Ursinus College

Financial Statements

June 30, 2018 and 2017

BAKER TILLY

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Independent Auditors' Report

Board of Trustees
Ursinus College

We have audited the accompanying financial statements of Ursinus College (the "College"), which comprise the statement of financial position as of June 30, 2018 and 2017, 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 auditor considers 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 Ursinus College as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Baker Tilly Virchow Krause, LLP

Philadelphia, Pennsylvania
November 6, 2018

Ursinus College

Statement of Financial Position
June 30, 2018 and 2017

	2018	2017
Assets		
Cash and cash equivalents	$ 2,634,661	$ 7,673,491
Accounts receivable, net	652,603	412,705
Prepaid expenses	1,304,019	1,173,079
Pledges receivable, net	4,135,397	4,661,625
Student loans receivable, net	1,625,339	1,674,151
Deposits with bond trustees	7,222,358	19,457,354
Investments and funds held in trust by others	169,927,229	168,564,920
Land, buildings, and equipment, net	135,509,747	118,061,267
Collections	8,818,901	8,086,398
Other assets	891,172	843,325
Total assets	$ 332,721,426	$ 330,608,315
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$ 7,923,383	$ 4,234,745
Accrued payroll	1,685,832	1,754,988
Deferred revenues	408,072	492,217
Refundable deposits	754,230	801,212
Retirement obligations	573,330	649,157
Annuities payable	5,485,632	5,472,789
Conditional asset retirement obligations	1,903,066	1,865,411
Long-term debt, net	61,266,667	62,840,459
U.S. government grants refundable	1,522,886	1,616,372
Total liabilities	81,523,098	79,727,350
Net Assets		
Unrestricted	108,572,737	111,586,440
Temporarily restricted	49,934,858	48,649,321
Permanently restricted	92,690,733	90,645,204
Total net assets	251,198,328	250,880,965
Total liabilities and net assets	$ 332,721,426	$ 330,608,315

See notes to financial statements

Ursinus College

Statement of Activities
Year Ended June 30, 2018
(with Comparative Totals for 2017)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2018 Total	2017 Total
Operating Revenue					
Tuition and fees	$ 74,048,895	$ -	$ -	$ 74,048,895	$ 74,835,204
Less student aid	(45,578,493)	-	-	(45,578,493)	(45,027,461)
Net tuition and fees	28,470,402	-	-	28,470,402	29,807,743
Room and board	17,473,113	-	-	17,473,113	18,139,778
Contributions	2,464,295	988,235	-	3,452,530	3,753,451
Government grants and contracts	1,310,494	-	-	1,310,494	1,285,517
Endowment funds used for operations	8,008,781	80,810	-	8,089,591	6,351,327
Other investment income	1,085,548	3,089	-	1,088,637	1,848,742
Other auxiliary enterprises	18,424	-	-	18,424	76,197
Other income	2,010,425	-	-	2,010,425	1,321,198
Net realized and unrealized losses	(158,012)	-	-	(158,012)	(150,528)
Net assets released from restrictions	762,444	(762,444)	-	-	-
Total operating revenue	61,445,914	309,690	-	61,755,604	62,433,425
Operating Expenses					
Program services:					
Instruction	20,503,551	-	-	20,503,551	21,716,818
Research	543,713	-	-	543,713	364,188
Public service	962,190	-	-	962,190	905,188
Student services	10,032,193	-	-	10,032,193	9,886,246
Auxiliary enterprises	11,034,789	-	-	11,034,789	10,957,674
Total program services	43,076,436	-	-	43,076,436	43,830,114
Supporting services:					
Academic support	6,599,443	-	-	6,599,443	6,464,175
Management and general	14,069,175	-	-	14,069,175	13,906,095
Total supporting services	20,668,618	-	-	20,668,618	20,370,270
Total operating expenses	63,745,054	-	-	63,745,054	64,200,384
Change in net assets from operations	(2,299,140)	309,690	-	(1,989,450)	(1,766,959)
Nonoperating Activities					
Contributions	974,521	851,771	1,786,163	3,612,455	5,332,924
Other investment income	24,230	132,700	39,026	195,956	197,808
Net realized and unrealized gains	188,279	5,470,227	355,923	6,014,429	13,355,946
Endowment funds provided to operations	(5,517,220)	-	-	(5,517,220)	(4,282,140)
Actuarial gain (loss) on annuities payable	-	9,211	(135,583)	(126,372)	(136,331)
Other expenses	(1,872,435)	-	-	(1,872,435)	(86,349)
Net assets released from restrictions	5,488,062	(5,488,062)	-	-	-
Change in net assets from nonoperating activiti	(714,563)	975,847	2,045,529	2,306,813	14,381,858
Change in net assets	(3,013,703)	1,285,537	2,045,529	317,363	12,614,899
Net Assets, Beginning	111,586,440	48,649,321	90,645,204	250,880,965	238,266,066
Net Assets, Ending	$ 108,572,737	$ 49,934,858	$ 92,690,733	$ 251,198,328	$ 250,880,965

