

Financial Statements and OMB Circular A-133
Supplementary Information Together with
Reports of Independent Certified Public Accountants

BARNARD COLLEGE

June 30, 2015 and 2014

BARNARD COLLEGE

TABLE OF CONTENTS

	Page
Report of Independent Certified Public Accountants	1 - 2
Financial Statements:	
Statement of Financial Position as of June 30, 2015, with summarized comparative totals for 2014	3
Statement of Activities for the year ended June 30, 2015, with summarized comparative totals for 2014	4
Statement of Cash Flows for the year ended June 30, 2015, with summarized comparative totals for 2014	5
Notes to Financial Statements	6 - 29
OMB Circular A-133 Supplementary Information:	
Schedule of Expenditures of Federal Awards for the year ended June 30, 2015	30 - 31
Notes to the Schedule of Expenditures of Federal Awards for the year ended June 30, 2015	32
Report of Independent Certified Public Accountants on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by Government Auditing Standards	33 - 34
Report of Independent Certified Public Accountants on Compliance for each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133	35 - 37
Schedule of Findings and Questioned Costs for the year ended June 30, 2015:	
Section I - Summary of Auditors' Results	38
Section II - Financial Statement Findings	39
Section III - Findings and Questioned Costs for Federal Awards	39



Grant Thornton LLP
757 Third Avenue, 9th Floor
New York, NY 10017
T 212.599.0100
F 212.370.4520
GrantThornton.com
[linkd.in/GrantThorntonUS](https://www.linkedin.com/company/grantthorntonus)
twitter.com/GrantThorntonUS

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees of
Barnard College:

Report on the financial statements

We have audited the accompanying financial statements of Barnard College (the “College”), which comprise the statement of financial position as of June 30, 2015, 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other matters

Supplementary information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on 2014 summarized comparative information

We have previously audited the College's 2014 financial statements (not presented herein), and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 1, 2014. In our opinion, the accompanying summarized comparative information as of and for the year ended June 30, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other reporting required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report, dated October 14, 2015, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.



New York, New York
October 14, 2015

BARNARD COLLEGE
Statement of Financial Position
As of June 30, 2015, with summarized comparative totals for 2014
(Dollars in thousands)

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 42,359	\$ 36,236
Student accounts receivable (net of allowance of \$42 and \$20)	170	131
Student notes receivable (net of allowance of \$330 and \$372) (Note 3)	2,450	2,674
Grants, bequests, and other receivables	2,938	2,474
Pledges receivable, net (Note 4)	13,302	13,932
Other assets	5,476	5,140
Investments (Notes 5 and 6)	307,286	292,993
Funds held by bond trustee (Notes 5 and 11)	71,981	4,404
Property, plant, and equipment, net (Note 7)	144,310	142,781
Total assets	<u>\$ 590,272</u>	<u>\$ 500,765</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 15,579	\$ 13,269
Deferred revenues	3,811	4,266
Liability under split-interest agreements (Note 5)	4,693	4,573
Refundable government loan program (Note 3)	2,228	2,262
Postretirement benefit obligation (Note 10)	19,815	18,045
Asset retirement obligations (Note 8)	2,581	2,429
Obligation under derivative instrument (Notes 5 and 11)	-	13
Long-term obligations (Note 11)	143,329	76,999
Total liabilities	<u>192,036</u>	<u>121,856</u>
 Commitments and contingencies (Notes 5, 11 and 14)		
 NET ASSETS (Note 6)		
Unrestricted	84,761	86,499
Temporarily restricted (Note 13)	155,972	145,718
Permanently restricted (Note 13)	157,503	146,692
Total net assets	<u>398,236</u>	<u>378,909</u>
Total liabilities and net assets	<u>\$ 590,272</u>	<u>\$ 500,765</u>

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

BARNARD COLLEGE

Statement of Activities

For the year ended June 30, 2015, with summarized comparative totals for 2014

(Dollars in thousands)

	2015			2014	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
OPERATING REVENUE					
Tuition and fees	\$ 112,900	\$ -	\$ -	\$ 112,900	\$ 106,467
Less: financial aid allowance	(35,104)	-	-	(35,104)	(31,746)
Net tuition and fees	77,796	-	-	77,796	74,721
State appropriations	172	-	-	172	186
Investment return appropriated for operations (Note 6)	1,819	9,672	-	11,491	10,584
Other investment income (loss)	(182)	254	-	72	269
Federal grants and contracts	2,805	-	-	2,805	3,310
State grants	736	-	-	736	639
Private gifts and grants	10,103	5,826	-	15,929	13,607
Auxiliary enterprises	35,947	-	-	35,947	34,032
Other sources	1,686	508	-	2,194	1,911
Net assets released from restrictions	16,831	(16,831)	-	-	-
Total operating revenue	147,713	(571)	-	147,142	139,259
OPERATING EXPENSES					
Instruction	56,116	-	-	56,116	53,093
Research	4,055	-	-	4,055	4,398
Public service	467	-	-	467	436
Academic administration	12,594	-	-	12,594	10,997
Student services	10,101	-	-	10,101	9,868
Institutional support	29,868	-	-	29,868	29,713
Auxiliary enterprises	32,615	-	-	32,615	32,179
Total operating expenses	145,816	-	-	145,816	140,684
Excess/(deficiency) of operating revenue over (under) operating expenses	1,897	(571)	-	1,326	(1,425)
NONOPERATING ACTIVITIES					
Investment return in excess of amount appropriated for operations (Note 6)	193	2,882	-	3,075	27,606
Contributions for long-term purposes and split-interest agreements	114	203	10,746	11,063	13,338
Contributions and grants for plant improvements	-	8,727	-	8,727	3,696
Net assets released from restrictions for plant improvements	337	(337)	-	-	-
Changes in value of split-interest agreements	-	(523)	(62)	(585)	838
Change in value of obligation under derivative instrument (Note 11)	13	-	-	13	164
Changes in donor designation and other reclassifications	-	(127)	127	-	-
Defeasance of debt (Note 11)	(4,032)	-	-	(4,032)	-
Postretirement cost other than net periodic benefit cost (Note 10)	(260)	-	-	(260)	(1,285)
Total nonoperating activities	(3,635)	10,825	10,811	18,001	44,357
Changes in net assets	(1,738)	10,254	10,811	19,327	42,932
Net assets - beginning of year	86,499	145,718	146,692	378,909	335,977
Net assets - end of year	\$ 84,761	\$ 155,972	\$ 157,503	\$ 398,236	\$ 378,909

