OBERLIN COLLEGE FINANCIAL REPORT

YEAR ENDED JUNE 30, 2017

OBERLIN
COLLEGE & CONSERVATORY

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Oberlin College Financial Report

Year ended June 30, 2017

Financial Report 2016-2017

Alan J. Norton, Interim Vice President for Finance & Administration
Mary Jo Diekman, Associate Vice President for Finance

We are pleased to present Oberlin College's Annual Financial Report for the year ended June 30, 2017. This report includes our audit report, audited financial statements and related footnotes to the statements.

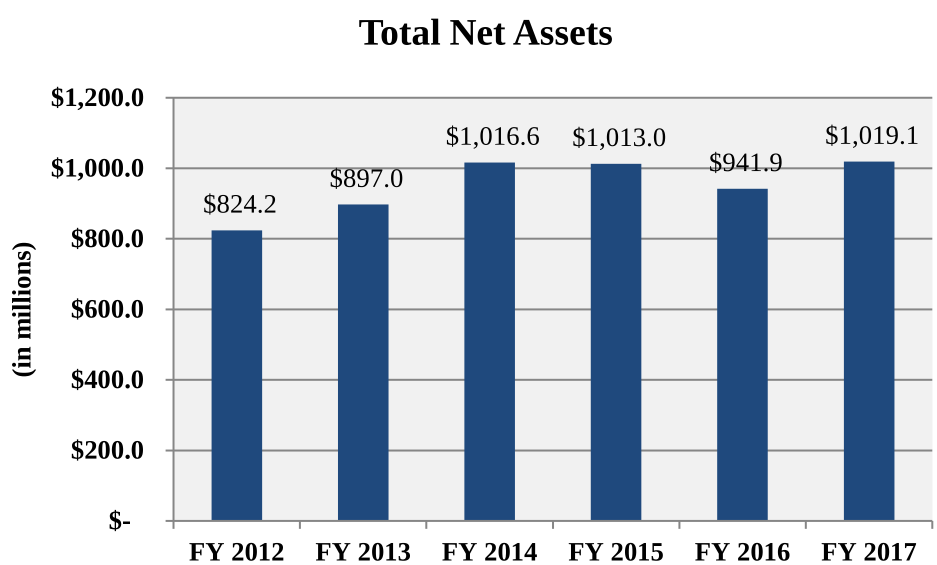
To provide the users of these financial statements with a better understanding of the College's financial position and operations, we include an overview of the institution's financial condition and operating results for the year. We also look ahead to 2018 and note items of significance that have occurred in the first part of the new fiscal year.

These statements include the consolidation of our Apollo Theater Project and the Gateway Complex Project. For both projects the costs and operations are being accounted for in subsidiaries as required for tax credit purposes. A discussion of these projects and entities in greater detail can be found in the related footnotes to our audited financial statements.

FINANCIAL CONDITION

Total Assets and Total Net Assets

Oberlin's total assets at June 30, 2017 were $1,341.6 million, an increase of $96.9 million, or 7.8%, from the previous fiscal year's $1,244.7 million. Total liabilities as of June 30, 2017 were $322.4 million, an increase of $19.6 million from the prior year's $302.8 million, primarily related to the College's 2017 bond issuance to support campus capital improvement projects. Total net assets for the College were $1,019.1 million, compared to $941.9 million as of June 30, 2016. This represents an increase of $77.2 million, or 8.2%, during this fiscal year, as compared to the previous fiscal year's decrease of $71.1 million, or 7.0% decrease from June 30, 2015. The following chart reflects the total net assets of Oberlin College at June 30, 2017 and for the previous five fiscal years.



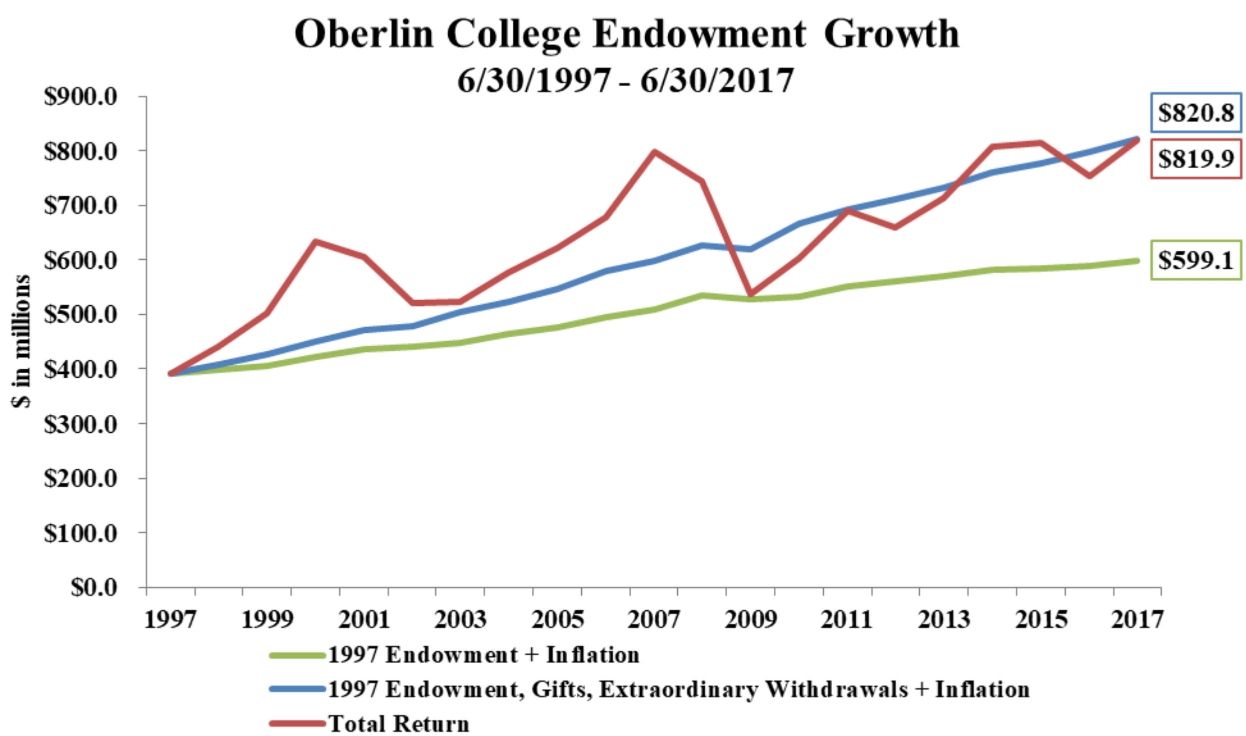
The majority of the College's net assets are within its endowed funds and plant funds. The increases and decreases in the College's total assets, as well as total net assets, are primarily the result of investment returns and the spending of cumulative earnings of the College's Endowed Funds.

Endowed Funds

Total endowed funds as of June 30, 2017 were $820.3 million, as compared to $753.5 million the previous year, an increase of $66.8 million. In comparison, total endowed funds decreased by $60.8 million in the fiscal year ended June 30, 2016, from $814.3 million at June 30, 2015.

Like most private liberal arts schools, the endowment is the financial cornerstone of the College. Nearly all of Oberlin's 1,600 endowed funds are invested within the General Investment Pool. The College's General Investment Pool was $819.9 million at June 30, 2017, versus $753.1 million at June 30, 2016, a $66.8 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- 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 $38.5 million for operations. Capital and deferred gifts totaled $18.7 million this fiscal year, of which $7.2 million were donor-designated endowed gifts. In fiscal year 2016, capital and deferred gifts were $25.0 million, with $14.2 million of donor-designated endowed gifts. In fiscal year 2017, the College's net total investment return for the General Investment Pool was 13.5% as compared to a total net return in fiscal year 2016 of -3.9%.

