Financial Statements Together with
Report of Independent Certified Public Accountants

BARNARD COLLEGE

June 30, 2019 and 2018

BARNARD COLLEGE

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Trustees
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, 2019 and the related statement 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.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, 2019, 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 2018 summarized comparative information
We have previously audited the College's 2018 financial statements (not presented herein), and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 11, 2018. In our opinion, the accompanying summarized comparative information as of and for the year ended June 30, 2018 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 22, 2019

BARNARD COLLEGE
Statement of Financial Position
As of June 30, 2019, with summarized comparative totals for 2018
(Dollars in thousands)

	2019	2018
ASSETS		
Cash and cash equivalents	$ 28,646	$ 46,195
Student accounts receivable (net of allowance of $43 and $45)	140	230
Student notes receivable, net (Note 3)	1,570	1,798
Grants, bequests, and other receivables	3,824	3,648
Pledges receivable, net (Note 4)	44,198	48,793
Other assets	4,347	3,473
Investments (Notes 5 and 6)	374,554	356,368
Funds held by bond trustee (Notes 5 and 11)	14,564	14,257
Property, plant, and equipment, net (Note 7)	320,861	263,099
Total assets	$ 792,704	$ 737,861
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	$ 17,884	$ 18,294
Deferred revenues	4,233	3,831
Liability under split-interest agreements (Note 5)	5,376	5,757
Refundable government loan program (Note 3)	557	582
Postretirement benefit obligation (Note 10)	28,356	24,032
Asset retirement obligations (Note 8)	2,963	2,789
Long-term obligations, net (Note 11)	158,580	167,264
Lease obligation payable (Note 18)	47,206	-
Total liabilities	265,155	222,549
Commitments and contingencies (Notes 5, 11 and 18)		
NET ASSETS (Note 6)		
Without donor restrictions	129,090	131,341
With donor restrictions (Note 15)	398,459	383,971
Total net assets	527,549	515,312
Total liabilities and net assets	$ 792,704	$ 737,861

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

BARNARD COLLEGE
Statement of Activities
For the year ended June 30, 2019, with summarized comparative totals for 2018
(Dollars in thousands)

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
OPERATING REVENUE				
Student services revenue (Note 12)	$ 174,071	$ -	$ 174,071	$ 164,588
Less: financial aid allowance (Note 12)	(43,189)	-	(43,189)	(40,290)
Net Student services revenue	130,882	-	130,882	124,298
State appropriations	187	-	187	176
Investment return appropriated for operations (Note 6)	2,119	13,539	15,658	14,645
Other investment income	1,458	205	1,663	1,126
Federal grants and contracts	4,217	-	4,217	2,944
State grants	962	-	962	876
Private gifts and grants	10,904	7,867	18,771	15,259
Pre-College and rental (Note 13)	5,081	-	5,081	4,863
Other sources	2,159	467	2,626	2,607
Net assets released from restrictions	17,461	(17,461)	-	-
Total operating revenue	175,430	4,617	180,047	166,794
OPERATING EXPENSES				
Instruction	72,260	-	72,260	65,465
Research	5,948	-	5,948	4,574
Public service	411	-	411	291
Academic administration	19,879	-	19,879	11,314
Student services	12,589	-	12,589	11,223
Institutional support	36,996	-	36,996	37,731
Auxiliary enterprises	37,375	-	37,375	35,384
Total operating expenses	185,458	-	185,458	165,982
(Deficiency)/excess of operating revenue (under) over operating expenses	(10,028)	4,617	(5,411)	812
NONOPERATING ACTIVITIES				
Investment return in excess of amount appropriated for operations (Note 6)	223	1,648	1,871	9,680
Contributions for long-term purposes and split-interest agreements	-	12,756	12,756	9,953
Contributions and grants for plant improvements	-	5,551	5,551	2,055
Net assets released from restrictions for plant improvements	9,884	(9,884)	-	-
Changes in value of split-interest agreements	-	(200)	(200)	65
Postretirement changes other than net periodic benefit cost (Note 10)	(2,330)	-	(2,330)	2,886
Total nonoperating activities	7,777	9,871	17,648	24,639
Changes in net assets	(2,251)	14,488	12,237	25,451
Net assets - beginning of year	$ 131,341	$ 383,971	$ 515,312	489,861
Net assets - end of year	$ 129,090	$ 398,459	$ 527,549	$ 515,312