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

BARNARD COLLEGE

Statement of Cash Flows

For the year ended June 30, 2015, with summarized comparative totals for 2014

(Dollars in thousands)

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 19,327	\$ 42,932
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Defeasance of debt	4,032	-
Change in value of obligation under derivative instrument	(13)	(164)
Change in value of split-interest agreements	585	(838)
Contributions for long-term purposes and split-interest agreements	(9,886)	(13,082)
Contributions and grants for plant improvements	(9,528)	(5,706)
Change in pledges receivable allowance and discount	(310)	(124)
Net appreciation in fair value of investments	(15,212)	(38,343)
Accretion of asset retirement obligations	152	143
Depreciation and amortization	6,958	7,043
Changes in operating assets and liabilities:		
Student accounts receivable	(39)	(32)
Grants, bequests, and other receivables	(464)	256
Pledges receivable	884	3,837
Other assets	(1,977)	(130)
Accounts payable and accrued expenses	458	832
Deferred revenues	(455)	32
Postretirement benefit obligation	1,770	2,451
Net cash used in operating activities	<u>(3,718)</u>	<u>(893)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(76,895)	(58,297)
Proceeds from the sale of investments	77,814	53,852
Building renovations and purchase of equipment	(6,656)	(3,006)
Student loans granted	(219)	(161)
Student loans repaid	418	505
Net cash used in investing activities	<u>(5,538)</u>	<u>(7,107)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase in funds held by bond trustees	(70,969)	(137)
Payment of principal notes and bond payables	(6,335)	(7,710)
Proceeds from issuance of debt	124,997	-
Refund of debt	(51,310)	-
(Decrease) increase in refundable government loan program	(9)	38
(Decrease) increase in liability under split-interest agreements	(409)	658
Contributions for long-term purposes and split-interest agreements	9,886	13,082
Contributions and grants for plant improvements	9,528	5,706
Net cash provided by financing activities	<u>15,379</u>	<u>11,637</u>
Net change in cash and cash equivalents	6,123	3,637
Cash and cash equivalents, beginning of year	36,236	32,599
Cash and cash equivalents, end of year	<u>\$ 42,359</u>	<u>\$ 36,236</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	<u>\$ 3,224</u>	<u>\$ 3,424</u>
Property, plant and equipment purchases in accounts payable	<u>\$ 1,852</u>	<u>\$ 166</u>

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

BARNARD COLLEGE
Notes to Financial Statements
June 30, 2015 and 2014
(Dollars in thousands)

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, 2015 and June 30, 2014, the College received conditional pledges of approximately \$10.3 million and \$78.4 million, respectively. The College has recorded revenue from these conditional promises of approximately \$8.0 million and \$5.0 million for the years ended June 30, 2015 and 2014, respectively, the extent to which the conditions on the pledges have been met.

BARNARD COLLEGE
Notes to Financial Statements
June 30, 2015 and 2014
(Dollars in thousands)

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.

BARNARD COLLEGE
Notes to Financial Statements
June 30, 2015 and 2014
(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, 2015 and 2014. The College recorded contributions from new split-interest agreements of approximately \$.2 million and \$.9 million for the years ended June 30, 2015 and 2014, 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 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, loss on refunding of debt, 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.

BARNARD COLLEGE
Notes to Financial Statements
June 30, 2015 and 2014
(Dollars in thousands)

- 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 \$6.7 million and \$6.5 million for the years ended June 30, 2015 and 2014, respectively.
- g. Auxiliary Enterprises - provides services to students for fees. 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, 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.

BARNARD COLLEGE
Notes to Financial Statements
June 30, 2015 and 2014
(Dollars in thousands)

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, 2012, 2013, 2014 and 2015 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 2015 presentation. Such reclassifications did not change total assets, liabilities, revenues, expenses or changes in net assets as reflected in the 2014 financial statements.

2014 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 audited financial statements as of and for the year ended June 30, 2014, from which the summarized information was derived.

