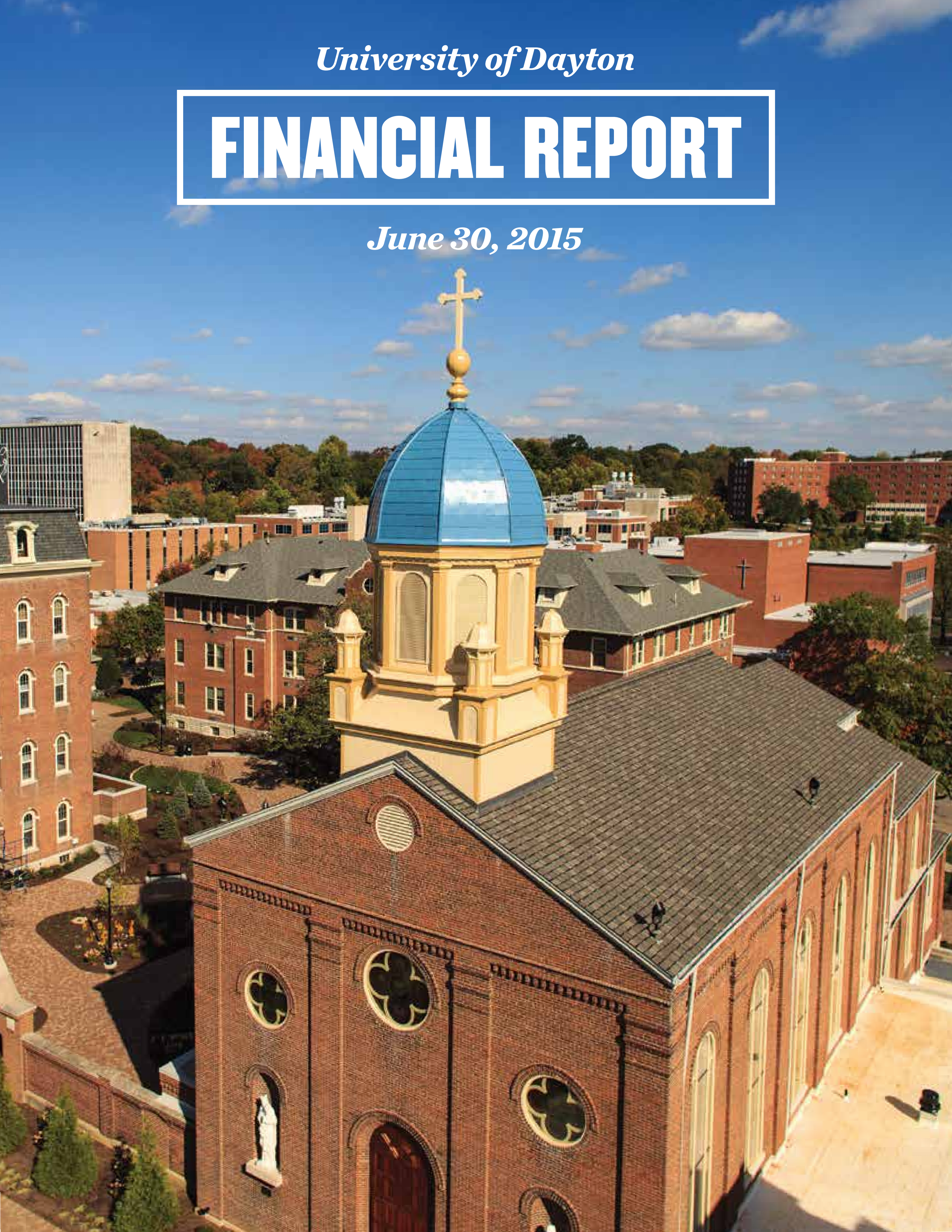
University of Dayton

FINANCIAL REPORT

June 30, 2015



COMPARATIVE SUMMARY INFORMATION

(All Dollar Amounts In Thousands)

	2010-11	2011-12	2012-13	2013-14	2014-15
Endowment - Market	414,503	397,794	442,252	510,107	500,407
Physical Plant - Carrying Value (Excluding Depreciation)	729,303	774,981	877,427	918,237	962,926
Physical Plant - Insurable Value	962,663	1,005,953	1,086,740	1,105,769	1,146,229
Long Term Debt	304,046	355,399	380,966	367,783	411,856
Enrollment - Full Time - Undergraduate	7,156	7,310	7,479	7,475	7,918
Enrollment - Law School	530	493	419	338	294
Enrollment - Graduate School	2,935	2,709	2,698	2,522	2,520
Total Enrollment - Full and Part Time	11,199	11,063	11,186	10,857	11,368
Degrees Awarded - Undergraduate	1,820	1,917	1,856	1,953	1,924
Degrees Awarded - Graduate	1,124	1,130	1,042	1,052	951

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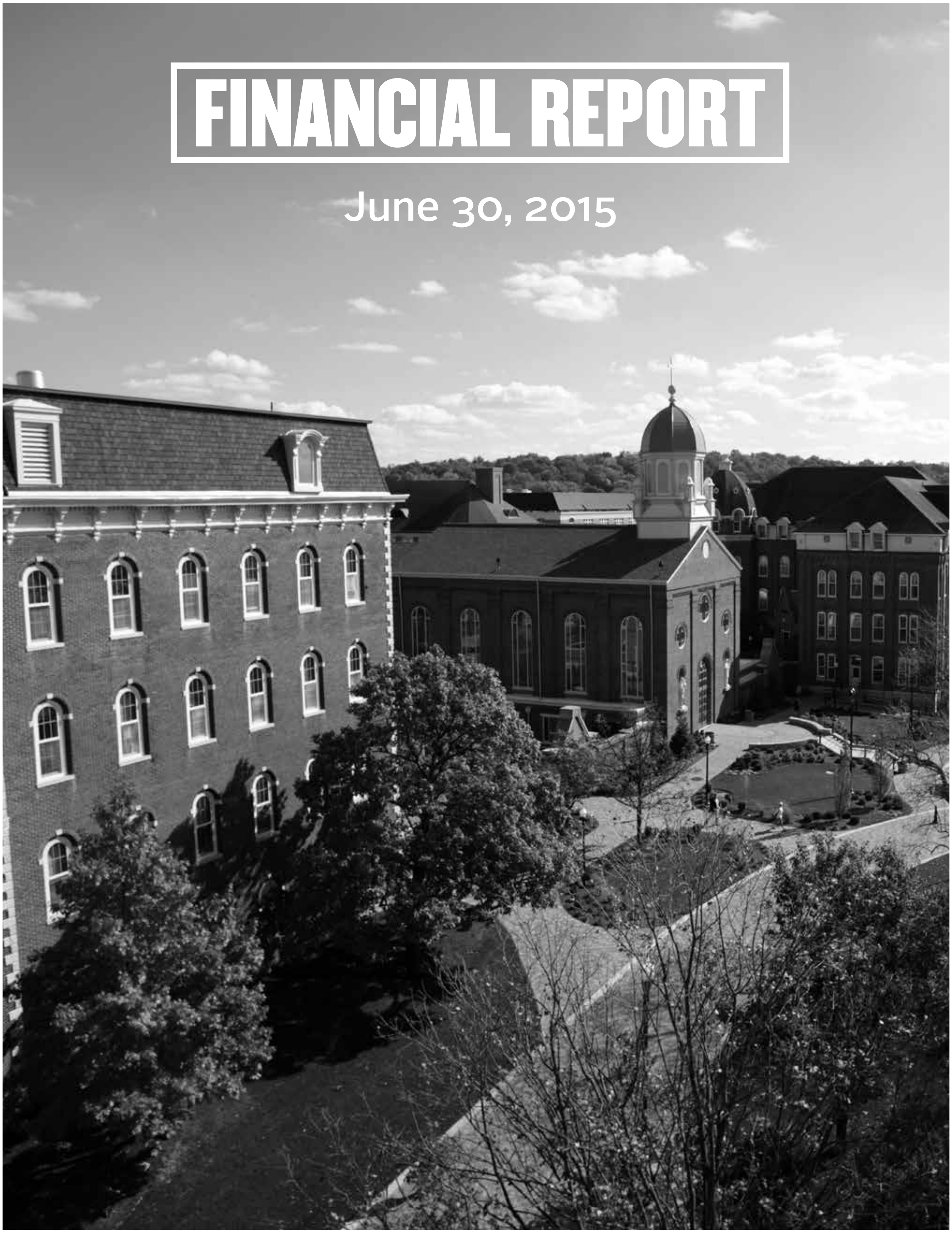

MANAGEMENT'S DISCUSSION AND ANALYSIS

For Year Fiscal Year Ended 6/30/15

Introduction

The following discussion and analysis provides an overview of the financial position of the University of Dayton for the year ended June 30, 2015 with comparative information for the previous year ended June 30, 2014. This overview has been prepared by management and should be read in conjunction with the audited financial statements and the notes that follow this section.

The University of Dayton is a private Roman Catholic national research university in Dayton, Ohio. Founded in 1850 by the Society of Mary (the Marianists), it is one of three Marianist universities in the nation and the largest private university in Ohio. The university's campus spans 388 acres in Dayton and occupies a building at the University of Dayton China Institute in Suzhou Industrial Park, China. The University has over 8,000 full time undergraduates, 2,500 graduate students and 500 part time students with a wide variety of backgrounds, drawn from across the United States and over 70 countries. The university offers more than 70 academic programs in arts and sciences, business administration, education and health sciences, engineering and law.