See notes to financial statements

Ursinus College

Statement of Activities
Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating Revenue				
Tuition and fees	$ 74,835,204	$ -	$ -	$ 74,835,204
Less student aid	(45,027,461)	-	-	(45,027,461)
Net tuition and fees	29,807,743	-	-	29,807,743
Room and board	18,139,778	-	-	18,139,778
Contributions	2,465,757	1,287,694	-	3,753,451
Government grants and contracts	1,279,700	5,817	-	1,285,517
Endowment funds used for operations	6,271,642	79,685	-	6,351,327
Other investment income	1,847,619	1,123	-	1,848,742
Other auxiliary enterprises	76,197	-	-	76,197
Other income	1,299,623	21,575	-	1,321,198
Net realized and unrealized losses	(150,528)	-	-	(150,528)
Net assets released from restrictions	874,924	(874,924)	-	-
Total operating revenue	61,912,455	520,970	-	62,433,425
Operating Expenses				
Program services:				
Instruction	21,716,818	-	-	21,716,818
Research	364,188	-	-	364,188
Public service	905,188	-	-	905,188
Student services	9,886,246	-	-	9,886,246
Auxiliary enterprises	10,957,674	-	-	10,957,674
Total program services	43,830,114	-	-	43,830,114
Supporting services:				
Academic support	6,464,175	-	-	6,464,175
Management and general	13,906,095	-	-	13,906,095
Total supporting services	20,370,270	-	-	20,370,270
Total operating expenses	64,200,384	-	-	64,200,384
Change in net assets from operations	(2,287,929)	520,970	-	(1,766,959)
Nonoperating Activities				
Contributions	759,190	1,612,494	2,961,240	5,332,924
Other investment income	33,027	127,335	37,446	197,808
Net realized and unrealized gains	1,722,146	11,555,338	78,462	13,355,946
Endowment funds provided to operations	(4,282,140)	-	-	(4,282,140)
Actuarial (loss) on annuities payable	-	(2,118)	(134,213)	(136,331)
Other expenses	(86,349)	-	-	(86,349)
Net assets released from restrictions	4,333,724	(4,333,724)	-	-
Change in net assets from nonoperating activities	2,479,598	8,959,325	2,942,935	14,381,858
Change in net assets	191,669	9,480,295	2,942,935	12,614,899
Net Assets, Beginning	111,394,771	39,169,026	87,702,269	238,266,066
Net Assets, Ending	$ 111,586,440	$ 48,649,321	$ 90,645,204	$ 250,880,965

See notes to financial statements

Ursinus College

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

		2018		2017
Cash Flows from Operating Activities				
Change in net assets	$	317,363	$	12,614,899
Adjustments to reconcile change in net assets to net cash used in operating activities:				
Depreciation		4,575,163		4,498,925
Accretion of asset retirement obligations		37,655		35,709
Net realized and unrealized gains on investments		(5,856,417)		(13,205,418)
Bond premium amortization		(117,195)		(106,981)
Amortization of bond issuance costs		42,429		46,478
Actuarial loss on annuities payable		126,372		136,331
Gift in-kind contributions of property and collections		(744,111)		(686,703)
Contributions restricted for long-term investment and annuity contracts		(2,637,934)		(4,573,734)
Changes in assets and liabilities:				
Accounts receivable		(239,898)		(36,792)
Prepaid expenses		(130,940)		180,366
Pledges receivable		967,379		(851,465)
Other assets		(47,847)		(45,335)
Accounts payable and accrued expenses		3,688,638		(1,429,956)
Accrued payroll		(69,156)		(362,533)
Deferred revenues		(84,145)		(130,073)
Refundable deposits		(46,982)		(27,074)
Retirement obligations		(75,827)		(24,807)
U.S. government grants refundable		(93,486)		1,488
Net cash used in operating activities		(388,939)		(3,966,675)
Cash Flows from Investing Activities				
Purchases of property, equipment and collections		(22,012,035)		(8,973,162)
Purchases of investments		(68,157,743)		(65,987,587)
Proceeds from sales of investments		72,700,482		72,280,882
Payments on loans receivable		258,512		268,183
Loans issued to students		(209,700)		(235,300)
Net cash used in investing activities		(17,420,484)		(2,646,984)
Cash Flows from Financing Activities				
Contributions received restricted for long-term investment		2,196,783		4,030,309
Contributions received restricted for investments in annuity contracts		264,615		86,761
Proceeds from issuance of long-term debt		-		24,357,518
Change in deposits with bond trustee		12,234,996		(17,063,853)
Payments on long-term debt		(1,430,000)		(1,385,000)
Acquisition of bond issuance costs		(69,026)		(242,975)
Payments to annuitants		(426,775)		(446,013)
Net cash provided by financing activities		12,770,593		9,336,747
Net (decrease) increase in cash and cash equivalents		(5,038,830)		2,723,088
Cash and Cash Equivalents, Beginning		7,673,491		4,950,403
Cash and Cash Equivalents, Ending	$	2,634,661	$	7,673,491
Supplemental Disclosures				
Cash paid for interest	$	1,428,447	$	1,578,025
Construction related payables	$	2,445,029	$	614,337

See notes to financial statements

1. Summary of Significant Accounting Policies

Nature of Operations

Ursinus College (the "College") is an independent, four-year liberal arts college founded in 1869. The mission of the College is to enable students to become independent, responsible, and thoughtful individuals through a program of liberal education. The College enrolls approximately 1,500 students, approximately 93% of whom live in College residence halls. At the start of the 2017-2018 academic year, the College enrolled 1,495 full-time-equivalent day students from 31 states and 20 countries.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The College's financial statements are presented in accordance with the financial reporting requirements for not-for-profit organizations, which include three basic financial statements and the classification of resources into three separate classes of net assets, as follows:

Unrestricted - Net assets that are free of donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the board of trustees.

Temporarily Restricted - Net assets whose use by the College is limited by donor-imposed stipulations that either expire by passage of time or that can be fulfilled or removed by actions of the College pursuant to these stipulations.

Permanently Restricted - Net assets whose use by the College is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the College. Generally, the donors of these assets permit the College to use all or part of the investment income on related investments for general or specific purposes. Such assets primarily include the College's permanent endowment fund.

