OBERLIN

COLLEGE OF ARTS & SCIENCES
CONSERVATORY OF MUSIC

Oberlin College
Financial Report

Year Ended June 30, 2014

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Oberlin College
Financial Report
Year ended June 30, 2014

Financial Report 2013-2014

Michael L. Frandsen, Vice President for Finance & Administration
Mark R. Bates, Associate Vice President for Finance

We are pleased to present Oberlin College's Annual Financial Report for the year ended June 30, 2014. This report includes our audit report, audited financial statements and related footnotes to the statements.

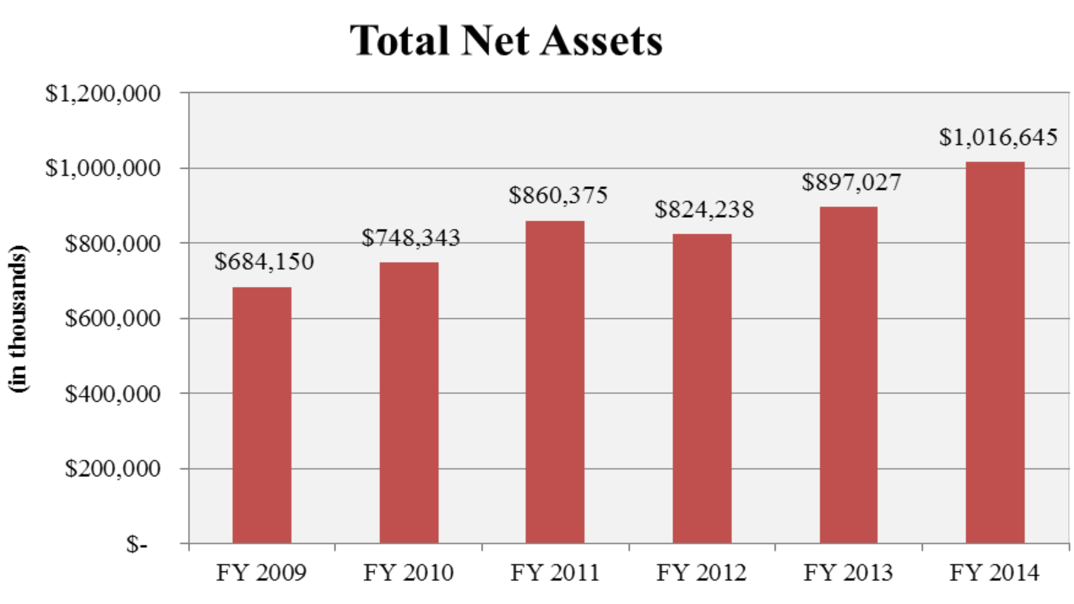
To provide the users of these financial statements with a better understanding of the College's financial position and operations, we include an overview of the institution's financial condition and operating results for the year. We also discuss events subsequent to the fiscal year end and their effect on the College and its financial position.

These statements reflect the consolidation of our Apollo Theater Project and our Gateway Complex Project. The Apollo project involved the renovation of Oberlin's downtown theater utilizing historic and new market tax credits, with fiscal year 2014 reflecting the Apollo's first full year of operation since reopening in September 2012. The Gateway project is also utilizing new market tax credits to help finance project costs. 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.

FINANCIAL CONDITION

Total Assets and Total Net Assets

Oberlin's total assets at June 30, 2014 were $1,279.6 million, an increase of $136.6 million, or 12.0%, from the previous fiscal year's $1,143.0 million, primarily related to the increase in the College's endowment. Total liabilities as of June 30, 2014 were $263.0 million, an increase of $17.0 million from the prior year's $246.0 million, primarily related to the College's September 2013 bond issuance. Total net assets for the College were $1,016.6 million, compared to $897.0 million as of June 30, 2013**.** This represents an increase of $119.6 million, or 13.3%, during this fiscal year, as compared to the previous fiscal year's increase of $72.8 million, or 8.8% increase from June 30, 2012. The following chart reflects the total net assets of Oberlin College at June 30, 2014 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 the investment returns and the spending of cumulative earnings of the College's Endowed Funds.

Endowed Funds

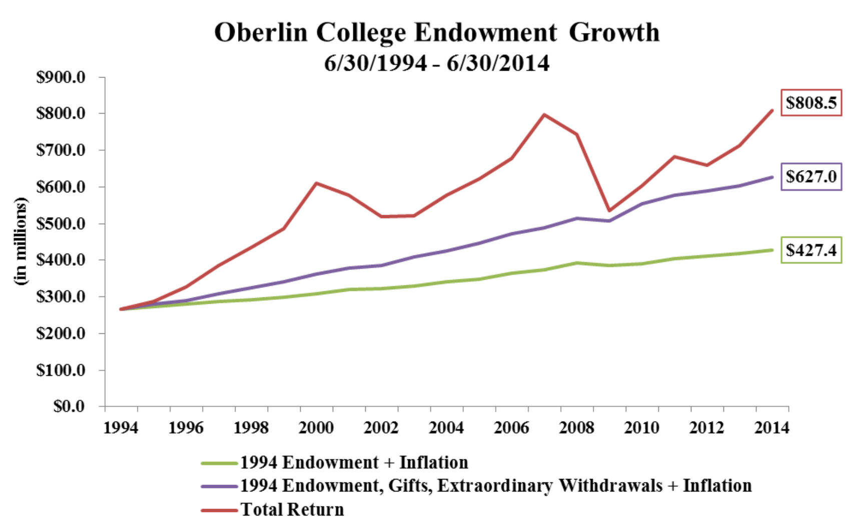
Total endowed funds as of June 30, 2014 were $808.8 million, compared to $713.9 million the previous year, an increase of $94.9 million. In comparison, total endowed funds increased by $52.6 million in the fiscal year ended June 30, 2013, from $661.3 million at June 30, 2012.

Like most private liberal arts schools, the endowment is the financial cornerstone of the College. Most of Oberlin's 1,600 endowed funds are invested within its General Investment Pool. The College's General Investment Pool was $808.5 million at June 30, 2014, versus $712.8 million at June 30, 2013, a $95.7 million increase. This increase in the total value results from increasing 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 $34.2 million. Capital and deferred gifts totaled $20.8 million this fiscal year, of which $12.2 million were donor-designated endowed gifts. In fiscal year 2013, capital and deferred gifts were $16.1 million, with $9.9 million of donor-designated endowed gifts.

Beginning with fiscal year 2011, the Investment Office outsourced much of the investment reporting function to its custodian bank. As a part of this outsourcing, the College has adopted a July 31st cut-off for the market valuation of our pooled endowment to allow the custodian to report monthly investment returns in a timely manner, though not all fund managers are able to report June 30th valuations prior to the cut-off. A market valuation of $797.4 million was calculated using this July 31st cut-off. Subsequent to this July 31st cut-off, the College received market valuations from other fund managers as of June 30th that increased the market value of the pool by $11.1 million to $808.5 million, which is the market value reflected in our audited financial statements.