Subsequent Events

The College evaluated subsequent events after the statement of financial position date of June 30, 2015 through October 14, 2015, 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 3 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.

BARNARD COLLEGE
Notes to Financial Statements
June 30, 2015 and 2014
(Dollars in thousands)

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.

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, 2015 and 2014, student notes receivable, net consisted of the following:

	<u>2015</u>	<u>2014</u>
Federal government program	\$ 1,378	\$ 1,579
Institutional programs	<u>1,402</u>	<u>1,467</u>
	<u>2,780</u>	<u>3,046</u>
Less: allowance for doubtful accounts		
Beginning of year	(372)	(392)
Allowance decrease	<u>42</u>	<u>20</u>
End of year	<u>(330)</u>	<u>(372)</u>
Student notes receivable, net	<u>\$ 2,450</u>	<u>\$ 2,674</u>

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 and \$2.3 million at June 30, 2015 and June 30, 2014, respectively, 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

BARNARD COLLEGE
Notes to Financial Statements
June 30, 2015 and 2014
(Dollars in thousands)

for loan and a decrease in the liability to the government. At June 30, 2015, 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
2015	\$ 145	\$ 335	\$ 480
2014	\$ 206	\$ 309	\$ 515

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.

On September 30, 2015, the Federal Perkins Loan Program expired. Unless the Federal government retroactively reauthorizes the program, no new loans can be issued under this Federal program. However, students who received their first Perkins Loan before July 1, 2015 may be eligible for four more years of loans unless they change their major.

4. PLEDGES RECEIVABLE, NET

Pledges receivable at June 30, 2015 and 2014 are as follows:

	2015	2014
Amounts expected to be collected in:		
One year or less	\$ 7,061	\$ 6,206
Two to five years	5,893	6,998
Greater than five years	<u>2,973</u>	<u>3,663</u>
	15,927	16,867
Less:		
Discount to present value (using rate of .15% - 4.91%)	(219)	(341)
Allowance for uncollectible pledges	<u>(2,406)</u>	<u>(2,594)</u>
Pledges receivable, net	<u>\$ 13,302</u>	<u>\$ 13,932</u>

As of June 30, 2015 and 2014, 43% and 42%, respectively, of gross pledges receivable were due from five donors.

BARNARD COLLEGE
Notes to Financial Statements
June 30, 2015 and 2014
(Dollars in thousands)

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.

Investments are held in the following funds:

	<u>2015</u>	<u>2014</u>
Trust and pooled life income funds	\$ 10,769	\$ 10,945
Endowment and designated as endowment funds	<u>296,517</u>	<u>282,048</u>
Total	<u>\$ 307,286</u>	<u>\$ 292,993</u>

As of June 30, 2015 and 2014, the College had alternative investments of approximately \$286 million and \$271 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, 2015 and 2014, the College's remaining outstanding commitments to private equity and real estate partnerships/funds approximated \$43 million and \$44 million, respectively. The private equity partnerships have 1 to 2 year terms remaining. As of June 30, 2015 and 2014, the average remaining life of the private equity partnerships was approximately one and two years, respectively.

BARNARD COLLEGE
Notes to Financial Statements
June 30, 2015 and 2014
(Dollars in thousands)

At June 30, 2015 and 2014, the College had one hedge fund of approximately \$8.5 million and \$6.7 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, 2015, the expirations of redemption lockup periods are summarized in the table below:

<u>Fiscal year</u>	<u>Amount</u>
Less than one year	\$ 2,822
Between one and three years	<u>5,645</u>
Total	<u>\$ 8,467</u>

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.

BARNARD COLLEGE
Notes to Financial Statements
June 30, 2015 and 2014
(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, 2015:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Redemption or Liquidation</u>	<u>Days Notice</u>
Financial assets:						
Investments:						
Cash and cash equivalents	\$ 9,717	\$ 9,717	\$ -	\$ -	Daily	Daily
Domestic bonds	46	-	46	-	Daily	Daily
Domestic equity funds:						
Small cap	640	246	394	-	Daily/Monthly	0-30
Mid cap	237	237	-	-	Daily	Daily
Large cap	4,204	2,713	1,491	-	Daily	Daily
	<u>5,081</u>	<u>3,196</u>	<u>1,885</u>	<u>-</u>		
International equity funds:						
International equities	1,456	898	558	-	Daily	Daily
	<u>1,456</u>	<u>898</u>	<u>558</u>	<u>-</u>		
Fixed income:						
U.S. Treasuries	7,495	7,495	-	-	Daily	Daily
Other	3,950	-	3,950	-	Monthly	30
	<u>11,445</u>	<u>7,495</u>	<u>3,950</u>	<u>-</u>		
Hedge funds:						
Credit/event driven	14,185	-	-	14,185	Annual	180
Equity long/short	110,584	-	110,584	-	Monthly/Quarterly	100 to 120
Fixed income strategies	8,467	-	-	8,467	Subject to lockup	90
Multistrategy	68,286	-	68,286	-	Quarterly	90
	<u>201,522</u>	<u>-</u>	<u>178,870</u>	<u>22,652</u>		
Other types:						
Private equity	77,065	-	-	77,065	Illiquid	Illiquid
Real estate	954	-	-	954	Illiquid	Illiquid
	<u>78,019</u>	<u>-</u>	<u>-</u>	<u>78,019</u>		
Total investments	307,286	21,306	185,309	100,671		
Other assets:						
Funds held by bond trustee	71,981	71,981	-	-		
Trusts and other split-interest agreements held by others	2,808	-	-	2,808		
Total assets	<u>\$ 382,075</u>	<u>\$ 93,287</u>	<u>\$ 185,309</u>	<u>\$ 103,479</u>		
Liabilities:						
Liabilities under split-interest agreements	\$ 4,693	\$ -	\$ -	\$ 4,693		
Total liabilities	<u>\$ 4,693</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,693</u>		

