Financial Statements Together with
Report of Independent Certified Public Accountants

BARNARD COLLEGE

June 30, 2014 and 2013

BARNARD COLLEGE

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Grant Thornton

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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 (the "College"), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities and cash flows for the year 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 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 College'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 College'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, 2014, 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 2013 summarized comparative information

We have previously audited the College's 2013 financial statements (not presented herein), and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 13, 2013. In our opinion, the accompanying summarized comparative information as of and for the year ended June 30, 2013 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 1, 2014

BARNARD COLLEGE
Statement of Financial Position
As of June 30, 2014, with summarized comparative totals for 2013
(Dollars in thousands)

	2014	2013
ASSETS		
Cash and cash equivalents	$ 36,236	$ 32,599
Student accounts receivable (net of allowance of $20 and $13)	131	99
Student notes receivable (net of allowance of $372 and $392) (Note 3)	2,674	3,038
Grants, bequests, and other receivables	2,474	2,730
Pledges receivable, net (Note 4)	13,932	17,456
Other assets	5,140	5,124
Investments (Notes 5 and 6)	292,993	250,205
Funds held by bond trustee (Notes 5 and 11)	4,404	4,267
Property, plant, and equipment, net (Note 7)	142,781	146,596
Total assets	$ 500,765	$ 462,114
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	$ 13,269	$ 12,271
Deferred revenues	4,266	4,234
Liability under split-interest agreements (Note 5)	4,573	4,564
Refundable government loan program (Note 3)	2,262	2,244
Postretirement benefit obligation (Note 10)	18,045	15,594
Asset retirement obligations (Note 8)	2,429	2,286
Obligation under derivative instrument (Notes 5, 11 and 14)	13	177
Long-term obligations (Note 11)	76,999	84,767
Total liabilities	121,856	126,137
Commitments and contingencies (Notes 11 and 14)		
NET ASSETS (Note 6)		
Unrestricted	86,499	85,046
Temporarily restricted (Note 13)	145,718	117,556
Permanently restricted (Note 13)	146,692	133,375
Total net assets	378,909	335,977
Total liabilities and net assets	$ 500,765	$ 462,114

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

BARNARD COLLEGE
Statement of Activities
For the year ended June 30, 2014, with summarized comparative totals for 2013
(Dollars in thousands)

	2014				2013
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
OPERATING REVENUE					
Tuition and fees	$ 106,467	$ -	$ -	$ 106,467	$ 103,671
Less: financial aid allowance	(31,746)	-	-	(31,746)	(30,558)
Net tuition and fees	74,721	-	-	74,721	73,113
State appropriations	186	-	-	186	171
Investment return appropriated for operations (Note 6)	1,705	8,879	-	10,584	9,951
Other investment income	57	212	-	269	210
Federal grants and contracts	3,310	-	-	3,310	3,167
State grants	639	-	-	639	782
Private gifts and grants	9,245	4,362	-	13,607	14,298
Auxiliary enterprises	34,032	-	-	34,032	33,442
Other sources	1,391	520	-	1,911	1,158
Net assets released from restrictions	13,909	(13,909)	-	-	-
Total operating revenue	139,195	64	-	139,259	136,292
OPERATING EXPENSES					
Instruction	53,093	-	-	53,093	51,775
Research	4,398	-	-	4,398	3,994
Public service	436	-	-	436	1,011
Academic administration	10,997	-	-	10,997	8,474
Student services	9,868	-	-	9,868	9,513
Institutional support	29,713	-	-	29,713	26,172
Auxiliary enterprises	32,179	-	-	32,179	31,744
Total operating expenses	140,684	-	-	140,684	132,683
(Deficiency)/excess of operating revenue (under) over operating expenses	(1,489)	64	-	(1,425)	3,609
NONOPERATING ACTIVITIES					
Investment return in excess of amount appropriated for operations (Note 6)	3,889	23,717	-	27,606	20,339
Contributions for long-term purposes and split-interest agreements	213	899	12,226	13,338	11,471
Contributions and grants for plant improvements	-	3,696	-	3,696	2,662
Net assets released from restrictions for plant improvements	589	(589)	-	-	-
Changes in value of split-interest agreements	-	649	189	838	717
Change in value of obligation under derivative instrument (Note 11)	164	-	-	164	310
Changes in donor designation and other reclassifications	(628)	(274)	902	-	-
Postretirement (cost) benefit other than net periodic benefit cost (Note 10)	(1,285)	-	-	(1,285)	642
Total nonoperating activities	2,942	28,098	13,317	44,357	36,141
Changes in net assets	1,453	28,162	13,317	42,932	39,750
Net assets - beginning of year	85,046	117,556	133,375	335,977	296,227
Net assets - end of year	$ 86,499	$ 145,718	$ 146,692	$ 378,909	$ 335,977