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

BARNARD COLLEGE
Statement of Cash Flows
For the year ended June 30, 2019, with summarized comparative totals for 2018
(Dollars in thousands)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ 12,237	$ 25,451
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Change in value of split-interest agreements	200	(65)
Contributions for long-term purposes and split-interest agreements	(13,303)	(9,253)
Contributions and grants for plant improvements	(10,728)	(9,876)
Change in pledges receivable allowance and discount	(964)	(86)
Net appreciation in fair value of investments	(16,624)	(23,996)
Accretion of asset retirement obligations	174	164
Depreciation expense	9,233	7,156
Amortization expense	(399)	(399)
Changes in operating assets and liabilities:		
Student accounts receivable	90	11
Grants, bequests, and other receivables	(176)	(656)
Pledges receivable	5,581	7,221
Other assets	(874)	194
Accounts payable and accrued expenses	(3,646)	(1,540)
Deferred revenues	402	464
Postretirement benefit obligation	4,324	(846)
Net cash used in operating activities	(14,473)	(6,056)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(65,703)	(297,421)
Proceeds from the sale of investments	64,141	303,181
Building renovations and purchase of equipment	(16,553)	(68,553)
Student loans granted	(123)	(141)
Student loans repaid	323	313
Net cash used in investing activities	(17,915)	(62,621)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Increase)/decrease in funds held by bond trustees	(307)	22,697
Payment of principal notes and bond payables	(8,285)	(3,145)
Proceeds from issuance of debt	-	35,903
Increase/(decrease) in refundable government loan program	3	(165)
Decrease in liability under split-interest agreements	(603)	(138)
Contributions for long-term purposes and split-interest agreements	13,303	9,253
Contributions and grants for plant improvements	10,728	9,876
Net cash provided by financing activities	14,839	74,281
Net change in cash and cash equivalents	(17,549)	5,604
Cash and cash equivalents, beginning of year	46,195	40,591
Cash and cash equivalents, end of year	$ 28,646	$ 46,195
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	$ 6,349	$ 5,962
Capital lease obligation - non cash	$ 47,206	$ -
Property, plant and equipment purchases in accounts payable	$ (3,236)	$ (2,940)

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

In August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities ("ASU 2016-14"). The ASU amends the current reporting model for not-for-profit organizations and requires certain additional disclosures. The significant changes include:

- Requiring the presentation of two net asset classes classified as "net assets without donor restrictions" and "net assets with donor restrictions";
- Modifying the presentation of underwater endowment funds and related disclosures;
- Requiring the use of the placed in service approach to recognize the satisfaction of restrictions on gifts used to acquire or construct long-lived assets, absent explicit donor stipulations otherwise;
- Requiring that all not-for-profits present an analysis of expenses by function and nature in a separate statement or in the notes to the financial statements;
- Requiring disclosure of quantitative and qualitative information on liquidity;
- Presenting investment return net of external and direct internal investment expenses; and
- Modifying other financial statement reporting requirements and disclosures intended to increase the usefulness to the reader.

(Dollars in thousands)

The College adopted ASU 2016-14 as of and for the year ended June 30, 2019. A presentation of net assets as previously reported as of June 30, 2018 and 2017, and as required under ASU 2016-14 follows:

		June 30, 2018 Presentation under ASU 2016-14		
	As Previously Presented	Without Donor Restrictions	With Donor Restrictions	Total
Net assets:				
Unrestricted	$ 131,341	$ 131,341	$ -	$ 131,341
Temporarily restricted	191,959	-	191,959	191,959
Permanently restricted	192,012	-	192,012	192,012
Total net assets	$ 515,312	$ 131,341	$ 383,971	$ 515,312

		June 30, 2017 Presentation under ASU 2016-14		
	As Previously Presented	Without Donor Restrictions	With Donor Restrictions	Total
Net assets:				
Unrestricted	$ 117,383	$ 117,383	$ -	$ 117,383
Temporarily restricted	190,517	-	190,517	190,517
Permanently restricted	181,961	-	181,961	181,961
Total net assets	$ 489,861	$ 117,383	$ 372,478	$ 489,861

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:

Net assets without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations.

Net assets with Donor Restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature, those restrictions will be met by actions of the College or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Revenues are reported as increases in net assets without donor restrictions unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets are reported as increases or decreases in net assets without donor restrictions 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.

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.

Fair Value Measurements

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

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

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

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

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset or liability. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. This category generally includes certain private debt and equity instruments and alternative investments.

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

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

Investments

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

The College invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the Statement of Financial Position.

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

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 $5,000 or above which have useful lives greater than one year. Depreciation and amortization are computed on the straight-line basis over the estimated useful lives of the assets as follows:

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

Debt Issuance Costs

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

Revenue Recognition and Receivables

In accordance with FASB Accounting Standards Codification ("ASC") Topic 606, Revenue from Contracts with Customers ("ASC 606"), the College recognizes revenue when control of the promised goods or services are transferred to the College's students or outside parties in an amount that reflects the consideration the College expects to be entitled to in exchange for those goods or services. The standard outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied.

ASC 606 also requires new and expanded disclosures regarding revenue recognition to ensure an understanding as to the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The College has identified student revenues, sales and services of educational activities and sales of other auxiliary enterprise revenue as revenue categories subject to the adoption of ASC 606. The College recognizes contracts with customers, as goods or services transferred or provided in accordance with ASC 606.