Financial Highlights

The University continued to produce strong financial results from operations, generating nearly $50 million in operating margin compared to $47 million in the previous year. Cash flows were also strong for the year with $61.6 million provided from operating activities compared to $60.1 in 2014. These results were attributed primarily to record levels of undergraduate enrollment and retention and significant growth in sponsored research. In addition, fundraising in 2015 was also at an all-time high, most notably from the $7 million gift from Fuyao Glass America to support the purchase of the building that houses the University of Dayton China Institute and the record $12.5 million commitment to establish the Hanley Sustainability Institute. These results allowed the university to continue to diversify its revenue base, reducing its overall reliance on undergraduate tuition.

Total assets increased by 6.1% from $1.47 billion to $1.55 billion while liabilities increased to $611 million compared to $548 million in 2014. Total net assets grew by 3% or $27 million. Strong operating results were primarily offset by essentially flat returns in the University's long term investment portfolio. Significant financial events during fiscal year 2015 were:

- Total enrollment grew to 11,368. The number of full-time undergrad students from outside Ohio increased to 54.3% from 51.8% in the previous year. International students comprised 11.5% of the undergraduates compared to 9.3% in fiscal year 2014, a 23.7% increase. The University's retention rate from first to second year undergraduate students increased by 2.25% to 90.5%. Much of this increase is attributed to the guaranteed tuition program implemented in fiscal year 2014. This program allows students and their families to plan for their college expenses by guaranteeing the tuition and fees will remain unchanged over their time of attendance.

- Investments increased by $24.7 million (+3.4%) to a total of $756.1 million. The endowment, which is the largest component of investments, decreased by $9.7 million (-2.0%) to a balance of $500.4 million. Investment returns on the endowment were flat. The annual endowment spending draw of $15.5 million was the primary driver of the decrease offset by almost $6.0 million in new gifts.

- In 2015, the University entered into a joint venture to purchase a hotel adjacent to its campus. The University is a 90% partner in this venture. Assets of $29.5 million, liabilities of $29.3 million and net operations of $0.1 million were consolidated into the University's financial statements.

- The University added $44.7 million in fixed assets during fiscal year 2015. These additions included the previously mentioned hotel purchase, renovations to the historic chapel on campus, renovations for additional research labs and renovations to residential facilities.

- In the spring of 2015, the University issued revenue bonds to fund a variety of facility improvements on campus and to refinance existing revenue bonds – lowering our overall cost of capital. This bond refinanced $34.1 million of existing debt and provided $37 million for renovations.

Consolidated Statements of Financial Position

- Total assets grew by 6.1% or $89.5 million primarily from increases in cash of $33.7 million to $73.0 million, a $30.8 million increase in net fixed assets, and an increase in investments of $24.7 million due to bond proceeds currently held in escrow.

- Total liabilities increased by $62.4 million due primarily to the issuance of the revenue bonds (net increase of $35.9 million) and a $25.3 million note issued for the hotel purchase. Bond principal payments were $20.6 million resulting in a net increase of $44.1 million in indebtedness. The accrued postretirement obligation increased by $4.5 million, accounts payable increased $6.8 million and other liabilities increased by approximately $7.0 million.

- Total unrestricted net assets grew by $13.1 million compared to $100.7 million in 2014. This modest increase was due to the strong operating returns offset by the non-operating losses on investments. Also contributing were the reclassification of pledges to temporarily restricted net assets in recognition of their time restrictions, the changes in post-retirement benefit obligations, loss on bond defeasance, and the changes in the unrealized loss on interest rate swap agreements.

- Restricted and temporarily restricted net assets increased by $14.1 million due to new gifts and the reclassification of pledges. This compared to an increase of $25.4 million in 2014.

Consolidated Statements of Activities

- Total net assets increased by $27.2 million in fiscal year 2015 compared to an increase of $126.1 million in fiscal 2014. The university recognized a total net asset change of $1.5 million from investments in 2015 compared to $103.4 in 2014. As previously discussed, the University recognized actuarial losses of $2.5 million relating to mortality table assumption changes for its post-retirement benefits, compared to actuarial losses of $2.6 million in 2014. Also, the change in unrealized loss on interest rate swaps increased by $2.5 million compared to a gain of $0.5 million in the prior year. The 2015 change in total net assets was reduced by a loss on the defeasement of bonds in the amount of $2.8 million.

- Private gifts, grants and other increased to $65.5 million from $52.9 million in fiscal year 2015. This increase was due to increased gift receipts of $7.6 million and to the revenues generated by the newly acquired hotel operations.

- Government grants and contracts increased by $14.6 million (19.8%) to a total of $88.5 million. This was due to record governmental contract activity in the University's Research Institute. This growth is even more striking in the current federal sponsored research funding environment where most major research institutions are experiencing largely flat growth.

- While operating revenues increased by 7.1%, operating expenditures increased by 7.3%. The growth in revenue and expenditures is due to increases in governmental research and hotel operations. Increased enrollment due to strong recruiting and retention led to the overall increase in change in net assets.

Consolidated Statements of Cash Flows

- Cash increased by $33.7 million in fiscal year 2015 due primarily to increases in accounts payable, accrued liabilities and indebtedness. Fixed asset additions of $58.8 million and the refinancing of $34.1 million of bonds were funded by a new fixed rate revenue bond of $70.2 million and a senior secured note of $26.0 million. Some of this cash remained on the books as of June 30, 2015 and will be used for continuing renovations to on campus facilities and the hotel.

REPORT OF INDEPENDENT AUDITORS

Board of Trustees
University of Dayton
Dayton, Ohio

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of the University of Dayton which comprise the consolidated statements of financial position as of June 30, 2015, and the related consolidated statement of activities and cash flows for the year then ended and the related notes to the consolidated financial statements.

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

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

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

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

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the University of Dayton as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter
The financial statements of the University of Dayton, as of and for the year ended June 30, 2014, were audited by other auditors whose report dated October 8, 2014 expressed an unmodified opinion on those statements.

McGladrey LLP

Dayton, Ohio
October 20, 2015

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30, 2015 And 2014 (In Thousands)

		2015		2014
Assets				
Cash	**$**	**73,026**	$	39,282
Collateral held for securities lending agreement (Note 3)		**1,564**		1,750
Accounts receivable - net (Note 4)		**40,973**		41,361
Pledges receivable - net (Note 4)		**21,526**		21,080
Inventories		**3,833**		3,437
Prepaid expenses and other		**4,237**		3,637
Notes receivable - net (Note 4)		**39,747**		41,316
Investments (Note 5)		**756,061**		731,400
Assets held by others		**1,023**		-
Land, buildings, and equipment (Note 6)		**612,947**		582,126
Total assets	**$**	**1,554,937**	$	1,465,389
Liabilities				
Accounts payable		**20,631**		13,832
Accrued payroll		**9,832**		9,689
Accrued compensated absences		**11,510**		10,738
Liability under securities lending agreement (Note 3)		**1,811**		2,018
Other liabilities		**16,934**		14,644
Split interest agreement obligation (Note 7)		**11,170**		11,030
Interest rate swap obligations (Note 9)		**13,118**		10,587
Deferred revenue and student deposits		**21,074**		19,863
Indebtedness (Note 8)		**411,856**		367,783
Accrued postretirement benefits (Note 10)		**80,919**		76,442
Advances from government for federal loans		**11,853**		11,726
Total liabilities		**610,708**		548,352
Net Assets (Note 12)				
Unrestricted		**696,949**		683,870
Temporarily restricted		**91,820**		82,761
Permanently restricted		**155,460**		150,406
Total net assets		**944,229**		917,037
Total liabilities and net assets	**$**	**1,554,937**	$	1,465,389

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended June 30, 2015 *(In Thousands)*

	Unrestricted	Temporarily Restricted	Permanently Restricted	**Total**
Revenues, gains and other support:				
Student tuition and fees	$ 343,882	$ -	$ -	**$ 343,882**
Less student aid	(128,730)	-	-	**(128,730)**
	215,152	-	-	**215,152**
Private gifts, grants and other (Note 14)	49,007	12,057	4,387	**65,451**
Government grants and contracts	88,470	-	-	**88,470**
Investment return designated for current operations (Note 5)	30,843	-	-	**30,843**
Auxiliary enterprises	99,978	-	-	**99,978**
	483,450	12,057	4,387	**499,894**
Net assets released from restrictions	1,690	(1,822)	132	**-**
Total revenues, gains, and other support	485,140	10,235	4,519	**499,894**
Expenditures:				
Salaries and benefits	243,115	-	-	**243,115**
Interest expense	16,636	-	-	**16,636**
Depreciation	27,979	-	-	**27,979**
Cost of sales	13,019	-	-	**13,019**
Contract services and maintenance	52,784	-	-	**52,784**
Supplies	12,862	-	-	**12,862**
Utilities and communications	17,941	-	-	**17,941**
Other expenditures	50,979	-	-	**50,979**
	435,315	-	-	**435,315**
Change in net assets from operations	49,825	10,235	4,519	**64,579**
Non-operating activities:				
Investment return deficient from amounts designated for current operations (Note 5)	(29,096)	(1,867)	535	**(30,428)**
Actuarial change in annuities	-	747	-	**747**
Change in unrealized loss on interest rate swap agreements	(2,531)	-	-	**(2,531)**
Change in postretirement benefit obligation (Note 7)	(2,411)	-	-	**(2,411)**
Loss on bond defeasance (Note 8)	(2,764)	-	-	**(2,764)**
Reclassification of net assets	(8,372)	8,372	-	**-**
Net assets released from restrictions	8,428	(8,428)	-	**-**
Change in non-operating activities	(36,746)	(1,176)	535	**(37,387)**
Change in net assets	13,079	9,059	5,054	**27,192**
Net assets at beginning of year	683,870	82,761	150,406	**917,037**
Net assets at end of year	$ 696,949	$ 91,820	$ 155,460	**$ 944,229**