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

BARNARD COLLEGE
Statement of Cash Flows
For the year ended June 30, 2014, with summarized comparative totals for 2013
(Dollars in thousands)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ 42,932	$ 39,750
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Change in value of obligation under derivative instrument	(164)	(310)
Change in value of split-interest agreements	(838)	(717)
Contributions for long-term purposes and split-interest agreements	(13,082)	(8,120)
Contributions and grants for plant improvements	(5,706)	(2,899)
Change in pledges receivable allowance and discount	(124)	15
Net appreciation in fair value of investments	(38,343)	(30,530)
Accretion of asset retirement obligations	143	135
Depreciation and amortization	7,043	7,014
Changes in operating assets and liabilities:		
Student accounts receivable	(32)	(25)
Grants, bequests, and other receivables	256	(92)
Pledges receivable	3,837	(4,530)
Other assets	(130)	(342)
Accounts payable and accrued expenses	1,250	(2,235)
Deferred revenues	32	(170)
Postretirement benefits obligation	2,451	642
Net cash used in operating activities	(475)	(2,414)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(58,297)	(58,476)
Proceeds from the sale of investments	53,852	59,921
Building renovations and purchase of equipment	(3,172)	(3,238)
(Decrease) increase in accounts payable for capital assets	(252)	221
Student loans granted	(161)	(163)
Student loans repaid	505	481
Net cash used in investing activities	(7,525)	(1,254)
CASH FLOWS FROM FINANCING ACTIVITIES:		
(Increase) decrease in funds held by bond trustees	(137)	1,829
Payment of principal notes and bond payables	(7,710)	(7,885)
Increase in refundable government loan program	38	6
Increase in liability under split-interest agreements	658	982
Contributions for long-term purposes and split-interest agreements	13,082	8,120
Contributions and grants for plant improvements	5,706	2,899
Net cash provided by financing activities	11,637	5,951
Net change in cash and cash equivalents	3,637	2,283
Cash and cash equivalents, beginning of year	32,599	30,316
Cash and cash equivalents, end of year	$ 36,236	$ 32,599
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	$ 3,424	$ 3,643

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 ("US 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 year ended June 30, 2014, the College received conditional pledges of approximately $78.4 million. The College has recorded revenue from these conditional promises of approximately $5.0 million, 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 are stated at estimated fair value based on the net asset value, as a practical expedient, reported by the investment managers or general partners. Net asset value 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.

(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

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 9.4% at June 30, 2014 and 2013. The College recorded contributions from new split-interest agreements of approximately $0.9 million each year for the years ended June 30, 2014 and 2013. 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 financial statements.

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, postretirement (cost) benefit 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 and Planning, Institutional Advancement, Administration, Administrative Computing, General Counsel, and Communications. Fundraising expenses totaled approximately $6.5 million and $5.4 million for the years ended June 30, 2014 and 2013, respectively.

g. Auxiliary Enterprises - provides services to students for a fee. This category includes Housing, Dining Services, Health and Counseling Services, and the Summer and Precollege 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 and obligation under derivative instrument at fair value, valuation of liability under split-interest agreements, useful lives of property plant and equipment, asset retirement obligations, postretirement benefits 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. The tax years ending June 30, 2011, 2012, 2013 and 2014 are still open to audit for both federal and state purposes.