BARNARD COLLEGE
Notes to Financial Statements
June 30, 2015 and 2014
(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:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Redemption or Liquidation</u>	<u>Days Notice</u>
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
	<u>5,200</u>	<u>3,290</u>	<u>1,910</u>	<u>-</u>		
International equity funds:						
International equities	1,528	914	614	-	Daily	Daily
	<u>1,528</u>	<u>914</u>	<u>614</u>	<u>-</u>		
Fixed income:						
U.S. Treasuries	7,106	7,106	-	-	Daily	Daily
Other	3,934	-	3,934	-	Monthly	30
	<u>11,040</u>	<u>7,106</u>	<u>3,934</u>	<u>-</u>		
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
	<u>187,752</u>	<u>-</u>	<u>166,594</u>	<u>21,158</u>		
Other types:						
Private equity	74,700	-	-	74,700	Illiquid	Illiquid
Real estate	2,346	-	-	2,346	Illiquid	Illiquid
	<u>77,046</u>	<u>-</u>	<u>-</u>	<u>77,046</u>		
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	<u>\$ 300,886</u>	<u>\$ 26,141</u>	<u>\$ 173,052</u>	<u>\$ 101,693</u>		
Liabilities:						
Obligation under derivative instrument	\$ 13	\$ -	\$ 13	\$ -		
Liabilities under split-interest agreements	4,573	-	-	4,573		
Total liabilities	<u>\$ 4,586</u>	<u>\$ -</u>	<u>\$ 13</u>	<u>\$ 4,573</u>		

BARNARD COLLEGE
Notes to Financial Statements
June 30, 2015 and 2014
(Dollars in thousands)

The following tables present the College's activities for the years ended June 30, 2015 and 2014, respectively, for assets and liabilities classified in Level 3:

Investments:

	<u>Hedge Funds</u>	<u>Private Equity</u>	<u>Real Estate</u>	<u>Total</u>
Beginning balance at July 1, 2014	\$ 21,158	\$ 74,700	\$ 2,346	\$ 98,204
Acquisitions	1,600	13,112	-	14,712
Dispositions	-	(15,563)	(1,506)	(17,069)
Net appreciation (depreciation)	(106)	4,816	114	4,824
Ending balance at June 30, 2015	<u>\$ 22,652</u>	<u>\$ 77,065</u>	<u>\$ 954</u>	<u>\$ 100,671</u>

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

\$ (106)	\$ (2,932)	\$ (183)	\$ (3,221)
----------	------------	----------	------------

	<u>Hedge Funds</u>	<u>Private Equity</u>	<u>Real Estate</u>	<u>Total</u>
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	<u>\$ 21,158</u>	<u>\$ 74,700</u>	<u>\$ 2,346</u>	<u>\$ 98,204</u>

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
----------	----------	-------	----------

Liabilities under Split Interest Agreements:

	<u>2015</u>	<u>2014</u>
Beginning Balance	\$ 4,573	\$ 4,564
New split-interest agreements	93	71
Payments to beneficiaries	(730)	(821)
Terminated split-interest agreements	(192)	(100)
Change in fair value	949	859
Ending Balance	<u>\$ 4,693</u>	<u>\$ 4,573</u>

BARNARD COLLEGE
Notes to Financial Statements
June 30, 2015 and 2014
(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.

	<u>2015</u>	<u>2014</u>
Beginning Balance	\$ 3,489	\$ 3,505
Payments/terminations	(625)	(373)
Change in fair value	(56)	357
Ending Balance	<u>\$ 2,808</u>	<u>\$ 3,489</u>

At June 30, 2015 and 2014, 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, 2015 and 2014, investments valued at NAV and classified as Level 2 and 3 investments are as follows:

<u>2015</u>							
<u>Category</u>	<u>Significant Investment Strategy</u>	<u>NAV in Funds</u>	<u># of Funds</u>	<u>Life of Funds</u>	<u>Amount of Unfunded Commitments</u>	<u>Redemption Terms</u>	<u>Redemption Restrictions</u>
Hedge funds	Credit/event driven	\$ 14,185	1	N/A	\$ -	Annual, 180 days notice	N/A
Hedge funds	Fixed income	8,467	1	N/A	-	90 days notice	Rolling Lockup periods
Hedge funds	Multistrategy	68,286	1	N/A	-	Quarterly/90 days notice	N/A
Hedge funds	Equity long/short	110,584	2	N/A	-	100 to 120 days notice	N/A
Fixed Income	Investment grade	3,950	2	N/A	-	Monthly	N/A
Equities	Large cap	1,491	1	N/A	-	Daily	N/A
Equities	Small cap	394	1	N/A	-	Daily/Monthly	N/A
Equities	International equities	558	1	N/A	-	Daily	N/A
Other	Private equity	77,065	12	Up to 3/31/17	41,377	N/A	Illiquid
Other	Real estate	954	3	Up to 12/31/16	1,597	N/A	Illiquid
Other	Domestic Bond	46	2	Up to 6/21/17	-	Daily	N/A
	Total	<u>\$ 285,980</u>	<u>27</u>		<u>\$ 42,974</u>		

