loan funds are refundable to the U.S. Government to the extent funds are available from the program. Upon ultimate shut down of the program, the College would be required to return most of its loan program assets to the U.S. Government. The College, accordingly, has a liability of $3,155 and $5,202 to the U.S. Government at June 30, 2020 and 2019, respectively.

6. BONDS PAYABLE

Bonds payable, net of bond premium, bond discount and deferred financing costs, at June 30, 2020 and 2019 consisted of the following:

Ohio Higher Educational Facility Commission	2020	2019
Revenue Bonds dated October 1, 2009, maturing on October 1, 2019 in the amount of $36,600, with an interest rate of 5.000%. Refinanced in August 2019.		$ 36,874
Revenue Bonds dated September 12, 2013, maturing annually October 1, 2017 through 2038 in amounts ranging from $910 to $5,610 with an interest rate of 3.000% to 5.000%, plus bond premium of $1,861 and $2,060 and less deferred financing cost of $325 and $360 at June 30, 2020 and 2019, respectively.	$ 45,781	47,725
Series 2014A, Bank Private Placement Variable Rate Bond, dated September 16, 2014, maturing annually October 1, 2023 through 2048 in amounts ranging from $965 to $2,295. Refinanced in August 2019.		34,880
Series 2014B, Bank Private Placement Fixed Rate Bond, dated September 16, 2014, maturing on October 1, 2024 with an interest rate of 1.780% through September 1, 2019 and an assumed rate of 3.000% thereafter through maturity. Refinanced in August 2019.		13,832
Revenue Bonds dated April 12, 2017, maturing annually October 1, 2018 through 2047 in amounts ranging from $650 to $10,955 with an interest rate of 2.000% to 5.000%, plus bond premium of $2,879 and $3,041 and less deferred financing cost of $411 and $434 at June 30, 2020 and 2019, respectively.	40,903	41,722
Taxable Refunding Bonds dated August 1, 2019, maturing on August 1, 2049 in the amount of $82,065, with an interest rate of 3.685%, less deferred financing cost of $666 at June 30, 2020.	81,399	
Total Bonds Payable, Net of Bond Premium, Bond Discount and Deferred Financing	$ 168,083	$ 175,033

In August 2019, the College issued $82,065 taxable refunding bonds to refinance the Series 2009 Bonds, the Series 2014A Bonds and the Series 2014B Bonds. Payments due under the agreement represent the principal and interest due on the bonds, and repayment of the bonds is guaranteed by the College. The Series 2019 Bond matures with a balloon payment due on August 1, 2049.

In April 2017, the Ohio Higher Educational Facility Commission (the Commission) issued Higher Educational Facility Revenue Bonds on behalf of the College in the original principal amount of $39,765 plus a bond premium of $3,455. A portion of these bonds (par value $15,725) was used for an advance refunding of the outstanding principal of the October 2009 Revenue Bonds. The remaining funds are being utilized to support campus capital improvement projects. The College has entered into a lease agreement with the Commission on the properties financed with proceeds of the bonds. Payments due under the lease agreement represent the principal and interest due on the bonds.

In September 2014, Wells Fargo Municipal Capital Strategies, LLC facilitated a direct purchase refinancing of the College's outstanding Ohio Higher Educational Facility Variable Rate Revenue Bond, Project 2008 in the amount of $40,000, and converted the interest rate mode of the Bonds to a Bank Private Placement Variable Rate Bond, Series 2014A. Payments due under the lease agreement represented the principal and interest due on the bonds. The College refinanced these bonds with the proceeds of the August 2019 bond offering.

In September 2014, Wells Fargo Municipal Capital Strategies, LLC facilitated a direct purchase refinancing of the College's outstanding Ohio Higher Educational Facility Revenue Bond, 2014 maturity of the 2009 Project in the amount of $13,860, as a Bank Private Placement Fixed Rate Bond, Series 2014B. Payments due under the lease agreement represented the principal and interest due on the bonds. The College refinanced these bonds with the proceeds of the August 2019 bond offering.

In September 2013, the Commission issued Higher Educational Facility Revenue Bonds on behalf of the College in the original principal amount of $52,395 plus a bond premium of $3,298. A portion of these bonds was used for a refunding of the outstanding principal of the September 2003 Revenue Bonds. The remaining funds were utilized to support construction of the new Austin E. Knowlton Athletics Complex and improvements to the Central Heating Plant. The College has entered into a lease agreement with the Commission on the properties financed with proceeds of the bonds. Payments due under the lease agreement represent the principal and interest due on the bonds.