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 2014 presentation. Such reclassifications did not change total assets, liabilities, revenues, expenses or changes in net assets as reflected in the 2013 financial statements.

2013 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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the College's financial statements as of and for the year ended June 30, 2013, from which the summarized information was derived.

Subsequent Events

The College evaluated subsequent events after the statement of financial position date of June 30, 2014 through October 1, 2014, 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 other than as disclosed in Notes 11 and 14.

Fair Value Hierarchy

Fair value is defined in ASC 820-10 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. ASC 820-10 establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the College has the ability to access at the measurement date. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.

Level 2: Pricing inputs other than quoted prices in active market, which are either directly or indirectly observable as of the measurement date. The nature of these securities include investments for which quoted prices are available but traded less frequently and investments that are fair valued using other securities, the parameters of which can be directly observed. Also included in Level 2 are investments measured using a net asset value ("NAV") per share, or its equivalent, that may be redeemed at NAV at the statement of financial position date or in the near term, which the College has determined to be within 90 days.

Level 3: Securities that have little to no pricing observability as of the measurement date. These securities are measured using management's best estimate of fair value, where the inputs into the determination of fair value are not observable and require significant management judgment or estimation. Also included in Level 3 are investments measured using a NAV per share, or its equivalent, that can never be redeemed at NAV at the statement of financial position date or in the near term or for which redemption at NAV is uncertain due to lockup periods or other investment restrictions.

(Dollars in thousands)

Investments classified as Levels 2 and 3 include shares or units in investment funds as opposed to direct interests in the funds' underlying holdings, which may be marketable. Because the NAV reported by each fund is used as a practical expedient to estimate the fair value of the College's interest therein, its classification in Levels 2 or 3 is based on the College's ability to redeem its interest at or near the statement of financial position date. If the interest can be redeemed in the near term, the investment is classified in Level 2. The classification of investments in the fair value hierarchy is not necessarily an indication of the risks, liquidity, or degree of difficulty in estimating the fair value of each investment's underlying assets and liabilities. Refer to Note 5 for investments classified within the fair value hierarchy.

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, 2014 and 2013, student notes receivable, net consisted of the following:

	2014	2013
Federal government program	$ 1,579	$ 1,889
Institutional programs	1,467	1,541
	3,046	3,430
Less: allowance for doubtful accounts		
Beginning of year	(392)	(443)
Allowance decrease	20	51
End of year	(372)	(392)
Student notes receivable, net	$ 2,674	$ 3,038

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 $2.2 million at both June 30, 2014 and June 30, 2013 are ultimately refundable to the government and are classified as a liability in the statements of financial position. 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, 2014, the following amounts were past due under the student loan programs:

(Dollars in thousands)

	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
2014	$ 206	$ 309	$ 515
2013	$ 168	$ 349	$ 517

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.

4. PLEDGES RECEIVABLE, NET

Pledges receivable at June 30, 2014 and 2013 are as follows:

	2014	2013
Amounts expected to be collected in:		
One year or less	$ 6,206	$ 7,575
Two to five years	6,998	9,152
Greater than five years	3,663	3,788
	16,867	20,515
Less:		
Discount to present value (using rate of 0.11% - 4.91%)	(341)	(458)
Allowance for uncollectible pledges	(2,594)	(2,601)
Pledges receivable, net	$ 13,932	$ 17,456

As of June 30, 2014 and 2013, 42% and 49%, respectively, of gross pledges receivable were due from five 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 net asset value. 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:

	2014	2013
Trust and pooled life income funds	$ 10,945	$ 9,495
Endowment and designated as endowment funds	282,048	240,710
Total	$ 292,993	$ 250,205

As of June 30, 2014 and 2013, the College had alternative investments of approximately $271 million and $232 million, respectively. Alternative investments include private equity partnerships, hedge funds, venture capital funds, and derivatives. 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, 2014 and 2013, the College's remaining outstanding commitments to private equity and real estate partnerships/funds approximated $44 million and $36 million, respectively. The private equity partnerships have 1 to 4 year terms remaining. As of June 30, 2014 and 2013, the average remaining life of the private equity partnerships was approximately two and three years, respectively.