As a part of this outsourcing, the College also adopted a second investment return measurement, the Modified Dietz method, to supplement its existing investment return methodology used in long-range planning. The Modified Dietz method takes into consideration the timing of gifts and other additions, and also the timing of spending distributions and other withdrawals, whereas our existing investment return calculation is based solely on the beginning value for each fiscal year. In fiscal year 2014, the College's net total investment return using a market valuation of $797.4 million and applying the Modified Dietz method was 16.1%, while our net total return based solely on beginning balance and a market valuation of $808.5 million was 16.5%. This compares to a total net return in fiscal year 2013 of approximately 12.2% using the Modified Dietz method and 11.7% using our traditional return calculation.

Over the past 20 years, the General Investment Pool has grown from $265.4 million to $808.5 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 College's Investment Office staff regularly rebalances our portfolio allocations as directed by our Board's Investment Committee.

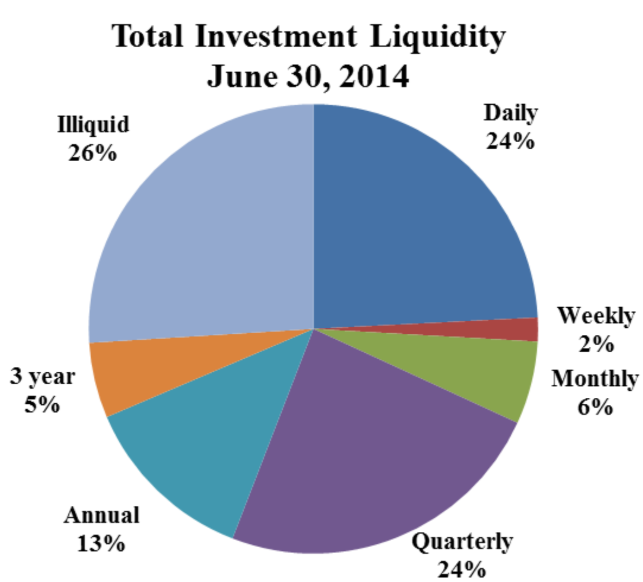
The following is the College's targeted endowment portfolio allocation for the year ending June 30, 2014, which was not changed from the previous year.

Cash	0%	
Fixed Income	15%	
Total Fixed Income		**15%**
U.S. Equity	10%	
International Equity	6%	
Emerging Markets Equity	4%	
Total Equity		**20%**
Hedge Funds	34%	
Private Equity	16%	
Real Assets	10%	
Opportunistic	5%	
Total Alternative Investments		**65%**
Total		**100%**

Actual investment balances at June 30, 2014 and 2013 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 increased investment proceeds receivable balances.

<u>Liquidity</u>

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. It has also enabled us to access investment opportunities which would otherwise be unavailable. The College's Investment Office staff conducts ongoing due diligence on these investment vehicles. The following chart depicts the total investment liquidity of both our $808.5 million pooled endowment and $5.1 million in cash equivalents and short-term investments at June 30, 2014.



Plant Funds

The second largest component of the College's total net assets is net assets designated for plant facilities, or plant equity, totaling $136.8 million ($119.8 million previous year). 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 $6.9 million for the year ended June 30, 2014. 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 $16.1 million to its property, plant and equipment assets in the year ended June 30, 2014, and has $19.0 million in construction in progress at June 30, 2014. The College completed many major capital expenditures during the fiscal year, including a major renovation of our Conservatory academic space for the benefit of students and staff, as well as residence hall renovations in Bailey and Barrows and installation of an ADA elevator in Wilder Student Union. Construction projects under way at June 30, 2014 that comprise a majority of our construction in progress balance include our new Knowlton Athletic Complex (which opened on September 20, 2014), our new Central Heating Plant (which went online in October 2014) and our Gateway Complex Project.

Debt

The College had $174.8 million of outstanding bonded debt at June 30, 2014. The College issued $52.4 million in bonds in September 2013, with $40.0 million of the proceeds used for a current refunding of the 2003 bonds. Footnote 5 to the financial statements describes our outstanding bonds payable in greater detail. During the fiscal year, the College entered into an $18.0 million construction lending agreement with a local bank as discussed in Footnotes 9 and 14. In addition, subsequent to June 30, 2014, the College refinanced $53.9 million in bonds in September 2014 as discussed in Footnote 15. 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 6 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 2014

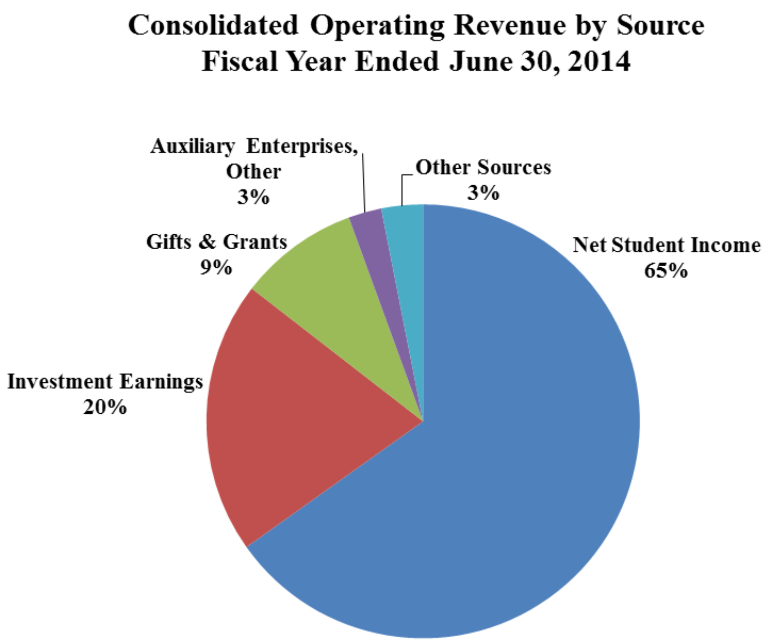
Oberlin College's Consolidated Statements of Activities present the results of operations of the College and the net income or loss of its "tax credit" subsidiaries. The College once again had an unrestricted operating surplus before consolidation totaling $0.1 million this fiscal year, as discussed further below. However, the College's Apollo subsidiaries reflected an accounting loss of $0.5 million primarily resulting from depreciation expense and the College's Gateway subsidiary had an accounting loss of $0.1 million, also primarily from depreciation expense during this pre-construction phase. In summary, the College's consolidated Statement of Activities reflects a net deficit of $0.5 million.

Operating Surplus

As noted above, for fiscal year 2014, Oberlin College had an unconsolidated unrestricted operating surplus of $0.1 million. For the ten-year period ending June 30, 2014, Oberlin has generated a cumulative operating surplus of $1.0 million, while weathering the aftermath of two economic downturns. It should also be noted that Oberlin has accomplished these surpluses while fully-funding its depreciation each year, using the funded depreciation as a funding source for capital maintenance, equipment replacement and other capital investments.