In October 2009, the Commission issued $67,260 in Higher Educational Facility Revenue Bonds to refinance the 2005 Bonds (par value $49,770), the 2006 Bonds (par value $25,170) and to refinance $3,010 of the 1999 Bonds. The Higher Educational Facility bonds were issued at a premium of $11,456. The College entered into a lease agreement with the Commission on the properties financed with proceeds of these bonds. Payments due under the lease agreement represented the principal and interest due on the bonds. Bonds with a par value of $16,000 were legally defeased with the April 2017 bond offering. The College refinanced these bonds with the proceeds of the August 2019 bond offering.

Future principal payments on the College's outstanding bonds at June 30, 2020 are as follows:

2021	$	3,310
2022		3,465
2023		3,635
2024		3,800
2025		3,075
Thereafter		147,460
	$	164,745

7. LOANS PAYABLE

The College has two unsecured bank lines of credit with two banks. The first is a demand line of credit without a stated maturity that has a maximum principal amount of $30,000, accrues interest at 30-day LIBOR plus 115 basis points (1.15%) and 10 basis points (0.10%) on the portion of the line that is not encumbered. The second line of credit in the amount of $10,000 expires July 22, 2021, it bears interest at 30-day LIBOR plus 125 basis points (1.25%) and accrues interest at 25 basis points (0.25%) on the portion of the line that is not encumbered. The balance outstanding on these lines of credit at June 30, 2020 and 2019 was $-0- and $5,000, respectively, and is reflected in other current liabilities on the consolidated statements of financial position.

During fiscal year 2014, the College secured a maximum commitment unsecured term note in the amount of $18,000 from a local bank for construction purposes as part of the Gateway Complex Project, effective July 1, 2014 and terminating July 1, 2024. Interest shall accrue at 3-month LIBOR plus 70 basis points (0.70%). According to the terms of the note, the College made interest only payments between the closing date and July 1, 2017. Effective October 1, 2017, the notional amount of the term note amortizes by $180 per quarter with a final balloon payment due on the termination date. The balance outstanding on this term note at June 30, 2020 and 2019 was $16,020 and $16,740, respectively. At June 30, 2020 and 2019, $720 and $720, respectively, is reflected within other current liabilities and the remainder is reflected within loans payable on the consolidated statements of financial position.

Future principal payments on the College's maximum commitment term note at June 30, 2020 are as follows:

2021	$ 720
2022	720
2023	720
2024	720
2025	13,140
	$ 16,020

8. INTEREST RATE SWAP ARRANGEMENTS

The College entered into a basis swap arrangement with an initial notional amount of $71,885, effective December 1, 2005, and terminating October 1, 2033. Under the terms of this basis swap arrangement, the College received semi-annual interest payments based on 68% of the 3-month LIBOR plus 45.2 basis points (0.452%) and made semi-annual interest payments based on 100% of the variable Securities Industry and Financial Markets Association Municipal Swap Index interest rate. The notional amount of the swap arrangement, which amortizes to zero concurrent with the original amortization of the 1999 and 2003 bonds, was $37,840 at June 30, 2019. The net settlement amount earned under this swap arrangement was $43 and $253 for the years ended June 30, 2020 and 2019, respectively, and is included in operating income in the consolidated statement of activities. The College terminated this basis swap arrangement in September 2019.

The College entered into an interest rate swap arrangement in October 2007 with an initial notional amount of $77,870, terminating October 1, 2048. This interest rate swap arrangement was amended and restated and fixed the notional amount at $40,000, matching the 2008 bond issuance, effective April 18, 2008. Under the terms of this amended swap arrangement, the College receives monthly interest payments based on 68% of 3-month LIBOR and makes monthly interest payments at a fixed interest rate of 3.565%. The net settlement amount expensed was $993 and $735 for the year ended June 30, 2020 and 2019, respectively.

The College entered into an interest rate swap arrangement in June 2014 with an initial notional amount of $18,000, effective July 1, 2016 and terminating June 27, 2024. During the draw period, which ended June 30, 2016, the College accrued interest at 3-month LIBOR plus 70 basis points (0.70%). Under the terms of this swap arrangement, the College will make monthly interest payments at a fixed interest rate of 3.99%. The net settlement amount expensed was $223 and $132 for the year ended June 30, 2020 and 2019, respectively. The notional amount of the swap arrangement will amortize by $180 per quarter beginning fiscal year 2018 with a final balloon payment due on the termination date.