Over the past 20 years, the General Investment Pool has grown from $392.0 million to $819.9 million, as depicted in the chart below. 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.

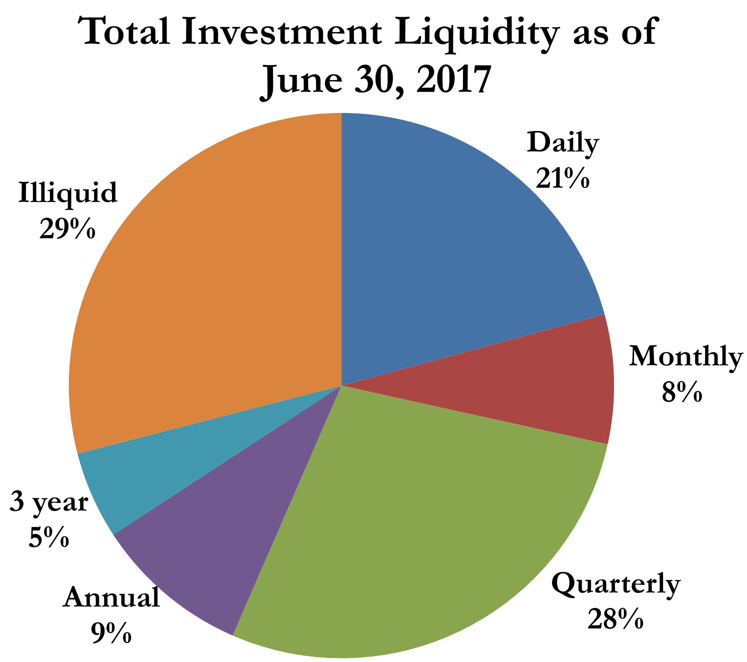
The following is the College's long-term strategic target and actual endowment portfolio allocation for the year ending June 30, 2017. The College's Investment Office staff adjusts our actual portfolio allocations in response to market conditions as directed by our Board's Investment Committee.

Asset Allocation	Strategic Target	Tactical Target	Actual
Cash	7.0%	7.0%	8.7%
Fixed Income			0.5%
Total Fixed Income	**7.0%**	**7.0%**	**9.2%**
US Equity	10.0%	10.0%	11.0%
International Equity	11.0%	11.0%	12.4%
EM Equity	4.0%	4.0%	4.0%
Total Equity	**25.0%**	**25.0%**	**27.4%**
Hedge Funds	35.0%	35.0%	29.6%
Private Credit	5.0%	5.0%	3.2%
Private Equity & Venture Capital	20.0%	20.0%	24.0%
Real Assets	8.0%	8.0%	6.6%
Total Alternatives	**68.0%**	**68.0%**	**63.4%**
Total	100.0%	100.0%	100.0%

Actual investment balances at June 30, 2017 and 2016 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 $819.9 million General Investment Pool and $16.5 million invested within our cash equivalents and short-term investments at June 30, 2017. 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 designated for plant facilities, or plant equity, totaling $154.4 million at June 30, 2017, as compared to $150.7 million at June 30, 2016. Plant equity is reflected either in unrestricted net assets or temporarily restricted net assets, the latter representing cumulative gifts received over the years in support of investment in plant. Gifts designated by donors were $8.8 million for the year ended June 30, 2017. Plant equity consists primarily of the College's property, plant and equipment assets, at cost, net of accumulated depreciation and capital-related debt.

The College capitalized $30.3 million to its property, plant and equipment assets in the year ended June 30, 2017. The College completed many major capital expenditures during the fiscal year, the most significant being Phase II of the Gateway Complex Project which represents $14.8 million of the increase. At June 30, 2017, the College had $12.4 million in construction in progress which includes $6.1 million in project costs from the Health and Wellness Center Project and assorted other campus improvement projects in process during the summer of 2017.

Debt

The College had $187.2 million of outstanding bonded debt at June 30, 2017. In April 2017, the College issued bonds in the original principal amount of $39.8 million plus a bond premium of $3.5 million. A portion of the proceeds were used for an advance refunding of the 2009 bonds with a par value of $16.0 million. The remaining funds are being utilized to support capital renovations and improvements. Footnote 5 to the financial statements describes our outstanding bonds payable in greater detail.

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 appropriate 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 7 to the financial statements. In summary, the College has 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 2017

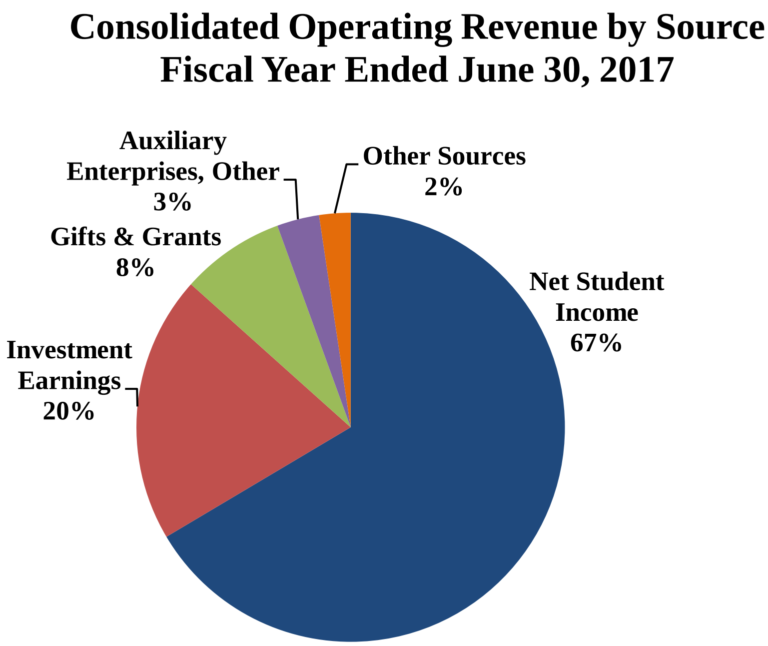
Oberlin College's Consolidated Statements of Activities present the results of operations of the College and the net income or loss of its "tax credit" subsidiaries. Oberlin experienced an unrestricted surplus of $1.7 million from College operations before consolidation in fiscal 2017, as compared to $0.5 million operating deficit last fiscal year. In addition, the College took a restructuring charge of $8.4 million in 2016 for its Voluntary Separation Incentive Program. The College's Apollo subsidiaries reflected an accounting loss of $0.5 million in fiscal 2017 primarily resulting from depreciation expense. Further, the College's Gateway subsidiary had an accounting loss of $1.1 million also primarily from depreciation and interest expense. In summary, the College's Consolidated Statement of Activities reflects a net surplus of $0.1 million.

Results of Unconsolidated Operating Surplus

As noted above, Oberlin College had an unconsolidated unrestricted operating surplus of $1.7 million for fiscal year 2017. Excluding the restructuring charge recorded in 2016, for the ten-year period ended June 30, 2017 Oberlin has generated a cumulative operating surplus of $2.1 million. 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 $184.7 million for the year ended June 30, 2017 as compared to last year's $184.5 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.

