Financial Statements Together with
Report of Independent Certified Public Accountants

BARNARD COLLEGE

June 30, 2018 and 2017

BARNARD COLLEGE

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees of
Barnard College:

We have audited the accompanying financial statements of Barnard College, which comprise the statement of financial position as of June 30, 2018, 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.

Auditor's responsibility

Our responsibility is to express an opinion on these 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 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 auditor's 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 Barnard College as of June 30, 2018, 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 matters

Report on 2017 summarized comparative information

We have previously audited the College's 2017 financial statements (not presented herein), and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 10, 2017. In our opinion, the accompanying summarized comparative information as of and for the year ended June 30, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Grant Thornton LLP

New York, New York
October 11, 2018

BARNARD COLLEGE
Statement of Financial Position
As of June 30, 2018, with summarized comparative totals for 2017
(Dollars in thousands)

	2018	2017
ASSETS		
Cash and cash equivalents	$ 46,195	$ 40,591
Student accounts receivable (net of allowance of $45 and $34)	230	241
Student notes receivable (net of allowance of $420 and $418) (Note 3)	1,798	1,980
Grants, bequests, and other receivables	3,648	2,992
Pledges receivable, net (Note 4)	48,793	55,740
Other assets	3,473	3,667
Investments (Notes 5 and 6)	356,368	338,132
Funds held by bond trustee (Notes 5 and 11)	14,257	36,954
Property, plant, and equipment, net (Note 7)	263,099	204,642
Total assets	$ 737,861	$ 684,939
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	$ 18,294	$ 22,774
Deferred revenues	3,831	3,367
Liability under split-interest agreements (Note 5)	5,757	5,772
Refundable government loan program (Note 3)	582	757
Postretirement benefit obligation (Note 10)	24,032	24,878
Asset retirement obligations (Note 8)	2,789	2,625
Long-term obligations, net (Note 11)	167,264	134,905
Total liabilities	222,549	195,078
Commitments and contingencies (Notes 5, 11 and 14)		
NET ASSETS (Note 6)		
Unrestricted	131,341	117,383
Temporarily restricted (Note 13)	191,959	190,517
Permanently restricted (Note 13)	192,012	181,961
Total net assets	515,312	489,861
Total liabilities and net assets	$ 737,861	$ 684,939

The accompanying notes are an integral part of this financial statement.

BARNARD COLLEGE
Statement of Activities
For the year ended June 30, 2018, with summarized comparative totals for 2017
(Dollars in thousands)

	2018				2017
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
OPERATING REVENUE					
Tuition and fees	$ 131,462	$ -	$ -	$ 131,462	$ 123,822
Less: financial aid allowance	(40,290)	-	-	(40,290)	(39,423)
Net tuition and fees	91,172	-	-	91,172	84,399
State appropriations	176	-	-	176	184
Investment return appropriated for operations (Note 6)	1,989	12,656	-	14,645	13,884
Other investment income	867	259	-	1,126	1,663
Federal grants and contracts	2,944	-	-	2,944	3,177
State grants	876	-	-	876	937
Private gifts and grants	11,195	4,064	-	15,259	15,633
Auxiliary enterprises	38,654	-	-	38,654	37,505
Other sources	1,564	378	-	1,942	1,651
Net assets released from restrictions	16,258	(16,258)	-	-	-
Total operating revenue	165,695	1,099	-	166,794	159,033
OPERATING EXPENSES					
Instruction	65,465	-	-	65,465	60,263
Research	4,574	-	-	4,574	4,857
Public service	291	-	-	291	382
Academic administration	11,314	-	-	11,314	11,363
Student services	11,223	-	-	11,223	10,888
Institutional support	37,731	-	-	37,731	35,372
Auxiliary enterprises	35,384	-	-	35,384	34,263
Total operating expenses	165,982	-	-	165,982	157,388
(Deficiency)/excess of operating revenue (under) over operating expenses	(287)	1,099	-	812	1,645
NONOPERATING ACTIVITIES					
Investment return in excess of amount appropriated for operations (Note 6)	1,302	8,378	-	9,680	22,873
Contributions for long-term purposes and split-interest agreements	-	10	9,943	9,953	13,453
Contributions and grants for plant improvements	-	2,055	-	2,055	11,403
Net assets released from restrictions for plant improvements	10,057	(10,057)	-	-	-
Changes in value of split-interest agreements	-	(43)	108	65	(1,314)
Gain on disposal of assets	-	-	-	-	18
Postretirement changes other than net periodic benefit cost (Note 10)	2,886	-	-	2,886	997
Total nonoperating activities	14,245	343	10,051	24,639	47,430
Changes in net assets	13,958	1,442	10,051	25,451	49,075
Net assets - beginning of year	117,383	190,517	181,961	489,861	440,786
Net assets - end of year	$ 131,341	$ 191,959	$ 192,012	$ 515,312	$ 489,861

The accompanying notes are an integral part of this financial statement.

BARNARD COLLEGE
Statement of Cash Flows
For the year ended June 30, 2018, with summarized comparative totals for 2017
(Dollars in thousands)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ 25,451	$ 49,075
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Change in value of split-interest agreements	(65)	1,314
Gain on disposal of assets	-	(18)
Contributions for long-term purposes and split-interest agreements	(9,253)	(15,472)
Contributions and grants for plant improvements	(9,876)	(15,831)
Change in pledges receivable allowance and discount	(86)	(754)
Net appreciation in fair value of investments	(23,996)	(37,401)
Accretion of asset retirement obligations	164	154
Depreciation and amortization	6,757	6,940
Changes in operating assets and liabilities:		
Student accounts receivable	11	(39)
Grants, bequests, and other receivables	(656)	459
Pledges receivable	7,221	8,012
Other assets	194	(211)
Accounts payable and accrued expenses	(1,540)	1,037
Deferred revenues	464	25
Postretirement benefit obligation	(846)	1,087
Net cash used in operating activities	(6,056)	(1,623)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(297,421)	(126,314)
Proceeds from the sale of investments	303,181	123,303
Building renovations and purchase of equipment	(68,553)	(46,433)
Student loans granted	(141)	(239)
Student loans repaid	313	369
Net cash used in investing activities	(62,621)	(49,314)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in funds held by bond trustees	22,697	23,981
Payment of principal notes and bond payables	(3,145)	(3,020)
Proceeds from issuance of debt	35,903	-
Decrease in refundable government loan program	(165)	(253)
Increase in liability under split-interest agreements	(138)	(495)
Contributions for long-term purposes and split-interest agreements	9,253	15,472
Contributions and grants for plant improvements	9,876	15,831
Net cash provided by financing activities	74,281	51,516
Net change in cash and cash equivalents	5,604	579
Cash and cash equivalents, beginning of year	40,591	40,012
Cash and cash equivalents, end of year	$ 46,195	$ 40,591
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	$ 5,962	$ 5,612
Property, plant and equipment purchases in accounts payable	$ (2,940)	$ 3,295

The accompanying notes are an integral part of this financial statement.