The fair market value of these arrangements, which is included in other non-current liabilities on the consolidated statements of financial position and is classified as Level 2 of the fair value hierarchy at June 30, is as follows:

	2020	2019
Interest rate swap arrangement effective December 1, 2005	$ -0-	$ 1,177
Interest rate swap arrangement effective April 18, 2008	(19,767)	(12,927)
Interest rate swap arrangement effective July 1, 2016	(1,852)	(1,154)
Total Fair Market Value of Interest Rate Swap Arrangements	$ (21,619)	$ (12,904)

9. LONG-TERM RECEIVABLES AND LOANS PAYABLE

Gateway Complex Project

During fiscal year 2014, the College began development of the Gateway Complex Project. The project involves the acquisition, rehabilitation, and redevelopment of the Oberlin Inn to be known as the Gateway Complex. The property is held in College Properties of Northern Ohio, Inc., a wholly owned subsidiary and supporting nonprofit organization of the College. The project includes the construction of a new hotel with a conference center, retail space, and a wing for the College's Admissions operations and additional academic space at a cost of approximately $40,000. The project contains a fundraising component, utilizes Federal New Market Tax Credit funding as well as funds to be advanced by the College. The College secured a maximum commitment term note in the amount of $18,000 from a local bank (Note 7) and finalized three tax credit issues in connection with the project. The Hotel at Oberlin opened in 2016 and the remainder of the project was completed in the spring of 2017.

To facilitate the first Federal New Market Tax Credit structure, on December 31, 2013, the College loaned a total of $2,076 in the form of a note to DVCI XVIII QEI, LLC, an unrelated entity. The note bears interest at the rate of 1.0524% per annum and is payable quarterly. The note matures December 31, 2038 with interest only payments to be paid quarterly until December 31, 2020 at which time principal and interest payments will be due in the amount of $32 per quarter. The related notes receivable balance is included in other long-term receivables on the consolidated statements of financial position.

College Properties of Northern Ohio, Inc. received two loans totaling $2,910 from DVCI CDE XVIII, LLC, an unrelated entity. The proceeds of the loans were used to purchase the Oberlin Inn property from the College. The loans bear interest at the rate of 1.0% per annum and are payable quarterly. The loans mature December 31, 2038 with interest only payments to be paid quarterly until December 31, 2020 at which time principal and interest payments will be due in the amount of $44 per quarter. These loans are included in loans payable on the consolidated statements of financial position.

To facilitate the second Federal New Market Tax Credit structure, on September 23, 2014, the College loaned a total of $4,175 in the form of a note to Chase NMTC Oberlin Gateway Investment Fund, LLC, an unrelated entity. The note bears interest at the rate of 1.0000% per annum and is payable quarterly. The note matures September 23, 2044 with interest only payments to be paid quarterly until December 15, 2021 at which time principal and interest payments will be due in the amount of $51 per quarter. The related notes receivable balance is included in other long-term receivables on the consolidated statements of financial position.

College Properties of Northern Ohio, Inc. received two loans totaling $2,700 from CNMC SUB-CDE 48, LLC, an unrelated entity, and two loans totaling $3,395 from DVCI CDE XVI, LLC, an unrelated entity. The proceeds of the loans were used for the Gateway Complex Project. The loans bear interest at the rate of 0.8183% per annum and are payable quarterly. The loans mature September 23, 2044 with interest only payments to be paid quarterly until December 5, 2021 at which time principal and interest payments will be due in the amount of $32 and $41 per quarter, respectively. These loans are included in loans payable on the consolidated statements of financial position.

To facilitate the third Federal New Market Tax Credit structure, on March 3, 2016, the College loaned a total of $3,530 in the form of a note to Chase NMTC Oberlin Gateway 2 Investment Fund, LLC, an unrelated entity. The note bears interest at the rate of 1.0000% per annum and is payable quarterly. The note matures March 3, 2046 with interest only payments to be paid quarterly until June 15, 2023 at which time principal and interest payments will be due in the amount of $43 per quarter. The related notes receivable balance is included in other long-term receivables on the consolidated statements of financial position.