At June 30, 2014 and 2013, the College had one hedge fund of approximately $6.7 million and $7.0 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, 2014, the expirations of redemption lockup periods are summarized in the table below:

Fiscal year	Amount
Less than one year	$ 2,246
Between one and three years	4,491
Total	$ 6,737

The College uses the 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.

(Dollars in thousands)

The following tables present the College's fair value hierarchy for those assets and liabilities measured at fair value at June 30, 2014:

	Fair Value	Level 1	Level 2	Level 3	Redemption or Liquidation	Days Notice
Financial assets:						
Investments:						
Cash and cash equivalents	$ 10,427	$ 10,427	$ -	$ -	Daily	Daily
Domestic equity funds:						
Small cap	673	255	418	-	Daily/Monthly	0-30
Mid cap	246	246	-	-	Daily	Daily
Large cap	4,281	2,789	1,492	-	Daily	Daily
	5,200	3,290	1,910	-		
International equity funds:						
International equities	1,528	914	614	-	Daily	Daily
	1,528	914	614	-		
Fixed income:						
U.S. Treasuries	7,106	7,106	-	-	Daily	Daily
Other	3,934	-	3,934	-	Monthly	30
	11,040	7,106	3,934	-		
Hedge funds:						
Credit/event driven	14,421	-	-	14,421	Annual	180
Equity long/short	110,388	-	110,388	-	Monthly/Quarterly	10 to 120
Fixed income strategies	6,737	-	-	6,737	Subject to lockup	90
Multistrategy	56,206	-	56,206	-	Quarterly	90
	187,752	-	166,594	21,158		
Other types:						
Private equity	74,700	-	-	74,700	Illiquid	Illiquid
Real estate	2,346	-	-	2,346	Illiquid	Illiquid
	77,046	-	-	77,046		
Total investments	292,993	21,737	173,052	98,204		
Other assets:						
Funds held by bond trustee	4,404	4,404	-	-		
Trusts and other split-interest agreements held by others	3,489	-	-	3,489		
Total assets	$ 300,886	$ 26,141	$ 173,052	$ 101,693		
Liabilities:						
Obligation under derivative instrument	$ 13	$ -	$ 13	$ -		
Liabilities under split-interest agreements	4,573	-	-	4,573		
Total liabilities	$ 4,586	$ -	$ 13	$ 4,573		

(Dollars in thousands)

The following tables present the College's fair value hierarchy for those assets and liabilities measured at fair value at June 30, 2013:

	Fair Value	Level 1	Level 2	Level 3	Redemption or Liquidation	Days Notice
Financial assets:						
Investments:						
Cash and cash equivalents	$ 4,747	$ 4,747	$ -	$ -	Daily	Daily
Domestic equity funds:						
Small cap	685	304	381	-	Daily/Monthly	0-30
Mid cap	191	191	-	-	Daily	Daily
Large cap	5,913	4,462	1,451	-	Daily	Daily
	6,789	4,957	1,832	-		
International equity funds:						
International equities	3,342	2,800	542	-	Daily	Daily
	3,342	2,800	542	-		
Fixed income:						
U.S. Treasuries	6,100	6,100	-	-	Daily	Daily
Other	3,453	-	3,453	-	Monthly	30
	9,553	6,100	3,453	-		
Hedge funds:						
Credit/event driven	14,485	-	-	14,485	Annual	180
Equity long/short	88,071	-	88,071	-	Monthly/Quarterly	10 to 120
Fixed income strategies	7,035	-	-	7,035	Subject to lockup	90
Multistrategy	48,470	-	48,470	-	Quarterly	90
	158,061	-	136,541	21,520		
Other types:						
Private equity	64,637	-	-	64,637	Illiquid	Illiquid
Real estate	3,076	-	-	3,076	Illiquid	Illiquid
	67,713	-	-	67,713		
Total investments	250,205	18,604	142,368	89,233		
Other assets:						
Funds held by bond trustee	4,267	4,267	-	-		
Trusts and other split-interest agreements held by others	3,505	-	-	3,505		
Total assets	$ 257,977	$ 22,871	$ 142,368	$ 92,738		
Liabilities:						
Obligation under derivative instrument	$ 177	$ -	$ 177	$ -		
Liabilities under split-interest agreements	4,564	-	-	4,564		
Total liabilities	$ 4,741	$ -	$ 177	$ 4,564		