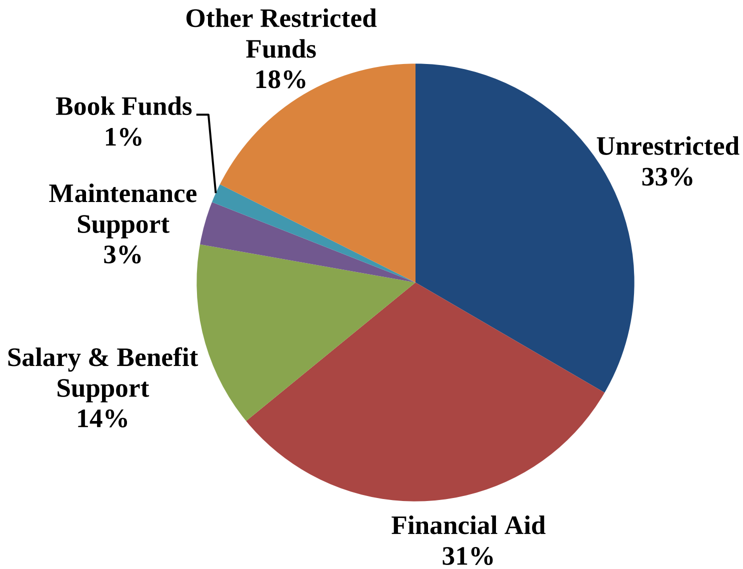


Net student income, comprised of tuition and fees, room and board, net of student financial aid, is the largest component of Oberlin's unrestricted operating revenues, totaling $122.8 million in the current year versus $122.6 million the previous year, an increase of approximately 0.2%. Student enrollment decreased slightly, with Fall Headcount of 2,895 down from 2,912 in fiscal year 2016. Tuition rates and room and board rates increased 2.8% in 2017 after several years of 3.9% tuition rate increases. Total student financial aid increased by $4.6 million in fiscal 2017, rising from $59.9 million in fiscal year 2016 to $64.5 million this year. Our discount rate increased from 40.3% last year to 42.2% this year (calculated as the percentage of total student aid to total unrestricted tuition and fees).

Earnings from endowment used in support of unrestricted operations are the second largest component of the College's unrestricted operating revenues. In fiscal year 2017, $12.9 million of unrestricted operating support was provided in accordance with the endowment spending policy approved by the Board of Trustees. This level of support is down from fiscal year 2016 support provided of $13.4 million. Oberlin is continuing to pursue its long-term objective of gradually reducing the distribution rate per unit of the pooled endowment investments, and it should be noted that the majority of our endowed funds are restricted in support of specific spending uses rather than available for unrestricted operating support. 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.

For fiscal year 2017, the College also distributed $25.6 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, to contribute toward the salaries and benefits of faculty and staff, and to help support the maintenance of our buildings.

Endowment Payout Distribution by Category
Fiscal Year Ended June 30, 2017



The total operating distribution of $38.5 million equates to a spending rate of 5.1% of the 36-month weighted average of our general investment pool and 4.9% of the beginning market value. This compares to $39.5 million distributed in fiscal year 2016, which equated to a spending rate of 5.0% of the 36-month weighted average, and 4.8% 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 bequests is unpredictable, and the varying size of such bequests can cause fluctuations in giving from year to year, as depicted in this chart (dollars in thousands).

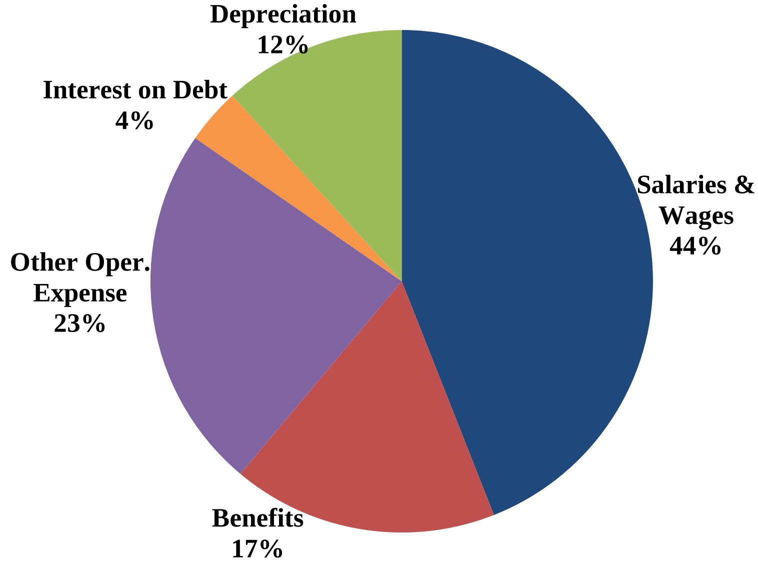
	2013	2014	2015	2016	2017
Undesignated Bequests	$3,469	$2,042	$4,850	$1,430	$2,538
Unrestricted Giving	3,631	3,742	3,365	3,233	3,369
Total	$7,100	$5,784	$8,215	$4,663	$5,907

Operating Expenses

Oberlin's consolidated operating expenses totaled $186.3 million for the year ended June 30, 2017, an increase of $0.9 million over the prior year's operating expenses before restructuring, or 0.5%. Like our peers, Oberlin College's expenses tend to increase at rates which exceed traditional price indices, such as the Consumer Price Index, or "CPI". This occurs because our costs are more heavily weighted toward salaries, benefits and energy than those of the average consumer. The Higher Education Price Index (HEPI), as reported by the Commonfund Institute, tends to be a more accurate indicator of cost changes for colleges and universities than the CPI. In the previous ten-year period, HEPI has been approximately 1.0-1.5% higher than CPI in most years.

While the audited financial statements present operating expenses by program, as required by the current accounting and reporting standards, the chart on the following page reflects the fiscal year 2017 operating expenses by natural classification, or function, to enable greater analysis of expenses and spending trends.

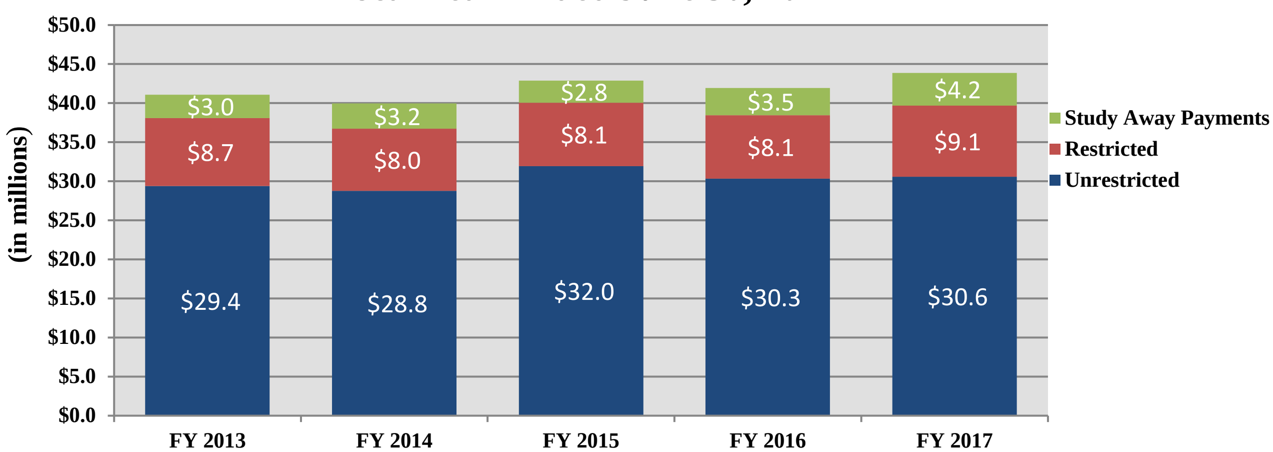
Consolidated Operating Expense by Natural Classification
Fiscal Year Ended June 30, 2017



Salaries and wages are by far our largest component of operating expense, totaling approximately $82.0 million in fiscal year 2017. This represents a slight decrease from the fiscal year 2016 total of $82.4 million. The College's Faculty collectively received raises of 4.3%, the Administrative & Professional Staff raise pool was 2.0% for fiscal year 2017, and bargaining unit employees received contractual raises ranging from 2.00% to 3.25%. Student wages were basically flat year-over-year. The overall decrease in salaries and wages from the prior year reflects savings attributed to the implementation of the Voluntary Separation Incentive Program in fiscal 2016.