College Properties of Northern Ohio, Inc. received two loans totaling $4,988 from Western Reserve DF Affiliate IX, LLC, an unrelated entity. The proceeds of the loans will be used for the Gateway Complex Project. The loans bear interest at the rate of 1.2342% per annum and are payable quarterly. The loans mature March 3, 2046 with interest only payments to be paid quarterly until June 5, 2023 at which time principal and interest payments will be due in the amount of $44 and $18 per quarter, respectively. These loans are included in loans payable on the consolidated statements of financial position.

Future principal payments on loans held by College Properties of Northern Ohio, Inc. at June 30, 2020 are as follows:

2021	$ 208
2022	392
2023	537
2024	589
2025	595
Thereafter	11,672
	$ 13,993

Apollo Theater Project

During fiscal year 2012, the College finalized a tax credit funded project in connection with the rehabilitation and redevelopment of the Apollo Theater. The property is held in Apollo Theater LLC, a subsidiary of the College. The project utilized Federal and State Historic Tax credits as well as Federal New Market Tax Credit funding. This $10,300 project was substantially completed in September 2012.

To facilitate the Federal New Market Tax Credit (NMTC) structure, on October 14, 2011 the College loaned a total of $5,754 in the form of two notes to the Apollo Theater Investment Fund LLC, an unrelated entity.

The Apollo Theater LLC also received two loans totaling $7,760 from a community development entity, an unrelated entity. The proceeds of the loans were used to renovate the Apollo Theater. In December 2018, the Federal NMTC structure was unwound and the loans were forgiven as part of the unwinding process.

10. POSTRETIREMENT BENEFITS

The College sponsors an unfunded defined benefit postretirement health care plan that covers substantially all regular status employees. The plan pays stated percentages of most necessary medical expenses incurred by retirees, after subtracting payments by Medicare or other providers and after a stated deductible has been met. Employees hired after June 30, 1996 become eligible to participate in the plan if they retire from the College after reaching age 52, with 10 years of service. The plan is contributory, with retiree contributions adjusted annually. In 2017, the College supplemented this existing plan with a non-contributory stipend plan, whereby retirees instead receive a retiree health stipend that is intended to be equivalent to the College's expected annual contribution to the existing plan, allowing our retirees to utilize the stipend to pay premiums toward another retiree healthcare insurance plan providing either more or less coverage. Effective January 2020, the College moved to an Employer Group Waiver Plan (EGWP) design for Medicare eligible retirees.

The accounting for these postretirement healthcare benefits at June 30, 2020 anticipated future cost-sharing changes to the existing plan consistent with the College's policy stating that annual minimum retiree contributions will be set at an amount equal to 44% of the College's estimated cost before considering the contribution.

The weighted average assumptions used to determine net benefit obligation for the years ended June 30, 2020 and 2019 are as follows:

	2020	2019
Discount Rate	7.00%	7.00%
Health Care Trend Rates – (Pre-65)		
Trend for Next Year	7.20%	7.60%
Ultimate Trend	4.50%	4.50%
Year Ultimate Trend Reached	2028	2026
Health Care Trend Rates – (Post-65)		
Trend for Next Year	- 21.75%	8.40%
Ultimate Trend	4.50%	4.50%
Year Ultimate Trend Reached	2028	2026
Measurement Date	June 30, 2020	June 30, 2019

The effects of a one percent change in the assumed health care cost trend rate in each year are summarized in the following table. With the change in design effective January 1, 2020, changes in health care cost trend rates have an opposite effect on benefit obligation change than the prior design. The change will have a delayed effect on the change in service cost and interest cost, since they are measured at the beginning of the year and benefit obligation is measured at the end of the year.

	2020	2019
Effect of an increase:		
On Benefit Obligation, End of Year	$ 256	$ 339
On Service Cost and Interest Cost for Year	$ 24	$ (9)
Effect of a decrease:		
On Benefit Obligation, End of Year	$ (330)	$ (487)
On Service Cost and Interest Cost for Year	$ (32)	$ 9

The following table reflects the change in accrued postretirement health care cost liability for the years ended June 30, 2020 and 2019:

Change in Benefit Obligation	2020	2019
Benefit obligation at beginning of year	$ 21,394	$ 20,848
Service cost	657	640
Interest cost	1,442	1,371
Plan amendments	-	747
Actuarial loss	(1,984)	(60)
Benefits paid	(842)	(2,152)
Benefit obligation at end of year	$ 20,667	$ 21,394

In 2020, the mortality improvement scale used to calculate the benefit obligation for the College's defined benefit postretirement health care plan was updated to the MP-2019 mortality improvement scale from the MP-2018 mortality improvement scale used in 2019. The College believes that the updated mortality rates are the best estimate of future experience.