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended June 30, 2014 *(In Thousands)*

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains and other support:				
Student tuition and fees	$ 318,990	$ -	$ -	$ 318,990
Less student aid	(107,458)	-	-	(107,458)
	211,532	-	-	211,532
Private gifts, grants and other (Note 14)	43,717	2,881	6,293	52,891
Government grants and contracts	73,897	-	-	73,897
Investment return designated for current operations (Note 5)	30,267	-	-	30,267
Auxiliary enterprises	91,800	-	-	91,800
	451,213	2,881	6,293	460,387
Net assets released from restrictions	1,710	(1,831)	121	-
Total revenues, gains, and other support	452,923	1,050	6,414	460,387
Expenditures:				
Salaries and benefits	227,063	-	-	227,063
Interest expense	16,894	-	-	16,894
Depreciation	27,195	-	-	27,195
Cost of sales	11,821	-	-	11,821
Contract services and maintenance	49,305	-	-	49,305
Supplies	11,777	-	-	11,777
Utilities and communications	16,936	-	-	16,936
Other expenditures	44,705	(470)	-	44,235
	405,696	(470)	-	405,226
Change in net assets from operations	47,227	1,520	6,414	55,161
Non-operating activities:				
Investment return in excess of amounts designated for current operations (Note 5)	52,827	19,826	436	73,089
Change in unrealized loss on interest rate swap agreements	505	-	-	505
Change in postretirement benefit obligation	(2,607)	-	-	(2,607)
Change in endowments operating at a loss	2,768	(2,768)		-
Change in non-operating activities	53,493	17,058	436	70,987
Change in net assets	100,720	18,578	6,850	126,148
Net assets at beginning of year	583,150	64,183	143,556	790,889
Net assets at end of year	$ 683,870	$ 82,761	$ 150,406	$ 917,037

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year Ended June 30, 2015 and 2014 *(In Thousands)*

	2015	2014
Operating activities:		
Change in net assets	$ 27,192	$ 126,148
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	27,979	27,195
Amortization	(958)	(934)
Gifts for restricted purposes	(4,519)	(6,414)
Net realized and unrealized gains on investments	(6,153)	(90,899)
Income restricted for long-term investment	865	804
Change in postretirement benefit obligation	4,477	4,661
(Gains) loss on interest rate swap agreements	2,531	(505)
Cash (used in) provided by operating assets and liabilities:		
(Increase) decrease in receivables	(58)	1,083
(Increase) decrease in inventories and prepaid expenses and other	(1,017)	(199)
(Decrease) increase in accounts payable, accrued liabilities, and other liabilities	10,043	(3,040)
(Decrease) increase in deferred revenue and student deposits	1,211	2,216
Net cash provided by operating activities	61,593	60,116
Investing activities:		
Income restricted for long term investment	(865)	(804)
Proceeds from the sale of investments	608,705	1,073,698
Purchases of investments	(627,235)	(1,071,322)
Change in assets held by others	(1,023)	-
Additions of land, buildings and equipment, net of nominal disposals	(58,800)	(45,529)
Net cash used in investing activities	(79,218)	(43,957)
Financing activities:		
Increase in advances from government for federal loans	127	239
Gifts for restricted purposes	4,519	6,414
Decrease in notes receivable	1,569	448
Proceeds on indebtedness	95,471	-
Premium on bond issuance	4,394	-
Payments on bond defeasance	(34,145)	-
Payments on indebtedness	(20,566)	(12,153)
Net cash provided by (used in) financing activities	51,369	(5,052)
Net increase in cash	33,744	11,107
Cash:		
Beginning	39,282	28,175
Ending	$ 73,026	$ 39,282

See notes to consolidated financial statements.

Note 1. Description of the Organization

The University of Dayton (the University) is an independent, coeducational institution founded and sponsored by the Society of Mary (the Marianists), a Roman Catholic Institute of Consecrated Life. The University is located in Dayton, Ohio and is one of the nation's largest Catholic institutions of higher learning. Its students are actively recruited from all states, as well as from over seventy foreign nations. The student population approximates 8,000 undergraduate and 2,500 graduate students. The University awards baccalaureate, masters, and selected doctoral degrees in programs within the College of Arts and Sciences and four professional schools: the School of Business Administration, the School of Education and Health Sciences, the School of Engineering, and the School of Law. Through its Research Institute, the University also directs over $97,000 of research contracts, the majority of which are government funded.

The accompanying consolidated financial statements present the accounts of the following entities, hereafter referred to as the University:

The University of Dayton;

Nine legal limited liability companies that own interests in real estate near the University's campus, and of which the University is the sole member;

UDCI, Ltd., a limited liability company established to hold the University's interests in its operations in China, and of which the University is the sole member;

The River Park Community Corporation, a separate not for profit corporation engaged in activities related to the university, and of which the University is the sole member;

River Park Development II, LLC, a wholly owned affiliate of The River Park Community Corporation;

1414 South Patterson, LLC, a limited liability company established to hold the University's interests in a real estate joint venture, and of which the University is the sole member; and

Dayton Hotel II, LLC and Concord Dayton Hotel II, LLC, both of which are controlled by 1414 South Patterson, LLC and established to own and operate a hotel adjacent to the University's campus.

Note 2. Summary of Significant Accounting Policies

The following is a summary of significant accounting policies followed in the preparation of the accompanying consolidated financial statements.

Basis of presentation: The consolidated financial statements include the accounts of all controlled affiliates that are required to be consolidated, and all intercompany transactions and balances have been eliminated. Investments in joint ventures for which the University does not have control or is not the primary beneficiary, but has the ability to exercise significant influence over the operating and financial policies, are accounted for under the equity method. Accordingly, the University's share of net earnings and losses from these ventures is included in the consolidated statements of activities.

Net assets: Net assets are classified into three categories: unrestricted, which have no donor-imposed restrictions; temporarily restricted, which have donor-imposed restrictions that will expire in the future; and permanently restricted, which have donor-imposed restrictions that do not expire.

Note 2. Summary of Significant Accounting Policies (Continued)

The expiration of a donor-imposed restriction on a contribution or endowment income is recognized in the period in which the restriction expires, and, at that time, the related resources are reclassified to unrestricted net assets. A restriction expires when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Contributions of long-lived assets, such as land, buildings, or equipment without donor stipulations concerning the use are reported as revenue of the unrestricted net asset class. Such gifts are recorded at fair value at the date of donation. Contributions of cash or other assets that must be used to acquire long-lived assets are reported as temporarily restricted revenue. The temporary restriction is considered released upon acquisition of the asset.

Net assets are released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of events specified by the donors or by the change of restrictions specified by the donors. Contributions received with donor-imposed restrictions, where the restrictions are met in the same fiscal year, are reported as unrestricted net assets. In 2015, the University released $1,822 in temporarily restricted net assets including $19 for instruction, $255 for administrative and general and $1,416 for auxiliary enterprises to unrestricted net assets and $132 to permanently restricted net assets based on donor restrictions. In 2014, the University released $1,831 in temporarily restricted net assets including $294 for instruction, $259 for administrative and general and $1,157 for auxiliary enterprises to unrestricted net assets and $121 to permanently restricted net assets based on donor restrictions.

Measure of operations: The change in net assets from operations excludes certain activity. Amounts not included in the measure of operations include investment return in excess of or deficient from amounts designated for current operations and changes in the net unrealized gain (loss) on interest rate swap agreements, change in postretirement benefit obligation, loss on bond defeasement, and change in endowments operating at a loss. The Board of Trustees designates a specified amount of the expected investment return in support of current operations. Any excess is reinvested to maintain earnings growth for support of future operations. Amounts designated for current operations include the established endowment spending draw plus amounts designated for certain expenses, including interest on indebtedness and accrued postretirement benefits.

Related-party transactions: The Marianists are a separate entity from the University. Members of the Marianists may serve on the faculty and staff of the University under employment agreements; however, they are not eligible to participate in the University’s retirement programs. On an annual basis, the University reimburses the Marianists an amount equivalent to the salaries and benefits of employed members. The reimbursement was $1,342 in 2015 and $1,229 in 2014. The University’s intent is to compensate the Marianists at a rate comparable to University employees in similar positions. The Marianists contribute funds to the University, which are recorded as gifts. These gifts were $394 and $360 in 2015 and 2014, respectively.

The University is a party to a joint venture agreement with another not for profit entity to perform contract research for the Federal government. The University is a 50% member of this joint venture limited liability company, and also a subcontractor to this entity. The University recognized government contract revenue of $2,397 in 2015 and $903 in 2014 from this entity.

Note 2. Summary of Significant Accounting Policies (Continued)

Liquidity: Assets and liabilities are listed in their estimated order of liquidity. For accounts with undeterminable liquidity, the University has made additional disclosures in the accompanying notes to the consolidated financial statements.

Revenue recognition: The University records tuition and fees collected prior to the beginning of each academic semester as deferred revenue. Income from tuition and fees is recognized at the beginning of the semester when classes begin. Tuition and fees relating to summer sessions that begin after June 30 are recorded in the consolidated statement of financial position as deferred revenue.

Contributions received, including unconditional promises, are recognized as revenue when the donor's commitment is received. Unconditional promises are recognized at the estimated present value of the future cash flows, net of allowances that represent fair value. Promises made that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted revenue. Conditional promises are recorded when donor stipulations are substantially met.

Grants and contracts consist primarily of contractual agreements with governmental and private entities for the conduct of research and other sponsored programs. These agreements represent exchange transactions between the University and the grantors and contractors and are, accordingly, included in unrestricted net assets. Revenue is recognized on grants and contracts as expenses are incurred, and any payments received in advance of expenses being incurred are reflected as deferred revenue.