Operating Revenues

Oberlin's consolidated total operating revenues were $171.9 million for the year ended June 30, 2014 as compared to last year's $167.5 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, comprising tuition and fees, room and board, net of student financial aid, is the largest component of Oberlin's unrestricted operating revenues, totaling $112.0 million in the current year versus $108.4 million the previous year, an increase of approximately 3.3%. Student enrollment declined slightly from fiscal year 2013 levels, partially offsetting increases in tuition, room and board rates. Tuition rates increased 3.9% and room rates and board rates both increased on average by 4.0%. Enrollment levels were adversely impacted by a somewhat larger 2013 graduating class and a slight uptick in medical leaves. Total student financial aid increased in proportion to the increase in tuition and fees, rising from $53,554 in fiscal year 2013 to $54,522 this year. As such, our discount rate for June 30, 2014 was comparable to the previous year, decreasing slightly from 40.5% last year to 40.1% 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 is the second largest component of the College's unrestricted operating revenues. In fiscal year 2014, $13.0 million of unrestricted operating support was provided in accordance with the endowment spending policy approved by the Board of Trustees, whereas in fiscal year 2013 approximately $13.2 million of support was provided. This decrease of $0.2 million, or roughly 1.5%, reflects the long-term reduction in the distribution rate per unit of the pooled endowment investments, and that the majority of our endowed gifts are in support of specific spending uses rather than unrestricted 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 release 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 2014, the College also distributed $21.2 million from endowment to support restricted operations. The total operating distribution of $34.2 million equates to a spending rate of 5.1% of the 36-month weighted average of our general investment pool and 4.8% of the beginning market value. This compares to $33.5 million distributed in fiscal year 2013, which equated to a spending rate of 5.2% of the 36-month weighted average, and

5.1% 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.

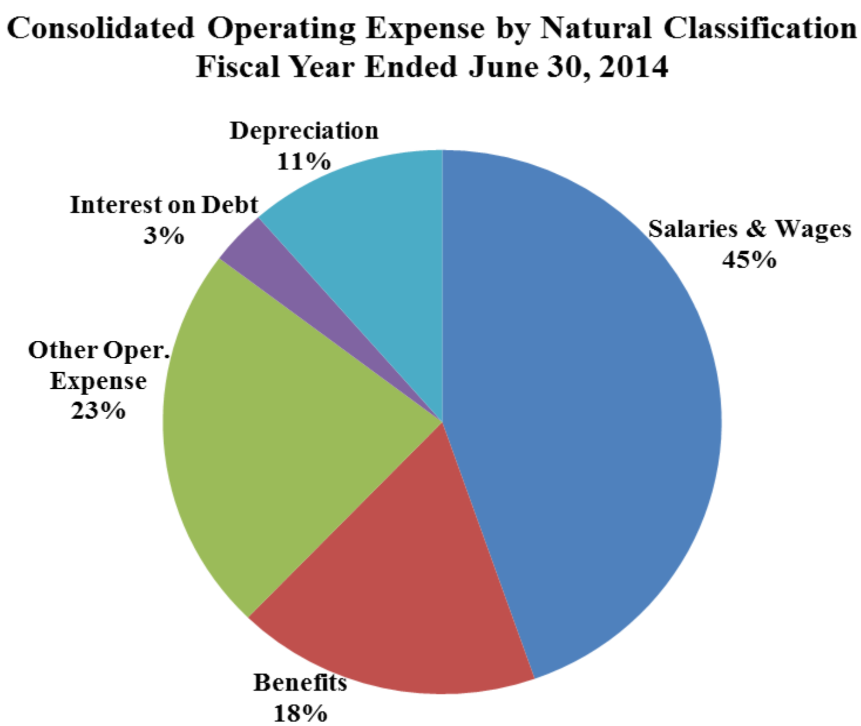
Oberlin's third largest component of unrestricted operating revenues is support from unrestricted Private Gifts and Grants. The timing of the receipt of bequests is unpredictable, and the varying size of such bequests can cause fluctuations in giving from year to year, as depicted in this chart (dollars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

	2010	2011	2012	2013	2014
Undesignated Bequests	$ 1,211	$ 1,789	$ 1,351	$3,469	$2,042
Unrestricted Giving	3,259	3,982	3,556	3,631	3,742
Total	$ 4,470	$ 5,771	$ 4,907	$7,100	$5,784

Operating Expenses

Oberlin's consolidated operating expenses totaled $173.6 million for the year ended June 30, 2014, an increase of $3.7 million over the prior year, or 2.2%. 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 tended to average approximately 1.0-1.5% higher than CPI.

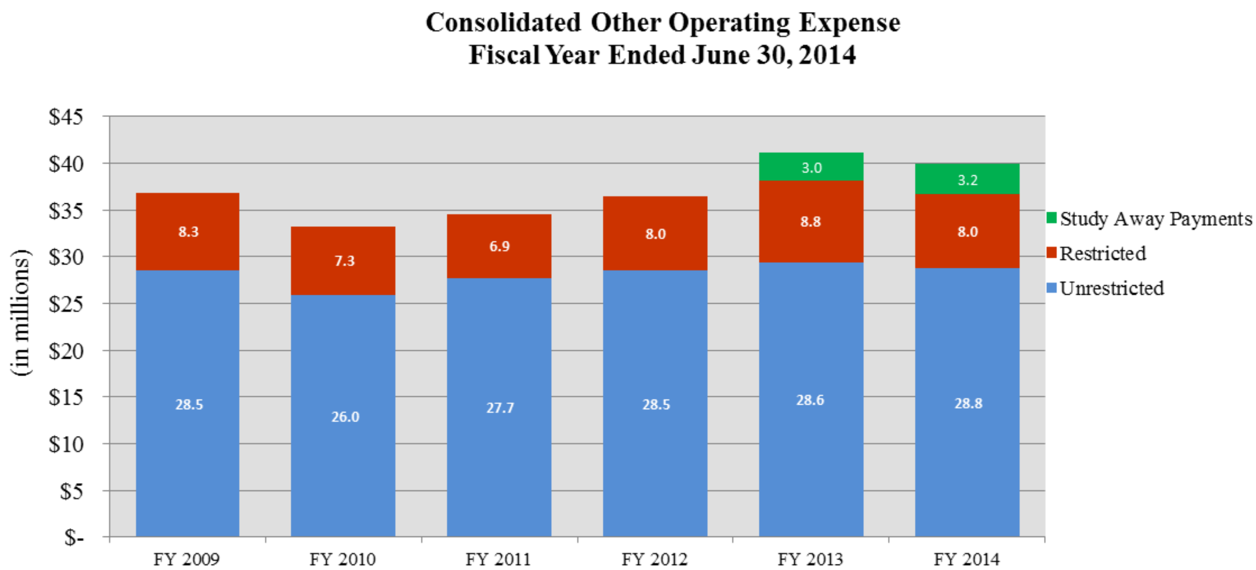
While the audited financial statements present operating expenses by program, as required by accounting and reporting standards, the chart below reflects the fiscal year 2014 operating expenses by natural classification, or function, to enable greater analysis of expenses and spending trends.



Salaries and wages are by far our largest component of operating expense, totaling approximately $77.4 million in fiscal year 2014. This represents an increase of 2.5% over the fiscal year 2013 total of $75.5 million**.** The College's Faculty collectively received raises of 3% and Administrative & Professional Staff 2.5% for fiscal year 2014, and bargaining unit employees received contractual raises ranging from 2.0-2.5%. In addition, student wages were flat year over year.