Other operating expense, which includes utilities expense and food costs, is our second largest spending component, totaling approximately $43.9 million in fiscal year 2017. This represents an increase of 4.6% from the fiscal year 2016 total of $41.9 million, as compared to the 2.3% decrease the previous fiscal year. The 2017 increase is the result of a full year of expenditures for the new Hotel at Oberlin as well as an increase in study away payments of $0.7 million due to an increase in the number of students studying abroad in fiscal 2017.

Consolidated Other Operating Expense
Fiscal Year Ended June 30, 2017



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 $31.8 million in fiscal year 2017 as compared to $34.3 million in fiscal year 2016. The decrease can primarily be attributed to favorable healthcare claims experience in fiscal 2017 and the continued impact of the College's efforts to decrease healthcare costs. Recent changes include the implementation of employee healthcare premium increases of 10% effective January 1, 2016, the addition of a Consumer-Driven Health Plan with a funded Health Savings Account, and negotiated prescription drug rebates.

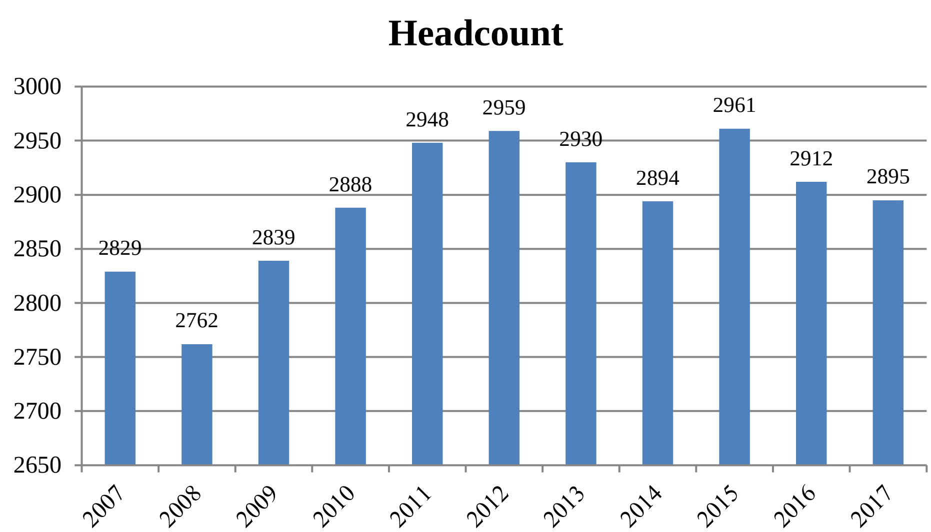
LOOKING AHEAD – FISCAL YEAR 2018

Enrollment

First-year enrollment statistics are reflected in the chart below. Arts & Sciences applications decreased from the record high received in Fall 2016 while the Conservatory of Music applications increased to a new record high. The admit rate for Arts & Sciences increased in response to the decrease in applications, with yield decreasing slightly. The Conservatory of Music's admit and yield rates both decreased somewhat from the prior year. This year's new class continues to demonstrate the outstanding academic and musical quality of our recent classes.

		Applications	% Admitted	Yield
College of A&S	Fall 2013	6,167	33%	34%
	Fall 2014	6,038	35%	34%
	Fall 2015	6,589	30%	35%
	Fall 2016	7,257	29%	31%
	Fall 2017	6,366	37%	27%
Conservatory	Fall 2013	1,271	27%	40%
	Fall 2014	1,189	32%	31%
	Fall 2015	1,195	30%	35%
	Fall 2016	1,261	32%	35%
	Fall 2017	1,396	28%	31%

Retention for our returning classes was slightly improved from the prior year, while headcount for fall semester 2017 of 2,827 was lower than fall 2016 enrollment of 2,895 students.



Endowment

Overall, our General Investment Pool has recovered nicely from the market decline we experienced in fiscal year 2009 and the decline experienced last fiscal year, with our $819.9 million market value setting a new record. Subsequent to June 30, 2017, the investment performance of our endowed investment pool has continued to have favorably results, increasing to $843.3 million in October 2017.

Bond Agency Ratings

Oberlin College has long maintained strong ratings with Standard & Poor's and Moody's, allowing Oberlin to issue bonds and refinance debt at optimal interest rates (see Footnote 5). These ratings reflect our ongoing efforts to manage the College's finances in a challenging higher education market sector. In November 2016 Standard & Poor's had once again reaffirmed our AA rating and stable outlook, and also assigned this rating to our 2017 bond issuance. In October 2017, Moody's assigned Oberlin a rating of Aa3 with a negative outlook.

SUMMARY

Oberlin College's financial condition continues to be very solid. We strive to carefully manage our resources, and we are continually restructuring our operating budgets to maintain Oberlin's long-term financial sustainability. However we recognize that higher education in general and private liberal arts colleges in particular continue to be challenged by the high cost of attendance and price sensitivity to increasing rates and fees. Even though our student demand and student enrollment remain quite strong, we are always looking for opportunities to enhance revenues and control spending while continuing to provide exceptional academic instruction and a comprehensive residential experience for our students. The entire Oberlin community, inclusive of our board, our faculty and staff, our students and our alumni, remains united in a vision of a sustainable institution of academic and artistic excellence, and we remain committed through our strategic planning efforts and administrative actions to achieving our goals.

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Maloney
Maloney + Novotny LLC

Independent Auditors' Report

Board of Trustees
Oberlin College
Oberlin, Ohio

We have audited the accompanying financial statements of Oberlin College (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Oberlin College as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Maloney + Novotny LLC

Cleveland, Ohio
December 7, 2017

Oberlin College
Statements of Financial Position
As of June 30, 2017 and 2016
(dollars in thousands)

	2017	2016
ASSETS		
Current Assets		
Cash and cash equivalents	$ 21,637	$ 16,910
Short-term investments	307	67
Accounts receivable, net	4,615	4,315
Pledges	6,792	5,684
Other current assets	2,722	3,088
Total current assets	$ 36,073	$ 30,064
Other Assets		
Pledges, net	$ 19,419	$ 28,200
Student loans, net	12,099	12,320
Other long-term receivables	14,220	14,220
Other non-current assets	4,652	4,809
Total other assets	$ 50,390	$ 59,549
Long-Term Investments		
Assets restricted to investment in land, buildings and equipment	$ 30,605	$ 10,184
Endowment funds	820,333	753,494
Annuity and life income funds	41,337	38,028
Funds held in trust by others	17,866	16,778
Total long-term investments	$ 910,141	$ 818,484
Property, Plant and Equipment		
Land, buildings and equipment	$ 704,085	$ 673,750
Construction in progress	12,366	12,449
Less: accumulated depreciation	(371,498)	(349,550)
Total property, plant and equipment	$ 344,953	$ 336,649
TOTAL ASSETS	$ 1,341,557	$ 1,244,746

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

Oberlin College

Statements of Financial Position

As of June 30, 2017 and 2016

(dollars in thousands)

LIABILITIES and NET ASSETS	2017	2016
Current Liabilities		
Accounts payable	$ 11,995	$ 9,715
Current portion of bonds payable	2,340	1,610
Deposits and agency funds	5,340	3,077
Other current liabilities	14,524	11,624
Total current liabilities	$ 34,199	$ 26,026
Other Liabilities		
Accrued postretirement benefit obligation	21,187	20,992
Annuity obligations	15,791	15,043
Federal student loan funds	6,231	6,278
Loans payable	39,213	39,753
Other non-current liabilities	20,989	32,564
Bonds payable, net	184,812	162,147
Total liabilities	$ 322,422	$ 302,803
Net Assets		
Unrestricted -		
Current operations	$ (36,112)	$ (36,069)
Non-operating	(12,857)	(18,742)
Designated for specific purposes	8,246	7,272
Plant and facility funds	45,441	55,588
Endowment funds	278,869	258,061
Total unrestricted	$ 283,587	$ 266,110
Temporarily Restricted -		
Donor designated for specific purposes	$ 38,812	$ 39,723
Annuity and life income funds	11,339	9,781
Unexpended plant and facility funds	43,715	41,165
Unamortized contributions for long-lived assets	65,298	53,929
Endowment funds	272,303	234,786
Total temporarily restricted	$ 431,467	$ 379,384
Permanently Restricted -		
Student loan funds	$ 5,605	$ 5,348
Annuity and life income funds	5,895	5,879
Funds held in trust by others	17,866	16,778
Endowment funds	274,715	268,444
Total permanently restricted	$ 304,081	$ 296,449
Total net assets	$ 1,019,135	$ 941,943
TOTAL LIABILITIES and NET ASSETS	$ 1,341,557	$ 1,244,746