Revenue from auxiliary enterprises is recognized as earned.

Cash and cash equivalents: Cash and cash equivalents include all cash and highly liquid investments that are neither internally nor externally restricted. The University considers highly liquid investments to be cash equivalents when they are both readily convertible to cash and so near to maturity (typically within 90 days) that their value is not subject to substantial risk due to changes in interest rates. The amount of cash and cash equivalents carried in the consolidated statements of financial position represents fair value in accordance with Financial Accounting Standards Board (FASB) ASC 820, *Fair Value Measurements and Disclosures*.

Accounts receivable, net: Accounts receivable consist of amounts due to the University for tuition, grants and contracts and other revenue generated by the University. The University has recorded an allowance for doubtful accounts based on management's assessment of historical and net collections considering historical business and economic conditions. Amounts are recorded at estimated net realizable value.

Pledges receivable, net: Pledges are recorded as revenue in the year the pledge is made. Unconditional donor pledges to give cash, marketable securities, and other assets are reported at fair value using a discounted cash flow approach. The discount rates used range from 1.7% to 7.0% depending on the year the pledge was received. Conditional donor promises to give and indications of intentions to give are not recognized until the condition is satisfied. Pledges received with donor restriction that limit the use of the donated assets are reported as either temporary or permanently restricted support until the donor restriction expires. Most unconditional promises are designated for scholarships and general operating purposes. An allowance is recorded for amounts deemed uncollectible.

Inventories: Inventories are stated at the lower of cost (first-in, first-out method) or market.

Note 2. Summary of Significant Accounting Policies (Continued)

Notes receivable, net: Notes receivable consist of a loan associated with the office and research facility and from student loans under government loan programs. An allowance for doubtful accounts has been recorded based on management's assessment of historical and net collections considering historical business and economic conditions. The notes are recorded at estimated net realizable value.

Investments: The University invests its endowed funds and other funds in a variety of marketable securities and alternative investments. Investments in marketable debt and equity securities are carried at market value based on quoted market prices or the last reported sale price on the last business day of the fiscal year.

Investment in alternative investments include limited partnerships, private equity, hedge funds, and real estate partnerships, do not have readily determinable fair values, and are carried at the University's proportionate share of the fund's net asset value used as a practical expedient. Such fair value estimates are based upon the funds' net asset value at its year end, adjusted for any contributions, distributions and earnings between the funds' year end and the University's year end. In management's opinion, the stated values approximate fair value. Due to the inherent uncertainty of valuation, the estimated values may differ from values that would have been used had a readily available market value for the investments existed, and such differences may be material.

The weighted average method is used for purposes of determining gains and losses on the sale of marketable securities. Interest and dividend income is recorded when earned.

The University also holds certain real estate investments that are not readily marketable. These investments are accounted for on the equity method.

Split interest agreements: The University has entered into split interest agreements, including charitable remainder trusts and gift annuities which provide that the University, as trustee, make payments to designated beneficiaries in accordance with the applicable donor's trust or contractual agreement. The University is also the beneficiary of charitable trusts held by third party trustees. Assets held under these agreements are included in investments and are recorded at fair value. At the date of contribution, the University records a split interest agreement obligation to life beneficiaries based on the present value of the estimated payments to designated life beneficiaries. The split interest agreement obligation is recorded in other liabilities on the consolidated statement of financial position. Obligations under split interest agreements are recorded at the present value of estimated payments (based on actuarially determined life expectancy tables, trust asset growth assumptions, and discount rates ranging from 1.2% to 10.0%). The University believes its valuation methods are appropriate and consistent with similar agreements held by other institutions and the use of different methodologies or assumptions to determine the fair value of similar liabilities could result in a different fair value measurement at the reporting date. The annual change in the value of the split interest agreement obligation to life beneficiaries is reflected in the consolidated statement of activities and represents the change in actuarial assumptions as well as the revenues and expenses of the trust.

Land, buildings, and equipment: Property and equipment is recorded at cost. Depreciation of buildings, land improvements, and equipment is recorded using the straight-line method over the estimated useful lives of 45 years, 20 years, and 3 to 15 years, respectively. The cost of repairs and maintenance is charged to expense in the year incurred.

Note 2. Summary of Significant Accounting Policies (Continued)

Assets held by others: Assets held by others represent the present value of the estimated income the University will receive in the future from beneficial interest in trusts for which third parties serve as the trustees.

Advances from government for federal loans: Funds provided by the United States government under the Federal Perkins Loan Program are loaned to qualified students. Any funds collected from students may be re-loaned. These funds are ultimately refundable to the government and are recorded as a liability in the accompanying consolidated statements of financial position.

Income taxes: The University is recognized by the Internal Revenue Service (IRS) as an organization exempt from federal taxation under Section 501(c)(3) of the Internal Revenue Code (IRC). The University is a public charity as defined by IRC Section 170(b)(1)(A)(ii). The University is exempt from federal income taxes except to the extent of income derived from unrelated business activities. Unrelated business income is not material to the financial statements. The entities for which the University is the sole member are disregarded for tax purposes. Any activity from these entities is included in the tax return of the University.

The River Park Community Corporation has been recognized by the Internal Revenue Service as a title holding corporation exempt from federal taxation under Section 501(c)(2) of the IRC. The River Park Community Corporation is exempt from federal income taxes except to the extent of income derived from unrelated business activities. Unrelated business income is not material to the financial statements.

Tax returns filed by the University and River Park Community Corporation are subject to examination by the IRS up to three years from the filing date of each return. Forms 990 and 990T filed by the entities are no longer subject to examination for the years 2011 and prior.

The University completed an analysis of its tax position, in accordance with Accounting Standards Codification (ASC) 740, *Income Taxes*, and determined that no amounts were required to be recognized in the consolidated financial statements as of June 30, 2015 or 2014.

Use of estimates: The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions. These estimates are used to determine the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also are used to determine the reported amounts of revenue, gains, and other support and expenditures during the reporting period. The actual results could differ from these estimates.

Fair value measurements: The University follows the provisions of Financial Accounting Standards Board (FASB) ASC 820, *Fair Value Measurements and Disclosures,* which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, and establishes a framework for measuring fair value. ASC 820 defines a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date.

Note 2. Summary of Significant Accounting Policies (Continued)

ASC 820 emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, and as noted above, ASC 820 defines a three-level fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity and the reporting entity's own assumptions about market participants. The fair value hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1 – Inputs utilize quoted market prices in active markets for identical assets or liabilities

Level 2 – Inputs may include quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset and liability (other than quoted prices), such as interest rates, foreign exchange rates, and yield curves that are observable at commonly quoted intervals

Level 3 – Inputs are unobservable for the asset or liability, which is typically based on an entity's own assumptions, as there is little, if any, related market activity

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The University's assessment of the significance of a particular input to the fair value measurement requires judgment and considers factors specific to the asset or liability.

New accounting pronouncements: In May 2015, the FASB issued ASU No. 2015-07, *Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*. This ASU is required to be applied to annual reporting periods beginning on or after December 15, 2015. ASU No. 2015-07 removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. The amendments also remove the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share as a practical expedient. Rather, those disclosures are limited to investments for which the entity has elected to measure the fair value using that practical expedient. The adoption of this pronouncement did not have a material impact on the consolidated financial statements.

In April 2015, the FASB issued ASU No. 2015-03, *Simplifying the Presentation of Debt Issuance Costs.* This ASU is required to be applied to financial statements issued for fiscal years beginning after December 15, 2015. The amendments in ASU 2015-03 are intended to simplify the presentation of debt issuance costs. These amendments require that debt issuance costs related to a recognized debt liability be presented in the consolidated statement of financial position as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by the amendments in this ASU. Management is currently evaluating the impact these updates may have on the University's financial statements and disclosures.

Reclassifications: Certain reclassifications have been made to the 2014 consolidated financial statement presentation to conform to 2015 presentation. Such reclassifications had no effect on the previously stated change in net assets.

Note 3. Securities Lending Program

The University participates in a pooled securities lending program, whereby securities owned by the University are loaned to other entities as part of a pool that is managed by a custodian bank. The pool requires that cash and non-cash collateral from the borrower be placed with a third party trustee in an amount equal to 102% of the market value of the loaned securities for securities of United States issuers, and 105% of the market value of the loaned securities for securities of non-United States issuers. The University maintains effective control of the loaned marketable securities through its custodian during the term of the arrangement in that they may be recalled at any time. Under the terms of the arrangement, the borrower must return the same, or substantially the same, marketable securities that were borrowed.

The custodian invests the cash collateral received in government securities, overnight commercial paper and other short-term overnight investments on behalf of the University and other members of the securities lending pool. The market value of cash collateral held for loaned marketable securities is reported as collateral held for securities lending agreement on the accompanying consolidated statements of financial position. A corresponding liability is also recorded for repayment of such collateral upon settlement of the securities lending arrangements. The market value of noncash collateral is not recorded in the consolidated statements of financial position in accordance with ASC 860, *Transfers and Servicing.*

At June 30, 2015, securities on loan totaled $3,972 for which a total amount of $4,103 of collateral was posted by the borrowers; the market value of the cash collateral held was $1,811. At June 30, 2014, securities on loan totaled $2,968 for which a total amount of $3,090 of collateral was posted by the borrowers; the market value of the cash collateral held was $2,018. As a result of the changes in the fair value of the invested cash collateral at June 30, 2015 and 2014, the University recorded gains of approximately $21 and $23 respectively. The results of changes in the fair value of invested collateral are included in investment gain in excess of amounts designated for current operations on the consolidated statement of activities. These amounts are treated as noncash items for purposes of recording cash flows. The market value of noncash collateral at June 30, 2015 and 2014 was $2,292 and $1,072, respectively.