Contributions and Related Expenses

Contributions are recognized as revenue when received. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at estimated fair value on the date of donation. Gifts of cash and other noncapital assets are reported as unrestricted operating revenue if the gifts were received with no restrictions or if the specified restrictions have been satisfied within the current fiscal year. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Pledges to be received after one year are recorded at fair value using a discount rate commensurate with the collection period of the gift investment. Amortization of the discount is recorded as additional contribution revenue.

Costs incurred for fund-raising activities are expensed as incurred. Total fund-raising costs, included in management and general expenses, were $3,563,198 and $3,444,539 for the years ended June 30, 2018 and 2017, respectively.

Cash Equivalents

Cash equivalents represent demand deposits and other investments held by the College with original maturity dates not exceeding 90 days.

Deferred Revenues

Deferred revenues relate to tuition and matriculation deposits and other payments for the upcoming fall semester that are received prior to fiscal year-end.

Student Loans Receivable

As of June 30, 2018 and 2017, student loans receivable are stated net of an allowance for doubtful loans. Uncollectible Federal Perkins Loans are not written off until approved for write-off or accepted for assignment by the U.S. Department of Education.

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

Allowances for Doubtful Accounts

The allowances for doubtful accounts and pledges receivable are provided based upon management’s judgment, including such factors as prior collection history and type of receivable. The College writes off receivables when they become uncollectible, and payments subsequently received on such receivables are credited to the provision for doubtful accounts.

Investments

Investments comprise all classes of investments held and invested by the College’s professional portfolio managers. Investments with readily determinable market values are reported in the financial statements at fair value based on quoted market prices. The estimated fair value of alternative investments such as hedge funds and private equity interests are based on net asset value as provided by the external investment managers as a practical expedient for fair value.

Gains or losses on investments other than endowment funds are recognized as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law. Gains or losses on endowment investments not otherwise restricted are recognized as increases or decreases in temporarily restricted net assets in accordance with Commonwealth of Pennsylvania law (Note 11).

Deposits with Bond Trustees

Deposits with bond trustees consist of short-term investments and are restricted for debt service reserves.

Land, Buildings, and Equipment

Land, buildings, and equipment are stated at cost at the date of purchase or fair value at date of donation in the case of gifts. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets: 50 years for buildings and certain improvements, 20 years for building improvements, and 5 years for furniture and equipment.

Collections

In 1989, the College opened the Philip and Muriel Berman Museum of Art. The collection contained therein is valued at the fair market value at the date of acquisition or date of gift. Fair market value for gifts of art is determined by independent appraisals.

Gains or losses on the deaccession of collection items are classified on the statement of activities as unrestricted or temporarily restricted support depending on donor restrictions, if any, placed on the item at the time of accession. There were no deaccessions of the collections recorded in the year ended June 30, 2018. The College added $732,503 and $548,004 to the collections for the years ended June 30, 2018 and 2017, respectively.

Annuities Payable

Annuities payable represent the net present value of expected future payments to beneficiaries designated under annuity gift agreements, charitable remainder annuity trusts, and charitable remainder unitrusts. Adjustments related to changes in estimates of future payments to beneficiaries and actuarial assumptions are recorded as actuarial gains or losses. Included in annuities payable on the statement of financial position for the years ended June 30, 2018 and 2017 is $2,382,356 and $2,292,126, respectively, as reserves for future payments of annuities payable.

Conditional Asset Retirement Obligations

A conditional asset retirement obligation is a legal obligation to perform an asset retirement activity in which the timing and (or) method of settlement are conditional on a future event that may or may not be within the control of the entity. The College records a liability to perform the asset retirement activity.

Functional Expenses

Operation and maintenance expenses, depreciation of plant assets and interest on long-term debt are allocated to program and supporting activities based upon the primary use of the facilities.

Nonoperating Activities

The College considers endowment gifts, capital contributions and grants and related expenditures, net realized and unrealized gains and losses on investments, actuarial gains and losses on annuities payable, gains and losses on the disposition of property and equipment, loss on retirement of debt, revenue and expenses related to loan funds and trusts, net assets released from restrictions, and unusual nonrecurring transactions to be nonoperating activities.

Tax-Exempt Status

Under the provisions of Internal Revenue Code Section 501(c)(3) and the applicable income tax regulations of Pennsylvania, the College is exempt from taxes on income other than unrelated business income.

The College recognizes or derecognizes a tax position based on a "more likely than not" threshold. This applies to positions taken or expected to be taken in a tax return. The College does not believe its financial statements include any material uncertain tax positions.

Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets, and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant management estimates and assumptions relate to the determination of allowances for doubtful accounts for student accounts, loans and pledges receivable; alternative investment values; useful lives of buildings and equipment; conditional asset retirement obligations; functional expense allocation and annuities payable. Actual results could differ from those estimates.

Concentration of Credit Risk

Cash, cash equivalents and investments are exposed to various risks, such as interest rate, market volatility, and credit. To minimize such risks, the College has a diversified investment portfolio managed by several independent investment managers in a variety of asset classes. The College regularly evaluates its investments including performance thereof. The College maintains its cash and cash equivalents in various bank deposit accounts which, at times, may exceed federal insured limits. The College's cash accounts are placed with high credit quality financial institutions. Due to inherent risks and potential volatility in investment valuations, the amounts reported in the accompanying financial statements can vary substantially from year to year. It is reasonably possible that changes in investments will occur in the near term and such changes could materially affect amounts reported in the accompanying financial statements.