1. ORGANIZATION

Barnard College (the "College") is a not-for-profit independent liberal arts college for women. The College is exempt from federal income taxes under the provisions of Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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"). Net assets of the College and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that will be met by actions of the College and/or the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the College. Generally, the donors of these assets permit the College to use all or part of the income and gains on related investments for general or specific purposes.

Revenues are reported as increases in unrestricted net assets unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets, that is, the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed, are reported as net assets released from restrictions.

Contributions

Contributions, including unconditional promises to give (pledges), are reported as revenues in the period received or pledged. Pledges, less an allowance for uncollectible amounts, are recorded as receivables at the net present value, determined using a credit-adjusted rate. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any. Restricted pledges are reported as additions to the appropriate restricted net assets class. Contributions of cash or other assets that must be used to acquire or construct long-lived assets are reported as temporarily restricted net assets until the assets are placed in service.

Conditional promises to give and intentions to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. During the years ended June 30, 2018 and June 30, 2017, the College received new conditional pledges of approximately $19.1 million and $17.3 million, respectively. The College has recorded revenue from conditional promises of approximately $5.0 million and $4.0 million for the years ended June 30, 2018 and 2017, respectively, the extent to which the conditions on the pledges have been met.

Grants

Revenue from federal and state grants is recognized to the extent that qualifying reimbursable expenses have been incurred over the terms of the respective agreements.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid debt instruments with original maturities of 90 days or less other than those cash and cash equivalents held by external investment managers as part of their long-term investment strategies. Cash and cash equivalents are held by the College for operating and capital funding purposes.

Concentrations of Credit Risk

Cash, cash equivalents, and investments are exposed to interest rate, market, and credit risks. The College maintains its cash and cash equivalents in various bank deposit accounts that may exceed federally insured limits at times. To minimize risk, the College places its cash accounts with high credit quality financial institutions and the College's investment portfolio is diversified with several investment managers in a variety of asset classes. The College does not anticipate any losses in such accounts.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value based upon quoted market prices. Alternative investments and institutional funds are stated at estimated fair value based on the net asset value ("NAV"), as a practical expedient, reported by the investment managers or general partners. NAV may differ significantly from the values that would have been reported had a ready market for these investments existed. The College reviews and evaluates the values provided by the investment managers or general partners and has determined that the valuation methods and assumptions used in determining the fair value of the alternative investments are reasonable.

The College invests in various investment securities. 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 at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the Statement of Financial Position.

All investment transactions are recorded on a trade-date basis.

Tuition and Fees

Tuition and fees revenue, net of financial aid, are recognized as revenues over the academic terms to which they relate.

Student Accounts Receivable

Student accounts receivable are reported at the estimated net realizable amount. The carrying value of student receivables has been reduced by an appropriate allowance for uncollectible accounts, based on historical collection experience, and therefore, approximates net realizable value. Student receivables are written-off when deemed uncollectible and payments subsequently received are recorded as income in the period received.

(Dollars in thousands)

Student Notes Receivable

Student notes receivable are loans to students, which are made from the College's restricted loan funds and the Federal Perkins Loan Program. The notes are reported at their estimated net realizable value.

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost or, in the case of gifts, at fair value at the date of the gift. The College capitalizes property, plant and equipment of $3,000 or above which have useful lives greater than one year. Depreciation and amortization are computed on the straight-line basis over the estimated useful lives of the assets as follows:

Buildings	60 years
Building improvements	20 to 30 years
Furniture, fixtures and equipment	5 to 10 years

Debt Issuance Costs

Costs incurred for the issuance of debt are deferred and amortized over the life of the outstanding debt to which they pertain. Such costs are presented in the Statement of Financial Position as a direct deduction from the carrying amount of the debt liability.

Deferred Revenues

Deferred revenues consist primarily of student tuition and fee payments that are received for academic periods subsequent to the fiscal year-end.

Split-Interest Agreements

The College is the beneficiary of trusts, annuities, and pooled income funds. The College's interest in these split-interest agreements is reported as a contribution in the year received and is calculated as the difference between the fair value of the assets contributed to the College and the estimated liability to the beneficiary. This liability is computed using actuarially determined rates and is adjusted annually. The discount rate used to value split-interest agreements ranged from 1.2% to 8.8% at June 30, 2018 and 2017. The College recorded contributions from new split-interest agreements of approximately $0.2 million and $0.3 million for the years ended June 30, 2018 and 2017, respectively. These amounts are included in nonoperating contributions in the accompanying Statements of Activities. The assets held by the College under these arrangements are included as a component of investments in the accompanying Statement of Financial Position.

Operating and Nonoperating Activities

The statement of activities distinguishes between operating and nonoperating activities. Nonoperating activities consist of investment return in excess of or less than the amount appropriated for operations by the Board of Trustees, the change in value of split-interest agreements, contributions for long-term purposes and split-interest agreements and contributions and grants for plant improvements, loss on disposal of assets, postretirement cost other than net periodic benefit cost, and nonrecurring items.

Categories of Expense

Expenses are reported in functional categories. Each category includes salaries and benefits, supplies, and other expenses, including operation and maintenance of physical plant, interest, and depreciation expense related to the function.

a. Instruction - includes expenses for all activities that are part of the College's instruction program.

b. Research - includes all expenses for governmental and privately sponsored research.

c. Public Service - includes activities established to provide non-instructional services such as the New York State Science and Technology Entry Program ("STEP").

d. Academic Administration - includes expenses incurred to provide administrative support to the instructional program. This category includes the offices of the Provost, Library, and Media Services.

e. Student Services - includes expenses incurred for the offices of Dean of the College, Admissions, Registrar, Financial Aid Administration, Career Development, Disability Services, and the New York State Higher Education Opportunity Program ("HEOP"). In addition, it includes expenses for student-related activities outside the context of the formal instructional program.

f. Institutional Support - includes expenses for college-wide activities such as the offices of the President, Finance, Institutional Advancement, Administration, Administrative Computing, General Counsel, Human Resources and Communications. Fundraising expenses totaled approximately $7.1 million for the years ended June 30, 2018 and 2017, respectively.

g. Auxiliary Enterprises - provides services to students for fees. This category includes Housing, Dining Services, Health and Counseling Services, and the Summer and Pre-college Programs.