(Dollars in thousands)

The following tables present the College's activities for the years ended June 30, 2014 and 2013, respectively, for assets and liabilities classified in Level 3:

Investments:

	Hedge Funds	Private Equity	Real Estate	Total
Beginning balance at July 1, 2013	$ 21,520	$ 64,637	$ 3,076	$ 89,233
Acquisitions	-	8,782	-	8,782
Dispositions	(2,158)	(12,803)	(875)	(15,836)
Net appreciation	1,796	14,084	145	16,025
Ending balance at June 30, 2014	$ 21,158	$ 74,700	$ 2,346	$ 98,204
Net change in unrealized appreciation (depreciation) on investments included in investment return in the statement of activities for Level 3 investments still held at the end of the year	$ 1,796	$ 7,620	$ 21	$ 9,437

	Hedge Funds	Private Equity	Real Estate	Total
Beginning balance at July 1, 2012	$ 19,810	$ 61,724	$ 3,512	$ 85,046
Acquisitions	-	10,504	-	10,504
Dispositions	-	(11,739)	(506)	(12,245)
Net appreciation	1,710	4,148	70	5,928
Ending balance at June 30, 2013	$ 21,520	$ 64,637	$ 3,076	$ 89,233

Liabilities under Split Interest Agreements:

	2014	2013
Beginning Balance	$ 4,564	$ 3,898
New split-interest agreements	71	853
Payments to beneficiaries	(821)	(452)
Terminated split-interest agreements	(100)	(76)
Change in fair value	859	341
Ending Balance	$ 4,573	$ 4,564

(Dollars in thousands)

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.

	2014	2013
Beginning Balance	$ 3,505	$ 2,931
Payments	(373)	(25)
Contributions	-	125
Change in fair value	357	474
Ending Balance	$ 3,489	$ 3,505

At June 30, 2014 and 2013, 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.

At June 30, 2014 and 2013, investments valued at NAV and classified as Level 2 and 3 investments are as follows:

2014

Category	Significant Investment Strategy	NAV in Funds	# of Funds	Life of Funds	Amount of Unfunded Commitments	Redemption Terms	Redemption Restrictions
Hedge funds	Credit/event driven	$ 14,421	1	N/A	$ -	Annual, 180 days notice	N/A
Hedge funds	Fixed income	6,737	1	N/A	-	90 days notice	Rolling Lockup periods
Hedge funds	Multistrategy	56,206	1	N/A	-	Quarterly/90 days notice	N/A
Hedge funds	Equity long/short	110,388	2	N/A	-	10 to 120 days notice	N/A
Fixed Income	Investment grade	3,934	2	N/A	-	Monthly	N/A
Equities	Large cap	1,492	1	N/A	-	Daily	N/A
Equities	Small cap	418	2	N/A	-	Daily/Monthly	N/A
Equities	International equities	614	1	N/A	-	Daily	N/A
Other	Private equity	74,700	12	Up to 3/31/17	42,401	N/A	Illiquid
Other	Real estate	2,346	3	Up to 12/31/16	1,597	N/A	Illiquid
	Total	$ 271,256	26		$ 43,998		

(Dollars in thousands)