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The College measures its investments and certain split-interest agreements at fair value.

Reclassification of Prior Year Amounts

Certain amounts from the prior year have been reclassified to conform to the current year presentation and did not affect changes in net assets or total net assets.

Recently Issued Accounting Standards not yet Adopted

In May 2014, Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers*, which amends its guidance related to revenue recognition. ASU No. 2014-09 requires an entity to recognize revenue as performance obligations are met, in order to reflect the transfer of promised goods or services to customers in an amount that reflects the consideration the entity is entitled to receive for those goods or services. The following steps are applied in the updated guidance: (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when, or as, the entity satisfies a performance obligation. ASU No. 2014-09 is effective for the College in fiscal 2019. ASU 2014-09 can be adopted either retrospectively to each prior reporting period presented or as a cumulative-effect adjustment as of the date of adoption. The College is assessing the impact that this guidance will have on its financial position.

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

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

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

2. Accounts Receivable

Accounts receivable are as follows at June 30:

	2018	2017
Student	$ 45,613	$ 87,856
Employees	13,478	9,283
Research and development grants	143,575	119,485
Other	480,174	261,777
Total accounts receivable	682,840	478,401
Allowance or uncollectible receivables	(30,237)	(65,696)
Total	$ 652,603	$ 412,705

3. Pledges Receivable

The College records unconditional promises to give as pledges receivable. Pledges that were due beyond one year when initiated were discounted at discount rates that range from 1.24% to 2.95% at June 30:

	2018	2017
Less than one year	$ 1,541,786	$ 1,719,420
One to five years	2,539,835	2,927,669
More than five years	419,510	508,213
Total pledges, net of discount	4,501,131	5,155,302
Allowance or uncollectible pledges	(365,734)	(493,677)
Total	$ 4,135,397	$ 4,661,625

At June 30, 2018 and 2017, the unamortized discounts were $376,929 and $303,310, respectively.

4. Student Loans Receivable

The College makes uncollateralized loans to students based on financial need. Student loans are funded through federal government loan programs or institutional resources.

Student loans consisted of the following at June 30:

	2018	2017
Federal government programs	$ 1,881,552	$ 1,905,005
Institutional programs	1,834	4,222
	1,883,386	1,909,227
Less allowance for doubtful accounts:		
Beginning of year	(235,076)	(224,403)
Increases	(22,971)	(10,673)
End of year	(258,047)	(235,076)
Student loans receivable, net	$ 1,625,339	$ 1,674,151

The College participates in various federal revolving loan programs. The availability of funds for loans under these programs is dependent on reimbursements to the pool from repayments on outstanding loans. Funds advanced by the federal government of $1,522,886 and $1,616,372 at June 30, 2018 and 2017, respectively, are ultimately refundable to the government and are classified as liabilities in the statement of financial position. Outstanding loans cancelled under the program result in a reduction of the funds available for loan.

The following amounts were past due under student loan programs at June 30:

	Less Than 240 Days Past Due	240 Days - 2 Years Past Due	2 - 5 Years Past Due	Over 5 Years Past Due	Total Past Due
2018	$ 277,560	$ 73,470	$ 102,619	$ 212,929	$ 666,578
2017	$ 190,164	$ 119,819	$ 54,940	$ 208,698	$ 573,621

Allowances for doubtful accounts are established based on prior collection experience and current economic factors which, in management's judgment, could influence the ability of loan recipients to repay the amounts per the loan terms. Institutional loan balances are written off only when they are deemed to be permanently uncollectible. Amounts due under the Perkins Loan Program are guaranteed by the government and, therefore, no reserves are placed on any past-due balances under the program.

5. Investments and Fair Value Measurements

There are three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations whose inputs are observable or whose primary values are observable.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

A financial asset's or liability's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The following valuation techniques were used to measure fair value of assets in the table below on a recurring basis:

Cash and money market funds - Cash and money market funds are valued based on stated values. These funds are valued at Level 1.

U.S. government obligations - U.S. government securities are generally valued at the closing price reported in the active market in which the individual security is traded and are Level 1.

Mutual funds - Mutual funds, including equity, fixed income, and international mutual funds, are valued at the closing price of the traded fund at the statement of financial position date. To the extent these mutual funds are actively traded, they are categorized in Level 1 of the fair value hierarchy.

Equity securities, common stocks and commodities - Securities, including common stocks and commodities funds, are traded on a national securities exchange. These securities are stated at the last reported sales price on the day of valuation. To the extent these securities are actively traded, they are categorized in Level 1 of the fair value hierarchy.

Real estate fund - This fund invests in publicly traded securities of real estate companies. These investments are considered Level 1 as the underlying equities are publicly traded.

Alternative investments - The College has a policy which permits investments that do not have a readily determinable fair value, and as such, has elected to use the net asset value per share (the "NAV") as calculated on the reporting entity's measurement date as the fair value of the investment. The College measures the fair value of an investment that does not have a readily determinable fair value, based on the NAV of the investment as a practical expedient, without further adjustment, unless it is probable that the investment will be sold at a value significantly different than the NAV. If the practical expedient NAV is not as of the College's measurement date, then the NAV is adjusted to reflect any significant events that would materially affect the value of the security and the NAV as of the valuation date. In using the NAV as practical expedient, certain attributes of the investment, that may impact the fair value of the investment, are not considered in measuring fair value. Attributes of those investments include the investment strategies of the investees and may also include, but are not limited to, restrictions on the investor's ability to redeem its investments at the measurement date of NAV as well as any unfunded commitments. Investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in the table are intended to permit reconciliation of the fair value hierarchy to the investments, at fair value presented in the statement of financial position.