The results of applying ASC 606 using the modified retrospective approach did not have a material impact on the statements of financial position, statements of activities, cash flows, business processes, controls or systems of the College.

Student Services Revenue

Student services revenue, net of financial aid, are recognized as revenues over the academic terms to which they relate.

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

Contributions, Grants and Contracts

The College recognizes revenue from contributions, grants and contracts in accordance with ASU 2018-08, Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. Accordingly, the College evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer of assets is determined to be an exchange transaction, the College applies guidance under ASC 606. If the transfer of assets is determined to be a contribution the College evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before the College is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets.

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 net assets with donor restrictions. Contributions of cash or other assets that must be used to acquire or construct long-lived assets are reported as net assets with donor restrictions 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, 2019 and June 30, 2018, the College received new conditional pledges of approximately $18.2 million and $19.1 million, respectively. The College has recorded revenue from conditional promises of approximately $11.5 million and $5.0 million for the years ended June 30, 2019 and 2018, respectively, the extent to which the conditions on the pledges have been met.

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.

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.

Deferred Revenues

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

Split-Interest Agreements

The College is the beneficiary of trusts, annuities, and pooled income funds. The College’s interest in these split-interest agreements is reported as a contribution in the year received and is calculated as the difference between the fair value of the assets contributed to the College and the estimated liability to the beneficiary. This liability is computed using actuarially determined rates and is adjusted annually. The discount rate used to value split-interest agreements ranged from 1.2% to 8.0% at June 30, 2019 and 2018. The College recorded contributions from new split-interest agreements of approximately $0.2 million for the years ended June 30, 2019 and 2018. These amounts are included in nonoperating contributions in the accompanying Statements of Activities. The assets held by the College under these arrangements are included as a component of investments in the accompanying Statement of Financial Position.

Operating and Nonoperating Activities

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

Categories of Expense

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

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

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

c. Public Service - includes activities established to provide non-instructional services such as the New York State Higher Education Opportunity Program ("HEOP").

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, Beyond Barnard and Disability Services. In addition, it includes expenses for student-related activities outside the context of the formal instructional program.

f. Institutional Support - includes expenses for college-wide activities such as the offices of the President, Finance, Institutional Advancement, Administration, Administrative Computing, General Counsel, Human Resources and Communications. Fundraising expenses totaled approximately $7.1 million for the years ended June 30, 2019 and 2018, respectively.

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

Allocation of Certain Expenses

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

Use of Estimates

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

Accounting for Uncertainty in Income Taxes

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

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

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.

Reclassifications

Certain prior period amounts have been reclassified in order to conform to the 2019 presentation. Such reclassifications did not change total assets, liabilities, revenues, expenses or changes in net assets as reflected in the 2018 financial statements.

2018 Summarized Comparative Financial Information

The accompanying financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the College's audited financial statements as of and for the year ended June 30, 2018, from which the summarized information was derived.

Subsequent Events

The College evaluated subsequent events after the Statement of Financial Position date of June 30, 2019 through October 22, 2019, 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.

(Dollars in thousands)

Recently Issued Accounting Pronouncements

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

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

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, 2019 and 2018, student notes receivable, net consisted of the following:

	2019	2018
Federal government program	$ 662	$ 839
Institutional programs	1,335	1,379
	1,997	2,218
Less: allowance for doubtful accounts		
Beginning of year	(420)	(418)
Increase in allowance	(7)	(2)
End of year	(427)	(420)
Student notes receivable, net	$ 1,570	$ 1,798

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 approximately $0.6 million at June 30, 2019 and 2018, are ultimately refundable to the government and are classified as a liability in the Statements of Financial Position. In the year ended June 30, 2018, the College repaid $0.2 million of the funds advanced by the Federal Government. 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, 2019 and 2018, 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
2019	$ 136	$ 367	$ 503
2018	$ 160	$ 378	$ 538

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, 2019 and 2018 are as follows:

	2019	2018
Amounts expected to be collected in:		
One year or less	$ 18,277	$ 22,798
Two to five years	24,363	22,221
Greater than five years	5,529	8,709
	48,169	53,728
Less:		
Discount to present value (using rate of 0.41% - 3.30%)	(1,946)	(2,445)
Allowance for uncollectible pledges	(2,025)	(2,490)
Pledges receivable, net	$ 44,198	$ 48,793

As of June 30, 2019, 84% of gross pledges receivable were due from three donors. As of June 30, 2018, 85% of gross pledges receivable were due from three donors.

5. INVESTMENTS AND FAIR VALUE

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

(Dollars in thousands)

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

Investments are held in the following funds:

	2019	2018
Trust and pooled life income funds	$ 10,931	$ 11,271
Endowment and designated as endowment funds	363,623	345,097
Total	$ 374,554	$ 356,368

As of June 30, 2019 and 2018, the College had alternative investments of approximately $285 million and $277 million, respectively. Alternative investments include private equity partnerships, real estate, and hedged strategies. Underlying securities owned by the alternative investments include certain publicly traded securities that have readily available market values and other investments that are not readily marketable. The agreements underlying participation in those investments may limit the College's ability to liquidate its interests in such investments for a period of time.