			2013				
Category	**Significant Investment Strategy**	**NAV in Funds**	**# of Funds**	**Life of Funds**	**Amount of Unfunded Commitments**	**Redemption Terms**	**Redemption Restrictions**
Hedge funds	Credit/event driven	$ 14,485	1	N/A	$ -	Annual, 180 days notice	N/A
Hedge funds	Fixed income	7,035	1	N/A	-	90 days notice	Rolling Lockup periods
Hedge funds	Multistrategy	48,470	1	N/A	-	Quarterly/90 days notice	N/A
Hedge funds	Equity long/short	88,071	2	N/A	-	10 to 120 days notice	N/A
Fixed Income	Investment grade	3,453	2	N/A	-	Daily	N/A
Equities	Large cap	1,451	1	N/A	-	Daily	N/A
Equities	Small cap	381	2	N/A	-	Daily	N/A
Equities	International equities	542	1	N/A	-	Daily	N/A
Other	Private equity	64,637	12	Up to 3/31/17	34,766	N/A	Illiquid
Other	Real estate	3,076	3	Up to 12/31/16	1,597	N/A	Illiquid
	Total	$ 231,601	26		$ 36,363		

6. ENDOWMENT FUNDS

The College's endowment consists of approximately 800 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:

(Dollars in thousands)

- 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

The College has outsourced its investment office. This outsourced investment office has established limited partnership vehicles to assist in the management of its clients' accounts. These limited partnership investments managed by the outsourced investment office represented 83% and 80% of the College's endowment investments at June 30, 2014 and 2013, respectively.

Endowment and quasi-endowment funds consisted of the following at June 30, 2014 and 2013, excluding split-interest agreements and pledges of approximately $7.4 million and $7.5 million, respectively:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Fiscal year 2014:				
Donor restricted	$ -	$ 102,734	$ 139,274	$ 242,008
Board designated	40,040	-	-	40,040
Total	$ 40,040	$ 102,734	$ 139,274	$ 282,048

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Fiscal year 2013:				
Donor restricted	$ -	$ 79,017	$ 125,918	$ 204,935
Board designated	35,775	-	-	35,775
Total	$ 35,775	$ 79,017	$ 125,918	$ 240,710

(Dollars in thousands)

Changes in the endowment funds for the fiscal years ended June 30, 2014 and 2013 were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balance at June 30, 2013	$ 35,775	$ 79,017	$ 125,918	$ 240,710
Interest and dividends, net	(22)	(131)	-	(153)
Net appreciation in fair value	5,616	32,727	-	38,343
Contributions	376	-	13,356	13,732
Distributions	(1,705)	(8,879)	-	(10,584)
Balance at June 30, 2014	$ 40,040	$ 102,734	$ 139,274	$ 282,048

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balance at June 30, 2012	$ 32,592	$ 61,696	$ 119,228	$ 213,516
Interest and dividends, net	(210)	(31)	-	(241)
Net appreciation in fair value	4,825	25,706	-	30,531
Contributions	165	-	6,690	6,855
Distributions	(1,597)	(8,354)	-	(9,951)
Balance at June 30, 2013	$ 35,775	$ 79,017	$ 125,918	$ 240,710

For the years ended June 30, 2014 and 2013, investment expenses of approximately $1.2 million and $1.4 million, respectively, were netted against interest and dividends.

7. PROPERTY, PLANT, AND EQUIPMENT, NET

Property, plant, and equipment, net consisted of the following at June 30, 2014 and 2013:

	2014	2013
Land	$ 1,234	$ 1,234
Buildings and building improvements	256,124	255,278
Furniture, fixtures, and equipment	30,643	29,661
Construction in progress	1,675	331
	289,676	286,504
Less accumulated depreciation	(146,895)	(139,908)
Total	$ 142,781	$ 146,596

Depreciation expense was approximately $7.0 million for the year ended June 30, 2014 and approximately $6.9 million for the year ended June 30, 2013.

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, 2014 and 2013, the obligation amounted to approximately $2.4 million and $2.3 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 makes contributions of either 9% or 12% (as defined by the Admin Plan) of eligible compensation. In addition, the College provides a matching contribution of 3% or 1% (as defined by the Admin Plan) for employees hired before July 1, 2012. To receive this matching contribution, employees must contribute the stated contribution per the Admin Plan agreement in order to receive the matching contribution.