BARNARD COLLEGE
Notes to Financial Statements
June 30, 2015 and 2014
(Dollars in thousands)

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	<u>\$ 271,256</u>	<u>26</u>		<u>\$ 43,998</u>		

6. ENDOWMENT FUNDS

The College's endowment consists of over 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

BARNARD COLLEGE
Notes to Financial Statements
June 30, 2015 and 2014
(Dollars in thousands)

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

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 84% and 83% of the College's endowment investments at June 30, 2015 and 2014, respectively.

Endowment and quasi-endowment funds consisted of the following at June 30, 2015 and 2014, excluding split-interest agreements and pledges of approximately \$7.8 million and \$7.4 million, respectively:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Fiscal year 2015:				
Donor restricted	\$ -	\$ 105,616	\$ 149,698	\$ 255,314
Board designated	41,203	-	-	41,203
Total	<u>\$ 41,203</u>	<u>\$ 105,616</u>	<u>\$ 149,698</u>	<u>\$ 296,517</u>
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Fiscal year 2014:				
Donor restricted	\$ -	\$ 102,734	\$ 139,274	\$ 242,008
Board designated	40,040	-	-	40,040
Total	<u>\$ 40,040</u>	<u>\$ 102,734</u>	<u>\$ 139,274</u>	<u>\$ 282,048</u>

BARNARD COLLEGE
Notes to Financial Statements
June 30, 2015 and 2014
(Dollars in thousands)

Changes in the endowment funds for the fiscal years ended June 30, 2015 and 2014 were as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Balance at June 30, 2014	\$ 40,040	\$ 102,734	\$ 139,274	\$ 282,048
Interest and dividends, net	(94)	(552)	-	(646)
Net appreciation in fair value	2,106	13,106	-	15,212
Contributions	970	-	10,424	11,394
Distributions	(1,819)	(9,672)	-	(11,491)
Balance at June 30, 2015	<u>\$ 41,203</u>	<u>\$ 105,616</u>	<u>\$ 149,698</u>	<u>\$ 296,517</u>

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
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	<u>\$ 40,040</u>	<u>\$ 102,734</u>	<u>\$ 139,274</u>	<u>\$ 282,048</u>

For the years ended June 30, 2015 and 2014, investment expenses of approximately \$1.5 million and \$1.2 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, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Land	\$ 1,234	\$ 1,234
Buildings and building improvements	257,762	256,124
Furniture, fixtures, and equipment	31,901	30,643
Construction in progress	7,287	1,675
	<u>298,184</u>	<u>289,676</u>
Less accumulated depreciation	(153,874)	(146,895)
Total	<u>\$ 144,310</u>	<u>\$ 142,781</u>

BARNARD COLLEGE
Notes to Financial Statements
June 30, 2015 and 2014
(Dollars in thousands)

Depreciation expense was approximately \$7.0 million for both the years ended June 30, 2015 and June 30, 2014. The increase in construction in progress from approximately \$1.7 million to \$7.3 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.

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, 2015 and 2014, the obligation amounted to approximately \$2.6 million and \$2.4 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, prior to January 1, 2015, the College made contributions of either 9% or 12% (as defined by the Admin Plan) of eligible compensation. In addition, the College provided 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 had to contribute the stated contribution per the Admin Plan agreement in order to receive the matching contribution. Effective January 1, 2015, the College eliminated the matching contribution for the Admin Plan and increased the College's contribution to 12% and 15% (as defined by the Admin Plan) for employees hired before July 2012 and 9% and 12% (as defined by the Admin Plan) for those employees hired after July 2012.

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, 2015 and 2014 was \$6.8 million and \$6.9 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.

BARNARD COLLEGE
Notes to Financial Statements
June 30, 2015 and 2014
(Dollars in thousands)

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.

	<u>2015</u>	<u>2014</u>
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 18,045	\$ 15,594
Service cost	715	662
Interest cost	797	788
Plan participants' contributions	118	88
Actuarial loss	640	1,566
Benefits paid	(500)	(653)
Postretirement benefit obligation at end of year	<u>\$ 19,815</u>	<u>\$ 18,045</u>
Change in plan assets:		
Fair value of plan assets, beginning of year	\$ -	\$ -
Employer contributions	382	565
Plan participants' contributions	118	88
Benefits paid	(500)	(653)
Fair value of plan assets, end of year	<u>\$ -</u>	<u>\$ -</u>

Net periodic benefit cost reported as operating expense for the years ended June 30, 2015 and 2014 included the following components:

	<u>2015</u>	<u>2014</u>
Service cost	\$ 715	\$ 662
Interest cost	797	788
Amortization of prior service credit	(21)	(47)
Recognized actuarial loss	401	328
Net periodic postretirement medical benefit cost	<u>\$ 1,892</u>	<u>\$ 1,731</u>