Note 4. Receivables

Accounts receivable, net: Accounts receivable consist of the following as of June 30:

	2015	2014
Amounts due from students for tuition and other costs	$ 7,701	$ 7,791
Grants and contracts	25,984	30,011
Related entities	5,047	1,720
Other	4,136	4,505
	42,868	44,027
Less: allowance for doubtful accounts	(1,895)	(2,666)
Total accounts receivable, net	$ 40,973	$ 41,361

(All Dollar Amounts In Thousands)

Note 4. Receivables (Continued)

Pledges receivable, net: Outstanding pledges receivable as of June 30, 2015 and 2014, respectively, are as follows:

	2015	2014
Less than one year	$ 13,249	$ 12,295
One to five years	7,509	7,818
More than five years	2,569	2,682
	23,327	22,795
Less: discount on pledges	(668)	(611)
Less: allowance for uncollectible pledges	(1,133)	(1,104)
Total accounts receivable, net	$ 21,526	$ 21,080

Notes receivable, net: Notes receivable consist of the following as of June 30:

	2015	2014
Office and research facility (Note 15)	$ 27,315	$ 27,315
Other capital corporation	-	300
Student loans under government loan programs	14,357	15,676
	41,672	43,291
Less: allowance for doubtful accounts for student loans	(1,925)	(1,975)
Total notes receivable, net	$ 39,747	$ 41,316

Note 5. Investments

The carrying value of investments at June 30 is reflected in the following table:

	2015	2014
Cash and cash equivalents	22,048	15,078
Fixed maturity:		
US Treasuries	20,332	-
Mutual funds and pooled accounts	135,144	121,206
Individual securities	1,035	1,032
Total fixed maturity	156,511	122,238
Equities:		
Mutual funds and pooled accounts:		
Domestic	24,144	55,477
International	142,408	125,026
Individual securities:		
Domestic	116,613	79,309
Total equities	283,165	259,812
Exchange traded commodities and real assets	74,226	111,067
Hedge funds	134,841	133,292
Private equity funds	60,662	57,148
Real estate and real estate funds	23,883	32,083
Other	725	682
Total	$ 756,061	$ 731,400

Approximately $694,901 and $695,794 of the carrying value of investments as of June 30, 2015 and 2014, respectively, is invested in the University's long-term investment pool (the pool). This pool includes the University's endowment funds. The investments not included in the pool are not readily converted into cash and cash equivalents and include real estate holdings, life income gifts, restricted endowment funds, and bond proceeds.

Some of the alternative investments, including the real estate and real estate funds, limited partnerships, hedge funds and private equity investments, have time restrictions on redemption. These restrictions vary from six months to the stated term of the limited partnership, trust, or fund, which may be longer than one year. Certain real estate and real estate funds are accounted for using the equity method. During this period, the University may not be able to readily sell or convert certain holdings in the pool to cash. Funds that have restrictions on liquidity in excess of one year are approximately $81,998 and $83,517 as of June 30, 2015 and 2014, respectively, and range from two to seven years in duration.

Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is possible that changes in the values of investment securities may occur in the near term and those changes could materially affect the amounts reported in the consolidated financial statements.

(All Dollar Amounts In Thousands)

Note 5. Investments (Continued)

The University incurred investment-related expenses, such as custodial fees and investment advisory fees, of $2,414 and $1,823 in 2015 and 2014, respectively.

The following tables summarize the investment return and its classification in the consolidated statements of activities as of June 30:

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Dividends and interest earnings	$ 10,388	$ 506	$ 360	$ 11,254
Net realized and unrealized gains (losses)	(8,641)	(1,137)	175	(9,603)
Gross return on investments	1,747	(631)	535	1,651
Investment return designated for annuity obligations	-	(1,236)	-	(1,236)
Total return on investments, net	1,747	(1,867)	535	415
Investment return designated for current operations	(30,843)	-	-	(30,843)
Investment return in deficient of amounts designated for current operations	$ (29,096)	$ (1,867)	$ 535	$ (30,428)

	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Dividends and interest earnings	$ 12,844	$ 349	$ 455	$ 13,648
Net realized and unrealized gains (losses)	70,250	20,645	(19)	90,876
Gross return on investments	83,094	20,994	436	104,524
Investment return designated for annuity obligations	-	(1,168)	-	(1,168)
Total return on investments, net	83,094	19,826	436	103,356
Investment return designated for current operations	(30,267)	-	-	(30,267)
Investment return in excess of amounts designated for current operations	$ 52,827	$ 19,826	$ 436	$ 73,089

Note 6. Land, Buildings, and Equipment

The following is a summary of land, buildings, and equipment at June 30:

	2015	2014
Buildings	$ 639,526	$ 608,492
Equipment	143,458	147,770
Land and land improvements	92,157	89,972
Library books	69,296	66,589
Renovations-in-progress	18,489	5,414
	962,926	918,237
Accumulated depreciation	(349,979)	(336,111)
	$ 612,947	$ 582,126

Depreciation expense was $27,979 and $27,195 in 2015 and 2014, respectively.

Note 7. Split Interest Agreements

A summary of assets held and related obligation related to split interest agreements as of June 30 follows:

	2015	2014
Assets:		
Charitable remainder trusts	$ 15,319	$ 15,187
Charitable gift annuities	4,081	3,550
Total	$ 19,400	$ 18,737
Liabilities:		
Split interest agreement obligation	$ 11,170	$ 11,030

Contributions related to split interest agreements totaled $1,870 and $993 for the years ended June 30, 2015 and 2014, respectively.

(All Dollar Amounts In Thousands)

Note 8. Indebtedness

The University finances the construction, renovation, and acquisition of certain facilities through the issuance of debt obligations which may include bonds, bank loans, and other borrowings. Total indebtedness for the years ended June 30 was as follows:

	2015	2014
Notes and term loan:		
Note payable	$ -	$ 6,171
Term loan	27,315	27,315
111 River Park, LLC – notes payable	35,996	35,996
Senior secured note	25,271	-
Other various notes	256	280
Revenue bonds – fixed rate:		
2004, due serially	-	5,895
2009, due serially	65,775	67,405
2011A, due serially	21,440	24,440
2013, due serially	57,510	57,510
2015A, due serially	49,775	-
2015B, due serially	20,425	-
Revenue bonds – variable rate:		
2003, due serially	22,350	40,225
2006, due serially	46,865	66,980
2011B	28,000	28,000
Net premium	10,878	7,566
	$ 411,856	$ 367,783

Under the terms of a new market tax credit financing arrangement, the University borrowed $27,315 under a term loan agreement with a bank. This term loan is unsecured and bears interest at LIBOR plus 1.35% and matures on October 1, 2021. The loan requires monthly payments of only interest through October 31, 2016. Beginning on November 1, 2016, the University is required to make quarterly principal payments ranging from $199 to $250 through May 1, 2021, $11,500 on June 1, 2021, $254 on August 1, 2021 and $11,306 at maturity.

As part of the new market tax credit financing referred to above, four unrelated community development entities provided debt financing to 111 River Park, LLC, a qualified active low income community business owned and controlled by the University, in order to construct an office and research facility adjacent to its campus. This financing consists of eight separate qualified low income community investment loans totaling $35,996 which are secured by a mortgage on the real property financed. These loans have interest rates ranging from 3.63% to 4.74%. The loans require payments of interest only through October 31, 2018, and then principal payments of $700 to $1,466 per year from November 1, 2018 through September 30, 2041, with a payment of $12,880 due at final maturity on October 5, 2041.

The senior secured note is an amortizing loan at a fixed interest rate of 3.98% with a final maturity of December 17, 2026. The proceeds were used to finance the purchase and planned renovation of hotel adjacent to the University's campus; the note is secured by a mortgage on this real estate. Monthly principal payments range from $62 to $189 through November 2026, with a balance of $5,000 due at maturity.

Note 8. Indebtedness (Continued)

The University uses the proceeds from Revenue Bonds to finance the construction and renovation of facilities related to the University's academic purpose. Revenue Bonds are structured as long-term leases with the State of Ohio Higher Education Facility Commission. Under the terms of these indentures, the buildings and facilities (historical cost totaling over $365,000) are pledged as security, in addition to University revenue and the full faith and credit of the University. Upon repayment of the Revenue Bonds and termination of the leases, ownership of the respective facilities is transferred to the University.

The 2003 Revenue Bonds bear interest at a variable rate based upon the Consumer Price Index plus a stated spread; this rate has been fixed at rates ranging from 4.09% to 4.44% through final maturity in 2024 under the terms of a related swap agreement. Principal payments ranging from $1,225 to $3,775 are due annually through final maturity in 2024.

The 2006 Revenue Bonds bear interest at both fixed and variable rates; the variable rates are based upon the Consumer Price Index plus a spread and have been fixed at rates ranging from 4.09% to 4.44% through December 1, 2023 under the terms of a related swap agreement. Amounts due after December 1, 2023 bear interest at a fixed rate of 5%. Principal payments ranging from $680 to $5,345 are due annually through final maturity in 2032.

The 2009 Revenue Bonds bear interest at fixed rates ranging from 4.0% to 5.5%. Principal payments ranging from $1,095 to $5,705 are due annually through final maturity in 2037.

The 2011A Revenue Bonds bear interest at fixed rates ranging from 4.0% to 5.625%. Principal payments ranging from $1,700 to $3,155 are due annually through 2018. Principal payments ranging from $850 to $1,150 are due annually between 2025 and 2031, and principal payments ranging from $685 to $1,075 are due annually between 2034 and final maturity in 2042.