Other operating expense, which includes utilities expense and food costs, is our second largest spending component, totaling approximately $40.0 million in fiscal year 2014. This represents a decrease of 2.7% from the fiscal year 2013 total of $41.1 million, as compared to the 12.3% increase the previous fiscal year. The fiscal year 2014 decrease results in large part from a $0.7 million reduction in operating spending from restricted sources, which is highly dependent on the timing of gifts and grants. While inflation impacts the majority of our unrestricted operating expenses, the College did not experience much inflationary pressure in 2014.

The College tightly managed its Other Operating spending from fiscal year 2009 levels and, as depicted below, subsequently has utilized restrictive budget policies to maintain control over unrestricted operating expenses. As such, total fiscal year 2014 Other Operating spending, inclusive of restricted spending and food and energy costs, represents a modest 0.1% compounded rate of increase over the last five years.



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, totaled $30.6 million in fiscal year 2014 as compared to $28.0 million in fiscal year 2013. Contributions to the 403(b) plan are directly proportional to increases in salaries and wages. Only minor changes have been made to the design of this benefit in a number of years, such that contribution increases are almost entirely due to increases in salaries and wages. During fiscal year 2014, health plan expense for the College increased at a rate slightly higher than national trend rates. The cost of health care continues to increase annually at trend rates of 8-10%, before consideration of plan design changes or adjustments to employee premiums. However, in fiscal year 2014, we continued to experience higher levels of catastrophic health claims. Though we do carry stop loss insurance coverage to help mitigate the exposure to large individual claims, the quantity of those types of claims continues to have a significant impact on the total cost of the health care benefit. Employee premium increases were implemented for all of our employees effective January 1, 2014 to help mitigate the increasing costs of healthcare.

LOOKING AHEAD – FISCAL YEAR 2015

Enrollment

First-year enrollment statistics are reflected in the chart below. Arts & Sciences applications decreased slightly, after last year's record setting high. The Conservatory of Music applications also decreased somewhat. Admit rates and yields for Arts & Sciences were in line with recent years, and Conservatory of Music's yield was somewhat lower, though it is in line with our expectations after three excellent years. Despite the slight decline in applications, the academic and musical quality of the new class remains outstanding and in line with previous years.

		Applications	% Admitted	Yield
College of A&S	Fall 2014	6,038	35%	34%
	Fall 2013	6,167	33%	34%
	Fall 2012	5,842	34%	34%
	Fall 2011	6,117	32%	33%
Conservatory	Fall 2014	1,189	32%	31%
	Fall 2013	1,271	27%	40%
	Fall 2012	1,330	28%	38%
	Fall 2011	1,277	27%	40%

Enrollment for our returning classes is very strong. Headcount for fall semester of fiscal year 2015 rebounded from a slight decrease in 2014, with a nice improvement in retention to supplement our strong first year class. Total enrollment for fall 2014 was 2,961 students.

Capital Campaign

In September of 2012, the College launched the public phase of a new capital campaign, "Oberlin Illuminate", with a target goal of $250 million. Oberlin Illuminate aims to broaden access to an Oberlin education, to strengthen the campus community, enrich the academic program, to make Oberlin more competitive and better position our students for success. The private phase of the campaign was very successful, and just two years into the public phase we have raised more than $241 million (as of October 31, 2014), well ahead of pace to reach our goal. Pledges have increased from $39.5 million at June 30, 2013 to $50.9 million at June 30, 2014 as a result of the success of the campaign. The campaign is scheduled to conclude in 2016.

Endowment

Overall, our general endowment pool has recovered nicely from the market decline we experienced in fiscal year 2009, with our $808.5 million market value setting a new record. Subsequent to June 30, 2014, investment performance of our endowed investment pool has continued to be positive. However, the market value has declined to $789.5 million on September 30, 2014, primarily related to distributions to support operations. Despite the rebound from fiscal year 2009's $537.3 million, the College has consistently maintained tight operating budgets as reflected in our annual unrestricted operating surpluses.

Bond Agency Ratings

Oberlin College's rating with Moody's is Aa2 and Standard & Poor's rates Oberlin at AA, both reaffirmed with our September 2013 bond issuance (see Footnote 14). Each of these ratings is the second highest rating available from each agency, allowing Oberlin to issue its 2013 bonds and complete a debt refinancing in September 2014 at optimal interest rates. These ratings reflect our ongoing efforts to manage the College during economic downturns, as rating agencies have given a negative outlook to the entire higher education market sector. In particular, these ratings reflect Oberlin's ability to fully fund depreciation and accumulate $1.0 million in surpluses over the last ten years.

SUMMARY

Oberlin College's financial condition is strong. We continue to carefully manage our resources during this financial recovery and ongoing endowment rebound from the decline we experienced in 2008 and 2009. To address investment and financial risk in the market, we have maintained liquidity as reflected in the liquidity chart found on page 3. To maintain Oberlin's long-term financial sustainability, we successfully re-structured our operating budgets for fiscal year 2010 and again for fiscal year 2012. At the same time, the Oberlin Board of Trustees has reduced the rate of endowment distributions. However, in the face of challenges in the higher education marketplace, we must continue to maintain financial discipline in the years ahead, looking for opportunities to enhance revenues and control spending while continuing to provide exceptional academic instruction to our students.

1111 Superior Avenue | Suite 700 | Cleveland, Ohio 44114-2540
P 216.363.0100 F 216.363.0500 W maloneynovotny.com

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, 2014 and 2013, 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, 2014 and 2013, 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 5, 2014

Oberlin College

Statements of Financial Position

As of June 30, 2014 and 2013

(dollars in thousands)

	2014	2013
ASSETS		
Current Assets		
Cash and cash equivalents	$ 9,571	$ 9,669
Short-term investments	247	96
Accounts receivable, net	4,087	1,075
Pledges	27,565	11,234
Other current assets	8,617	8,040
Total current assets	$ 50,087	$ 30,114
Long-Term Receivables		
Pledges, net	$ 23,339	$ 28,237
Student loans, net	12,589	12,517
Other long-term receivables	6,516	4,571
Total long-term receivables	$ 42,444	$ 45,325
Long-Term Investments		
Assets restricted to investment in land, buildings and equipment	$ 13,253	$ 7,120
Endowment funds	808,771	713,906
Annuity and life income funds	39,677	35,614
Funds held in trust by others	18,437	16,332
Total long-term investments	$ 880,138	$ 772,972
Property, Plant and Equipment		
Land, buildings and equipment	$ 603,034	$ 586,916
Construction in progress	19,038	2,631
Less: accumulated depreciation	(315,127)	(294,947)
Total property, plant and equipment	$ 306,945	$ 294,600
TOTAL ASSETS	$ 1,279,614	$ 1,143,011

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

Oberlin College
Statements of Financial Position
As of June 30, 2014 and 2013
(dollars in thousands)