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

Oberlin College
Statement of Activities
For the year ended June 30, 2017
(dollars in thousands)

	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating Revenues				
Tuition and fees	$ 152,808	$ 1,359		$ 154,167
Room and board	33,079			33,079
Student aid	(64,464)			(64,464)
Net student income	121,423	1,359		122,782
Auxiliary services, other	5,904			5,904
Government grants and contributions		2,149		2,149
Private gifts and grants	5,907	6,405		12,312
Investment earnings	12,857	24,341		37,198
Other sources	3,769	592		4,361
Net assets released from restrictions	36,531	(36,531)		
Total operating revenues	$ 186,391	$ (1,685)	$	$ 184,706
Operating Expenses				
Instruction	$ 89,306			$ 89,306
Research	867			867
Academic support	23,579			23,579
Student services	15,527			15,527
Institutional support	25,636			25,636
Auxiliary services, student and other	31,410			31,410
Total operating expenses	$ 186,325			$ 186,325
Change in net assets from operating activities	$ 66	$ (1,685)	$	$ (1,619)
Non-operating Activities				
Investment earnings / (losses)	$ 865	$ (4,249)	$ 2,823	$ (561)
Unrealized gains	24,694	41,962	96	66,752
Capital and deferred gifts	377	10,121	8,211	18,709
Pledges		(5,428)	(2,245)	(7,673)
Change in annuity obligations	43	(978)	186	(749)
Payments to beneficiaries	(1,201)	(185)	(571)	(1,957)
Post-retirement benefit obligation adjustment	215			215
Change in fair value of swap contracts	5,885			5,885
Non-recurring bond defeasance charge	(759)			(759)
Redesignated funds and other	(12,708)	12,525	(868)	(1,051)
Change in net assets from non-operating activities	$ 17,411	$ 53,768	$ 7,632	$ 78,811
Change in net assets	17,477	52,083	7,632	77,192
Net assets at beginning of year	$ 266,110	$ 379,384	$ 296,449	$ 941,943
Net assets at end of year	$ 283,587	$ 431,467	$ 304,081	$ 1,019,135

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

Oberlin College
Statement of Activities
For the year ended June 30, 2016
(dollars in thousands)

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating Revenues				
Tuition and fees	$ 148,511	$ 1,396		$ 149,907
Room and board	32,578			32,578
Student aid	(59,858)			(59,858)
Net student income	121,231	1,396		122,627
Auxiliary services, other	4,123			4,123
Government grants and contributions		2,020		2,020
Private gifts and grants	4,663	9,555		14,218
Investment earnings	13,409	24,847		38,256
Other sources	2,845	444		3,289
Net assets released from restrictions	37,481	(37,481)		
Total operating revenues	$ 183,752	$ 781	$	$ 184,533
Operating Expenses				
Instruction	$ 88,926			$ 88,926
Research	741			741
Academic support	24,474			24,474
Student services	16,091			16,091
Institutional support	25,243			25,243
Auxiliary services, student and other	29,979			29,979
Total operating expenses before restructuring costs	$ 185,454			$ 185,454
Restructuring costs	8,386			8,386
Total operating expenses	$ 193,840			$ 193,840
Change in net assets from operating activities	$ (10,088)	$ 781	$	$ (9,307)
Non-operating Activities				
Investment (losses) / earnings	$ (12,163)	$ (23,747)	$ 761	$ (35,149)
Unrealized losses	(10,861)	(26,559)	(1,192)	(38,612)
Capital and deferred gifts	221	9,965	14,847	25,033
Pledges		5,332	(7,976)	(2,644)
Change in annuity obligations	106	445	188	739
Payments to beneficiaries	(1,234)	(212)	(603)	(2,049)
Post-retirement benefit obligation adjustment	(738)			(738)
Change in fair value of swap contracts	(7,699)			(7,699)
Redesignated funds and other	(4,084)	3,411	10	(663)
Change in net assets from non-operating activities	$ (36,452)	$ (31,365)	$ 6,035	$ (61,782)
Change in net assets	(46,540)	(30,584)	6,035	(71,089)
Net assets at beginning of year	$ 312,650	$ 409,968	$ 290,414	$ 1,013,032
Net assets at end of year	$ 266,110	$ 379,384	$ 296,449	$ 941,943

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

Oberlin College
Statements of Cash Flows
For the years ended June 30, 2017 and 2016
(dollars in thousands)

	2017	2016
Cash Flows From Operating Activities		
Change in net assets	$ 77,192	$ (71,089)
Adjustments to reconcile change in net assets to net cash used for operating activities:		
Depreciation	21,948	21,005
Net amortization of deferred financing costs	(340)	108
Changes in assets and liabilities that provide (use) cash:		
Accounts receivable	(300)	(1,771)
Other current and non-current assets	523	(128)
Pledges receivable	7,673	2,644
Accounts payable, accrued expenses and other liabilities	(6,443)	20,437
Deposits and agency funds	2,263	(1,466)
Accrued postretirement benefit obligation	195	1,241
Net adjustment of annuity obligations	748	(739)
Contributions restricted for long-term investments	(18,175)	(24,722)
Earnings restricted for long-term investment	(4,515)	(1,140)
Net realized and unrealized (gains) / losses on long-term investments	(109,442)	45,005
Net cash used for operating activities	$ (28,673)	$ (10,615)
Cash Flows From Investing Activities		
Purchases of plant and equipment, net	$ (30,252)	$ (37,408)
Proceeds from student loans collected	1,473	1,677
Student loans issued, net	(1,252)	(1,330)
(Increase) / Decrease in short-term investments	(240)	153
Increase in other long-term receivables	-	(3,530)
Purchases of investments	(387,144)	(335,341)
Proceeds from sales and maturities of investments	404,931	354,285
Net cash used for investing activities	$ (12,484)	$ (21,494)
Cash Flows From Financing Activities		
Proceeds from contributions for:		
Investment in endowment	$ 7,237	$ 14,194
Investment in long-lived assets	8,808	9,460
Investment in life income agreements	2,130	1,068
Earnings restricted for long-term investment	4,515	1,140
Payments on long-term debt	(16,031)	(4,723)
Proceeds from issuance of long-term debt	39,225	22,988
Net cash provided by financing activities	$ 45,884	$ 44,127
Net increase in cash and cash equivalents	$ 4,727	$ 12,018
Cash and cash equivalents, beginning of year	16,910	4,892
Cash and cash equivalents, end of year	$ 21,637	$ 16,910

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 financial statements 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 Apollo Theater Project and 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:

Unrestricted net assets – Unrestricted net assets are not subject to donor-imposed stipulations. Unrestricted funds designated by the Board of Trustees for long-term investment are classified as Board-designated endowment funds. Unrestricted net assets also include the cumulative earnings and gains of donor-restricted funds that do not have a corpus restriction, both realized and unrealized.

Temporarily restricted net assets - Temporarily restricted net assets consist primarily of gifts subject to donor-imposed stipulations and cumulative earnings and gains, both realized and unrealized, that may or will be met by Board appropriation, College spending and/or the passage of time. These net assets are used to support general instruction, scholarships, professorships, research, library operations and capital acquisition.