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. There is no matching contribution in the Union Plan. Total pension expense for both plans for the years ended June 30, 2014 and 2013 was $6.9 million and $6.3 million, respectively.

(Dollars in thousands)

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.

	2014	2013
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 15,594	$ 14,952
Service cost	662	625
Interest cost	788	701
Plan participants' contributions	88	24
Actuarial loss/(gain)	1,566	(243)
Benefits paid	(653)	(465)
Postretirement benefit obligation at end of year	$ 18,045	$ 15,594
Change in plan assets:		
Fair value of plan assets, beginning of year	$ -	$ -
Employer contributions	565	441
Plan participants' contributions	88	24
Benefits paid	(653)	(465)
Fair value of plan assets, end of year	$ -	$ -

Net periodic benefit cost reported as operating expense for the years ended June 30, 2014 and 2013 included the following components:

	2014	2013
Service cost	$ 662	$ 625
Interest cost	788	701
Amortization of prior service credit	(47)	(47)
Recognized actuarial loss	328	447
Net periodic postretirement medical benefit cost	$ 1,731	$ 1,726

(Dollars in thousands)

Postretirement cost (benefit) other than net periodic benefit cost for the years ended June 30, 2014 and 2013 is as follows:

	2014	2013
Net loss/(gain) for the year	$ 1,566	$ (242)
Amortization of loss	(328)	(447)
Amortization of prior service cost	47	47
	$ 1,285	$ (642)
Weighted average discount rate used to determine benefit obligations at June 30,	4.50%	5.00%
Weighted average discount rate used to determine net periodic benefit cost for the fiscal year ended June 30,	5.00%	4.50%

	Union/ Nonunion	Union/ Nonunion
Assumed healthcare cost trend rates:		
Healthcare cost trend rate	6.5%/6.5%	7.0%/7.0%
Healthcare cost trend assumed to decline	4.5%/4.5%	4.5%/4.5%
Ultimate trend rate achieved	2030	2030

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	$ 173	$ (142)
Effect on postretirement benefit obligation	1,680	(1,386)

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

	2014	2013
Net actuarial loss	$ 5,635	$ 4,398
Prior service credit	(20)	(68)
Total	$ 5,615	$ 4,330

The estimated amount that will be amortized into net periodic postretirement medical benefit cost in fiscal 2015 is approximately $0.2 million.

(Dollars in thousands)

The healthcare reform law could have significant accounting consequences for entities in diverse industries. Specifically, there are several provisions in the new law that might affect the College's measurement of its postretirement health benefit obligation. There are certain provisions (if applicable) that are generally expected to either increase or reduce an employer's obligations. It is very difficult at this stage to measure the impact of some of these provisions on the College's obligations. The College will continue to monitor developments, interpretations, and guidance relating to the law and incorporate relevant changes and plan design revisions to future measurements.

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, 2015 through June 30, 2024, the College expects to make contributions to and benefit payments from the plans, net of Medicare subsidy, as follows:

2015	$	649
2016		720
2017		805
2018		856
2019		927
2020 through 2024		5,812

11. LONG-TERM OBLIGATIONS

Long-term obligations consist of the following:

		2014		2013
Dormitory Authority of the State of New York, Barnard College Insured Revenue Bonds, Series 2007A. Interest at 4.00% to 5.00%, due serially to 2037	$	40,795	$	42,220
Dormitory Authority of the State of New York, Barnard College Revenue Bonds, Series 2008. Interest at variable rates due serially to 2027		10,280		15,885
Dormitory Authority of the State of New York, Barnard College Insured Revenue Bonds, Series 2004. Interest at 2.00% to 4.75%, due serially to 2035		24,595		25,275
Total		75,670		83,380
Add: unamortized bond premium		1,352		1,411
Less: unamortized bond discount		(23)		(24)
Total long-term obligations	$	76,999	$	84,767

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 are due serially to 2037. In accordance with the provisions of the loan agreement, the College is required to deposit construction and reserve funds with a trustee. These funds with a fair value of $2.5 million, in both years, were held in cash at June 30, 2014 and in cash and U.S. government securities at June 30, 2013 and are included in funds held by bond trustee in the accompanying statements of financial position.