Other - These include an absolute return fund, life insurance policies that support donor charitable gift annuities held by the College and other investments held by the College.

Funds held in trust by others - The College's beneficial interest in trusts held by others is recorded at fair value based on the fair value of the trust's holdings as reported by the trustee or the NAV of the trust or entity.

For assets measured at fair value on a recurring basis, the fair value by level within the fair value hierarchy used are as follows at June 30, 2018:

	Fair Value Investment at June 30, 2018			Fair Value
	Level 1	**Level 2**	**Level 3**	**2018**
Investments:				
Cash and money market funds	$ 25,838,748	$ -	$ -	$ 25,838,748
U.S. government obligations	3,805,263	-	-	3,805,263
Fixed-income mutual funds	29,982,194	-	-	29,982,194
Fixed-income int'l mutual funds	102,170	-	-	102,170
Common stocks	10,032	-	-	10,032
Equity mutual funds	35,575,252	-	-	35,575,252
International equity mutual funds	43,833,141	-	-	43,833,141
Commodities fund	5,345,848	-	-	5,345,848
Real estate fund	1,941,441	-	-	1,941,441
Other investments	131,754	628,963	-	760,717
Funds held in trust by others (1)	-	-	11,489,489	11,489,489
Total assets in the fair value hierarchy	146,565,843	628,963	11,489,489	158,684,295
Hedge fund investments measured at NAV	-	-	-	6,305,555
Private equity fund investments measured at NAV	-	-	-	2,432,925
Other investments measured at NAV	-	-	-	2,504,454
Investments measured at NAV	-	-	-	11,242,934
Total assets	$ 146,565,843	$ 628,963	$ 11,489,489	$ 169,927,229

(1) Included in funds held in trust by others (FHITBO) is a 50% share of a managed trust fund (equities and REITs), an irrevocable, charitable trust (mutual funds) and a total return trust (mutual funds and partnerships).

For assets measured at fair value on a recurring basis, the fair value by level within the fair value hierarchy used are as follows at June 30, 2017:

	Fair Value Investment at June 30, 2017			Fair Value
	Level 1	**Level 2**	**Level 3**	**2017**
Investments:				
Cash and money market funds	$ 28,721,653	$ -	$ -	$ 28,721,653
U.S. government obligations	6,695,699	1,000	-	6,696,699
Fixed-income mutual funds	20,463,794	-	-	20,463,794
Fixed-income int'l mutual funds	100,599	-	-	100,599
Common stocks	15,255	-	-	15,255
Equity mutual funds	34,032,624	-	-	34,032,624
International equity mutual funds	47,809,074	-	-	47,809,074
Commodities fund	4,804,749	-	-	4,804,749
Real estate fund	1,689,658	-	-	1,689,658
Other investments	106,746	522,092	-	628,838
Funds held in trust by others [1]	-	-	11,323,592	11,323,592
Total assets in the fair value hierarchy	144,439,851	523,092	11,323,592	156,286,535
Hedge fund investments measured at NAV	-	-	-	6,026,650
Private equity fund investments measured at NAV	-	-	-	1,688,486
Other investments measured at NAV	-	-	-	4,563,249
Investments measured at NAV	-	-	-	12,278,385
Total assets	$ 144,439,851	$ 523,092	$ 11,323,592	$ 168,564,920

(1) Included in funds held in trust by others (FHITBO) is a 50% share of a managed trust fund (equities and REITs), an irrevocable, charitable trust (mutual funds) and a total return trust (mutual funds and partnerships).

All investments in the alternative investment category are valued at estimated fair value using NAV per share as a practical expedient. A description of these investments, their liquidity and redemption features are as follows.

Total Return Fund

This fund's objective is to maximize risk-adjusted returns and achieve low correlation to the equity markets by investing in a diversified group of pooled investment vehicles both within and outside the United States. The College may redeem on a quarterly basis with 60 days written notice.

Private Equity

The College has a total capital commitment of $1,870,000 to these funds, of which $210,000 is currently unfunded. The objective of the funds is to realize a long-term total return by investing in a diversified group of pooled investment vehicles. The funds may invest in any of the following strategies: venture, buyout, distressed, real estate, fund of funds and secondaries. These funds are not redeemable, and capital will be returned throughout the life of the funds as investments provide a cash flow stream or are liquidated. The remaining term of these funds is 11 years.

Private Equity - Distressed Debt Funds

The College has a total capital commitment of $4,750,000 to these funds, of which $764,051 is currently unfunded. The funds invest directly and indirectly in the securities of entities which are experiencing financial difficulties. These funds are not redeemable, and capital will be returned to investors through liquidation upon termination of the funds. Remaining lives of the funds are estimated at between 4 and 10 years.

Special Opportunities

The College has a total capital commitment of $7,954,065 to these funds, of which $3,141,078 is currently unfunded. The funds are permitted to make any and all types of investment that may present an attractive investment opportunity at that time. The overall investment horizon for each fund is about 5 to 7 years. Similar to private equity, there are no redemption rights and the investments should be considered illiquid. These totals include a direct commitment of $2,500,000 to Taconic European Credit Dislocation Fund II which is categorized in Special Opportunities.

The schedule below summarizes the funds held in trust activity for investments which have been classified as Level 3 assets for the years ended June 30:

	2018	2017
Beginning balance	$ 11,323,592	$ 11,626,864
Realized and unrealized gains	697,468	1,261,426
Distributions	(531,571)	(1,462,816)
Transfers to Level 1 (1)	-	(101,882)
Ending balance	$ 11,489,489	$ 11,323,592

(1) The investments transferred out of Level 3 to Level 1 represent securities with quoted prices in active markets which were property classified as Level 1 in the current year.