LIABILITIES and NET ASSETS	2014	2013
Current Liabilities		
Accounts payable	$ 9,678	$ 7,931
Current portion of bonds payable	4,380	3,210
Deposits and agency funds	3,490	3,686
Other current liabilities	8,301	8,475
Total current liabilities	$ 25,849	$ 23,302
Other Liabilities		
Accrued postretirement benefit obligation	17,275	17,073
Annuity obligations	15,725	14,727
Federal student loan funds	6,278	6,278
Loans payable	10,670	7,760
Other non-current liabilities	16,782	16,366
Bonds payable, net	170,390	160,478
Total liabilities	$ 262,969	$ 245,984
Net Assets		
Unrestricted -		
Current operations	$ (14,859)	$ (9,357)
Non-operating	(9,377)	(8,803)
Designated for specific purposes	7,907	6,869
Plant and facility funds	52,304	44,821
Board-designated endowment funds	273,705	249,338
Total unrestricted	$ 309,680	$ 282,868
Temporarily Restricted -		
Donor designated for specific purposes	$ 27,263	$ 27,327
Annuity and life income funds	9,998	8,660
Unexpended plant and facility funds	35,116	24,990
Unamortized contributions for long-lived assets	49,345	50,037
Endowment funds	305,824	248,285
Total temporarily restricted	$ 427,546	$ 359,299
Permanently Restricted -		
Student loan funds	$ 4,805	$ 4,687
Annuity and life income funds	5,991	5,310
Funds held in trust by others	18,437	16,332
Endowment funds	250,186	228,531
Total permanently restricted	$ 279,419	$ 254,860
Total net assets	$ 1,016,645	$ 897,027
TOTAL LIABILITIES and NET ASSETS	$ 1,279,614	$ 1,143,011

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

Oberlin College
Statement of Activities
For the year ended June 30, 2014
(dollars in thousands)

	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating Revenues				
Tuition and fees	$ 135,837	$ 1,306		$ 137,143
Room and board	29,383			29,383
Student aid	(54,522)			(54,522)
Net student income	110,698	1,306		112,004
Auxiliary services, other	4,243			4,243
Government grants and contributions		2,145		2,145
Private gifts and grants	5,784	7,447		13,231
Investment earnings	13,049	20,714	$ 1,181	34,944
Other sources	5,165	160		5,325
Net assets released from restrictions	34,164	(34,164)		
Total operating revenues	$ 173,103	$ (2,392)	$ 1,181	$ 171,892
Operating Expenses				
Instruction	$ 82,923			$ 82,923
Research	1,084			1,084
Academic support	22,081			22,081
Student services	14,557			14,557
Institutional support	24,430			24,430
Auxiliary services, student and other	28,530			28,530
Total operating expenses	$ 173,605			$ 173,605
Change in net assets from operating activities	$ (502)	$ (2,392)	$ 1,181	$ (1,713)
Non-operating Activities				
Investment earnings	$ 5,747	$ 2,681	$ 2,306	$ 10,734
Unrealized gains	28,175	51,034	2,055	81,264
Capital and deferred gifts	491	7,467	12,806	20,764
Pledges	2,169	567	8,697	11,433
Change in annuity obligations	36	(1,027)	(8)	(999)
Payments to beneficiaries	(1,199)	(199)	(575)	(1,973)
Post-retirement benefit obligation adjustment	333			333
Change in fair value of swap contracts	(574)			(574)
Non-recurring bond defeasance charge	(404)			(404)
Redesignated funds and other	(7,460)	10,116	(1,903)	753
Change in net assets from non-operating activities	$ 27,314	$ 70,639	$ 23,378	$ 121,331
Change in net assets	26,812	68,247	24,559	119,618
Net assets at beginning of year	$ 282,868	$ 359,299	$ 254,860	$ 897,027
Net assets at end of year	$ 309,680	$ 427,546	$ 279,419	$ 1,016,645

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

Oberlin College
Statement of Activities
For the year ended June 30, 2013
(dollars in thousands)

	2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating Revenues				
Tuition and fees	$ 132,070	$ 1,226		$ 133,296
Room and board	28,641			28,641
Student aid	(53,554)			(53,554)
Net student income	107,157	1,226		108,383
Auxiliary services, other	4,199			4,199
Government grants and contributions		2,275		2,275
Private gifts and grants	7,100	6,768		13,868
Investment earnings	13,204	20,272	$ 812	34,288
Other sources	4,285	189		4,474
Net assets released from restrictions	34,410	(34,410)		
Total operating revenues	$ 170,355	$ (3,680)	$ 812	$ 167,487
Operating Expenses				
Instruction	$ 80,820			$ 80,820
Research	1,010			1,010
Academic support	21,492			21,492
Student services	13,871			13,871
Institutional support	24,987			24,987
Auxiliary services, student and other	27,689			27,689
Total operating expenses	$ 169,869			$ 169,869
Change in net assets from operating activities	$ 486	$ (3,680)	$ 812	$ (2,382)
Non-operating Activities				
Investment earnings	$ 11,227	$ 16,636	$ 839	$ 28,702
Unrealized gains	6,810	11,305	1,716	19,831
Capital and deferred gifts	715	4,993	10,441	16,149
Pledges	186	7,510	1,163	8,859
Change in annuity obligations	35	(1,080)	128	(917)
Payments to beneficiaries	(559)	(750)	(565)	(1,874)
Post-retirement benefit obligation adjustment	(499)			(499)
Change in fair value of swap contracts	5,926			5,926
Redesignated funds and other	(4,996)	5,326	(1,336)	(1,006)
Change in net assets from non-operating activities	$ 18,845	$ 43,940	$ 12,386	$ 75,171
Change in net assets	19,331	40,260	13,198	72,789
Net assets at beginning of year	$ 263,537	$ 319,039	$ 241,662	$ 824,238
Net assets at end of year	$ 282,868	$ 359,299	$ 254,860	$ 897,027

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

Oberlin College

Statements of Cash Flows

For the years ended June 30, 2014 and 2013
(dollars in thousands)

	2014	2013
Cash Flows From Operating Activities		
Change in net assets	$ 119,618	$ 72,789
Adjustments to reconcile change in net assets to net cash used for operating activities:		
Depreciation	20,180	19,125
Changes in assets and liabilities that provide (use) cash:		
Accounts receivable	(3,012)	1,073
Other current assets	(577)	(4,035)
Pledges receivable	(11,433)	(8,859)
Accounts payable, accrued expenses and other liabilities	1,989	(4,005)
Deposits and agency funds	(196)	1,678
Accrued postretirement benefit obligation	202	635
Net adjustment of annuity obligations	998	917
Contributions restricted for long-term investments	(20,448)	(15,679)
Earnings restricted for long-term investment	(5,542)	(3,367)
Net realized and unrealized gains on long-term investments	(127,428)	(80,631)
Net cash used for operating activities	$ (25,649)	$ (20,359)
Cash Flows From Investing Activities		
Purchases of plant and equipment, net	$ (32,525)	$ (27,091)
Proceeds from student loans collected	1,198	1,211
Student loans issued, net	(1,270)	(1,401)
Increase in short-term investments	(151)	(38)
(Increase) Decrease in other long-term receivables	(1,945)	1,183
Purchases of investments	(347,129)	(423,483)
Proceeds from sales and maturities of investments	367,391	452,960
Net cash (used for) provided by investing activities	$ (14,431)	$ 3,341
Cash Flows From Financing Activities		
Proceeds from contributions for:		
Investment in endowment	$ 12,240	$ 9,892
Investment in long-lived assets	6,935	3,505
Investment in life income agreements	1,273	2,282
Earnings restricted for long-term investment	5,542	3,367
Payments on long-term debt	(1,313)	(4,433)
Payments on short-term debt	-	(4,000)
Proceeds from issuance of long-term debt	15,305	-
Net cash provided by financing activities	$ 39,982	$ 10,613
Net decrease in cash and cash equivalents	$ (98)	$ (6,405)
Cash and cash equivalents, beginning of year	9,669	16,074
Cash and cash equivalents, end of year	$ 9,571	$ 9,669

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. In accordance with the existence or absence of donor-imposed restrictions, fund balances and transactions are grouped into three classes of net assets – unrestricted, temporarily restricted and permanently restricted.