The 2011B Revenue Bonds bear interest at variable rates based upon the SIFMA Index plus 1.25%; the interest rate has been fixed at 5.249% under the terms of a swap agreement. These bonds mature on July 1, 2016 and are subject to mandatory redemption on June 1, 2016 in the principal amount of $14,000. The remaining balance of these bonds are due at maturity.

The 2013 Revenue Bonds bear interest at fixed rates ranging from 3.0% to 5.0%. Principal payments ranging from $1,340 to $3,100 are due annually through final maturity in 2044.

The 2015A Revenue Bonds bear interest at fixed rates ranging from 3.0% to 5.0%. Principal payments ranging from $650 to $5,440 are due annually beginning in 2025 through final maturity in 2046.

The 2015B Revenue Bonds bear interest at fixed rates ranging from .9% to 4.335%. Principal payments are ranging from $595 to $1,765 are due annually beginning in 2017 through 2034, with a final principal payment of $1,330 due in 2036.

The outstanding bonds do not require mandatory reserves for future payments of principal and interest.

(All Dollar Amounts In Thousands)

Note 8. Indebtedness (Continued)

Debt obligations are generally callable by the University and mature at various dates through 2045. Maturities on debt obligations for the next five years and thereafter are:

2016	$	26,433
2017		28,539
2018		16,136
2019		14,512
2020		14,037
2021 and thereafter		312,199
Total	$	411,856

Interest expense was $16,636 for 2015 and $16,894 for 2014. Cash paid for interest was $17,368 for 2015 and $17,564 for 2014.

With the issuance of the 2015 Revenue Bonds, the University defeased the callable portions of the 2003 Revenue Bonds and the 2006 Revenue Bonds. The University removed $34,145 in bond principal and $285 in premium from the consolidated statement of financial position, and recognized a loss on defeasance of $2,764.

As discussed more fully in Note 9, the University has entered into interest rate swap agreements that fix the interest rates on its variable rate debt.

The University maintains unsecured revolving credit agreements with two banks totaling $40,000. The agreements, which are $20,000 each, are due to expire on December 14, 2015 and December 31, 2016. As of June 30, 2015 and 2014 respectively, the University had not drawn on these lines of credit.

The University is a partner in a real estate partnership and has guaranteed a portion of third-party loans to the partnership in the amount of $7,979. The University guarantee coincides with the term of the loan, which matures on July 3, 2017. The University has a two year agreement to lease property from this partnership with a minimum payment of approximately $500 per year.

As of June 30, 2015, the University had met all of the covenants required under its bond indentures and bank loans.

Note 9. Interest Rate Swap Obligations

The University uses interest rate swap agreements to manage interest rate risk associated with its variable rate debt. Under these agreements, the University and its counterparty agree to exchange the difference between the fixed and variable rate interest amounts calculated by reference to specified notional principal amounts during the agreement period. The difference between the fixed and variable interest amounts under the swap agreements is recorded as interest expense. The change in fair value of the interest rate swap agreements is recorded as a change in net unrealized gain (loss) on interest rate swap agreements.

Note 9. Interest Rate Swap Obligations (Continued)

In August 2006, the University entered into an interest rate swap agreement with a notional amount of $25,995. This agreement effectively fixed the interest rate on the portion of the $72,105 State of Ohio Higher Education Facility Commission, 2006 Revenue Bonds whose interest rate was tied to the Consumer Price Index (CPI) at rates ranging from 4.09% to 4.44% for the bonds maturing between the dates of December 1, 2015 through December 1, 2023. The fair value of this agreement as of June 30, 2015 and 2014 is recorded as a liability of $2,088 and $1,444, respectively in the accompanying consolidated statements of financial position.

Also in August 2006, the University entered into an interest rate swap agreement with a notional amount of $22,350. This agreement effectively fixed the interest rate, for the term of the bonds, on the portion of the $54,100 State of Ohio Higher Education Facility Commission Converted 2003 Revenue Bonds whose interest rate was tied to the CPI at rates ranging from 4.09% to 4.44% for the bonds maturing between the dates of December 1, 2015 and December 1, 2023. The fair value of this agreement as of June 30, 2015 and 2014 is recorded as a liability of $1,187 and $923, respectively in the accompanying consolidated statements of financial position.

In April 2007, the University entered into an interest rate swap agreement with a notional amount of $28,000. This agreement effectively fixed the interest rate on the $28,000 State of Ohio Higher Education Facility Commission 2002 Variable Rate Revenue Bonds at 3.999% through December 1, 2032. In 2009, these bonds were retired and replaced with the 2011B Revenue Bonds. Under the term of this swap, the University pays 3.999% on the notional amount and receives the monthly SIFMA municipal swap index rate. The fair value of this agreement as of June 30, 2015 and 2014 is recorded as a liability of $5,972 and $5,037, respectively in the accompanying consolidated statements of financial position.

In July 2011, the University entered into an interest rate swap agreement with a notional amount of $27,449. The University receives the one-month LIBOR rate plus a spread of 1.35% and is required to pay a fixed rate of 5.16% through September 30, 2031. This agreement effectively fixed the interest rate on the $27,315 variable rate term loan at 5.16% through the term of the loan. The fair value of this agreement as of June 30, 2015 and 2014 is recorded as a liability of $3,871 and $3,183, respectively in the accompanying consolidated statements of financial position.

Note 10. Retirement Plans

The University sponsors a defined contribution retirement plan that includes substantially all of its full-time employees. The University purchases individual retirement annuities through Teachers Insurance and Annuity Association (TIAA) to fund retirement benefits. The University contributes between 2.5% and 9% of an eligible employee’s salary into such annuities, depending upon the employee’s contribution levels and years of service. University contributions into participant accounts vest ratably over the participant’s first four years of service. The University has no unfunded pension obligation because its required plan contributions are funded on a current basis. The cost to fund these benefits was $10,362 in 2015 and $9,971 in 2014.

Through salary reduction agreements, employees may contribute additional amounts on a tax-deferred basis with either of two investment providers, in accordance with limitations under the Internal Revenue Code of 1986, as amended.

(All Dollar Amounts In Thousands)

Note 10. Retirement Plans (Continued)

The University also provides health care benefits to retired faculty and staff hired before January 1, 2014; this benefit is not eligible to employees hired after that date. Faculty and staff are eligible for this benefit if they have either worked 20 years and attained age 55, or worked 10 years and attained age 60, while in service with the University. The plan is contributory and contains other cost-sharing features such as deductibles and co-insurance; contributions by plan participants were $1,260 in 2015 and $1,170 in 2014. The University makes amounts available to retirees to purchase health care insurance under this plan and the accrued liabilities associated with this plan have been recorded on the University's financial statements in accordance with generally accepted accounting principles.

Postretirement benefit expense related to the Plan includes the following components as of June 30:

	2015	2014
Service cost of benefits earned	$ 1,766	$ 1,603
Interest cost on liability	2,907	3,046
Amortization of prior service cost	(118)	(118)
Amortization of net loss	182	-
Net periodic postretirement benefit cost	$ 4,737	$ 4,531

A summary of the components of the changes in the projected benefit obligations and funded status of the Plan as of June 30 is as follows:

	2015	2014
Change in projected benefit obligations:		
Projected benefit obligation, beginning of year	$ 76,442	$ 71,781
Service cost	1,766	1,603
Interest cost	2,907	3,046
Actuarial (gain) loss	2,475	2,489
Benefits paid	(2,671)	(2,477)
Projected benefit obligation, end of year	80,919	76,442
Change in fair value of plan assets:		
Fair value of plan assets, beginning of year		
Employer contributions	2,671	2,477
Benefits paid	(2,671)	(2,477)
Fair value of plan assets, end of year	-	-
Net liability on the statements of financial position	$ 80,919	$ 76,442

A summary of the components recognized in unrestricted net assets for the years ended June 30 is as follows:

	2015	2014
Actuarial (loss) gain	$ (2,475)	$ (2,489)
Prior service cost	(118)	(118)
Amortization of net loss	182	-
	$ (2,411)	$ (2,607)

Note 10. Retirement Plans (Continued)

Included in unrestricted net assets are $0 and $118 of unrecognized prior service cost at June 30, 2015 and 2014, respectively that have not yet been recognized in the net periodic benefit cost. There are also unrecognized actuarial losses of $11,866 and $9,573 included in unrestricted net assets at June 30, 2015 and 2014, respectively, which have not yet been recognized in the net periodic benefit cost. The net actuarial loss expected to be recognized during the year ended June 30, 2016, is $353.

The following weighted-average assumptions were used to determine the postretirement benefit obligation and the postretirement benefit cost as of June 30:

	2015	2014
Weighted-average discount rate used to determine the projected benefit obligation	4.20%	3.90%
Weighted-average discount rate assumption used to determine the net periodic benefit cost	3.90%	4.35%

The University used the RP2014 mortality table in determining its obligation.

The health care cost trend rate assumption significantly affects the projected benefit obligation and the change in the postretirement benefit obligation reported in the consolidated financial statements. The model is based on long-term projections of Gross Domestic Product per capita and National Health Expenditures per capita. These inputs are based assumptions from the University's actuaries. The model does not specifically include an administrative cost trend. Rather, administrative costs are incorporated with the medical assumptions.