Return on the College's cash and investments for the years ended June 30:

	2018	2017
Interest and dividends	$ 4,328,539	$ 4,602,976
Investment fees	(471,575)	(487,239)
Realized gains	4,510,715	2,021,384
Unrealized gains	1,345,702	11,184,034
Total	$ 9,713,381	$ 17,321,155

The total investment return for the College is shown in the statement of activities is as follows for the years ended June 30:

	2018	2017
Operating activities:		
Endowment funds used for operations	$ 8,089,591	$ 6,351,327
Other investment income	1,088,637	1,848,742
Net realized and unrealized losses	(158,012)	(150,528)
Nonoperating activities:		
Endowment funds provided to operations	(5,517,220)	(4,282,140)
Other investment income	195,956	197,808
Net realized and unrealized gains	6,014,429	13,355,946
	$ 9,713,381	$ 17,321,155

6. Land, Buildings, and Equipment

The components of land, buildings, and equipment are as follows at June 30:

	2018	2017
Nondepreciable assets, primarily land	$ 792,618	$ 792,618
Buildings and improvements	177,217,361	175,631,183
Furniture and equipment	10,233,344	10,282,880
Construction in progress	28,247,828	8,980,856
	216,491,151	195,687,537
Less accumulated depreciation	(80,981,404)	(77,626,270)
Total	$ 135,509,747	$ 118,061,267

The College has outstanding commitments on construction contracts of approximately $2,026,000 and $17,100,000 as of June 30, 2018 and 2017, respectively.

Depreciation expense was $4,575,163 and $4,498,925 for the years ended June 30, 2018 and 2017, respectively.

7. Long-Term Debt

Total long-term debt consisted of the following at June 30:

	2018	2017
PHEFA College Revenue Bonds - Series of 2012	$ 14,655,000	$ 15,355,000
PHEFA College Revenue Bonds - Series of 2013	10,650,000	11,160,000
PHEFA College Revenue Bonds - Series of 2015	11,400,000	11,620,000
MCHEHA College Revenue Bonds - Series of 2016	23,000,000	23,000,000
	59,705,000	61,135,000
Plus unamortized bond premium	2,517,745	2,634,940
Less bond issuance costs	(956,078)	(929,481)
	$ 61,266,667	$ 62,840,459

The College's principal obligations for all long-term debt are due as follows:

Years ending June 30:	
2019	$ 1,475,000
2020	1,520,000
2021	1,585,000
2022	1,650,000
2023	1,715,000
Thereafter	51,760,000
Total	$ 59,705,000

PHEFA College Revenue Bonds, Series of 2012 (Ursinus College)

In May 2012, the College issued $18,865,000 of revenue bonds as an advanced refunding of a portion of the College's Pennsylvania Higher Educational Facilities Authority ("PHEFA") Series 2003 revenue bonds. These serial bonds began repayment on January 1, 2013, with the final payment due January 1, 2033. Interest rates of these fixed rate revenue bonds range from 2.00% to 5.00% during the term of the bonds. In accordance with the bond issue, the College must follow the same financial covenants as stipulated with the College's 2003 Series bonds, which they are in compliance with for the years ended June 30, 2018 and 2017.

PHEFA College Revenue Bonds, Series of 2013 (Ursinus College)

In April 2013, the College issued $12,880,000 of revenue bonds as a current refunding of the remaining portion of the College's PHEFA Series 2003 revenue bonds. These serial bonds began repayment on January 1, 2014, with the final payment due January 1, 2033. Interest rates of these fixed rate revenue bonds range from 3.00% to 5.00% during the term of the bonds. In accordance with the bond issue, the College must follow the same financial covenants as stipulated with the College's 2003 Series bonds, which they are in compliance with for the years ended June 30, 2018 and 2017.

PHEFA College Revenue Bonds, Series of 2015 (Ursinus College)

In April 2015, the College issued $12,160,000 of revenue bonds as a current refunding of the remaining portion of the College's PHEFA Series 2006 revenue bonds. These serial bonds began repayment on January 1, 2016, with the final payment due January 1, 2036. Interest rates of these fixed rate revenue bonds range from 2.00% to 4.00% during the term of the bonds. In accordance with the bond issue, the College must follow the same financial covenants as stipulated with the College's 2006 Series bonds, which they are in compliance with for the years ended June 30, 2018 and 2017.

MCHEHA Revenue Bonds, Series of 2016 (Ursinus College Project)

In November 2016, the College issued $23,000,000 of Montgomery County Higher Education and Health Authority ("MCHEHA") revenue bonds as a means of financing the construction of two major buildings on campus. These serial bonds will begin principal repayment on November 1, 2038, with the final payment due November 1, 2046. Interest rates of these fixed rate revenue bonds range from 5.00% to 5.50% during the term of the bonds. In accordance with the bond issue, the College must follow the same financial covenants as stipulated with the College's existing PHEFA Series 2015 bonds, which they are in compliance with for the years ended June 30, 2018 and 2017.

Interest

Interest expense in 2018 and 2017 was $1,441,146 and $1,493,669, respectively. Additionally, the College has capitalized interest on borrowings during the construction period of two major capital projects. Capitalized interest is added to the cost of the underlying assets being constructed, and is amortized over the useful lives of the assets. For the years ended June 30, 2018 and 2017, the College capitalized interest costs of $1,186,762 and $719,298, respectively.