Permanently restricted net assets – Permanently restricted net assets consist primarily of gifts subject to donor-imposed corpus restriction that they 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. Permanently restricted net assets consist primarily of amounts whose income supports general instruction, scholarships, professorships and library funds.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated 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 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, 2017 and 2016. Fundraising expenses of approximately $5,909 and $6,402 are reflected within institutional support in the statement of activities for the years ended June 30, 2017 and 2016, respectively.

Income and realized net gains on long-term investments are reported as follows:

- as increases in permanently restricted net assets if the terms of the gift require that they be added to the principal of a permanent endowment fund or as funds held in trust by others;
- as increases in temporarily restricted net assets if the terms of the gift or state law impose restrictions on the use of the income;
- as increases in unrestricted net assets in all other cases.

Fair Value of Financial Instruments

The College follows Financial Accounting Standards Board (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 l 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 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, 2017 and 2016. 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, 2017			
ASSETS	**Level 1**	**Level 2**	**Level 3**	**Total**
Long-Term Investments				
Cash/Cash Equivalents	$ 52,964			$ 52,964
Collateral Cash	9,234			9,234
Emerging Markets Equity	7,581		$ 16,054	23,635
Fixed Income	37		3,883	3,920
Hedge Funds	15,701		243,306	259,007
International Equity	17,182	$ 64,587	19,795	101,564
Private Credit	25,000		1,200	26,200
Private Equity	2,474		196,482	198,956
Real Assets	2		54,156	54,158
U.S. Equity	33,854	56,841		90,695
Interests in gift annuities and trusts	16,616		24,721	41,337
Investments restricted for plant facilities	30,605			30,605
Interests in funds held in trust by others			17,866	17,866
TOTAL	**$ 211,250**	**$ 121,428**	**$ 577,463**	**$ 910,141**
LIABILITIES				
Interest rate swaps		$ (12,857)		$ (12,857)
TOTAL	**$**	**$ (12,857)**	**$**	**$ (12,857)**

	June 30, 2016			
ASSETS	**Level 1**	**Level 2**	**Level 3**	**Total**
Long-Term Investments				
Cash/Cash Equivalents	$ 52,561			$ 52,561
Collateral Cash	42,622			42,622
Emerging Markets Equity	6,342	$ 5,493	$ 15,014	26,849
Fixed Income	34		3,320	3,354
Hedge Funds	4,750	13,793	226,316	244,859
International Equity	14,764	61,712	11,378	87,854
Private Equity	183		165,951	166,134
Real Assets			51,950	51,950
U.S. Equity	30,062	47,249		77,311
Interests in gift annuities and trusts	15,370		22,658	38,028
Investments restricted for plant facilities	10,184			10,184
Interests in funds held in trust by others			16,778	16,778
TOTAL	**$ 176,872**	**$ 128,247**	**$ 513,365**	**$ 818,484**
LIABILITIES				
Interest rate swaps		$ (18,742)		$ (18,742)
TOTAL	**$**	**$ (18,742)**	**$**	**$ (18,742)**

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

	Balance at 6/30/16	**Contributions**	**Withdrawals**	**Change in MV**	**Balance at 6/30/17**
Emerging Markets Equity	$ 15,014			$ 1,040	$ 16,054
Fixed Income	3,320			563	3,883
Hedge Funds	226,316	$ 11,983	$ (22,172)	27,179	243,306
International Equity	11,378	5,000		3,417	19,795
Private Credit		1,200			1,200
Private Equity	165,951	38,094	(31,696)	24,133	196,482
Real Assets	51,950	9,989	(11,682)	3,899	54,156
Interests in Gift Annuities and Trusts	22,658	1,375	(2,807)	3,495	24,721
Interests in Funds Held in Trust by Others	16,778	1,397		(309)	17,866
TOTAL	**$ 513,365**	**$ 69,038**	**$ (68,357)**	**$ 63,417**	**$ 577,463**

	Balance at 6/30/15	Contributions	Withdrawals	Change in MV	Balance at 6/30/16
Emerging Markets Equity	$ 12,208	$ 2,500		$ 306	$ 15,014
Fixed Income	10,771		$ (7,587)	136	3,320
Hedge Funds	256,354	36,103	(41,091)	(25,050)	226,316
International Equity	10,907			471	11,378
Private Equity	154,903	34,322	(32,234)	8,960	165,951
Real Assets	55,420	7,888	(9,986)	(1,372)	51,950
Interests in Gift Annuities and Trusts	23,625	523	(881)	(609)	22,658
Interests in Funds Held in Trust by Others	18,072		(669)	(625)	16,778
TOTAL	**$ 542,260**	**$ 81,336**	**$ (92,448)**	**$ (17,783)**	**$ 513,365**

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.

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.

Fixed Income - Fixed income investments include investments in government securities and corporate bonds via separate accounts, limited partnerships, commingled vehicles, and futures contracts.

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 inputs that are derived principally from observable market data which is used to estimate the future cash flows of the trust.

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.

Private Credit - Private equity-style draw-down vehicles that make loans to corporations and provide steady returns above comparable-duration public bonds. The vehicles have investment periods of two to three years, final terms of four to six years and are expected to generate and distribute interest cash flows throughout the vehicle’s life.

Private Equity - Private equity investments include venture capital, buyouts and distressed debt. The College diversifies these investments by geography and sectors.

Real Assets - Real assets include real estate, energy, commodities, Treasury Inflation-Protected Securities (TIPS) and Real Estate Investment Trusts (REITs). Real asset investments are made both via liquid public markets (TIPS, REITs, natural resource equities and commodities) and via illiquid private equity structured funds (private real estate and private energy).

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 which invest primarily in public equity securities, and futures contracts.

Interest Rate Swaps

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.

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, 2017, the following liquidity characteristics applied to the College's pooled endowment and board- designated endowment funds:

Liquid within	% of Endowment
1 year	66%
3 years	5%
Illiquid	29%

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.

Other Financial Instruments

The carrying amount of student accounts receivable, accounts payable and accrued liabilities approximates fair value because of the short maturity of these instruments. A reasonable estimate of fair value of loans receivable under donor restricted and federally sponsored loan programs could not be made because the notes are not salable, and are subject to significant restrictions as to their transfer and disposition. The fair value of the College's bonds and loans payable, based on the College's current incremental borrowing rate for similar types of borrowing arrangements, approximates its carrying amount.

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

Contributions of exhaustible long-lived assets, cash or other assets to be used to acquire them, without donor stipulations concerning the use of such long-lived assets, are reported as revenues of the temporarily restricted net asset class. The restrictions are considered to be released over the estimated useful lives of the long-lived assets using the institution's depreciation policies.

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 statements of financial position.

Property, Plant and Equipment

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

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, 2017 and 2016 was $2,599 and $2,704, respectively.

Unrestricted Bequests

The College follows the policy of designating unrestricted bequests as additions to unrestricted board-designated funds or unrestricted plant 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.

Depreciation

Depreciation of the property, plant and equipment owned by the College and its subsidiaries has been computed using the mid-year convention 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, 2017 and 2016 was:

	2017	2016
Educational and general properties	$ 13,415	$ 13,492
Library books and materials	2,283	2,238
Auxiliary properties	6,250	5,275
	$ 21,948	$ 21,005

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 $6,884 in 2017 and $7,002 in 2016. Included in these amounts is $208 and $-0- of capitalized interest, respectively. Interest expense was $6,820 and $5,907 for years ended June 30, 2017 and 2016, respectively. In addition, the College includes debt issuance costs as additional interest expense using the effective interest rate method that results in a constant effective yield over the life of the related debt. The College determined that amortizing debt issuance costs using the straight-line method over the term of the loan approximates the effective interest rate method.

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, 2017, the College's income tax years from 2013 and thereafter remain subject to examination by the Internal Revenue Service, as well as various state and local taxing authorities.