The following health care cost trend rates were assumed in the determination of the postretirement benefit obligation and net periodic benefit cost as of June 30:

	2015	2014
Initial year trend:		
Combined trend pre-Medicare	7.10%	7.30%
Combined trend post-Medicare	7.10%	7.20%
Combined ultimate trend for pre-1994 and grandfathered retirees:		
Pre-Medicare	4.50%	4.50%
Post-Medicare	4.50%	4.50%
Combined ultimate trend for non-grandfathered participants and post-1994 retirees:		
Pre-Medicare	4.50%	4.50%
Post-Medicare	No Trend	No Trend
Year that rates reach the ultimate trend rate	2028	2028

A one-percentage point change in the assumed health care cost trend rate would have the following effect on the postretirement benefit obligation as of June 30, 2015, and the net periodic benefit cost:

	1.00% Increase	1.00% Decrease
Effect on postretirement benefit obligation	$ 7,898	$ (6,822)
Effect on net periodic benefit cost	489	(421)

(All Dollar Amounts In Thousands)

Note 10. Retirement Plans (Continued)

The following benefit payments, which reflect expected future service and the effect of the Medicare subsidy, as appropriate, are expected to be paid over the next ten years:

Year ending:		
2016	$	3,901
2017		4,378
2018		4,751
2019		5,044
2020		5,257
2021–2024		29,722

Note 11. Fair Value of Financial Instruments

The University records investments in cash and cash equivalents, equity securities and equity and bond mutual funds at their current fair values based on quoted market prices in active markets for identical assets, which is consistent with Level 1 in the fair value hierarchy.

The University records its investments in U.S. government treasuries, exchange traded commodities and real estate and municipal bonds at their current fair values based on quoted market prices in markets that are not active for all significant inputs, which is consistent with Level 2 in the fair value hierarchy; this includes the non-cash collateral held for security lending agreements. Following is the summary of the inputs and valuation techniques used as of June 30, 2015 and 2014 for valuing Level 2 investments:

Investments	Input	Valuation Technique
Cash equivalents	Broker/Dealer	Market
US Treasuries	Broker/Dealer	Market
Exchange traded commodities and real assets	Broker/Dealer	Market

The University also holds investments in private equity funds, real estate and real estate funds, hedge funds, commodity funds, and other investments that are not publicly traded but are valued at a net asset value per unit, or its equivalent. The University records its holding in these assets at the reported net asset value, and as such, these investments have been excluded from the fair value hierarchy. Due to the inherent uncertainty of valuation, the estimated fair values may differ from values that would have been used had a readily available market value for the investments existed, and such differences could be material.

Note 11. Fair Value of Financial Instruments (Continued)

The University also holds certain real estate investments that it accounts for using the equity method. As such, these investments are also excluded from the fair value hierarchy.

The following table summarizes the recorded amount of assets and liabilities by class of asset/liability recorded at fair value on a recurring basis:

	2015			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investments:				
Cash and cash equivalents	$ 7,784	$ 14,264	$ -	$ 22,048
US Treasuries	-	20,332	-	20,332
Fixed maturity:				
Mutual funds	135,144	-	-	135,144
Individual securities	1,035	-	-	1,035
Equities:				
Mutual funds				
Domestic	24,144	-	-	24,144
International	142,408	-	-	142,408
Individual securities				
Domestic	116,613			116,613
Exchange traded commodities and real assets	48,210	22,109	-	70,319
Real estate and real estate funds	2,343	-	-	2,343
Guaranteed investment contract	-	-	725	725
	477,681	56,705	725	535,111
Investments reported at fair value based on net asset value and equity method:				
Private equity funds [a]				60,662
Real estate and real estate funds [a]				18,641
Real assets [a]				3,907
Hedge funds [a]				134,841
Real estate - equity method				2,899
Total investment assets	477,681	56,705	725	756,061
Collateral held for securities lending agreement:				
Cash and cash equivalents	-	-	-	1,564
Assets held by others [b]	-	-	1,023	1,023
Total assets at fair value	$ 477,681	$ 56,705	$ 1,748	$ 758,648
Liabilities				
Interest rate swap obligation	$ -	$ -	$ 13,118	$ 13,118

(All Dollar Amounts In Thousands)

Note 11. Fair Value of Financial Instruments (Continued)

	2014			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investments:				
Cash and cash equivalents	$ 1,647	$ 13,431	$ -	$ 15,078
Fixed maturity:				
Mutual funds	121,206	-	-	121,206
Individual securities	1,032	-	-	1,032
Equities:				
Mutual funds				
Domestic	55,477	-	-	55,477
International	125,026	-	-	125,026
Individual securities				
Domestic	79,309			79,309
Exchange traded commodities and real assets	61,705	45,674	-	107,379
Real estate and real estate funds	2,354	-	-	2,354
Guaranteed investment contract	-	-	682	682
	447,756	59,105	682	507,543
Funds reported at fair value based on net asset value and equity method:				
Private equity funds [a]				57,148
Real estate and real estate funds [a]				26,659
Real assets [a]				3,688
Hedge funds [a]				133,292
Real estate - equity method				3,070
Total investment assets	447,756	59,105	682	731,400
Collateral held for securities lending agreement:				
Cash and cash equivalents	-	-	-	1,750
Total assets at fair value	$ 447,756	$ 59,105	$ 682	$ 733,150
Liabilities				
Interest rate swap obligation	$ -	$ -	$ 10,587	$ 10,587

[a] In accordance with Subtopic 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statement of financial position.

[b] The fair value of benefit interests in trusts held by others (perpetual trusts) are based on quoted prices of the underlying assets held by trustees. Due to restrictions on these assets that do not allow the University redemption rights, fair value is deemed to be based on Level 3 inputs.

Note 11. Fair Value of Financial Instruments (Continued)

The table below represents quantitative information about significant unobservable inputs related to investments reported at fair value using the practical expedient.

		Fair Value		Unfunded Commitments	Redemption Frequency (if currently eligible)*	Redemption Notice Period
Private equity funds [a]	$	60,662	$	13,770		
Real estate and real estate funds [b]		18,641		4,055		
Real assets [c]		3,907		-		
Hedge funds -Equity long/short [d]		52,871		-	monthly, quarterly	30-60 days
Hedge funds - Event driven [e]		24,784		-	quarterly	45-90 days
Hedge Funds - Global opportunities [f]		17,442		-	monthly, quarterly	3-45 days
Hedge Funds - Relative value [g]		20,269		-	quarterly, annually	60-90 days
Hedge Funds - Multi-strategy [h]		19,475		3,986	quarterly, annually	65-90 days
Total	$	218,051	$	21,811		

**Redemptions may be subject to an initial and/or rolling one to three year lock up or investor/fund level gate.*

(a) This class includes several private equity funds engaging venture capital, buyout and turnaround investments in U.S. and European companies. The University records its position in these funds at the reported net asset value of its ownership interest in partners' capital as reported by the general partner or fund manager, which represents fair value. These funds may hold publicly traded securities as well as other securities that do not have a readily determinable market value. Investments in publicly traded securities are generally valued at quoted market prices in active markets. Investments without readily determinable quoted market prices in active markets are valued by the fund managers or valuation committees; such valuation estimates consider cost data, restrictions affecting marketability, operating results, the financial condition of the underlying portfolio company and prices determined by using recent observable transaction information for similar investments or transactions. The nature of the investments in this class is that distributions are received through the liquidation of the underlying assets of the fund. It is anticipated that the underlying assets of the fund would be liquidated over the next 7 to 10 years it is probable that all of the investments in this class will be sold at an amount different from the reported net asset value at June 30, 2015.

(b) Real estate funds class includes several funds that invest primarily in U.S. commercial real estate properties. The University records its position in these funds at the reported net asset value of its ownership interest in partners' capital as reported by the general partner, which represents fair value. The holdings in these funds are valued by the fund managers or valuation committees; such valuation estimates consider cost data, restrictions affecting marketability, operating results, the financial condition of the underlying property and prices determined by using recent observable transaction information for similar purchase, sale or financing transactions. These investments cannot be redeemed with the fund. The nature of the investments in this class is that distributions are received through the liquidation of the underlying assets of the fund. It is anticipated that the underlying assets of the fund would be liquidated over the next 2 to 7 years it is probable that all of the investments in this class will be sold at an amount different from the reported net asset value at June 30, 2015.

Note 11. Fair Value of Financial Instruments (Continued)

(c) Real assets are held in a private real estate investment trust that invests in commercial timberland properties. The University records its position in this trust at the reported net asset value of its ownership interest in the trust as reported by the fund manager, which represents fair value. The trust's holdings are valued by fund manager or valuation committees by using recent observable transaction information for similar holdings or transactions. These investments cannot be redeemed with the fund. The nature of the investments in this class is that distributions are received through the liquidation of the underlying assets of the fund. It is anticipated that the underlying assets of the fund would be liquidated over the next 7 to 10 years it is probable that all of the investments in this class will be sold at an amount different from the reported net asset value at June 30, 2015.

(d) Long-short strategies seek to profit by taking positions in equities and generally involve fundamental analysis in the investment decision process. Managers in these strategies tend to be "stock pickers" and typically manage market exposure by shifting allocations between long and short investments depending on market conditions and outlook. Long-short strategies may comprise investments in one or multiple countries, including emerging markets and one or multiple sectors.

(e) Event driven strategies involve investing in opportunities created by significant transaction events, such as spin-offs, mergers and acquisitions, and reorganizations. These strategies include risk arbitrage, distressed situations investing, special situations, opportunistic investing, and activism.

(f) Global opportunities strategies seek to exploit opportunities in various global markets. Portfolio managers employing these strategies have a broad mandate to invest in those markets and instruments which they believe provide the best opportunity. A portfolio manager employing a global macro strategy may take positions in currencies, sovereign bonds, global equities, and equity indices or commodities.

(g) Relative value strategies seek to profit by exploiting pricing inefficiencies between related instruments while remaining long-term neutral to directional price movements in any one market. These `strategies include, but are not limited to: Convertible Bond Arbitrage, Fixed Income Arbitrage, Options Arbitrage, Pairs Trading, and multiple "Market Neutral" strategies.