BARNARD COLLEGE
Notes to Financial Statements
June 30, 2015 and 2014
(Dollars in thousands)

Postretirement cost other than net periodic benefit cost for the years ended June 30, 2015 and 2014 is as follows:

	<u>2015</u>	<u>2014</u>
Net loss for the year	\$ 640	\$ 1,566
Amortization of loss	(401)	(328)
Amortization of prior service cost	21	47
	<u>\$ 260</u>	<u>\$ 1,285</u>
Weighted average discount rate used to determine benefit obligations at June 30,	4.75%	4.50%
Weighted average discount rate used to determine net periodic benefit cost for the fiscal year ended June 30,	4.50%	5.00%
	<u>Union/ Nonunion</u>	<u>Union/ Nonunion</u>
Assumed healthcare cost trend rates:		
Healthcare cost trend rate	6.0%/6.0%	6.5%/6.5%
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:

	<u>1% Increase</u>	<u>1% Decrease</u>
Effect on total service and interest cost component	\$ 181	\$ (148)
Effect on postretirement benefit obligation	1,845	(1,522)

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

	<u>2015</u>	<u>2014</u>
Net actuarial loss	\$ 5,874	\$ 5,635
Prior service credit	-	(20)
Total	<u>\$ 5,874</u>	<u>\$ 5,615</u>

BARNARD COLLEGE
Notes to Financial Statements
June 30, 2015 and 2014
(Dollars in thousands)

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, 2016 through June 30, 2025, the College expects to make contributions to and benefit payments from the plans, net of Medicare subsidy, as follows:

2016	\$	720
2017		808
2018		861
2019		935
2020		1,022
2021 through 2025		6,278

11. LONG-TERM OBLIGATIONS

Long-term obligations consist of the following:

	<u>2015</u>	<u>2014</u>
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	\$ 11,875	\$ 40,795
Dormitory Authority of the State of New York, Barnard College Revenue Bonds, Series 2008. Interest at variable rates due serially to 2023	6,150	10,280
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
Dormitory Authority of the State of New York, Barnard College Revenue Bonds, Series 2015A. Interest at 2.00% to 5.00%, due serially to 2026	109,035	-
Dormitory Authority of the State of New York, Series 2015B. Interest at variable rates, due in 2025	297	-
Total	<u>127,357</u>	<u>75,670</u>
Add: unamortized bond premium	15,972	1,352
Less: unamortized bond discount	-	(23)
Total long-term obligations	<u>\$ 143,329</u>	<u>\$ 76,999</u>

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.

BARNARD COLLEGE
Notes to Financial Statements
June 30, 2015 and 2014
(Dollars in thousands)

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 2015 and 2014.

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, 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 is reported as an obligation under derivative instrument on the accompanying statements of financial position at June 30, 2014. The College considered both its credit risk and counterparty credit risk in determining fair value and appropriate adjustments. The swap agreement terminated as of July 1, 2014.

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 \$109,035,000 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 “Library 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. The College recorded a loss of \$1.3 million and \$2.7 million on the refunding of the DASNY 2004 Bonds and the partial refunding of the DASNY 2007A Bonds, respectively. This total loss of approximately \$4.0 million was comprised of the write-off of unamortized bond issuance costs and bond premiums and discounts as well as premiums paid on the redemptions. No redemption premiums were paid on these refundings as both the DASNY 2004 Bonds and the DASNY 2007A Bonds were redeemed at par.

BARNARD COLLEGE
Notes to Financial Statements
June 30, 2015 and 2014
(Dollars in thousands)

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 Library and other projects. The DASNY 2015B Bonds are 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, 2015, \$297 thousand of the DASNY 2015B Bonds were outstanding.

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, 2015.

In accordance with the provisions of the loan agreements for the DASNY 2004, 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 \$72.0 million and \$4.4 million at June 30, 2015 and 2014, 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, 2015 and 2014 were approximately \$2.1 million and \$2.5 million, respectively, and are included in other assets 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, 2015 and 2014 was \$22 thousand and \$56 thousand, respectively.

Projected debt service payments on the long-term obligations as of June 30, 2015, for five years subsequent to June 30, 2015 and thereafter, are as follows:

Fiscal	Principal	Interest	Total
2016	\$ 2,235	\$ 1,454	\$ 3,689
2017	3,020	5,744	8,764
2018	3,145	5,619	8,764
2019	3,285	5,488	8,773
2020	4,500	5,373	9,873
Thereafter	111,172	66,264	177,436
	\$ 127,357	\$ 89,942	\$ 217,299

BARNARD COLLEGE
Notes to Financial Statements
June 30, 2015 and 2014
(Dollars in thousands)

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.

Interest expense for the years ended June 30, 2015 and 2014 amounted to approximately \$2.9 million and \$3.4 million, respectively.

The estimated fair value of the College's outstanding bonds at June 30, 2015 and 2014 was approximately \$140 million and \$77.9 million, respectively.