Adoption of New Accounting Principle

In prior years, the College presented unamortized debt issuance costs as a non-current asset and amortized them using the straight-line method over the term of the related debt. As of July 1, 2015, the College has retrospectively adopted a newly required accounting standard that requires the College to present debt issuance costs as a reduction of the principal balance of the related debt. The effects of the retrospective adoption on the 2016 financial statements were as follows:

- Elimination of the non-current asset, unamortized debt issuance costs: $ 832
- Reduction in the non-current portion of bonds payable: $ 832

Reclassification

Certain June 30, 2016 data have been reclassified to conform to the June 30, 2017 presentation.

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, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Assets, 7/1/16	$ 258,061	$ 234,798	$ 260,289	$ 753,148
Realized Gains	9,733	23,200		32,933
Unrealized Gains	24,091	40,702		64,793
Investment Return	$ 33,824	$ 63,902	$	$ 97,726
Contributions and transfers, net	(159)	2,006	8,535	10,382
Endowment distributions	(12,857)	(28,454)		(41,311)
Endowment Assets, 6/30/17	$ 278,869	$ 272,252	$ 268,824	$ 819,945

The following table reflects the College's change in endowment assets for the year ended June 30, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Assets, 7/1/15	$ 287,722	$ 281,084	$ 245,197	$ 814,003
Realized (Losses) / Gains	(1,674)	1,615		(59)
Unrealized Losses	(13,904)	(21,703)		(35,607)
Investment Return	$ (15,578)	$ (20,088)	$	$ (35,666)
Contributions and transfers, net	(674)	259	15,092	14,677
Endowment distributions	(13,409)	(26,457)		(39,866)
Endowment Assets, 6/30/16	$ 258,061	$ 234,798	$ 260,289	$ 753,148

Endowment Investment and Spending Policy

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.

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. Some 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. As most of the investment managers for these investments report their audited financial information only as of December 31st of each calendar year, these investments ($493,944 and $444,217 at June 30, 2017 and 2016, respectively) are valued by the College at estimated fair value based on a review of 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 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 its (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):

	2017	2016
Equity Futures	$	$ 28,339
International Equity Futures	9,075	14,283
Total Notional	$ 9,075	$ 42,622
Collateral Cash	$ 9,234	$ 42,622
Net Leverage	$ (159)	$

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

The College has committed to make $143,132 and $142,471 of additional investments at June 30, 2017 and 2016, 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 statements of financial position are detailed as follows:

	June 30, 2017		June 30, 2016	
	Book Value	Market Value	Book Value	Market Value
GENERAL INVESTMENT POOL				
Cash and Cash Equivalents	$ 52,942	$ 52,942	$ 52,511	$ 52,511
Emerging Markets	27,860	32,869	27,155	30,229
Fixed Income	1,382	3,883	1,382	3,320
Hedge Funds	196,871	259,007	205,760	244,859
International Equity	68,432	101,516	74,780	98,729
Private Credit	26,277	26,200		
Private Equity	192,872	198,956	175,666	166,134
Real Assets	58,911	54,156	56,223	51,950
U.S. Equity	33,235	90,416	63,289	105,416
Total General Investment Pool	$ 658,782	$ 819,945	$ 656,766	$ 753,148
Non Pooled Endowment				
Cash & Cash Equivalents	$ 22	$ 22	$ 50	$ 50
Fixed Income	37	37	32	34
International Equitiy	35	48	31	28
Real Assets	2	2		
US Equity	241	279	244	234
Total Separately Invested Funds	$ 337	$ 388	$ 357	$ 346
TOTAL ENDOWMENT	**$ 659,119**	**$ 820,333**	**$ 657,123**	**$ 753,494**
ANNUITY AND LIFE INCOME FUNDS				
Pooled Income Fund Trusts				
Cash & Cash Equivalents	$ 77	$ 77	$ 67	$ 67
Fixed Income	1,193	1,202	1,197	1,207
International Equity	125	154	133	141
Real Assets	256	276	243	276
U.S. Equity	251	404	282	390
Total Pooled Income Fund Trusts	$ 1,902	$ 2,113	$ 1,922	$ 2,081
Gift Annuity Pool				
Cash & Cash Equivalents	$ 348	$ 348	$ 154	$ 154
Emerging Markets	834	921	902	866
Fixed Income	4,591	4,567	4,280	4,251
International Equity	2,102	2,727	2,242	2,509
Real Assets	1,838	2,121	1,636	2,033
U.S. Equity	3,695	5,932	3,778	5,557
Total Gift Annuity Pool	$ 13,408	$ 16,616	$ 12,992	$ 15,370
Annuity Trusts And Unitrusts				
Cash & Cash Equivalents	$ 554	$ 554	$ 511	$ 511
Emerging Markets	1,182	1,279	1,248	1,150
Fixed Income	5,569	5,596	5,219	5,280
International Equity	3,418	3,906	3,273	3,252
Real Assets	2,921	2,954	2,643	2,840
U.S. Equity	5,864	8,319	5,923	7,544
Total Separately Invested Funds	$ 19,508	$ 22,608	$ 18,817	$ 20,577
TOTAL ANNUITY &TRUSTS	**$ 34,818**	**$ 41,337**	**$ 33,731**	**$ 38,028**
RESTRICTED FOR PLANT FACILITIES				
Cash & Cash Equivalents	$ 203	$ 203	$ 4,726	$ 4,726
Fixed Income	25,547	25,547		
Real Assets	4,855	4,855	5,458	5,458
TOTAL RESTRICTED FOR PLANT FACILITIES	**$ 30,605**	**$ 30,605**	**$ 10,184**	**$ 10,184**
FUNDS HELD IN TRUST BY OTHERS	**$ 15,616**	**$ 17,866**	**$ 14,219**	**$ 16,778**
TOTAL ASSETS FOR LONG-TERM INVESTMENT	**$ 740,158**	**$ 910,141**	**$ 715,257**	**$ 818,484**

3. STUDENT LOANS

Student loans receivable are carried at face value, less an allowance for doubtful accounts of $1,383 at June 30, 2017 and 2016. The interest rate on federal student financial aid was 5.0% for the years ended June 30, 2017 and 2016. Maturity dates range up to 10 years.

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. Certain promises to give are recorded after discounting to the present value of the future cash flows. Pledges of $9,757 and $12,877, due within one year, that are restricted for long-term purposes have been classified as other assets on the statements of financial position at June 30, 2017 and 2016, respectively.

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

	2017	2016
In one year or less	$ 16,549	$ 18,561
Between one year and five years	7,081	12,636
Greater than five years	7,320	8,628
Less discount	(4,739)	(5,941)
	$ 26,211	$ 33,884

5. BONDS PAYABLE

Bonds payable, net of bond premium, bond discount and deferred financing costs, at June 30, 2017 and 2016 consisted of the following:

Ohio Higher Educational Facility Commission	2017	2016
Revenue Bonds dated October 1, 2009, maturing on October 1, 2019 in the amount of $36,600, with an interest rate of 5.000%, plus net bond premium of $1,453 and $3,016 and less deferred financing cost of $84 and $174 at June 30, 2017 and 2016, respectively.	$ 37,969	$ 55,442
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 $2,489 and $2,718 and less deferred financing cost of $435 and $475 at June 30, 2017 and 2016, respectively.	52,840	54,638
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, less deferred financing cost of $133 and $139 at June 30, 2017 and 2016, respectively.	39,867	39,861
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, less deferred financing cost of $39 and $44 at June 30, 2017 and 2016, respectively.	13,821	13,816
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 $3,372 and less deferred financing cost of $482 at June 30, 2017.	42,655	
Total Bonds Payable, Net of Bond Premium, Bond Discount and Deferred Financing	$ 187,152	$ 163,757

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. The College's original lease agreement with the Commission on the properties financed with proceeds of the bonds remains in effect. 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 Revenue Bond, 2014 maturity of the 2009 Project in the amount of $13,860, as a Bank Private Placement Fixed Rate Bond, Series 2014B. The College's original lease agreement with the Commission on the properties financed with proceeds of the bonds remains in effect. Payments due under the lease agreement represent the principal and interest due on the bonds.