(h) Multi-strategy funds dynamically allocate their assets among a variety of investment strategies to capture systematic inefficiencies and idiosyncratic opportunities across asset classes and market cycles. The various investment strategies employed include those detailed above. These investments include a commitment based investment in a renewable energy fund focused on the development, operation, and management of various solar projects.

Note 11. Fair Value of Financial Instruments (Continued)

The following is a reconciliation of assets in which significant unobservable inputs (Level 3) were used in determining fair value for the years ended June 30:

	Assets Held by Others	Guaranteed Investment Contract	Total
Balance at July 1, 2014	$ -	$ 682	$ 682
Total gains or losses for the period included in earnings (or changes in net assets)			
Purchases, issues, sales and settlements:			
Purchase	1,023	43	1,066
Sales	-	-	-
Balance at June 30, 2015	$ 1,023	$ 725	$ 1,748

	Assets Held by Others	Guaranteed Investment Contract	Total
Balance at July 1, 2013	$ -	$ 662	$ 662
Total gains or losses for the period included in earnings (or changes in net assets)			
Purchases, issues, sales and settlements:			
Purchase	-	20	20
Sales	-	-	-
Balance at June 30, 2014	$ -	$ 682	$ 682

There were no significant transfers in and out of Level 1, 2, or 3 during the period ending June 30, 2015 or 2014.

The following is a reconciliation of liabilities in which significant unobservable inputs (Level 3) were used in determining fair value for the years ended June 30 (in thousands):

	2015	2014
Balance, beginning of year	$ 10,587	$ 11,092
Market value change	2,531	(505)
Balance, end of year	$ 13,118	$ 10,587

The carrying amount of cash, accounts receivable, and deferred income and student deposits approximates fair value because of the short duration of these financial instruments.

(All Dollar Amounts In Thousands)

Note 11. Fair Value of Financial Instruments (Continued)

A reasonable estimate of the fair value of the notes receivable and advances from government for federal loans could not be made because the notes receivable are not saleable and can only be assigned to the United States government or its designees. It is not practical to estimate the fair value of grants and contracts receivable since they contain federally mandated interest rates and repayment terms subject to significant restrictions as to their transfer and disposition.

The carrying amount of pledges receivable approximates fair value as these donations are recorded at the net present value of the amount pledged.

The fair value of the fixed rate indebtedness is approximately $324,288 as of June 30, 2015, and was estimated using discounted cash flows. The carrying amount of the University's variable rate debt approximates fair value and is $121,273.

Note 12. Nature and Amount of Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are restricted for the following purposes as of June 30:

	2015	2014
Instruction	$ 23,622	$ 22,723
Administrative and general	7,474	3,809
Organized research	-	105
Libraries	3,861	4,243
Student aid	44,748	48,186
Auxiliary enterprises	5,115	3,695
Related entity	7,000	-
	$ 91,820	$ 82,761

Permanently restricted net assets are restricted for the following purposes as of June 30:

	2015	2014
Instruction	$ 58,313	$ 57,495
Administrative and general	10,806	10,519
Organized research	2,670	2,602
Libraries	4,532	4,338
Student aid	76,591	72,885
Auxiliary enterprises	2,548	2,567
	$ 155,460	$ 150,406

Note 13. Endowment Funds

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

The University has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) to require the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the University classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as unrestricted or temporarily restricted in accordance with UPMIFA and donor stipulations. Also in accordance with the University's interpretation of UPMIFA and absent specific donor restrictions on an endowed fund, the Board may appropriate the realized and unrealized net appreciation in the fair value of the assets of that fund for uses and purposes of the fund.

From time to time, the fair value of assets associated with the individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires the University to retain as a fund of perpetual duration. In accordance with accounting standards, deficiencies of this nature are reported in unrestricted net assets. There was a deficiency of $2,174 and $1,024 recorded as of June 30, 2015 and 2014, respectively.

The long-term objective of the University's investment portfolio is to generate a return which is sufficient to provide funding for programs supported by its endowment. To accomplish this objective, the University seeks to earn the greatest total return possible consistent with its general risk tolerance and a diversified asset allocation strategy. To satisfy its long-term rate-of-return objectives, the University relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The University targets a diversified asset allocation that includes equity-based investments to achieve its long-term objectives within prudent risk constraints.

The University uses a hybrid method to calculate the amount it withdraws from its endowment each year (the spending). A portion of the spending is based on the prior year's spend plus an inflationary factor. The remaining portion of the spending is calculated by computing a return on the average of the previous twenty quarters ending market value computed at December 31 each year for the fiscal year beginning the following July 1. The amount distributed is bound by a floor of 3.5% and a ceiling of 5.5% of the previous December 31 fair values for the endowment funds.

(All Dollar Amounts In Thousands)

Note 13. Endowment Funds (Continued)

The University has the following endowment-related activities:

	Changes in Endowment Net Assets			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at July 1, 2014	$ 296,321	$ 71,657	$ 150,186	$ 518,164
Adjustment of endowment assets	2,048	(2,843)	(7,262)	(8,057)
Investment return:				
Investment income	8,534	-	360	8,894
Net appreciation (depreciation) (realized and unrealized)	(8,856)	-	175	(8,681)
Contributions	166	-	5,627	5,793
Other (additions and deletions to		-	-	-
endowment)		(189)		(189)
Appropriation of endowment assets for expenditure	(7,089)	(8,428)	-	(15,517)
Endowment net assets at June 30, 2015	$ 291,124	$ 60,197	$ 149,086	$ 500,407

	Changes in Endowment Net Assets			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at July 1, 2013	$ 251,080	$ 56,194	$ 143,338	$ 450,612
Investment return:				
Investment income	4,890	2,364	454	7,708
Net appreciation (depreciation) (realized and unrealized)	34,695	23,740	(19)	58,416
Contributions	420	-	6,413	6,833
Other (additions and deletions to endowment)	11,567	(2,767)	-	8,800
Appropriation of endowment assets for expenditure	(6,331)	(7,874)	-	(14,205)
Endowment net assets at June 30, 2014	$ 296,321	$ 71,657	$ 150,186	$ 518,164

Note 14. Private Gifts, Grants, and Other

Private gifts, grants, and other include the following:

	Year Ended June 30, 2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Gifts	$ 7,903	$ 12,057	$ 4,762	$ 24,722
Private research contracts	10,361	-	-	10,361
Sponsored projects	10,008	-	-	10,008
Related entities	12,061	-	-	12,061
Miscellaneous income	8,299	-	-	8,299
Transfers between restrictions	375	-	(375)	-
	$ 49,007	$ 12,057	$ 4,387	$ 65,451

	Year Ended June 30, 2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Gifts	$ 8,373	$ 2,881	$ 5,930	$ 17,184
Private research contracts	14,084	-	-	14,084
Sponsored projects	10,509	-	-	10,509
Related entities	3,667	-	-	3,667
Miscellaneous income	7,447	-	-	7,447
Transfers between restrictions	(363)	-	363	-
	$ 43,717	$ 2,881	$ 6,293	$ 52,891

Note 15. Functional Classification of Expenses

The University's functional classifications of the unrestricted operating expenses are as follows as of June 30:

	2015	2014
Instruction	$ 137,087	$ 130,938
Administrative and general	57,638	57,840
Libraries	12,168	11,273
Sponsored academic projects	13,659	15,026
Organized research	97,034	86,413
Auxiliary enterprises	97,071	92,173
Fundraising	8,292	8,007
Related entities	12,366	4,026
	$ 435,315	$ 405,696

(All Dollar Amounts In Thousands)

Note 16. Consolidated Entities

Office and research facility: The University and certain affiliated entities entered into a new market tax credit financing transaction to finance the construction of an office and research facility adjacent to its campus. In conjunction with this transaction, an affiliate of the University entered into an agreement to lease this facility to a multinational corporation for fifteen years, plus renewal options.

The University recorded the following assets and liabilities on its books at June 30:

	2015	2014
Assets:		
Cash	$ 1,237	$ 2,856
Accounts receivable	3,253	1,717
Note receivable from investment fund	27,315	27,315
Land, buildings and equipment	46,535	48,189
Liabilities:		
Term loan payable to bank	$ 27,315	$ 27,315
Loans payable to the CDEs	35,996	35,996
Deferred rental income	257	420

The term loan payable to the bank and the loans payable to the CDEs have been recorded as long-term debt on the accompanying consolidated financial statements.

Construction was completed in July 2014 at a cost of approximately $53,000. The tenant moved into the facility and rent commenced on August 1, 2014.

The rent payments from the lessee are intended to fund the expected financing and debt service costs during the term of the lease, which may or may not coincide with the term of the financing.

Hotel operations: In December 2014, the University entered into a joint venture to purchase a local hotel adjacent to its campus. The University is a 90% partner in this venture.

The University recorded the following assets, liabilities, and equity on its books at June 30:

	2015
Assets:	
Cash	$ 8,439
Land, buildings and equipment	18,892
Liabilities and equity:	
Senior secured note	$ 25,271
University net assets	124

The entity had operating income of $124 in 2015. Of this amount $12 was attributed to the noncontrolling interest member.

Note 16. Consolidated Entities (Continued)

University of Dayton China Institute: In August 2013, the University opened a wholly owned foreign enterprise in China. The University of Dayton China Institute (UDCI) was established to provide research facilities for University faculty and students and educational and training opportunities for companies in the Suzhou Industrial Park, where the center is located. The University recognized income of $261 and expenditures of $281 during the year ended June 30, 2015 and income of $171 and expenditures of $291 during the year ended June 30, 2014 from this enterprise.

Note 17. Subsequent Events

The University has evaluated and disclosed any subsequent events through October 20, 2015, which is the date the financial statements were issued and made available.

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