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 \$5.5 million and \$5.4 million for the years ended June 30, 2015 and 2014, 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, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Instruction, research, and library	\$ 75,503	\$ 73,048
Financial aid	61,956	62,172
Plant improvements	15,814	6,819
Gifts to be designated	2,511	1,749
Time restricted pledges	188	1,930
	<u>\$ 155,972</u>	<u>\$ 145,718</u>

Permanently restricted net assets are as follows at June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Investments to be held in perpetuity, the earning from which are expendable to support:		
Financial aid	\$ 76,634	\$ 72,582
Instructional and other programs	80,869	74,110
	<u>\$ 157,503</u>	<u>\$ 146,692</u>

BARNARD COLLEGE
Notes to Financial Statements
June 30, 2015 and 2014
(Dollars in thousands)

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, 2015, the College had a credit facility for \$5.0 million with RBS Citizens, with no outstanding borrowing. This line of credit was set to expire on September 15, 2015. Subsequent to June 30, 2015, 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:

2016	\$ 2,507
2017	2,496
2018	<u>610</u>
	<u>\$ 5,613</u>

Rental expense for the years ended June 30, 2015 and 2014 totaled approximately \$2.4 million and \$2.2 million, respectively.

BARNARD COLLEGE
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2015

Federal Grantor/Program Title	Federal CFDA Number	Expenditures
U.S. Department of Education:		
Federal Student Financial Assistance Cluster:		
Federal Direct Student Loans (Note 2)	84.268	\$ 8,815,785
Federal Perkins Loan Program (Note 2)	84.038	135,582
Federal Pell Grant Program	84.063	2,185,399
Federal Work-Study Program	84.033	231,434
Federal Supplemental Educational Opportunity Grant Program	84.007	<u>188,385</u>
Total Federal Student Financial Assistance Cluster		<u>11,556,585</u>
Research and Development Cluster:		
National Science Foundation - Direct:		
RUI: Dynamic Control of Electrophilic Carbene Additions to Strained C-C Bonds	47.049	4,784
Barnard Robert Noyce Teacher Scholars Program	47.076	159,697
Collaborative Research: Lit: Vulnerability of Tropical Ectotherms to Climate Warming	47.074	26,214
RUI - Collaborative: Engaging Undergraduates in Genomic Questions and Environmental Context: Building a Database of Complex Phenotypes for Plant Knockout Mutants	47.074	7,349
Maximizing Recruitment, Persistence, and Success of Undergraduate Women in Science	47.076	94,702
RUI: Pubertal Maturation of the Hypothalamic-Pituitary-Adrenal Axis	47.074	66,727
3-Manifolds and Geometry	47.049	57,878
Particle Astrophysics at TeV Energies with VERITAS (Note 3)	47.049	250,976
Collaborative Research: MRI Consortium: Development of a Novel Telescope for Very High- Energy Gamma-Ray Astrophysics (Note 3)	47.049	240,736
Self Regulation and Threat: Shifting Tactics in the Face of Threatening Stereotypes	47.075	27,559
Foundations of the Theory of J-Holomorphic Curves	47.049	58,303
Regulatory Properties of Stationary and Evolution Free Boundary Problems	47.079	37,889
The Archaeology of Native American Expansion	47.075	13,753
RUI: Quantitative Analysis of Brain Clock Oscillations and Associated Cellular Contact and Morphologies	47.074	98,932
Coastal SEES (Track 2), Collaborative: Developing High Performance Green Infrastructure Systems to Sustain Coastal Cities	47.041	50,321
Collaborative Research: Discordant Models of Testosterone Function	47.075	28,201
The responsibility of judges to assure due process: Tension among neutrality, rights protection, and role	47.075	4,155
RUI: Neural Basis of Pubertal Shifts in Stress Reactivity	47.074	7,015
RUI: Energetics and Dynamics of an Electron-Transfer Protein from a Psychophilic Hydrocarbonoclastic Microorganism	47.049	130,684
RAPID: Sovereignty, Rights, Justice and the Manus Island Detention Center, Papua New Guinea	47.075	15,845
RUI: Collaborative unPAK: Undergraduate Phenotyping Arabidopsis Knockouts: A Distributed Genomic Approach to Examine Evolutionarily Important Traits	47.074	<u>31,228</u>
Total National Science Foundation - Direct		<u>1,412,948</u>

The accompanying notes to the schedule of expenditures of federal awards should be read in conjunction with this schedule.

BARNARD COLLEGE
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2015

Federal Grantor/Program Title	Federal CFDA Number	Pass-Through Number	Expenditures
National Aeronautics and Space Administration-Pass-through: Pass-through Cornell University - NASA New York Space Grant	43.008	61420-9280	\$ 6,400
National Institute for Alcohol Abuse and Alcoholism - Pass-through: Pass-through The Research Foundation of SUNY - Developmental Exposure Alcohol Research Center	93.273	1105786-58955	8,872
U.S. Department of Energy- Direct: Linking AS,SE, V and MN Behavior to Natural and Biostimulated Uranium Cycling - (Note 3)	81.049	N/A	34,655
U.S. Department of State- Direct: Preserving the transmission of cultural knowledge through Malagan carving of New Ireland, PNG cultural preservation project	19.025	N/A	30,252
U.S. Department of Agriculture - National Honey Board - Direct: The Effects of Inducible Reactive Oxygen Species Production on Nosema Ceranae Infection	10.025	N/A	7,720
U.S. Department of Health and Human Services - Direct: Sensory and Perceptual Factors in Spoken Communication	93.173	N/A	224,141
Time and Associative Learning (Note 3)	93.242	N/A	194,738
The Creation and Enhancement of Language	93.173	N/A	82,613
Modulation of Fear Memory by Corticotropin-Releasing Factor in the Amygdala	93.242	N/A	151,539
Construction and Union of 2-Amino Sugar Building Blocks	93.859	N/A	36,761
The Interface of Learning and Spatial-Numerical Skills	93.865	N/A	145,451
Total U.S. Department of Health and Human Services - Direct			<u>835,243</u>
U.S. Department of Health and Human Services - Pass-through: Pass-through Columbia University - Health Effects and Geochemistry of Arsenic and Manganese	93.113	5-76941 / 5-76940	48,370
Total U.S. Department of Health and Human Services			<u>883,613</u>
Total Research and Development Cluster			<u>2,384,460</u>
Total Expenditures of Federal Awards			<u>\$ 13,941,045</u>