Allocation of Certain Expenses

The College allocates operation and maintenance of plant, depreciation, and interest expense on outstanding long-term obligations in the statement of activities based upon campus square footage.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates made in the preparation of the financial statements include the valuation of alternative investments, valuation of liability under split-interest agreements, useful lives of property plant and equipment, asset retirement obligations, postretirement benefit obligation, and estimated net realizable value of receivables. Actual results could differ from those estimates.

Accounting for Uncertainty in Income Taxes

The College complies with the provisions of Accounting Standards Codification ("ASC") 740-10. ASC 740-10 clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This section provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

The College is exempt from federal income taxation. Nevertheless, the College may be subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. ASC 740-10 did not have a material impact on the College's financial statements, as management determined that there are no uncertain tax positions within its financial statements.

Reclassifications

Certain prior period amounts have been reclassified in order to conform to the 2018 presentation. Such reclassifications did not change total assets, liabilities, revenues, expenses or changes in net assets as reflected in the 2017 financial statements.

2017 Summarized Comparative Financial Information

The accompanying financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the College's audited financial statements as of and for the year ended June 30, 2017, from which the summarized information was derived.

Subsequent Events

The College evaluated subsequent events after the Statement of Financial Position date of June 30, 2018 through October 11, 2018, the date the financial statements were issued. The College is not aware of any additional subsequent events which would require recognition or disclosure in the accompanying financial statements.

Fair Value Measurements

The fair value standard defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The standard provides a consistent definition of fair value, which focuses on an exit price between market participants in an orderly transaction as prescribed by the standard. The standard also prioritizes, within the measurement of fair value, the use of market-based information over entity-specific information and establishes a three-level hierarchy for fair value measurements based on the transparency of information used in the valuation of the asset or liability as of the measurement date.

Assets and liabilities measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1: Quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities that are traded in an active exchange market, as well as U.S. Treasury securities.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted market prices that are traded less frequently than exchange-traded instruments. This category generally includes certain U.S. government and agency mortgage-backed securities, and corporate-debt securities.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset or liability. 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. This category generally includes certain private debt and equity instruments and alternative investments.

The College also measures certain investments using a NAV per share for purposes of reporting the fair value of all its underlying investments which: (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. Investment meeting such criteria are exempted from categorization within the fair value hierarchy and related disclosures. Instead, the College separately discloses the information required for assets measured using the NAV practical expedient, and discloses a reconciling item between the total amount of investments categorized within the fair value hierarchy and total investments measured at fair value on the face of the financial statements.

Fair value estimates are made at a specific point in time, based on available market information and judgments about the financial asset, including estimates of timing, amount of expected future cash flows and the credit standing of the issuer. In some cases, the fair value estimates cannot be substantiated by comparison to independent markets. In addition, the disclosed fair values do not reflect any premium or discount that could result from offering for sale at one time an entire holding of a particular financial asset. Potential taxes and other assets that would be incurred in an actual sale or settlement are not reflected in amounts disclosed.

Recently Issued Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statement 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 2016-14 is effective for fiscal years beginning after December 15, 2017 (i.e., fiscal year ending June 30, 2019), with early adoption permitted.

ASU 2016-14 is to be applied retroactively with transition provisions. The College is in the process of evaluating the impact this standard will have on the financial statements.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which supersedes most of the current revenue recognition requirements. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of time value of money in the transaction price, and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The guidance also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. In August 2015, the FASB issued ASU No. 2015-14, *Revenue from Contracts with Customers: Deferral of the Effective Date*, which deferred the effective date of ASU 2014-09 by one year. The guidance is effective for the interim and annual periods on or after December 15, 2017 (i.e., fiscal year ending June 30, 2019). The guidance permits the use of either a retrospective or cumulative effect transition method. The College is currently evaluating the new guidance and has not determined the impact this standard may have on the financial statements nor decided upon the method of adoption.

In June 2018, the FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which requires organizations to determine whether a contribution is conditional based on whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. If the agreement (or a referenced document) includes both, the recipient is not entitled to the transferred assets (or a future transfer of assets) until it has overcome the barriers in the agreement. For recipients, the effective date of the amendments is for annual periods beginning after December 15, 2018 (i.e., fiscal year ending June 30, 2020). The College is currently evaluating the new guidance and has not determined the impact this standard may have on the financial statements nor decided upon the method of adoption.

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (*Topic 842*), which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statements of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. ASU No. 2016-02 is effective for the College for fiscal year ending June 30, 2020. Early adoption is permitted. The College is in the process of evaluating the impact this standard will have on the financial statements.

In March 2017, the FASB issued final guidance on the presentation of net periodic pension and postretirement benefit cost ("Benefit Cost"). The guidance requires bifurcation whereby the service cost component will be presented with the other components of employee compensation costs in operating expenses while the other components will be reported in nonoperating activities. While this guidance changes the presentation of Benefit Costs in the Statement of Activities, it will not change the rules over how the costs are measured. This guidance will be effective for annual periods beginning after December 15, 2018 (i.e. fiscal year ending June 30, 2020), with early adoption permitted.

(Dollars in thousands)

3. STUDENT NOTES RECEIVABLE, NET

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

At June 30, 2018 and 2017, student notes receivable, net consisted of the following:

	2018	2017
Federal government program	$ 839	$ 1,013
Institutional programs	1,379	1,385
	2,218	2,398
Less: allowance for doubtful accounts		
Beginning of year	(418)	(393)
Increase in allowance	(2)	(25)
End of year	(420)	(418)
Student notes receivable, net	$ 1,798	$ 1,980

The College participates in the Perkins federal revolving loan program. The availability of funds for loans under the program is dependent on reimbursements to the pool from repayments on outstanding loans. Funds advanced by the Federal government of $0.6 million and $0.8 million at June 30, 2018 and 2017, respectively, are ultimately refundable to the government and are classified as a liability in the Statements of Financial Position. In the years ended June 30, 2018 and 2017, the College repaid $0.2 million and $0.3 million of the funds advanced by the Federal Government, respectively. Outstanding loans cancelled under the program result in a reduction of funds available for loan and a decrease in the liability to the government. At June 30, 2018 and 2017, the following amounts were past due under the student loan programs:

	In Default < 240 Days (Monthly Installments) or 270 Days (Quarterly Installments)	In Default > 240 Days (Monthly Installments) or 270 Days (Quarterly Installments)	Total Past Due
2018	$ 160	$ 378	$ 538
2017	$ 208	$ 387	$ 595

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.