Net periodic postretirement health care cost for the years ended June 30, 2020 and 2019 included the following components:

Net periodic postretirement benefit cost	2020	2019
Service cost – benefits attributed to service during the period	$ 657	$ 640
Interest cost on accumulated postretirement benefit obligation	1,442	1,371
Net amortization and deferral	(143)	(196)
Net loss	251	241
Net periodic postretirement benefit cost	$ 2,207	$ 2,056

The estimated future benefit claims expected to be paid in each of the next ten fiscal years are:

	Total Claims	Medicare Reimbursement	Net Claims
2021	$ 1,838	$ -	$ 1,838
2022	1,605	-	1,605
2023	1,696	-	1,696
2024	1,770	-	1,770
2025	1,848	-	1,848
2026-2030	9,992	-	9,992

Medicare reimbursements reflected above are based on the Medicare Prescription Drug, Improvement, and Modernization Act of 2003. Assuming retiree contributions of 44% to the existing plan, the College expects to contribute $1,029 toward expected net claims of $1,838 in fiscal year 2021. Medicare reimbursements ceased effective for claims under the plan design effective January 1, 2020.

11. RETIREMENT PLAN

The College has a contributory defined contribution retirement plan with the Teachers Insurance and Annuity Association. The College makes contributions based on a percentage of an eligible employee's earnings. Contributions for the years ended June 30, 2020 and 2019 were $6,350 and $6,767, respectively.

12. 25-YEAR POWER PURCHASE AGREEMENT

In May 2012, the College entered into a 25-year Power Purchase Agreement to prepay $5,572 of electric. The related prepayment balance of $4,092 and $4,268 at June 30, 2020 and 2019, respectively, is included in other non-current assets on the consolidated statements of financial position. Prepaid electric is expensed based on the actual output generated by the solar photovoltaic array.

13. CONDITIONAL ASSET RETIREMENT OBLIGATION

The College recognizes the costs associated with the retirement of assets, which primarily are for the future remediation and removal of asbestos from College-owned property. Such costs are not material to the College, given the dates of construction for its buildings. However, the College has recorded an accrual for these costs of approximately $2,595 and $2,615 at June 30, 2020 and 2019, respectively, within other non-current liabilities on the consolidated statements of financial position.

14. COMMITMENTS AND CONTINGENCIES

At June 30, 2020, the College has outstanding commitments on various construction projects totaling approximately $6,854.

The College is involved in litigation and is subject to certain claims that arise in the normal course of operations. Any liabilities required to be recorded under generally accepted accounting principles are reflected within other non-current liabilities on the consolidated statements of financial position. In the opinion of management, with the exception of the Gibson matter noted below, the ultimate disposition of such litigation and claims will not have a material adverse effect on the College's operations or financial position.

On November 7, 2017, Gibson Bros., Inc., David Gibson, and Allyn W. Gibson (the "Plaintiffs") filed an eight-count complaint in the Lorain County (Ohio) Court of Common Pleas against the College and Vice President and its Dean of Students (together, the "College"). The matter is captioned Gibson Bros., Inc., et al. v. Oberlin College, et al., No. 17CV193761 (Lorain Cty. C.P.). On June 7, 2019, the jury returned a verdict in favor of Plaintiffs and awarded Plaintiffs a total of $11,075 in compensatory damages. On June 13, 2019, the jury awarded Plaintiffs a total of $33,223 in punitive damages, for a total verdict of $44,298.

On June 27, 2019, the Court applied Ohio's statutory damages caps and entered judgment in favor of Plaintiffs for $25,049, which includes $5,175 in compensatory damages and $19,874 in punitive damages. On July 17, 2019, the Court awarded Plaintiffs $6,272 in attorneys' fees and $294 in litigation expenses, for a total judgment against the College of $31,615. On July 30, 2019, and in compliance with the Court's July 24, 2019 ruling on the College's motion to stay execution of the judgment, the College posted an appeal bond for $36,368. The amount of the bond includes three years of post-judgment interest at the statutory rate of 5%.