Fund Group	Net Asset Group
Unrestricted current funds	Unrestricted
Restricted current funds	Temporarily restricted
Annuity and life income fund	Unrestricted, temporarily restricted and permanently restricted
Long-term investments	Unrestricted, temporarily restricted and permanently restricted
Plant funds	Unrestricted and temporarily restricted
Loan funds	Permanently restricted

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% at June 30, 2014 and 2013). 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, 2014 and 2013. Fundraising expenses of approximately $6,728 and $7,163 are reflected within institutional support in the statement of activities for the years ended June 30, 2014 and 2013, 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, 2014 and 2013. 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.

ASSETS	June 30, 2014 Level 1	Level 2	Level 3	Total
Long-Term Investments				
Cash/Cash Equivalents	$ 20,278			$ 20,278
Collateral Cash	106,138			106,138
Emerging Markets Equity	33,078	$ 8,224	$ 8,925	50,227
Fixed Income	41			41
Hedge Funds			248,239	248,239
International Equity	13,848	45,817	10,669	70,334
Private Equity			149,751	149,751
Real Assets			63,054	63,054
U.S. Equity	31,087	69,622		100,709
Interests in gift annuities and trusts	16,861		22,816	39,677
Interests in funds held in trust by others			18,437	18,437
Investments restricted for plant facilities	13,253			13,253
TOTAL	**$ 234,584**	**$ 123,663**	**$ 521,891**	**$ 880,138**
LIABILITIES				
Interest rate swaps		$ (9,377)		$ (9,377)
TOTAL	**$**	**$ (9,377)**	**$**	**$ (9,377)**

ASSETS	June 30, 2013 Level 1	Level 2	Level 3	Total
Long-Term Investments				
Cash/Cash Equivalents	$ 4,522			$ 4,522
Collateral Cash	115,905			115,905
Emerging Markets Equity	30,225	$ 6,952	$ 6,296	43,473
Fixed Income	270	1,375		1,645
Hedge Funds			240,067	240,067
International Equity	11,537	23,951		35,488
Private Equity			120,027	120,027
Real Assets	15,950	9,572	44,598	70,120
U.S. Equity	24,307	58,352		82,659
Interests in gift annuities and trusts	15,241		20,373	35,614
Interests in funds held in trust by others			16,332	16,332
Investments restricted for plant facilities	7,120			7,120
TOTAL	**$ 225,077**	**$ 100,202**	**$ 447,693**	**$ 772,972**
LIABILITIES				
Interest rate swaps		$ (8,803)		$ (8,803)
TOTAL	**$**	**$ (8,803)**	**$**	**$ (8,803)**

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

	Balance at 6/30/13	Contributions	Withdrawals	Change in MV	Balance at 6/30/14
Emerging Markets Equity	$ 6,296			$ 2,629	$ 8,925
Hedge Funds	240,067	$ 33,000	$ (45,609)	20,781	248,239
International Equity		10,000		669	10,669
Private Equity	120,027	33,327	(29,851)	26,248	149,751
Real Assets	44,598	16,863	(7,984)	9,577	63,054
Interests in Gift Annuities and Trusts	20,373	555	(2,000)	3,888	22,816
Interests in Funds Held in Trust by Others	16,332	905		1,200	18,437
TOTAL	**$ 447,693**	**$ 94,650**	**$ (85,444)**	**$ 64,992**	**$ 521,891**

	Balance at 6/30/12	Contributions	Withdrawals	Change in MV	Balance at 6/30/13
Emerging Markets Equity		$ 7,000		$ (704)	$ 6,296
Hedge Funds	$ 210,679	62,178	$ (55,272)	22,482	240,067
Private Equity	115,311	18,310	(22,369)	8,775	120,027
Real Assets	37,405	12,463	(5,515)	245	44,598
U.S. Equity	13,503		(14,178)	675	-
Interests in Gift Annuities and Trusts	18,042	1,557	(1,019)	1,793	20,373
Interests in Funds Held in Trust by Others	15,059	61		1,212	16,332
TOTAL	**$ 409,999**	**$ 101,569**	**$ (98,353)**	**$ 34,478**	**$ 447,693**

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 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, 2014, the following liquidity characteristics applied to the College's endowment and board-designated endowment funds:

Liquid within	% of Endowment
1 year	69%
3 years	5%
Illiquid	26%

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, 2014 and 2013 was $1,933 and $1,913, 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% at June 30, 2014 and 2013.

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, 2014 and 2013 was:

	2014	2013
Educational and general properties	$ 12,738	$ 12,582
Library books and materials	2,139	2,082
Auxiliary properties	5,303	4,461
	$ 20,180	$ 19,125

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 $7,453 in 2014 and $7,394 in 2013. Included in these amounts is $514 and $0 of capitalized interest, respectively. Interest expense was $6,155 and $6,103 for years ended June 30, 2014 and 2013, respectively.

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, 2014, the College's income tax years from 2010 and thereafter remain subject to examination by the Internal Revenue Service, as well as various state and local taxing authorities.

Reclassification

Certain June 30, 2013 data have been reclassified to conform to the June 30, 2014 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, 2014:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Assets, 7/1/13	$ 249,338	$ 247,874	$ 215,636	$ 712,848
Realized Gains	14,105	24,669		38,774
Unrealized Gains	27,103	49,619		76,722
Investment Return	$ 41,208	$ 74,288	$	$ 115,496
Contributions, net	(3,799)	6,560	13,321	16,082
Endowment distributions	(13,042)	(22,931)		(35,973)
Endowment Assets, 6/30/14	$ 273,705	$ 305,791	$ 228,957	$ 808,453

The following table reflects the College's change in endowment assets for the year ended June 30, 2013:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Assets, 7/1/12	$ 236,877	$ 218,188	$ 205,313	$ 660,378
Realized Gains	23,363	35,545		58,908
Unrealized Gains	6,008	10,253		16,261
Investment Return	$ 29,371	$ 45,798	$	$ 75,169
Contributions, net	(3,714)	3,631	10,323	10,240
Endowment distributions	(13,196)	(19,743)		(32,939)
Endowment Assets, 6/30/13	$ 249,338	$ 247,874	$ 215,636	$ 712,848