In September 2013, 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 $52,395 plus a bond premium of $3,298. A portion of these bonds was used for a current 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 Ohio Higher Educational Facility Commission (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 has entered into a lease agreement with the Commission on the properties financed with proceeds of these bonds. Payments due under the lease agreement represent 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.

Future principal payments on the College's outstanding bonds at June 30, 2017 are as follows:

2018	$ 2,340
2019	3,070
2020	39,060
2021	3,310
2022	3,465
Thereafter	129,765
	$ 181,010

The estimated fair market value of the College's bond payable at June 30, 2017 is $195,129.

6. NOTES PAYABLE

The College has two $10,000 unsecured bank lines of credit with two banks. Both lines of credit have interest accruing at 30-day LIBOR plus 90 basis points (0.90%). One line of credit has interest accruing at 20 basis points (0.20%) on that portion of the line that is not encumbered. One line expires on May 1, 2018, and the other line expires on July 25, 2018. The balance outstanding on these lines of credit at June 30, 2017 and 2016 was $5,000 and is reflected in other current liabilities on the statements of financial position.

During fiscal year 2014, the College secured a maximum commitment 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 will amortize by $180 per quarter with a final balloon payment due on the termination date. The balance outstanding on this term note at June 30, 2017 and 2016 was $18,000. At June 30, 2017, $540 is reflected within other current liabilities and the remainder is reflected within other non-current liabilities on the statements of financial position.

Future principal payments on the College's maximum commitment term note at June 30, 2017 are as follows:

2018	$	540
2019		720
2020		720
2021		720
2022		720
Thereafter		14,580
	$	18,000

7. 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 receives semi-annual interest payments based on 68% of the 3-month LIBOR plus 45.2 basis points (0.452%) and makes 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 $41,370 and $43,010 at June 30, 2017 and 2016, respectively. The net settlement amount earned under this swap arrangement was $194 and $299 for the years ended June 30, 2017 and 2016, respectively, and is included in operating income in the statement of activities.

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 to $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 notional amount of the swap arrangement will amortize over the original term of the 2008 bonds. The net settlement amount expensed was $1,158 and $1,292 for the year ended June 30, 2017 and 2016, 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 $435 for the year ended June 30, 2017. 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 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 accounting for these agreements follows accounting principles generally accepted in the United States. The estimated cumulative fair value gain is included in long-term investments in the statements of financial position. The estimated cumulative fair value (loss) is included within other non-current liabilities in the statements of financial position. Changes in the fair value of these contracts are recorded as other non-operating items in the statement of activities. These agreements were entered into in order to manage interest rate exposures and qualify as fair value hedges.

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

	2017	2016
Interest rate swap arrangement effective December 1, 2005	$ 716	$ 1,161
Interest rate swap arrangement effective April 18, 2008	(12,168)	(17,227)
Interest rate swap arrangement effective July 1, 2016	(1,405)	(2,676)
Total Fair Market Value of Interest Rate Swap Arrangements	$ (12,857)	$ (18,742)

8. 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 projected 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 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 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 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 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 will be 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 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 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 statements of financial position.

9. 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 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 notes bear interest at the rate of 1.0% per annum, and are payable quarterly. The notes mature October 14, 2041 with interest only payments to be paid quarterly until December 2018 and can be prepaid at any time without penalty. The related notes receivable balance of $4,440 at June 30, 2017 and 2016 is included in other long-term receivables on the statements of financial position.

The Apollo Theater LLC 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. The loans bear interest at 0.6366% per annum, payable quarterly. The loans mature October 14, 2041 with interest only payments to be paid in equal quarterly installments until December 2018 at which time principal and interest payments will be due in the amount of $52 per quarter. These loans are included in loans payable on the statements of financial position.

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.

The accounting for these postretirement healthcare benefits at June 30, 2017 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 40% 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, 2017 and 2016 are as follows:

	2017	2016
Discount Rate	7.00%	7.00%
Health Care Trend Rates – (Pre-65)		
Trend for Next Year	8.40%	7.60%
Ultimate Trend	4.50%	4.50%
Year Ultimate Trend Reached	2026	2024
Health Care Trend Rates – (Post-65)		
Trend for Next Year	9.40%	9.10%
Ultimate Trend	4.50%	4.50%
Year Ultimate Trend Reached	2026	2024
Measurement Date	June 30, 2017	June 30, 2016

The effects of a one percent change in the assumed health care cost trend rate in each year are summarized as follows:

	2017	2016
Effect of an increase:		
On Benefit Obligation, End of Year	$ 177	$ 158
On Service Cost and Interest Cost for Year	$ 14	$ 13
Effect of a decrease:		
On Benefit Obligation, End of Year	$ (169)	$ (150)
On Service Cost and Interest Cost for Year	$ (14)	$ (12)

The following table reflects the change in accrued postretirement health care cost liability for the years ended June 30, 2017 and 2016:

Change in Benefit Obligation	2017	2016
Benefit obligation at beginning of year	$ 20,992	$ 19,751
Service cost	639	740
Interest cost	1,422	1,332
Plan amendment (HRA stipend option)		(598)
Actuarial loss	(59)	1,481
Benefits paid	(1,807)	(1,714)
Benefit obligation at end of year	$ 21,187	$ 20,992

Net periodic postretirement health care cost for the years ended June 30, 2017 and 2016 included the following components:

Net periodic postretirement benefit cost	2017	2016
Service cost – benefits attributed to service during the period	$ 639	$ 740
Interest cost on accumulated postretirement benefit obligation	1,422	1,332
Net amortization and deferral	(196)	(146)
Net loss	351	292
Net periodic postretirement benefit cost	$ 2,216	$ 2,218

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

	Total Claims	Medicare Reimbursement	Net Claims
2018	$ 2,294	$ 348	$ 1,946
2019	2,274	395	1,879
2020	2,210	454	1,756
2021	2,186	509	1,677
2022	2,179	568	1,611
2023-2027	11,377	2,869	8,508

Medicare reimbursements reflected above are based on the Medicare Prescription Drug, Improvement, and Modernization Act of 2003. Assuming retiree contributions of 40% to the existing plan, the College expects to contribute $1,168 toward expected net claims of $1,946 in fiscal year 2018.

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, 2017 and 2016 were $8,406 and $8,582, 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 $4,652 and $4,809 at June 30, 2017 and 2016, respectively, is included in other non-current assets on the 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 $2,530 and $3,010 at June 30, 2017 and 2016, respectively, within other non-current liabilities on the statements of financial position.

14. COMMITMENTS AND CONTINGENCIES

At June 30, 2017, the College has outstanding commitments on various construction projects totaling approximately $30,083. Of this amount, $12,161 is attributable to the Adaptable Theater Project and $9,593 is attributable to the Health/Wellness Center Project.

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 statements of financial position and are not material to the College's financial position. In the opinion of management, the ultimate disposition of such litigation and claims will not have a material adverse effect on the College's operations or 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. The College recorded an accrual for these costs of approximately $8,386 at June 30, 2016 reflected as restructuring costs on the statement of activities. Of this amount, $3,013 was reflected within other current liabilities and the remainder within other non-current liabilities on the statements of financial position. At June 30, 2017, $4,602 is reflected within other current liabilities and $771 is reflected within other non-current liabilities on the statements of financial position.

16. SUBSEQUENT EVENTS

The College has evaluated all events subsequent to the statements of financial position date of June 30, 2017 through December 7, 2017 which is the date these financial statements were available to be issued. There are no subsequent events that require disclosure.