(Dollars in thousands)

4. PLEDGES RECEIVABLE, NET

Pledges receivable at June 30, 2018 and 2017 are as follows:

	2018	2017
Amounts expected to be collected in:		
One year or less	$ 22,798	$ 16,963
Two to five years	22,221	30,826
Greater than five years	8,709	12,972
	53,728	60,761
Less:		
Discount to present value (using rate of 0.41% - 2.83%)	(2,445)	(3,135)
Allowance for uncollectible pledges	(2,490)	(1,886)
Pledges receivable, net	$ 48,793	$ 55,740

As of June 30, 2018, 85% of gross pledges receivable were due from three donors. As of June 30, 2017, 89% of gross pledges receivable were due from three donors.

5. INVESTMENTS AND FAIR VALUE

The College's investment objective is to invest its assets in a prudent manner in order to achieve a long-term rate of return sufficient to fund a portion of its spending and to increase investment value equal to or above inflation. The College uses a diversified investment approach incorporating multiple asset classes, strategies, and managers. The Committee on Investments of the College's Board of Trustees oversees the College's investments and authorizes investment decisions.

In addition to equity and fixed income investments, the College may also hold shares or units in institutional funds and alternative investment funds involving hedged, private equity and real estate strategies. These investments are valued at NAV. Hedged strategies involve funds whose managers have the authority to invest in various asset classes at their discretion, including the ability to invest long and short. Funds with hedged strategies generally hold securities or other financial instruments for which a ready market exists, and may include stocks, bonds, put or call options, swaps, currency hedges, and other instruments. Private equity funds generally employ buyout, venture capital, and debt-related strategies, often requiring the estimation of fair values by the fund managers in the absence of readily determinable market values. Real estate strategies involve funds whose managers invest primarily in commercial and residential real estate primarily located in the United States.

(Dollars in thousands)

Investments are held in the following funds:

	2018	2017
Trust and pooled life income funds	$ 11,271	$ 10,972
Endowment and designated as endowment funds	345,097	327,160
Total	$ 356,368	$ 338,132

As of June 30, 2018 and 2017, the College had alternative investments of approximately $277 million and $309 million, respectively. Alternative investments include private equity partnerships, real estate, and hedged strategies. Underlying securities owned by the alternative investments include certain publicly traded securities that have readily available market values and other investments that are not readily marketable. The agreements underlying participation in those investments may limit the College's ability to liquidate its interests in such investments for a period of time.

At June 30, 2018 and 2017, the College's remaining outstanding commitments to private equity and real estate partnerships/funds approximated $45 million and $55 million, respectively. The private equity partnerships have 1 to 11 year terms remaining for both June 30, 2018 and 2017. As of June 30, 2018 and 2017, the average remaining life of the private equity partnerships was approximately six years.

At June 30, 2018 and 2017, the College had one hedged strategy of approximately $5.3 million and $8.0 million, respectively, which was restricted from redemption for lockup periods. This investment allows for early redemption for specified fees and requires 90 day notice for redemption. At June 30, 2018, the expirations of redemption lockup periods are summarized in the table below:

Fiscal year	Amount
Less than one year	$ 1,777
Between one and three years	3,554
Total	$ 5,331

(Dollars in thousands)

The following table presents the College's fair value hierarchy for those assets and liabilities measured at fair value at June 30, 2018:

	Fair Value	Level 1	Level 2	Level 3	Investments at NAV	Redemption or Liquidation	Days Notice
Financial assets:							
Investments:							
Cash and cash equivalents	$ 11,845	$ 11,845	$ -	$ -	$ -	Daily	Daily
Domestic bonds	1,110	-	-	-	1,110	Daily	Daily
Domestic equity funds:							
Small cap	605	446	-	-	159	Daily/Monthly	0-30
Mid cap	452	452	-	-	-	Daily	Daily
Large cap	21,864	8,014	-	-	13,850	Daily	Daily
	35,876	20,757	-	-	15,119		
International equity funds:							
International equities	63,425	28,017	-	-	35,408	Daily	Daily
	63,425	28,017	-	-	35,408		
Fixed income:							
U.S. Treasuries	30,314	30,314	-	-	-	Daily	Daily
Other	30,482	-	-	-	30,482	Monthly	30
	60,796	30,314	-	-	30,482		
Hedged strategies:							
Credit/event driven	15,431	-	-	-	15,431	Annual	180
Equity long/short	1,954	-	-	-	1,954	Monthly/Quarterly	100 to 120
Fixed income strategies	5,331	-	-	-	5,331	Subject to lockup	90
Multistrategy	81,051	-	-	-	81,051	Quarterly	90
	103,767	-	-	-	103,767		
Other types:							
Private equity	91,994	-	-	-	91,994	Illiquid	Illiquid
Real estate	510	-	-	-	510	Illiquid	Illiquid
	92,504	-	-	-	92,504		
Subtotal	356,368	79,088	-	-	277,280		
Total investments	356,368	79,088	-	-	277,280		
Other assets:							
Funds held by bond trustee	14,257	14,257					
Trusts and other split-interest agreements held by others	3,124	-	-	3,124	-		
Total assets	$ 373,749	$ 93,345	$ -	$ 3,124	$ 277,280		
Liabilities:							
Liabilities under split-interest agreements	$ 5,757	$ -	$ -	$ 5,757			
Total liabilities	$ 5,757	$ -	-	$ 5,757			

(Dollars in thousands

The following table presents the College's fair value hierarchy for those assets and liabilities measured at fair value at June 30, 2017:

	Fair Value	Level 1	Level 2	Level 3	Investments at NAV	Redemption or Liquidation	Days Notice
Financial assets:							
Investments:							
Cash and cash equivalents	$ 12,202	$ 12,202	$ -	$ -	$ -	Daily	Daily
Domestic bonds	1,004	-	-	-	1,004	Daily	Daily
Domestic equity funds:							
Small cap	423	269	-	-	154	Daily/Monthly	0-30
Mid cap	511	511	-	-	-	Daily	Daily
Large cap	5,145	4,389	-	-	756	Daily	Daily
	19,285	17,371	-	-	1,914		
International equity funds:							
International equities	3,291	2,333	-	-	958	Daily	Daily
	3,291	2,333	-	-	958		
Fixed income:							
U.S. Treasuries	9,454	9,454	-	-	-	Daily	Daily
Other	435	-	-	-	435	Monthly	30
	9,889	9,454	-	-	435		
Hedged strategies:							
Credit/event driven	15,177	-	-	-	15,177	Annual	180
Equity long/short	118,723	-	-	-	118,723	Monthly/Quarterly	100 to 120
Fixed income strategies	7,981	-	-	-	7,981	Subject to lockup	90
Multistrategy	81,697	-	-	-	81,697	Quarterly	90
	223,578	-	-	-	223,578		
Other types:							
Private equity	81,511	-	-	-	81,511	Illiquid	Illiquid
Real estate	578	-	-	-	578	Illiquid	Illiquid
	82,089	-	-	-	82,089		
Subtotal	338,132	29,158	-	-	308,974		
Total investments	338,132	29,158	-	-	308,974		
Other assets:							
Funds held by bond trustee	36,954	36,954	-	-	-		
Trusts and other split-interest agreements held by others	2,936	-	-	2,936	-		
Total assets	$ 378,022	$ 66,112	$ -	$ 2,936	$ 308,974		
Liabilities:							
Liabilities under split-interest agreements	$ 5,772	$ -	$ -	$ 5,772			
Total liabilities	$ 5,772	$ -	$ -	$ 5,772			

(Dollars in thousands

The following tables present the College's activities for the years ended June 30, 2018 and 2017, respectively, for assets and liabilities classified in Level 3:

Liabilities under Split Interest Agreements

	2018	2017
Beginning Balance	$ 5,772	$ 4,673
New split-interest agreements	110	64
Payments to beneficiaries	(726)	(756)
Terminated split-interest agreements	(8)	(935)
Change in fair value	609	2,726
Ending Balance	$ 5,757	$ 5,772

Trusts and Other Split-Interest Agreements Held by Others

The College is the beneficiary of other split-interest agreements that are held and administered by others. When the College is not the trustee, perpetual trusts are recorded at the fair value of the assets at the statement of financial position date and beneficial interest in trusts are recorded at the fair value of the assets at the statement of financial position date less the present value of estimated future payments expected to be made to donors and/or other beneficiaries. These assets are included in pledges receivable in the accompanying Statements of Financial Position.

	2018	2017
Beginning Balance	$ 2,936	$ 2,656
Change in fair value	188	280
Ending Balance	$ 3,124	$ 2,936

At June 30, 2018 and 2017, the carrying values of the College's cash and cash equivalents, receivables, and accounts payable and accrued expenses approximated their fair values. A reasonable estimate of the fair value of loans to students under government loan programs cannot be made because loans are not saleable and can only be assigned to the U.S. government or its designees.

(Dollars in thousands

At June 30, 2018 and 2017, investments valued at NAV are as follows:

2018

Category	Significant Investment Strategy	NAV in Funds	# of Funds	Life of Funds	Amount of Unfunded Commitments	Redemption Terms	Redemption Restrictions
Hedged strategies	Credit/event driven	$ 15,431	1	N/A	$ -	Annual, 180 days notice	N/A
Hedged strategies	Fixed income	5,331	1	N/A	-	90 days notice	Rolling Lockup periods
Hedged strategies	Multistrategy	81,051	1	N/A	-	Quarterly/90 days notice	N/A
Hedged strategies	Equity long/short	1,954	1	N/A	-	100 to 120 days notice	N/A
Fixed income	Domestic bond	29,993	2	N/A	-	Monthly	N/A
Fixed income	Investment grade	489	2	N/A	-	Monthly	N/A
Equities	Large cap	13,850	2	N/A	-	Daily	N/A
Equities	Small cap	159	1	N/A	-	Daily/Monthly	N/A
Equities	International equities	35,408	6	N/A	-	Daily	N/A
Other	Private equity	91,994	23	Up to 12/31/28	44,847	N/A	Illiquid
Other	Real estate	510	3	Up to 12/31/18	463	N/A	Illiquid
Other	Domestic bond	1,110	5	Up to 6/21/17	-	Daily	N/A
	Total	$ 277,280	48		$ 45,310		

2017

Category	Significant Investment Strategy	NAV in Funds	# of Funds	Life of Funds	Amount of Unfunded Commitments	Redemption Terms	Redemption Restrictions
Hedged strategies	Credit/event driven	$ 15,177	1	N/A	$ -	Annual, 180 days notice	N/A
Hedged strategies	Fixed income	7,981	1	N/A	-	90 days notice	Rolling Lockup periods
Hedged strategies	Multistrategy	81,697	1	N/A	-	Quarterly/90 days notice	N/A
Hedged strategies	Equity long/short	118,723	2	N/A	-	100 to 120 days notice	N/A
Fixed income	Investment grade	435	2	N/A	-	Monthly	N/A
Equities	Large cap	756	1	N/A	-	Daily	N/A
Equities	Small cap	154	2	N/A	-	Daily/Monthly	N/A
Equities	International equities	958	1	N/A	-	Daily	N/A
Other	Private equity	81,511	13	Up to 12/31/28	54,794	N/A	Illiquid
Other	Real estate	578	3	Up to 12/31/17	463	N/A	Illiquid
Other	Domestic bond	1,004	5	Up to 6/21/17	-	Daily	N/A
	Total	$ 308,974	32		$ 55,257		

6. ENDOWMENT FUNDS

The College's endowment consists of over 900 individual funds established for a variety of purposes, including both donor-restricted endowment funds and funds designated by the College to function as endowments (quasi-endowments).

The College manages the endowment to maximize annualized returns, net of all costs over rolling 10-year periods while adhering to stated risk parameters that seek to avoid 25% peak-to-trough declines in the inflation adjusted endowment unit value. Asset allocation parameters are established for investments with lock-up periods. The strategy allows for a significant allocation to equity-oriented investments offering long-term capital appreciation, diversified across asset classes and managers. The College compares the performance of its investments against several benchmarks.