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 ($461,044 and $404,692 at June 30, 2014 and 2013, 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. The endowment maximum loss exposure for purchased contracts is the notional value of the 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):

	2014	2013
Equity Futures	$ 26,027	$ 101,307
Fixed Income Futures	-	10,120
International Equity Futures	80,111	31,331
Total Notional	$ 106,138	$ 142,757
Collateral Cash	$ 106,138	$ 115,905
Net Leverage	$ -	$ 26,852

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

The College has committed to make $99,151 and $117,339 of additional investments at June 30, 2014 and 2013, 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, 2014				June 30, 2013			
	Book Value		Market Value		Book Value		Market Value	
GENERAL INVESTMENT POOL								
Cash and Cash Equivalents	$	20,032	$	20,032	$	9,437	$	9,437
Emerging Markets		68,174		70,469		59,141		54,631
Fixed Income						8,927		9,015
Hedge Funds		190,673		248,239		192,547		240,067
International Equity		102,316		130,285		40,340		54,884
Private Equity		144,254		149,751		132,834		120,027
Real Assets		54,252		63,054		68,606		70,120
U.S. Equity		74,504		126,623		123,489		154,667
Total General Investment Pool	$	654,205	$	808,453	$	635,321	$	712,848
Non Pooled Endowment								
Cash & Cash Equivalents	$	30	$	30	$	59	$	59
Fixed Income		40		41		261		270
International Equitiy						9		4
US Equity		214		247		318		725
Total Separately Invested Funds	$	284	$	318	$	647	$	1,058
TOTAL ENDOWMENT	**$**	**654,489**	**$**	**808,771**	**$**	**635,968**	**$**	**713,906**
ANNUITY AND LIFE INCOME FUNDS								
Pooled Income Fund Trusts								
Cash & Cash Equivalents	$	100	$	100	$	49	$	49
Fixed Income		1,126		1,198		1,098		1,141
International Equity		103		149		122		141
Real Assets		247		282		244		257
U.S. Equity		241		399		297		401
Total Pooled Income Fund Trusts	$	1,817	$	2,128	$	1,810	$	1,989
Gift Annuity Pool								
Cash & Cash Equivalents	$	169	$	169	$	237	$	237
Emerging Markets		711		853		636		707
Fixed Income		4,388		4,575		3,953		4,077
International Equity		1,857		2,785		2,037		2,479
Real Assets		1,698		2,228		1,559		1,952
U.S. Equity		3,416		6,251		3,764		5,789
Total Gift Annuity Pool	$	12,239	$	16,861	$	12,186	$	15,241
Annuity Trusts And Unitrusts								
Cash & Cash Equivalents	$	448	$	448	$	429	$	429
Emerging Markets		916		1,068		740		781
Fixed Income		4,841		5,142		4,514		4,700
International Equity		2,507		3,317		2,629		2,842
Real Assets		3,111		3,397		2,867		2,953
U.S. Equity		4,668		7,316		5,007		6,679
Total Separately Invested Funds	$	16,491	$	20,688	$	16,186	$	18,384
TOTAL ANNUITY &TRUSTS	**$**	**30,547**	**$**	**39,677**	**$**	**30,182**	**$**	**35,614**
RESTRICTED FOR PLANT FACILITIES								
Cash & Cash Equivalents	$	681	$	681	$	860	$	860
Fixed Income		6,307		6,329		24		22
Real Assets		6,243		6,243		6,238		6,238
TOTAL RESTRICTED FOR PLANT FACILITIES	**$**	**13,231**	**$**	**13,253**	**$**	**7,122**	**$**	**7,120**
FUNDS HELD IN TRUST BY OTHERS	**$**	**14,699**	**$**	**18,437**	**$**	**13,794**	**$**	**16,332**
TOTAL ASSETS FOR LONG-TERM INVESTMENT	**$**	**712,966**	**$**	**880,138**	**$**	**687,066**	**$**	**772,972**

3. STUDENT LOANS

Student loans receivable are carried at face value, less an allowance for doubtful accounts of $1,383 and $1,270 at June 30, 2014 and 2013, respectively. The interest rate on federal student financial aid was 5.0% for the year ended June 30, 2014 and 2013. 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.

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

	2014	2013
In one year or less	$ 27,565	$ 11,234
Between one year and five years	24,666	29,163
Greater than five years	4,142	6,196
Less discount	(5,469)	(7,122)
	$ 50,904	$ 39,471

5. BONDS PAYABLE

Bonds payable, net of bond premium and bond discount, at June 30, 2014 and 2013 consisted of the following:

Ohio Higher Educational Facility Commission	2014	2013
Revenue Bonds dated February 1, 1999, maturing annually on October 1, 2014 through 2015 in amounts ranging from $3,380 to $3,560, with an interest rate of 5.250%, plus bond premium of $13 and $28 at June 30, 2014 and 2013, respectively.	$ 6,953	$ 10,178
Revenue Bonds dated September 1, 2003, maturing annually October 1, 2016 through 2033 in amounts ranging from $1,640 to $5,865. Refinanced in 2014.		39,906
Variable-rate Revenue Bonds dated April 18, 2008, maturing annually on October 1, 2023 through 2048 in amounts ranging from $965 to $2,295.	40,000	40,000
Revenue Bonds dated October 1, 2009, maturing in part on October 1, 2014 in the amount of $14,660 and October 1, 2019 in the amount of $52,600, with an interest rate of 5.000%, plus net bond premium of $4,980 and $6,344 at June 30, 2014 and 2013, respectively.	72,240	73,604
Revenue Bonds dated September 12, 2013, maturing annually October 1, 2016 through 2038 in amounts ranging from $910 to $5,610 with an interest rate of 3.000% to 5.000%, plus bond premium of $3,182 at June 30, 2014.	55,577	
Total Bonds Payable, Net of Bond Premium and Discount	$ 174,770	$ 163,688

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 are being 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.

In April 2008, 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 $40,000. These bonds were used to finance the renovation of existing residence halls and academic buildings and construction of new student housing. 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 2003, 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 $40,000 less a net bond discount of $157. A portion of these bonds was used to refund the outstanding principal of the June 1993 Revenue Bonds. The remaining funds were used to finance the purchase, renovation and construction of residence halls and academic buildings and to finance the acquisition and installation of a new phone system. The College refinanced these bonds with the proceeds of the September 2013 bond offering.

In February 1999, 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 $78,875 plus a bond premium of $980. A portion of these bonds was used for an advanced legal defeasance of the remaining Variable Rate Demand Revenue Bonds dated December 1985 and a portion of the outstanding Revenue Bonds dated June 1993. The remaining funds were used to construct a new science center and other academic facilities. Bonds with a par value of $46,990 were legally defeased with the December 2005 bond offering. In addition, bonds with a par value of $3,010 were legally defeased with the October 2009 bond offering.

Future principal payments on the College's outstanding bonds at June 30, 2014, as adjusted after the refinancing described in Note 15, are as follows:

2014-15	$ 4,380
2015-16	3,560
2016-17	1,610
2017-18	2,340
2018-19	2,420
Thereafter	152,285
	$ 166,595

The estimated fair market value of The College's bond payable at June 30, 2014 is $186,774.