At June 30, 2019 and 2018, the College's remaining outstanding commitments to private equity and real estate partnerships/funds approximated $38.3 million and $45 million, respectively. The private equity partnerships have 1 to 11 year terms remaining for both June 30, 2019 and 2018. As of June 30, 2019 and 2018, the average remaining life of the private equity partnerships was approximately six years.

At June 30, 2018, the College had one hedged strategy of approximately $5.3 million, which was restricted from redemption for lockup periods. This investment allowed for early redemption for specified fees and required 90 day notice for redemption. This strategy was redeemed during the current fiscal year.

(Dollars in thousands)

The following table presents the College's fair value hierarchy for those assets and liabilities measured at fair value at June 30, 2019:

	Fair Value	Level 1	Level 2	Level 3	Investments at NAV
Financial assets:					
Investments:					
Cash and cash equivalents	$ 17,545	$ 17,545	$ -	$ -	$ -
Domestic bonds	1,203	-	-	-	1,203
Domestic equity funds:					
Small cap	565	406	-	-	159
Mid cap	415	415	-	-	-
Large cap	17,085	6,857	-	-	10,228
	36,813	25,223	-	-	11,590
International equity funds:					
International equities	75,509	31,772	-	-	43,737
	75,509	31,772	-	-	43,737
Fixed income:					
U.S. Treasuries	32,186	32,186	-	-	-
Other	33,895	-	-	-	33,895
	66,081	32,186	-	-	33,895
Hedged strategies:					
Credit/event driven	15,395	-	-	-	15,395
Multistrategy	82,188	-	-	-	82,188
	97,583	-	-	-	97,583
Other types:					
Private equity	98,164	-	-	-	98,164
Real estate	404	-	-	-	404
	98,568	-	-	-	98,568
Total investments	374,554	89,181	-	-	285,373
Other assets:					
Funds held by bond trustee	14,564	14,564	-	-	-
Trusts and other split-interest agreements held by others	3,146	-	-	3,146	-
Total assets	$ 392,264	$ 103,745	$ -	$ 3,146	$ 285,373
Liabilities:					
Liabilities under split-interest agreements	$ 5,376	$ -	$ -	$ 5,376	
Total liabilities	$ 5,376	$ -	-	$ 5,376	

(Dollars in thousands

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

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

(Dollars in thousands)

The following tables present the College's activities for the years ended June 30, 2019 and 2018, respectively, for assets and liabilities classified in Level 3:

Liabilities under Split-Interest Agreements

	2019	2018
Beginning Balance	$ 5,757	$ 5,772
New split-interest agreements	102	110
Payments to beneficiaries	(730)	(726)
Terminated split-interest agreements	(248)	(8)
Change in fair value	495	609
Ending Balance	$ 5,376	$ 5,757

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.

	2019	2018
Beginning Balance	$ 3,124	$ 2,936
Change in fair value	22	188
Ending Balance	$ 3,146	$ 3,124

(Dollars in thousands)

At June 30, 2019 and 2018, investments valued at NAV are as follows:

2019

Category	Significant Investment Strategy	NAV in Funds	# of Funds	Life of Funds	Amount of Unfunded Commitments	Redemption Terms	Redemption Restrictions
Hedged strategies	Credit/event driven	$ 15,395	1	N/A	$ -	Semi-annually/90 days' notice	Illiquid side pocket ($2,903)
Hedged strategies	Multistrategy	82,188	1	N/A	-	Quarterly/90 days' notice	N/A
Fixed income	Domestic bond	33,390	2	N/A	-	Daily and Monthly/30 days' notice	N/A
Fixed income	Investment grade	505	2	N/A	-	Daily	N/A
Equities	Large cap	10,228	2	N/A	-	Daily and Monthly/30 days' notice	N/A
Equities	Small cap	159	1	N/A	-	Daily	N/A
Equities	International equities	43,737	7	N/A	-	Daily/0-30 days' notice, Weekly/7 days' notice, and Monthly/5-30 days' notice	N/A
Other	Private equity	98,164	25	Up to 12/31/29	37,193	Daily (2 funds) and N/A	Illiquid
Other	Real estate	404	2	Up to 12/31/18	1,059	N/A	Illiquid
Other	Domestic bond	1,203	5	Up to 6/21/17	-	Daily	N/A
	Total	$ 285,373	48		$ 38,252		

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

6. ENDOWMENT FUNDS

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

The College manages the endowment to obtain multi-year performance (net of fees) that exceeds, on both an absolute and risk-adjusted basis, the performance of several benchmarks over rolling five-year periods. 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 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 net assets with donor restrictions: (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 accumulated unspent earnings of a donor-restricted endowment fund to be classified as net assets with donor restrictions 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; and
- Where appropriate, alternatives to spending from donor-restricted endowment funds and the possible effects on the College