The College has established an endowment spending policy for spending from the endowment for current operations in a manner that maintains the purchasing power of the endowment. The policy's goal is to achieve an average 5% spending rate over time. Annual spending from the endowment is set at 5% of the rolling three-year average of the endowment's market value as of December 31 of the previous year and is approved annually by the Board of Trustees. The College has a total return policy of utilizing its endowment resources. To the extent that the total return requirement for the current year is not achieved by income from investments, the College utilizes prior year's cumulative appreciation of its pooled investment funds.

On September 17, 2010, New York State enacted its version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), referred to as "NYPMIFA," which imposes guidelines on the management and investment of endowment funds. The Board of Trustees of the College has interpreted NYPMIFA as allowing the College to appropriate for expenditure or accumulate so much of an endowment fund as the College determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. Unless stated otherwise in the gift instrument, the assets in an endowment fund shall be donor-restricted assets until appropriated for expenditure by the Board of Trustees. 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 donated to the permanent endowment; and (c) accumulations of income to the permanent endowment made in accordance with the direction of the applicable donor gift instruments. Accounting guidance associated with the enactment of NYPMIFA as set forth in ASC Topic 958-205-45, *Classification of Donor-Restricted Endowment Funds Subject to UPMIFA*, requires the portion of a donor-restricted endowment fund that is not classified as permanently restricted to be classified as temporarily restricted net assets until appropriated for expenditure in a manner consistent with the standard of prudence prescribed by NYPMIFA. In accordance with NYPMIFA, the Board of Trustees considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the College and the donor-restricted endowment fund
- General economic conditions
- The possible effects of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the College
- The investment policies of the College
- Where appropriate, alternatives to spending from donor-restricted endowment funds and the possible effects on the College

(Dollars in thousands)

Endowment and quasi-endowment funds consisted of the following at June 30, 2018 and 2017, excluding split-interest agreements and pledges of approximately $4.1 million and $3.4 million, respectively:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Fiscal year 2018:				
Donor restricted	$ -	$ 112,565	$ 185,557	$ 298,122
Board designated	46,975	-	-	46,975
Total	$ 46,975	$ 112,565	$ 185,557	$ 345,097

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Fiscal year 2017:				
Donor restricted	$ -	$ 104,187	$ 178,563	$ 282,750
Board designated	44,410	-	-	44,410
Total	$ 44,410	$ 104,187	$ 178,563	$ 327,160

Changes in the endowment funds for the fiscal years ended June 30, 2018 and 2017 were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balance at June 30, 2017	$ 44,410	$ 104,187	$ 178,563	$ 327,160
Interest and dividends, net	46	284	-	330
Net appreciation in fair value	3,246	20,750	-	23,996
Contributions	1,262	-	6,994	8,256
Distributions	(1,989)	(12,656)	-	(14,645)
Balance at June 30, 2018	$ 46,975	$ 112,565	$ 185,557	$ 345,097

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balance at June 30, 2016	$ 40,959	$ 83,192	$ 162,610	$ 286,761
Interest and dividends, net	(105)	(539)	-	(644)
Net appreciation in fair value	5,188	32,213	-	37,401
Contributions	1,573	-	15,953	17,526
Distributions	(3,205)	(10,679)	-	(13,884)
Balance at June 30, 2017	$ 44,410	$ 104,187	$ 178,563	$ 327,160

For the years ended June 30, 2018 and 2017, investment expenses of approximately $1.5 million and $1.8 million, respectively, were netted against interest and dividends.

(Dollars in thousands)

7. PROPERTY, PLANT, AND EQUIPMENT, NET

Property, plant, and equipment, net consisted of the following at June 30, 2018 and 2017:

	2018	2017
Land	$ 1,234	$ 1,234
Buildings and building improvements	272,744	269,137
Furniture, fixtures, and equipment	30,388	28,850
Construction in progress	124,689	64,221
	429,055	363,442
Less accumulated depreciation	(165,956)	(158,800)
Total	$ 263,099	$ 204,642

Depreciation expense was approximately $7.1 million and $7.3 million for the years ended June 30, 2018 and June 30, 2017, respectively. The increase in construction in progress from approximately $64.2 million to $124.7 million was due to the capitalized costs related to the construction of a new approximately 133,000 gross square foot multi-purpose facility at the College, as well as other campus-wide renovations and maintenance projects (the "Library and other projects").

For the years ended June 30, 2018 and 2017, the College capitalized $2.1 million and $1.3 million of interest expense related to the Library and other projects. As of the year ended June 30, 2018, the total capitalized interest expense was $4.1 million.

8. ASSET RETIREMENT OBLIGATIONS

The College accrues for costs related to legal obligations to perform certain activities in connection with the retirement, disposal, or abandonment of assets. The College has identified asbestos abatement and lead paint exposure as conditional asset retirement obligations. Asbestos and lead paint abatement costs are estimated using a per-square-foot estimate.

Using a discount rate of 6.25%, the present value of the initial obligation amounted to $1.4 million. As of June 30, 2018 and 2017, the obligation amounted to approximately $2.8 million and $2.6 million, respectively.

9. RETIREMENT PLANS

Full time faculty and administrators of the College are covered under a defined contribution pension plan established with Teachers Insurance and Annuity Association and Fidelity Investments (the "Admin Plan"). Under the Admin Plan, eligible employees may make contributions into the Plan, up to the maximum allowed by the Internal Revenue Code ("IRC"). For the Admin Plan, the College contributed either 12% or 15% (as defined by the Admin Plan) for employees hired before July 2012 and 9% or 12% (as defined by the Admin Plan) for those employees hired after July 2012.

(Dollars in thousands)

Employees who are members of Local 2110, United Auto Workers; members of Local 264, Transport Workers Union of America; and confidential employees are covered under a defined contribution plan established with Teachers Insurance and Annuity Association (the "Union Plan"). Under the Union Plan, eligible employees may make contributions into the Union Plan, up to the maximum allowed by the IRC. For the Union Plan, the College's contributions range from 2% to 12% of eligible compensation. Total pension expense for both plans for the years ended June 30, 2018 and 2017 was $7.9 million and $7.5 million, respectively.