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 rate on the DASNY 2008 Bonds was approximately 2% in Fiscal 2014 and 2013. In accordance with the provisions of the loan agreement, the College is required to deposit construction and reserve funds with a trustee. These funds with a fair value of $0.6 million, respectively, were held in cash at June 30, 2014 and in cash and U.S. government securities at June 30, 2013 and are included in funds held by bond trustee in the accompanying statements of financial position.

In September 2007, the College entered into a seven-year interest rate swap agreement on the notional amount of $32.6 million, the outstanding amount of the DASNY 2007B Bonds, to effectively fix the rate at 3.55%. As a result of the refunding of the DASNY 2007B Bonds, the swap agreement was modified to the notional amount of $28.0 million, the outstanding amount of the DASNY 2008 Bonds at that time. At June 30, 2014 and 2013, the fair value of the swap agreement, which is based upon the value provided by a third-party financial institution, was a liability of approximately $13 thousand and $0.2 million, and is reported as an obligation under derivative instrument on the accompanying statements of financial position at June 30, 2014 and 2013, respectively. The College has evaluated the valuation methodologies used to develop the fair values in order to determine whether such valuations are representative of an exit price.

(Dollars in thousands)

The College considered both its credit risk and counterparty credit risk in determining fair value and appropriate adjustments.

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. The loan agreement is a general and unsecured obligation of the College. In accordance with the provisions of the loan agreement, the College is required to deposit construction and reserve funds with a trustee. These funds with a fair value of $1.3 million at June 30, 2014 were held in cash and with a fair value of $1.2 million at June 30, 2013 were held in cash and U.S. government 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. The College is amortizing the deferred issuance costs over the life of the bonds. Amortization expense for the years ended June 30, 2014 and 2013 was $56 thousand.

Projected debt service payments on the long-term obligations as of June 30, 2014, for five years subsequent to June 30, 2014 and thereafter, are as follows:

Fiscal	Principal	Interest	Total
2015	$ 2,835	$ 3,492	$ 6,327
2016	2,965	3,365	6,330
2017	3,100	3,232	6,332
2018	3,240	3,090	6,330
2019	3,395	2,942	6,337
Thereafter	60,135	24,313	84,448
	$ 75,670	$ 40,434	$ 116,104

Interest payments included in the above chart for the DASNY 2008 Bonds were calculated on the basis of an assumed interest rate of 4% per annum.

Interest expense for the years ended June 30, 2014 and 2013 amounted to approximately $3.4 million and $3.6 million, respectively.

The estimated fair value of the College’s outstanding bonds at June 30, 2014 and 2013 was approximately $77.9 million and $85.7 million, respectively.

In September 2014, the College made an additional principal payment of $3.5 million on the DASNY 2008 Bonds.

(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 $5.4 million and $5.2 million for the years ended June 30, 2014 and 2013, 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, 2014 and 2013:

	2014	2013
Instruction, research, and library	$ 73,048	$ 59,845
Financial aid	62,172	47,798
Plant improvements	6,819	3,173
Gifts to be designated	1,749	4,346
Time restricted pledges	1,930	2,394
	$ 145,718	$ 117,556

Permanently restricted net assets are as follows at June 30, 2014 and 2013:

	2014	2013
Investments to be held in perpetuity, the earning from which are expendable to support:		
Financial aid	$ 72,582	$ 69,989
Instructional and other programs	74,110	63,386
	$ 146,692	$ 133,375

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 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.

(Dollars in thousands)

As of June 30, 2014, the College had a credit facility for $5.0 million with RBS Citizens, with no outstanding borrowing. This line of credit expired on August 8, 2014. Subsequent to June 30, 2014, the line of credit was renewed for an additional year.

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

Year ending June 30:		
2015	$	2,453
2016		2,347
2017		2,414
2018		529
	$	7,743

Rental expense for the years ended June 30, 2014 and 2013 totaled approximately $2.2 million and $1.8 million, respectively.