(Dollars in thousands)

Endowment and quasi-endowment funds consisted of the following at June 30, 2019 and 2018, excluding split-interest agreements and pledges of approximately $3.6 million and $4.1 million, respectively:

	Without Donor Restrictions	With Donor Restrictions	Total
Fiscal year 2019:			
Donor restricted	$ -	$ 315,151	$ 315,151
Board designated	48,472	-	48,472
Total	$ 48,472	$ 315,151	$ 363,623

	Without Donor Restrictions	With Donor Restrictions	Total
Fiscal year 2018:			
Donor restricted	$ -	$ 298,122	$ 298,122
Board designated	46,975	-	46,975
Total	$ 46,975	$ 298,122	$ 345,097

Changes in the endowment funds for the fiscal years ended June 30, 2019 and 2018 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance at June 30, 2018	$ 46,975	$ 298,122	$ 345,097
Investment return, net	2,342	15,187	17,529
Contributions	1,274	15,381	16,655
Appropriation for expenditures	(2,119)	(13,539)	(15,658)
Balance at June 30, 2019	$ 48,472	$ 315,151	$ 363,623

	Without Donor Restrictions	With Donor Restrictions	Total
Balance at June 30, 2017	$ 44,410	$ 282,750	$ 327,160
Investment return, net	3,292	21,034	24,326
Contributions	1,262	6,994	8,256
Appropriation for expenditures	(1,989)	(12,656)	(14,645)
Balance at June 30, 2018	$ 46,975	$ 298,122	$ 345,097

For the years ended June 30, 2019 and 2018, investment expenses of approximately $1.4 million and $1.5 million, respectively, were netted against investment return.

(Dollars in thousands)

7. PROPERTY, PLANT, AND EQUIPMENT, NET

Property, plant, and equipment, net consisted of the following at June 30, 2019 and 2018:

	2019	2018
Land	$ 1,234	$ 1,234
Buildings and building improvements	408,286	272,744
Furniture, fixtures, and equipment	33,336	30,388
Construction in progress	5,988	124,689
Capital lease	47,206	-
	496,050	429,055
Less accumulated depreciation	(175,189)	(165,956)
Total	$ 320,861	$ 263,099

Depreciation expense was approximately $9.2 million and $7.1 million for the years ended June 30, 2019 and June 30, 2018, respectively. The decrease in construction in progress from approximately $124.7 million to $6.0 million was due to the capitalized costs related to the construction of a new approximately 133,000 gross square foot multi-purpose facility at the College, as well as other campus-wide renovations and maintenance projects placed into service during the current year (the "Library and other projects").

For the years ended June 30, 2019 and 2018, the College capitalized $.1 million and $2.1 million, respectively, of interest expense related to the Library and other projects. As of the year ended June 30, 2019, the total capitalized interest expense was $4.2 million, which was placed into service and amortized during current year.

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, 2019 and 2018, the obligation amounted to approximately $3.0 million and $2.8 million, respectively.

9. RETIREMENT PLANS

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

(Dollars in thousands)

Admin Plan) for those employees hired between July 2012 and January 2019, and 7% or 10% (as defined by the Admin Plan) for those employees hired after January 2019.

Employees who are members of Local 2110, United Auto Workers; members of Local 264, Transport Workers Union of America; and confidential employees are covered under a defined contribution plan established with Teachers Insurance and Annuity Association (the "Union Plan"). Under the Union Plan, eligible employees may make contributions into the Union Plan, up to the maximum allowed by the IRC. For the Union Plan, the College's contributions range from 2% to 12% of eligible compensation. Total pension expense for both plans for the years ended June 30, 2019 and 2018 was $8.4 million and $7.9 million, respectively.

10. POSTRETIREMENT MEDICAL PLANS

In addition to providing pension benefits, the College sponsors unfunded 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.

	2019	2018
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 24,032	$ 24,878
Service cost	1,243	985
Interest cost	1,068	978
Plan participants' contributions	37	128
Actuarial loss (gain)	2,558	(2,388)
Benefits paid	(582)	(549)
Postretirement benefit obligation at end of year	$ 28,356	$ 24,032
Change in plan assets:		
Fair value of plan assets, beginning of year	$ -	$ -
Employer contributions	545	421
Plan participants' contributions	37	128
Benefits paid	(582)	(549)
Fair value of plan assets, end of year	$ -	$ -

(Dollars in thousands)

Net periodic benefit cost reported as operating expense for the years ended June 30, 2019 and 2018 included the following components:

	2019	2018
Service cost	$ 1,243	$ 986
Interest cost	1,068	978
Amortization of prior year cost	97	96
Recognized actuarial loss	131	402
Net periodic postretirement medical benefit cost	$ 2,539	$ 2,462