10. POSTRETIREMENT MEDICAL PLANS

In addition to providing pension benefits, the College sponsors unfunded defined benefit postretirement medical plans. For nonunion employees to be eligible for the medical benefits, the employee must be at least 62 years old with at least 10 years of continuous service immediately prior to retirement or a total of age and years of service equal to 80 with a minimum of 15 years of service. For union employees to be eligible for the medical benefits, the employee must be at least 62 years old with at least 10 years of continuous service immediately prior to retirement.

The following tables identify the accumulated postretirement medical benefit obligation, the postretirement benefit obligation recognized in the accompanying Statements of Financial Position, the net periodic postretirement medical benefit cost recognized in the accompanying Statements of Activities, and the related assumptions.

	2018	2017
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 24,878	$ 23,791
Service cost	985	1,005
Interest cost	978	878
Plan participants' contributions	128	134
Amendments	-	762
Actuarial (gain) loss	(2,388)	(1,184)
Benefits paid	(549)	(508)
Postretirement benefit obligation at end of year	$ 24,032	$ 24,878
Change in plan assets:		
Fair value of plan assets, beginning of year	$ -	$ -
Employer contributions	421	374
Plan participants' contributions	128	134
Benefits paid	(549)	(508)
Fair value of plan assets, end of year	$ -	$ -

(Dollars in thousands)

Net periodic benefit cost reported as operating expense for the years ended June 30, 2018 and 2017 included the following components:

	2018	2017
Service cost	$ 986	$ 1,005
Interest cost	978	878
Amortization of prior year cost	96	-
Recognized actuarial loss	402	573
Net periodic postretirement medical benefit cost	$ 2,462	$ 2,456

Postretirement cost other than net periodic benefit cost for the years ended June 30, 2018 and 2017 is as follows:

	2018	2017
Net gain loss for the year	$ (2,388)	$ (1,184)
Amortization of gain	(402)	(573)
Prior service estimate for period	(96)	760
	$ (2,886)	$ (997)
Weighted average discount rate used to determine benefit obligations at June 30	4.50%	4.00%
Weighted average discount rate used to determine net periodic benefit cost for the fiscal year ended June 30	4.00%	3.75%

	Union/ Nonunion	Union/ Nonunion
Assumed healthcare cost trend rates:		
Healthcare cost trend rate	7.5%/7.5%	8.0%/8.0%
Healthcare cost trend assumed to decline	4.5%/4.5%	4.5%/4.5%
Ultimate trend rate achieved	2029	2029

The effect of a 1% change in trend rates on total service, interest cost, and the postretirement benefit obligation is as follows:

	1% Increase	1% Decrease
Effect on total service and interest cost component	$ 260	$ (209)
Effect on postretirement benefit obligation	2,378	(1,951)

(Dollars in thousands)

The items not yet recognized as a component of net periodic benefit cost are as follows:

	2018	2017
Net actuarial loss	$ 3,664	$ 6,454
Prior service credit	664	760
Total	$ 4,328	$ 7,214

The College makes contributions to the postretirement medical plans equal to the benefits paid on a pay-as-you-go basis. For faculty and administrators, the contributions are deposited into a health savings account on behalf of the retiree. For the years ending June 30, 2019 through June 30, 2028, the College expects to make contributions to and benefit payments from the plans, net of Medicare subsidy, as follows:

2019	$ 940
2020	1,020
2021	1,094
2022	1,191
2023	1,291
2024 through 2028	7,821

11. LONG-TERM OBLIGATIONS

Long-term obligations consist of the following:

	2018	2017
Dormitory Authority of the State of New York, Barnard College Insured Revenue Bonds, Series 2007A. Interest at 5.00%, due serially to 2037	$ 6,920	$ 8,650
Dormitory Authority of the State of New York, Barnard College Revenue Bonds, Series 2008. Interest at variable rates due serially to 2023	4,070	4,795
Dormitory Authority of the State of New York, Barnard College Revenue Bonds, Series 2015A. Interest at 2.00% to 5.00%, due serially to 2046	107,670	108,360
Dormitory Authority of the State of New York, Series 2015B. Interest at variable rates, due in 2046	36,200	297
Total	154,860	122,102
Add: unamortized bond premium	14,411	14,932
Less: unamortized bond issuance costs	(2,007)	(2,129)
Total long-term obligations	$ 167,264	$ 134,905

On July 11, 2007, the College entered into a loan agreement with the Dormitory Authority of the State of New York to issue $48.42 million in Dormitory Authority of the State of New York Barnard College Insured Revenue Bonds, Series 2007A ("DASNY 2007A Bonds"). The loan is a general and unsecured obligation of the College. The DASNY 2007A Bonds were issued to refund and defease the $23.715 million Dormitory Authority of the State of New York Barnard College Insured Revenue Bonds, Series 1996 ("DASNY 1996 Bonds"), to pay for a portion of the costs of the construction of a new approximately 100,000 square foot multipurpose facility, and to pay for other campus-wide renovations and maintenance projects (the "Diana Center and other projects"). The DASNY 2007A Bonds were issued at fixed interest rates of 4.00% to 5.00% and due serially to 2037.

On July 11, 2007, the College also entered into a separate loan agreement with the Dormitory Authority of the State of New York to issue $32.6 million in Dormitory Authority of the State of New York Barnard College Insured Revenue Bonds, Series 2007B ("DASNY 2007B Bonds") to pay for a portion of the costs of the construction of the Diana Center and other projects. The loan was a general and unsecured obligation of the College. The DASNY 2007B Bonds were insured variable rate bonds. On April 30, 2008, due to the downgrading of the bond insurer, the College elected to enter into a loan agreement with the Dormitory Authority of the State of New York to issue $28.0 million in Dormitory Authority of the State of New York Barnard College Revenue Bonds, Series 2008 ("DASNY 2008 Bonds"). Proceeds from the DASNY 2008 Bonds along with approximately $5.5 million from the College were used to refund and defease the outstanding DASNY 2007B Bonds. The DASNY 2008 Bonds are a general and unsecured obligation of the College. The DASNY 2008 Bonds were originally secured by a $28.4 million irrevocable direct pay letter of credit with RBS Citizens, N.A., which was scheduled to expire on April 23, 2011. On October 1, 2009, the College entered into a Bond Purchase and Continuing Covenants Agreement ("Purchase Agreement") with RBS Citizens, N.A., whereby RBS Citizens, N.A. purchased the $27.5 million outstanding DASNY 2008 Bonds. In addition, the letter of credit provided by RBS Citizens, N.A. was canceled. Under the terms of the Purchase Agreement, the interest payments are now based on a combination of weekly LIBORs and a fixed fee from RBS Citizens, N.A. The average interest rates on the DASNY 2008 Bonds were approximately 2.9% and 2.0% in fiscal years 2018 and 2017, respectively.