Collateral

The bond agreements contain certain restrictive covenants, which, among other restrictions require the pledge of certain revenues as collateral for repayment and the maintenance of a minimum level of aggregate expendable funds and a maximum level of debt service. In addition, the College is required to maintain deposits with an outside trustee for the purpose of meeting scheduled debt service requirements of the respective outstanding bonds until they become due. All outstanding bond issues are collateralized by a general interest in the College's revenue.

8. Net Assets

Included in unrestricted net assets is $16,205,489 and $15,957,715 of board-designated endowment funds at June 30, 2018 and 2017, respectively.

The temporarily and permanently restricted net asset classes consisted of the following at June 30:

	2018	2017
Temporarily restricted net assets:		
Unexpended gifts for instruction, scholarships and capital expenditures	$ 13,834,616	$ 12,226,537
Pledges	3,328,268	3,862,662
Annuity and life income funds	4,264,399	3,693,203
Endowment - accumulated realized and unrealized investment gains unexpended for instruction, scholarships and capital expenditures (Note 11)	28,507,575	28,866,919
	$ 49,934,858	$ 48,649,321
Permanently restricted net assets:		
Annuity and life income funds	$ 2,534,897	$ 2,356,919
Student loans	1,748,573	1,592,920
Endowment principal:		
General endowment	38,231,892	37,518,793
Scholarship and prizes	33,166,674	32,223,391
Endowed chairs	15,706,527	15,659,177
Pledges	807,130	798,964
Endowment - accumulated realized and unrealized investment gains	495,040	495,040
	$ 92,690,733	$ 90,645,204

9. Net Assets Released from Restrictions and Endowment Spending Rule

The composition of net assets released from restrictions on the statement of activities were as follows at June 30:

	2018	2017
Net assets released from restrictions:		
Donor restrictions met	$ 733,286	$ 926,508
Endowment gains under spending rule (see Note 11)	5,517,220	4,282,140
Total	$ 6,250,506	$ 5,208,648

The total used from endowment is composed of endowment investment interest and dividends, less fees, and accumulated gains to the extent necessary to meet the approved spending rate. The composition of the total used is as follows at June 30:

	2018	2017
Endowment funds (including funds functioning) used for operations:		
Endowment interest and dividends	$ 2,572,371	$ 2,069,187
Accumulated realized and unrealized investment gains	5,517,220	4,282,140
Total	$ 8,089,591	$ 6,351,327

10. Postretirement Benefit Plans

Emeriti Program

In July 2005, the College revised its postretirement healthcare program for other than existing retirees receiving benefits under the plan. The College joined Emeriti Retirement Health Solution, a consortium of colleges and universities organized to address retiree healthcare needs. The College deposits a set amount for each employee who is 40 years of age or older into a Voluntary Employee Benefits Associations account in the employee's name. Employees will have access to these funds to use for their postretirement healthcare needs. Because the College is prefunding retiree healthcare costs in a defined contribution account, it will have no future obligation for these costs when active employees retire. Current retirees' healthcare benefits will continue to be funded through the plan in place prior to June 30, 2005. Total College contributions to the Emeriti plan were $135,856 and $139,036 for the years ended June 30, 2018 and 2017, respectively.

Postretirement Benefits Other Than Pensions

The cost of postretirement benefits other than pensions included interest costs totaling $18,362 and $21,236 for the years ended June 30, 2018 and 2017, respectively.

The following schedules show the status of the postretirement medical and life insurance benefits plan for existing retirees, the components of the cost of postretirement benefits other than pensions, and assumptions at June 30, 2018 and 2017:

Reconciliation of the funded status is as follows:

	2018	2017
Accumulated postretirement benefit obligation (APBO):		
Retirees	$ 573,330	$ 649,157
Active employees fully eligible		
Active employees not yet fully eligible	-	-
Total	573,330	649,157
Fair value of plan assets	-	-
APBO in excess of plan assets	573,330	649,157
Unrecognized net gain	-	-
Total	$ 573,330	$ 649,157

The assumed healthcare cost trend rate for fiscal year 2018 is 5.5%, grading down to an ultimate level of 3.8%. Increasing the healthcare trend rate by 1% each year would increase the accumulated postretirement benefit obligation by $28,342 as of June 30, 2018, and the aggregate of the service cost and interest cost components of net periodic postretirement benefit cost for the year by $1,109. Decreasing the healthcare trend rate by 1% each year would decrease the accumulated postretirement benefit obligation by $26,007 as of June 30, 2018, and the aggregate of the service cost and interest cost components of net periodic postretirement benefit cost for the year by $1,015.

The discount rate used in determining the accumulated postretirement benefit obligation was 3.70% at June 30, 2018 and 3.00% at June 30, 2017.

The benefits paid under this plan were $75,827 and $80,102 for the years ended June 30, 2018 and 2017, respectively.

The College's expected future benefit payments for future service are as follows:

Years ending June 30:	
2019	$ 67,180
2020	64,456
2021	61,355
2022	57,938
2023	54,272
2024-2028	213,320

Defined Contribution Plan

The College also has a defined contribution retirement plan for eligible faculty, administration and staff employees. The plan is fully funded, and participant interests are fully vested. Employees are required to contribute at least 4% of their annual base salary. The College's contributions, based on 7% of salaries, were $1,702,378 in 2018 and $1,681,170 in 2017.