Postretirement cost other than net periodic benefit cost for the years ended June 30, 2019 and 2018 is as follows:

	2019	2018
Net loss (gain) for the year	$ 2,558	$ (2,388)
Amortization of prior year cost	(131)	(402)
Prior service estimate for period	(97)	(96)
	$ 2,330	$ (2,886)
Weighted average discount rate used to determine benefit obligations at June 30	3.75%	4.50%
Weighted average discount rate used to determine net period benefit cost for the fiscal year ended June 30,	4.50%	4.00%

	Union Nonunion	Union/ Nonunion
Assumed healthcare cost trend rates:		
Healthcare cost trend rate	7.0%/7.0%	7.5%/7.5%
Healthcare cost trend assume to decline	4.5%/4.5%	4.5%/4.5%
Ultimate trend rate achieved	2029	2029

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

	1% Increase	1% Decrease
Effect on total service and interest cost component	$ 311	$ (254)
Effect on postretirement benefit obligation	2,998	(2,478)

(Dollars in thousands)

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

	2019	2018
Net actuarial loss	$ 6,091	$ 3,664
Prior service credit	567	664
Total	$ 6,658	$ 4,328

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 reimbursement account on behalf of the retiree. For the years ending June 30, 2020 through June 30, 2028, the College expects to make contributions to and benefit payments from the plans, net of Medicare subsidy, as follows:

2020	809
2021	946
2022	1,081
2023	1,209
2024	1,366
2025 through 2028	8,484

11. LONG-TERM OBLIGATIONS

Long-term obligations consist of the following:

	2019	2018
Dormitory Authority of the State of New York, Barnard College Insured Revenue Bonds, Series 2007A. Interest at 5.00%, due serially to 2037	$ 6,555	$ 6,920
Dormitory Authority of the State of New York, Barnard College Revenue Bonds, Series 2008. Interest at variable rates due serially to 2023	3,310	4,070
Dormitory Authority of the State of New York, Barnard College Revenue Bonds, Series 2015A. Interest at 2.00% to 5.00%, due serially to 2046	105,510	107,670
Dormitory Authority of the State of New York, Series 2015B. Interest at variable rates, due in 2046	31,200	36,200
Total	146,575	154,860
Add: unamortized bond premium	13,890	14,411
Less: unamortized bond issuance costs	(1,885)	(2,007)
Total long-term obligations	$ 158,580	$ 167,264

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

On July 11, 2007, the College also entered into a separate loan agreement with the Dormitory Authority of the State of New York to issue $32.6 million in Dormitory Authority of the State of New York Barnard College Insured Revenue Bonds, Series 2007B ("DASNY 2007B Bonds") to pay for a portion of the costs of the construction of the Diana Center and other projects. The loan was a general and unsecured obligation of the College. The DASNY 2007B Bonds were insured variable rate bonds. On April 30, 2008, due to the downgrading of the bond insurer, the College elected to enter into a loan agreement with the Dormitory Authority of the State of New York to issue $28.0 million in Dormitory Authority of the State of New York Barnard College Revenue Bonds, Series 2008 ("DASNY 2008 Bonds"). Proceeds from the DASNY 2008 Bonds along with approximately $5.5 million from the College were used to refund and defease the outstanding DASNY 2007B Bonds. The DASNY 2008 Bonds are a general and unsecured obligation of the College. The DASNY 2008 Bonds were originally secured by a $28.4 million irrevocable direct pay letter of credit with RBS Citizens, N.A., which was scheduled to expire on April 23, 2011. On October 1, 2009, the College entered into a Bond Purchase and Continuing Covenants Agreement ("Purchase Agreement") with RBS Citizens, N.A., whereby RBS Citizens, N.A. purchased the $27.5 million outstanding DASNY 2008 Bonds. In addition, the letter of credit provided by RBS Citizens, N.A. was canceled. Under the terms of the Purchase Agreement, the interest payments are now based on a combination of weekly LIBORs and a fixed fee from RBS Citizens, N.A. The average interest rates on the DASNY 2008 Bonds were approximately 3.4% and 2.9% in fiscal years 2019 and 2018, respectively.

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

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

In May 2015, the College entered into a new loan agreement with the Dormitory Authority of the State of New York to issue up to $36.2 million in Dormitory Authority of the State of New York Barnard College Revenue Bonds, Series 2015B ("DASNY 2015B Bonds"). The proceeds of the DASNY 2015B Bonds were used to finance a portion of the costs of The Milstein Center and other projects. The DASNY 2015B Bonds were issued as Draw-Down Bonds, which means the Purchaser, Citizens Funding Corp., funded the DASNY 2015B Bonds in installments based on the financing needs of the College. At June 30, 2019 and 2018, $31.2 million and $36.2 million, respectively, of the DASNY 2015B Bonds were outstanding. The average interest rate on the DASNY 2015B Bonds were approximately 2.6% and 2.0% for fiscal years 2019 and 2018, respectively.