In February 2004, the College entered into a loan agreement with the Dormitory Authority of the State of New York to issue $28.9 million in Dormitory Authority of the State of New York Barnard College Insured Revenue Bonds, Series 2004 ("DASNY 2004 Bonds"). The loan agreement is a general and unsecured obligation of the College.

In March 2015, the College entered into a new loan agreement with the Dormitory Authority of the State of New York to issue $109.0 million in Dormitory Authority of the State of New York Barnard College Revenue Bonds, Series 2015A ("DASNY 2015A Bonds"). The proceeds of the DASNY 2015A Bonds will finance a portion of the costs of the construction of a new approximately 133,000 gross square foot multi-purpose facility at the College, as well as other campus-wide renovations and maintenance projects ("The Milstein Center and other projects"); refund and defease all of the outstanding DASNY 2004 Bonds; and refund and defease a portion of the DASNY 2007A Bonds and pay the costs of issuance for the DASNY 2015A Bonds. No redemption premiums were paid on these refundings as both the DASNY 2004 Bonds and the DASNY 2007A Bonds were redeemed at par.

In May 2015, the College entered into a new loan agreement with the Dormitory Authority of the State of New York to issue up to $36.2 million in Dormitory Authority of the State of New York Barnard College Revenue Bonds, Series 2015B ("DASNY 2015B Bonds"). The proceeds of the DASNY 2015B Bonds will finance a portion of the costs of The Milstein Center and other projects. The DASNY 2015B Bonds were issued as Draw-Down Bonds, which means the Purchaser, Citizens Funding Corp., shall fund the DASNY 2015B Bonds in installments based on the financing needs of the College. At June 30, 2018 and 2017, $36.2 million and $0.3 million, respectively, of the DASNY 2015B Bonds were outstanding. The average interest rate on the DASNY 2018B Bonds was approximately 2.0% for the years ended June 30, 2018 and 2017.

(Dollars in thousands)

The DASNY 2015A Bonds and the DASNY 2015B Bonds are both secured by the pledge and assignment of tuition and fees charged to students for academic instruction by the College (the "Pledged Revenues"). Additionally, the College has entered into certain financial covenants with the DASNY in relation to the DASNY 2015A Bonds and the DASNY 2015B Bonds. The College was in compliance with these covenants as of June 30, 2018 and June 30, 2017.

In accordance with the provisions of the loan agreements for the DASNY 2007A, DASNY 2008, DASNY 2015A, the College is required to deposit construction and reserve funds with the trustee. These funds with a fair value of approximately $14.3 million and $37 million at June 30, 2018 and 2017, respectively, were held in cash and U.S. governmental securities and are included in funds held by bond trustee in the accompanying Statements of Financial Position.

The College capitalized bond issuance costs incurred in support of certain capital improvement projects. Total bond issuance costs capitalized as of June 30, 2018 and 2017 were approximately $2.0 million and $2.1 million, respectively, and are included as a contra liability in the accompanying Statements of Financial Position. The College is amortizing the deferred issuance costs over the life of the bonds. Amortization expense for the years ended June 30, 2018 and 2017 was $0.4 million for both years.

Projected debt service payments on the long-term obligations as of June 30, 2018, for five years subsequent to June 30, 2018 and thereafter, are as follows:

Fiscal	Principal	Interest	Total
2019	$ 3,285	$ 6,212	$ 9,497
2020	4,500	6,097	10,597
2021	4,695	5,912	10,607
2022	4,930	5,684	10,614
2023	5,090	5,448	10,538
Thereafter	132,360	68,099	200,459
	$ 154,860	$ 97,452	$ 252,312

Interest payments included in the above chart for the DASNY 2008 Bonds and the DASNY 2015B Bonds were calculated on the basis of an assumed interest rate of 4% and 2% per annum, respectively and will be held for duration.

Interest expense for the years ended June 30, 2018 and 2017 amounted to approximately $3.8 million and $4.3 million, respectively.

The estimated fair value of the College's outstanding bonds at June 30, 2018 and 2017 was approximately $166 million and $135 million, respectively.

(Dollars in thousands)

12. INTERCORPORATE AGREEMENT

An intercorporate agreement between the College and Columbia University provides for payment for the exchange of certain services between the two institutions. These services include cross-registration for students, college services, faculty exchange, athletics, and certain special services and support costs.

The Statements of Activities include expenses in the amount of approximately $6.3 million and $6.0 million for the years ended June 30, 2018 and 2017, respectively, for services provided under the terms of the agreement.

13. NET ASSETS

Temporarily restricted net assets are available for the following purposes at June 30, 2018 and 2017:

	2018	2017
Instruction, research, and library	$ 96,836	$ 91,645
Financial aid	49,991	46,605
Plant improvements	41,949	49,951
Gifts to be designated	3,183	2,316
	$ 191,959	$ 190,517

Permanently restricted net assets are as follows at June 30, 2018 and 2017:

	2018	2017
Investments to be held in perpetuity, the earning from which are expendable to support:		
Financial aid	$ 94,238	$ 87,938
Instructional and other programs	97,774	94,023
	$ 192,012	$ 181,961

14. COMMITMENTS AND CONTINGENCIES

The College is a defendant in various lawsuits. Management of the College is of the opinion that the ultimate resolution of these matters will not have a material adverse effect on the College's financial position.

The College receives significant federal and state grants which are subject to audit by federal agencies. Management is of the opinion that disallowances, if any, would not have a significant effect on the financial position or changes in net assets of the College.

As of June 30, 2018, the College had a credit facility for $5.0 million with RBS Citizens, with no outstanding borrowing. This line of credit is set to expire on April 1, 2019.

(Dollars in thousands)

The College has entered into certain noncancellable operating lease agreements. The commitments under such agreements provide for minimum annual payments as follows:

Year ending June 30:		
2019	$	1,927
2020		104
2021		104
2022		11
	$	2,146

Rental expense for the years ended June 30, 2018 and 2017 totaled approximately $2.7 million and $2.6 million, respectively.