On October 8, 2019, the College filed a notice to appeal the judgment to the Ninth District Court of Appeals in Akron, Ohio, and stated its intent to ask the Ninth District to enter judgment in favor of the College or, alternatively, to order a new trial and/or reduce the amount of the judgment. On October 18, 2019, Plaintiffs filed a notice of cross appeal and conditional cross appeal in which, among other possible issues, they stated their intent to ask the Ninth District to find that the application of Ohio's statutory damages caps to this case violated Plaintiffs' constitutional rights.

The College has overlapping umbrella and excess insurance policies. Insurance coverage will not be determined until the appeals are exhausted or the matter is otherwise resolved. As required by financial accounting standards, the College has recorded a liability of $31,615 at June 30, 2019 which is included in other non-current liabilities on the consolidated statements of financial position.

15. VOLUNTARY SEPARATION INCENTIVE PLAN

During the 2016 fiscal year, the Voluntary Separation Incentive Plan (the Plan) was offered to eligible employees as a financial incentive to voluntarily retire from the College. The purpose of the Plan was to reengineer and reduce staffing for certain functions, reassign positions to more strategic priorities of the College, provide promotional opportunities to certain early and middle career employees, and to allow the hiring of replacement staff at a lower overall cost.

All full-time employees (minimum .83 FTE) age 52 or older with a minimum of ten years of service and whose combined age and service years equaled or exceeded 75 were eligible and offered the retirement incentive. The incentive consisted of a payout based on their salary at time of separation to be paid over a 12 month period after the final separation date. Of the approximate 323 employees eligible for the Plan, 97 participated. At June 30, 2020 and 2019, $166 and $121 is reflected within other current liabilities, respectively, and $14 and $181 is reflected within other non-current liabilities on the consolidated statements of financial position, respectively.

During the 2018 fiscal year, a second similar offering was extended to eligible faculty. Seventeen faculty members have opted to participate. At June 30, 2020 and 2019, $579 and $913 is reflected within other current liabilities, respectively, and $45 and $624 is reflected within other non-current liabilities on the consolidated statements of financial position, respectively.

16. FUNCTIONAL EXPENSES

Expenses classified by natural and functional classification, for the year ended June 30, are summarized as follows:

	2020					
	Instruction & Research	Academic support	Student services	Institutional support	Auxiliary enterprises	Total
Operating Expenses						
Salaries and benefits	$ 60,751	$ 12,875	$ 11,412	$ 15,832	$ 4,418	$ 105,288
Supplies and services	5,690	1,412	1,418	1,516	7,209	17,245
Building costs	1,983	199	16	1,947	10,185	14,330
Fees	1,040	1,624	627	3,714	853	7,858
Other	1,676	920	2,144	86	279	5,105
Interest	4,171	14	73	706	3,729	8,693
Depreciation	9,304	6,719	374	189	6,469	23,055
Total operating expenses	$ 84,615	$ 23,763	$ 16,064	$ 23,990	$ 33,142	$ 181,574

	2019					
	Instruction & Research	Academic support	Student services	Institutional support	Auxiliary enterprises	Total
Operating Expenses						
Salaries and benefits	$ 61,783	13,917	$ 11,967	$ 15,393	$ 5,407	$ 108,467
Supplies and services	7,373	1,469	1,509	2,453	7,940	20,744
Building costs	2,920	705	42	1,953	9,788	15,408
Fees	1,309	1,259	744	3,572	710	7,594
Other	1,929	1,001	2,006	542	510	5,988
Interest	3,410	-	66	731	2,921	7,128
Depreciation	9,105	6,523	381	198	6,434	22,641
Total operating expenses	$ 87,829	$ 24,874	$ 16,715	$ 24,842	$ 33,710	$ 187,970

Fundraising expenses of $4,994 and $5,721 are included in the functional expense category of institutional support at June 30, 2020 and 2019, respectively. The College charges all costs that are directly attributable to a specific functional area to those functional areas. Costs attributable to more than one function are allocated using a variety of cost allocation techniques, such as the functional use of various buildings and total building square footage.