(Dollars in thousands)

The DASNY 2015A Bonds and the DASNY 2015B Bonds are both secured by the pledge and assignment of tuition and fees charged to students for academic instruction by the College (the “Pledged Revenues”). Additionally, the College has entered into certain financial covenants with the DASNY in relation to the DASNY 2015A Bonds and the DASNY 2015B Bonds. The College was in compliance with these covenants as of June 30, 2019 and June 30, 2018.

In accordance with the provisions of the loan agreements for the DASNY 2007A, DASNY 2008, DASNY 2015A, the College is required to deposit construction and reserve funds with the trustee. These funds with a fair value of approximately $14.6 million and $14.3 million at June 30, 2019 and 2018, 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, 2019 and 2018 were approximately $1.9 million and $2.0 million, respectively, and are included as a contra liability in the accompanying Statements of Financial Position. The College is amortizing the deferred issuance costs along with bond premiums over the life of the bonds. Amortization expense for the years ended June 30, 2019 and 2018 was $0.4 million for both years.

Projected debt service payments on the long-term obligations as of June 30, 2019, for five years subsequent to June 30, 2019 and thereafter, are as follows:

Fiscal	Principal	Interest	Total
2020	$ 4,500	$ 5,997	$ 10,497
2021	4,695	5,812	10,507
2022	4,930	5,584	10,514
2023	5,090	5,348	10,438
2024	4,465	5,135	9,600
Thereafter	122,895	60,656	183,551
	$ 146,575	$ 88,532	$ 235,107

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

(Dollars in thousands)

Interest expense for the years ended June 30, 2019 and 2018 amounted to approximately $5.6 million and $3.0 million, respectively. The increase in interest expense was primarily due to the completion of the Milstein Center and other projects where interest was being capitalized.

The estimated fair value of the College's outstanding bonds at June 30, 2019 and 2018 was approximately and $161 million and $166 million, respectively.

12. STUDENT SERVICES REVENUES

The College has various revenue streams that revolve mainly around student enrollment and instruction. Revenue is generated mainly through tuition, housing and meals and various fees associated with enrollment in the College. Generally, enrollment and instructional services are billed when a course or term begins, and paid within thirty days of the bill date.

In the following table, revenue is disaggregated by type of service provided:

For the year ended June 30, 2019:

	Tuition and Fees	Housing	Meals	Health Services	Total
Revenues	$ 139,599	$ 23,769	$ 8,107	$ 2,596	$ 174,071
Less: Student aid	(34,636)	(5,897)	(2,012)	(644)	(43,189)
Student revenue, net	$ 104,963	$ 17,872	$ 6,095	$ 1,952	$ 130,882

For the year ended June 30, 2018:

	Tuition and Fees	Housing	Meals	Health Services	Total
Revenues	$ 131,462	$ 23,152	$ 7,398	$ 2,576	$ 164,588
Less: Student aid	(32,181)	(5,667)	(1,811)	(631)	(40,290)
Student revenue, net	$ 99,281	$ 17,485	$ 5,587	$ 1,945	$ 124,298

The College has taken a portfolio approach in determining whether student aid should apply across tuition and fees, housing, and meals. The College awards student aid on a need-blind basis, factoring in the total cost of attendance including tuition, fees, room and board and the students expected ability to contribute towards such charges. Accordingly, student aid has been applied against all student services revenues.

Deferred revenue at June 30, 2019 was $1.5 million and represents the College's performance obligation to transfer future enrollment and instructional services to students. For the year ended June 30, 2019, the College recognized revenue of $0.7 million from amounts that were included in deferred revenues at the beginning of the year. The changes in deferred revenues were caused by normal timing differences between the satisfaction of performance obligations and customer payments.

The College has elected, as a practical expedient, not to disclose additional information about unsatisfied performance obligations for contracts with customers that have an expected duration of one year or less.

(Dollars in thousands)

13. PRE-COLLEGE AND RENTAL REVENUES

Pre-College and rental revenues are non-student revenue sources for the College generated primarily from the College's pre-college programs and the rental of its classrooms and residential buildings.

The following is a summary of revenues by category:

	2019	2018
Rental Revenue	$ 3,841	$ 3,647
Pre-College Program Revenue	1,240	1,216
	$ 5,081	$ 4,863

Pre-College program and rental revenues are recognized over the terms of the related programs or rental agreements, respectively. The terms of the rental agreements range from 1 to 15 years. Management has elected the practical expedient permitted under ASC 606 not to disclose information about remaining performance obligations related to Pre-College programs, as these contracts have original terms that are one year or less.

14. INTERCORPORATE AGREEMENT

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

The Statements of Activities include expenses in the amount of approximately $6.6 million and $6.3 million for the years ended June 30, 2019 and 2018, respectively, for services provided under the terms of the agreement.