The accompanying notes to the schedule of expenditures of federal awards should be read in conjunction with this schedule.

BARNARD COLLEGE
Notes to the Schedule of Expenditures of Federal Awards
For the year ended June 30, 2015

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Barnard College (the "College") and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the U.S. Office of Management and Budget ("OMB") Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

2. LOANS OUTSTANDING

With respect to the Federal Direct Student Loan Programs (including Federal Stafford Student Loans and Federal PLUS Loans), the College is responsible only for the performance of certain administrative duties. Therefore, the balances of loans outstanding and transactions related to these programs are not included in the College's basic financial statements. It is not practical to determine the balance of loans outstanding to students of the College under those programs at June 30, 2015.

The College administers and accounts for all aspects of the Federal Perkins Loan Program. Accordingly, the College's basic financial statements include all activity related to this program. New loans made by the College during the year ended June 30, 2015 under the Federal Perkins Loan Program totaled \$135,582, which includes administrative costs of \$39,206. Federal Perkins loans outstanding at June 30, 2015 totaled \$1,378,000.

On September 30, 2015, the Federal Perkins Loan Program expired. Unless the Federal government retroactively reauthorizes the program, no new loans can be issued under this Federal program. However, students who received their first Perkins Loan before July 1, 2015 may be eligible for four more years of loans unless they change their major.

3. SUBRECIPIENTS

Of the federal expenditures presented on the accompanying schedule, the College provided federal awards to subrecipients as follows:

Program Title	CFDA Number/ Contract Number	Amounts Provided to Subrecipients
Linking AS, SE, V and MN Behavior to Natural and Biostimulated Uranium Cycling	81.049	\$ 2,900
Time and Associative Learning	93.242	100,933
Collaborative Reseach: MRI Consortium: Development of a Novel Telescope for Very High-Energy Gamma-Ray Astrophysics	47.049	18,974
Particle Astrophysics at TeV Energies with VERITAS	47.049	74,397
		\$ 197,204

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON
INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

To the Board of Trustees of
Barnard College:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Barnard College (the “College”), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 14, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College’s internal control over financial reporting (“internal control”) to design audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express an opinion on the effectiveness of the College’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the College’s financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in the College’s internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Intended purpose

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Grant Thornton LLP". The signature is written in a cursive, flowing style.

New York, New York
October 14, 2015

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON
COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Board of Trustees of
Barnard College:

Report on compliance for each major federal program

We have audited the compliance of Barnard College (the “College”) with the types of compliance requirements described in the U.S. Office of Management and Budget’s *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015. The College’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Our audit of, and opinion on, the College’s compliance for each major federal program does not include the compliance requirements governing student loan repayments under the federal Perkins loan program, because the College engaged University Accounting Service, LLC to perform these compliance activities. This third-party servicer has obtained a compliance examination from another practitioner for the year ended June 30, 2015 in accordance with the U.S. Department of Education’s Audit Guide, *Audits of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers*.

Management’s responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to the College’s federal programs.

Auditor’s responsibility

Our responsibility is to express an opinion on compliance for each of the College’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

The above-mentioned standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the College's compliance.

Opinion on each major federal program

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on internal control over compliance

Management of the College is responsible for designing, implementing, and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of compliance requirements that could have a direct and material effect on each of its major federal program to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

As described in our Report on Compliance for Each Major Federal Program above, this Report on Internal Control Over Compliance does not include the results of the other auditors' testing of internal control over compliance that is reported on separately by those auditors.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in the College's internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this Report on Internal Control Over Compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Grant Thornton LLP

New York, New York
January 26, 2016

BARNARD COLLEGE
Schedule of Findings and Questioned Costs
For the year ended June 30, 2015

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial statements:

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes none reported
- Noncompliance material to financial statements noted? yes no

Federal awards:

Internal control over the major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes none reported

Type of auditors' report issued on compliance for the major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? yes no

Identification of the major programs:

<u>Federal Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>
Student Financial Assistance Cluster	84.268, 84.038, 84.063, 84.033, 84.007

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? yes no

BARNARD COLLEGE
Schedule of Findings and Questioned Costs (continued)
For the year ended June 30, 2015

SECTION II - FINANCIAL STATEMENT FINDINGS

None noted.

SECTION III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None noted.