6. 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 amortization of the 1999 and 2003 bonds, was $49,950 and $53,160 at June 30, 2014 and 2013, respectively. The net settlement amount earned under this swap arrangement was $285 and $292 for the years ended June 30, 2014 and 2013, 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 term of the 2008 bonds. The net settlement amount expensed was $1,360 and $1,337 for the year ended June 30, 2014 and 2013, respectively.

The fair 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 value of these arrangements, which are classified as Level 2 of the fair value hierarchy at June 30, is as follows:

	2014	2013
Interest rate swap arrangement effective December 1, 2005	$ 50	$ 79
Interest rate swap arrangement effective April 18, 2008	(9,427)	(8,882)
Total Fair Market Value of Interest Rate Swap Arrangements	$ (9,377)	$ (8,803)

7. 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. The accounting for the plan at June 30, 2014 anticipated future cost-sharing changes to the plan that are 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, 2014 and 2013 are as follows:

	2014	2013
Discount Rate	7.00%	7.00%
Health Care Trend Rates – (Pre-65)		
Trend for Next Year	7.75%	8.00%
Ultimate Trend	5.00%	5.00%
Year Ultimate Trend Reached	2022	2022
Health Care Trend Rates – (Post-65)		
Trend for Next Year	6.60%	6.75%
Ultimate Trend	5.00%	5.00%
Year Ultimate Trend Reached	2022	2022
Measurement Date	June 30, 2014	June 30, 2013

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

	2014	2013
Effect of an increase:		
On Benefit Obligation, End of Year	$ 162	$ 164
On Service Cost and Interest Cost for Year	$ 12	$ 13
Effect of a decrease:		
On Benefit Obligation, End of Year	$ (137)	$ (136)
On Service Cost and Interest Cost for Year	$ (9)	$ (10)

The following table reconciles the plan's funded status to the accrued postretirement health care cost liability as reflected on the statements of financial position as of June 30, 2014 and 2013:

Accumulated Postretirement Benefit Obligation	2014	2013
Retirees	$ 7,147	$ 7,426
Other fully eligible participants	3,491	3,138
Other active participants	6,637	6,509
Accumulated Postretirement Benefit Obligation	$ 17,275	$ 17,073

The following table reflects the change in accrued postretirement health care cost liability for the year's ended June 30, 2014 and 2013:

Change in Benefit Obligation	2014	2013
Benefit obligation at beginning of year	$ 17,073	$ 16,438
Service cost	598	603
Interest cost	1,150	1,109
Actuarial (gain) / loss	(301)	519
Benefits paid	(1,245)	(1,596)
Benefit obligation at end of year	$ 17,275	$ 17,073

Net periodic postretirement health care cost for the years ended June 30, 2014 and 2013 included the following components:

Net periodic postretirement benefit cost	2014	2013
Service cost – benefits attributed to service during the period	$ 598	$ 603
Interest cost on accumulated postretirement benefit obligation	1,150	1,109
Net amortization and deferral	(146)	(146)
Net (Gain) or Loss	177	166
Net periodic postretirement benefit cost	$ 1,779	$ 1,732

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

	Total Claims	Medicare Reimbursement	Net Claims
2015	1,545	262	1,283
2016	1,680	300	1,380
2017	1,809	332	1,477
2018	1,868	368	1,500
2019	1,912	407	1,505
2020-2024	10,111	2,660	7,451

Medicare reimbursements reflected above are based on the Medicare Prescription Drug, Improvement, and Modernization Act of 2003. Assuming retiree contributions of 40%, the College expects to contribute $770 toward expected net claims of $1,283 in fiscal year 2015.

8. RETIREMENT PLAN

The College has a contributory defined contribution retirement plan with the Teachers Insurance and Annuity Association – College Retirement Equities Fund. The College makes contributions based on a percentage of an eligible employee's earnings. Contributions for the years ended June 30, 2014 and 2013 were $7,970 and $7,671, respectively.

9. 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 expires on February 1, 2015, and the other line expires on October 27, 2015. The balance outstanding on these lines of credit at June 30, 2014 and 2013 was $5,000, respectively, and is reflected in other current liabilities on the statements of financial position.

During the fiscal year, 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. The draw period commenced on the closing date and is in effect until July 1, 2016. Interest shall accrue at 3-month LIBOR plus 70 basis points (0.70%) during the draw period.

In addition, during the fiscal year the College entered into an interest rate swap arrangement with an initial notional amount equivalent to the amount drawn on the term note, effective July 1, 2016 and terminating June 27, 2024. Under the terms of this swap arrangement, the College will receive monthly interest payments based on 3-month LIBOR plus 70 basis points (0.70%), and will make monthly interest payments at a fixed interest rate of 3.99%. 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.

10. 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 $2,445 and $2,545 at June 30, 2014 and 2013, respectively, within other non-current liabilities on the statements of financial position.

11. COMMITMENTS AND CONTINGENCIES

At June 30, 2014, the College has outstanding commitments on various construction projects totaling approximately $50,056. Of this amount, $31,921 is attributable to the Gateway Complex Project (see Note 14).

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.

12. 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 utilizes 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 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.

During fiscal year 2014, Apollo Theater LLC received a $1,650 capital contribution from an unrelated entity with a 1.2% non-controlling interest. The related net assets balance is included in unrestricted current operations on the statements of financial position. The related change to net assets is included in unrestricted redesignated funds and other on the statement of activities.

13. 25-YEAR POWER PURCHASE AGREEMENT

During fiscal year 2013, the College entered into a 25-year Power Purchase Agreement to prepay $5,572 of electric. The related prepayment balance is included in other current assets on the statements of financial position. Prepaid electric is expensed based on the actual output generated by the solar photovoltaic array.

14. GATEWAY COMPLEX PROJECT

During the fiscal year, the College secured a maximum commitment term note in the amount of $18,000 from a local bank (see Note 9) and finalized the first of two tax credit issues to be utilized to fund a project in connection with 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 supporting nonprofit organization of the College. College Properties of Northern Ohio, Inc. is in the construction stage of a new hotel with a conference center, retail space, and a wing for the College's Admissions and Development operations at a projected cost of approximately $35,000. The project contains a fundraising component, utilizes Federal New Market Tax Credit funding, and is expected to be complete by the end of calendar year 2016.

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.

15. SUBSEQUENT EVENTS

The College has evaluated all events subsequent to the statements of financial position date of June 30, 2014 through December 5, 2014 which is the date these financial statements were available to be issued. There are no subsequent events that require disclosure, except for the following:

On September 16, 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. In addition, Wells Fargo Municipal Capital Strategies, LLC also 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.

On September 23, 2014, the College finalized the second of two tax credit issues to be utilized to fund a project in connection with the rehabilitation and redevelopment of the Oberlin Inn to be known as the Gateway Complex. To facilitate the second Federal New Market Tax Credit structure, 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 1.0% 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.

In addition, College Properties of Northern Ohio, Inc. received two loans, on September 23, 2014, 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.