17. LIQUIDITY AND AVAILABILITY

The table below represents financial assets available for general expenditures within one year of June 30:

	2020	2019
Financial assets at year end:		
Cash and cash equivalents	$ 35,161	$ 22,974
Accounts receivable, net	5,303	5,006
Pledges, net	16,470	9,827
Student loans, net	7,953	9,774
Investments	1,004,318	995,507
Total financial assets as of June 30	1,069,205	1,043,088
Less amounts not available to meet cash needs for general expenditure within one year:		
Contractional or donor restrictions:		
Restricted in perpetuity	361,628	334,999
Accumulated endowment earnings	483,713	478,927
Restricted by time or purpose	66,569	58,507
Federal student loan funds	3,155	5,202
Board designated endowment funds	138,094	155,756
Board designated funds	13,762	9,057
Financial assets available to meet cash needs for general expenditures within one year	$ 2,284	$ 640
Liquidity resources:		
Budgeted appropriation of endowment funds	39,878	38,560
Anticipated receipt of pledge payments for general operations	5,113	981
Line of credit	40,000	15,000
Total financial assets and liquidity resources available within one year	$ 87,275	$ 55,181

Upon maturity, annuities not designated by the annuitant for a specific purpose will be designated by the board, usually to support unrestricted operations. At June 30, 2020, those net assets totaled $8,642.

The College regularly monitors liquidity required to meet its annual operating needs and other contractual commitments while also striving to maximize the return on investment of its funds not required for annual operations.

18. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are comprised of the following at June 30:

	2020	2019
Subject to expenditure for the following specified purposes:		
Academic/administrative support	$ 28,181	$ 26,142
Plant; facilities and equipment	24,814	24,884
Scholarship and prizes	4,660	3,642
Lectureships	1,149	1,073
Library operations/acquisitions	177	166
Funds held in trust	140	101
Professorships	53	49
Other	7,395	2,450
	$ 66,569	$ 58,507
Endowments, subject to spending policy and appropriation:		
Original donor-restricted gift amounts required to be maintained in perpetuity by donor	$ 315,244	$ 290,359
Accumulated endowment earnings	483,713	478,927
	$ 798,957	$ 769,286
Other net assets restricted in perpetuity:		
Split interest agreements	$ 16,285	$ 17,302
Student loan funds	6,151	5,710
Trusts held by others	17,884	18,427
Endowment contributions receivable	6,064	3,201
	$ 46,384	$ 44,640
Total net assets with donor restrictions	$ 911,910	$ 872,433

Endowments are restricted for the following purposes at June 30:

	2020	2019
Academic/administrative support	$ 381,194	$ 374,764
Scholarship and prizes	284,665	264,307
Professorships	92,297	90,651
Plant; facilities and equipment	18,891	18,984
Library operations/acquisitions	13,827	12,689
Lectureships	5,117	4,958
Endowment contributions receivable	6,064	3,201
Other	2,966	2,933
	$ 805,021	$ 772,487

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors as follows as of June 30:

	2020	2019
Satisfaction of purpose or time restrictions:		
Scholarship and prizes	$ 13,893	$ 12,981
Academic/administrative support	6,894	8,068
Professorships	4,196	4,151
Government grants	2,006	1,544
Amortized contributions for long-lived assets	1,550	25,643
Plant; facilities and equipment	1,396	1,132
Funds held in trust	894	839
Lectureships	119	192
Library operations/acquisitions	102	100
Other	59	199
Total net assets released from donor restrictions	$ 31,109	$ 54,849

19. COVID-19 PANDEMIC

On January 30, 2020, the World Health Organization declared the coronavirus (COVID-19) outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had, and are expected to continue to have, an adverse impact on the economies and financial markets of many countries. The extent to which the coronavirus impacts the College's financial condition, results of operations, and cash flows will depend on future developments, which are highly uncertain and cannot be predicted, included new information which may emerge concerning the severity of the coronavirus and actions taken to contain the coronavirus or its impact, among others.

During the year ended June 30, 2020, the College was awarded $1,457 from the U.S. Department of Education/Higher Education Emergency Relief Fund (HEERF). This money was awarded to provide economic relief to support the costs of remote learning, grants to students, technology and other purposes related to the disruption of campus operations due to the COVID-19 pandemic. As of June 30, 2020, the College recognized HEERF revenue of $473 which is included in government grants and contributions in the accompanying consolidated statements of activities. Subsequent to fiscal year end, the College was awarded an additional $2,277 from the State of Ohio, CARES Act, Coronavirus Relief Fund for Ohio Higher Education.