15. NET ASSETS

Net assets with donor restrictions are available for the following purposes at June 30, 2019 and 2018:

	2019	2018
Instruction, research, and library	$ 202,792	$ 194,610
Financial aid	154,609	144,229
Plant improvements	37,616	41,949
Gifts to be designated	3,442	3,183
	$ 398,459	$ 383,971

(Dollars in thousands)

16. AVAILABLE RESOURCES AND LIQUIDITY

The College regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The College has various sources of liquidity at its disposal, including cash and cash equivalents, marketable debt and equity securities, receivables, and a line of credit.

For purposes of analyzing resources available to meet general expenditures over a 12 month period, the College considers all expenditures related to its ongoing activities of instruction, research and public service as well as the conduct of services undertaken to support those activities. Student notes receivables are not included in the analysis as principal and interest on these loans are used to solely to make new loans, and are therefore, not available to meet current operating needs.

In addition to the financial assets available to meet general expenditures over the next 12 months, the College anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

As of June 30, 2019, the following tables show the total financial assets held by the College and the amounts of those financial assets that could readily be made available within one year of the balance sheet date to meet general expenditures:

Financial Assets at Year End:		
Cash and cash equivalents	$	28,646
Student accounts receivable, net		140
Student notes receivable, net		1,570
Grants, bequests, and other receivables		3,824
Pledges receivable, net		44,198
Investments		374,554
Funds held by bond trustee		14,564
Total	$	467,496

Financial Assets and Liquidity Resources available to meet general expenditures over the next 12 months:		
Financial Assets:		
Cash and cash equivalents	$	28,646
Student accounts receivable, net		140
Grants, bequests, and other receivables		3,824
Pledges receivable, net		18,277
Payout on donor-restricted endowment for use over the next 12 months		14,216
Payout on quasi-endowments for use over the next 12 months		2,225
Investments not encumbered by donor restrictions but require board approval		46,247
		113,575
Liquidity Resources:		
Line of credit available		5,000
	$	118,575

(Dollars in thousands)

17. EXPENSES

Operating expenses are reported in the Statement of Activities by functional classification. The College's expenses by natural classification were as follows for the year ended June 30, 2019:

	2019									2018
	Instruction	Research	Public Service	Academic Administration	Student Services	Institutional Support	Operations & Maintenance	Auxiliary Enterprises	Total	Summarized Totals
Salaries	$ 36,425	$ 1,245	$ 254	$ 6,460	$ 6,307	$ 16,273	$ 13,580	$ 3,825	$ 84,369	$ 77,302
Benefits	13,615	286	76	2,303	2,453	5,544	5,229	1,173	30,679	27,717
Total compensation	50,040	1,531	330	8,763	8,760	21,817	18,809	4,998	115,048	105,019
Direct facilities expenses	5,365	1,117	-	2,862	657	1,261	(27,292)	16,030	-	-
Depreciation	2,708	441	-	2,109	313	621	-	3,041	9,233	7,156
Interest	992	33	-	3,041	176	194	-	1,122	5,558	3,023
Utilities	-	-	-	-	-	-	3,317	-	3,317	3,073
Payment to Columbia University	6,579	-	-	-	-	-	-	-	6,579	6,286
Study Abroad	3,874	-	-	-	-	-	-	-	3,874	3,157
Food Services	-	-	-	-	-	-	-	7,949	7,949	7,238
Supplies, services and other	2,702	2,826	81	3,104	2,683	13,103	5,166	4,235	33,900	31,030
2019 Total	$ 72,260	$ 5,948	$ 411	$ 19,879	$ 12,589	$ 36,996	$ -	$ 37,375	$ 185,458	$ 165,982
2018 Total	$ 65,465	$ 4,574	$ 291	$ 11,314	$ 11,223	$ 37,731	$ -	$ 35,384	$ 165,982	

18. 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, 2019, the College had a credit facility for $5.0 million with RBS Citizens, with no outstanding borrowing. This line of credit is set to expire on April 1, 2020.

(Dollars in thousands)

At the end of fiscal year 2019, the College leased a building under a lease classified as a capital lease. The leased building will be amortized on a straight-line basis over 39 years. The interest rate related to the lease obligation is 4.2% and the maturity date is June 2058. Future minimum lease payments under the capital lease obligation at June 30, 2019 are as follows:

2020	$ 1,639
2021	1,697
2022	1,756
2023	1,818
2024	1,881
Thereafter	123,551
Total minimum lease payments	132,342
Less: amount representing interest	(85,136)
Capital lease obligation at year-end	$ 47,206

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

Year Ending June 30:	
2020	$ 2,230
2021	2,273
2022	1,892
2023	409
2024	189
Thereafter	959
	$ 7,952

Rental expense for the years ended June 30, 2019 and 2018 totaled approximately $2.9 million and $2.7 million, respectively.