11. Endowments

The College's endowment consists of approximately 1,032 individual funds including annuity funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the board of trustees to function as endowments. Net assets associated with endowment funds, including funds designated by the board of trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

Governing law resides in 15 Pa. C.S. 5548, Investment of Trust Funds. The College 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 temporarily restricted net assets until those amounts are appropriated for expenditure by the College in a manner consistent with the standard of prudence prescribed by relevant law. Pennsylvania law permits the board of trustees to make an election to annually appropriate for expenditure a selected percentage between 2% and 7% of the fair value of the assets related to donor-restricted endowment funds averaged over a period of three or more preceding years, provided the board has determined that such percentage is consistent with the long-term preservation of the real value of such assets.

Return Objectives and Risk Parameters

The College has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period, as well as board-designated funds. Under this policy, as approved by the board of trustees, the endowment assets are invested in a manner that is intended to achieve a long-term total return on the endowment assets that exceeds spending rate of the endowment and inflation, so as to preserve for perpetuity the real, inflation adjusted, purchasing power of the assets. The College expects its endowment funds, over time, to provide an average rate of return of approximately 5% annually. Actual returns in any given year may vary from that amount.

Spending Policy

In accordance with state law, net realized and unrealized gains on permanently restricted investments are included as temporarily restricted net assets, even absent donor restrictions on the use of gains. Commonwealth of Pennsylvania law permits the College to adopt a spending policy for endowment earnings, subject to certain limitations. The College follows the total return concept of endowment investment and spending. Under this concept, a prudent amount of appreciation earned on the investments may be spent in the event that the interest and dividends earned are insufficient to meet that period's spending rate. The College's spending rate is annually approved by the board of trustees, and for the years ended June 30, 2018 and 2017, the rate was 7% and 5.75% of the 20 quarter moving average market value of the pooled endowment.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the original gift amount maintained as permanently restricted net assets. Deficiencies of this nature were $55,521 and $26,363 as of June 30, 2018 and 2017, respectively. Such deficiencies are recorded as unrestricted net assets from board-designated endowment funds. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions.

Changes in endowment net assets are as follows for the year ended June 30:

	2018			
	Board Designated Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Endowment net assets, beginning of year	$ 15,957,715	$ 32,560,122	$ 88,253,320	$ 136,771,157
Investment return:				
Investment income	2,491,562	132,701	4,581	2,628,844
Net appreciation (realized and unrealized gains and losses)	57,558	5,442,544	234,716	5,734,818
Total investment return	2,549,120	5,575,245	239,297	8,363,662
Gift of new annuity	-	47,784	-	47,784
Board designations	219,372	-	-	219,372
Contributions			1,606,913	1,606,913
Actuarial (loss) gain on annuity liabilities	-	9,211	(135,583)	(126,372)
Appropriation of endowment assets for expenditure	(2,491,561)	(5,517,220)	-	(8,008,781)
Net assets released from restrictions	-	(23,463)	-	(23,463)
Other changes	(29,158)	(211,067)	171,083	(69,142)
Endowment net assets, end of year	$ 16,205,488	$ 32,440,612	$ 90,135,030	$ 138,781,130

Changes in endowment net assets are as follows for the year ended June 30:

	2017			
	Board Designated Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Endowment net assets, beginning of year	$ 14,482,681	$ 25,941,360	$ 86,216,094	$ 126,640,135
Investment return:				
Investment income	1,989,502	127,335	4,743	2,121,580
Net (depreciation) appreciation (realized and unrealized gains and losses)	1,076,884	11,952,990	(52,737)	12,977,137
Total investment return	3,066,386	12,080,325	(47,994)	15,098,717
Gift of new annuity	-	20,059	-	20,059
Board designations	500	-	-	500
Contributions	-	-	965,181	965,181
Actuarial loss on annuity liabilities	-	(2,118)	(134,213)	(136,331)
Appropriation of endowment assets for expenditure	(1,989,502)	(4,282,140)	-	(6,271,642)
Net assets released from restrictions	-	(28,068)	-	(28,068)
Other changes	397,650	(1,169,296)	1,254,252	482,606
Endowment net assets, end of year	$ 15,957,715	$ 32,560,122	$ 88,253,320	$ 136,771,157

12. Commitments and Contingencies

The College is party to certain claims and litigation arising in the ordinary course of business. In the opinion of management, the resolution of such claims and litigation will not materially affect the College's financial position.

13. Concentrations of Credit Risk and Title IV Requirements

During the years ended June 30, 2018 and 2017, the College maintained cash balances at high credit quality financial institutions. Accounts at the institutions are insured by the Federal Deposit Insurance Corporation. Depository balances at year end exceed the insured limits.

Amounts received and expended by the College under various federal and state programs are subject to audit by governmental entities. In the opinion of management, audit adjustments, if any, will not have a significant effect on the financial position of the College.

The College participates in Government Student Financial Assistance Programs ("Title IV") administered by the U.S. Department of Education ("ED") for the payment of student tuition. Portions of the revenue and collection of accounts receivable as of June 30, 2018 and 2017 are dependent upon the College's continued participation in the Title IV programs.

Institutions participating in Title IV programs are also required by ED to demonstrate financial responsibility. ED determines an institution's financial responsibility through the calculation of a composite score based upon certain financial ratios as defined in regulations. Institutions receiving a composite score of 1.5 or greater are considered fully financially responsible. Institutions receiving a composite score between 1.0 and 1.5 are subject to additional monitoring and institutions receiving a score below 1.0 are required to submit financial guarantees in order to continue participation in the Title IV programs. As of June 30, 2018 and 2017, and for the years then ended, the College's composite score exceeded 1.5.

14. Subsequent Events

In connection with the preparation of the financial statements, the College evaluated subsequent events after the statement of financial position date of June 30, 2018 through November 6, 2018. The College is not aware of any subsequent events that would require recognition or disclosure in the financial statements.