Goucher College

Financial Statements

June 30, 2019 and 2018

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Independent Auditors' Report

To the Board of Trustees of
Goucher College

Report on the Financial Statements

We have audited the accompanying financial statements of Goucher College (the "College") which comprise the statements of financial position as June 30, 2019 and 2018, and the related statements of activities, statements of functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Goucher College, as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Baker Tilly Virchow Krause, LLP

Philadelphia, Pennsylvania
October 11, 2019

Goucher College

Statements of Financial Position
June 30, 2019 and 2018
(In Thousands)

	2019	2018
Assets		
Cash and cash equivalents	$ 3,869	$ 2,842
Accounts and loans receivable, net	3,990	4,400
Contributions receivable, net	2,806	6,764
Deposits with bond trustee	2,192	3,479
Investments	203,117	219,047
Split interest agreements	5,612	5,772
Investment in plant assets, net	189,312	183,574
Other assets	1,399	1,334
Total assets	$ 412,297	$ 427,212
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued liabilities	$ 8,585	$ 14,500
Deferred revenues and deposits	2,384	3,845
Payables under split interest agreements	1,897	2,026
Long-term debt	107,659	105,966
Obligation under interest rate swap agreement	4,618	3,509
Refundable advances from U.S. government	2,234	2,131
Other liabilities	8,506	8,503
Total liabilities	135,883	140,480
Net Assets		
Net assets without donor restrictions	93,538	95,464
Net assets with donor restrictions	182,876	191,268
Total net assets	276,414	286,732
Total liabilities and net assets	$ 412,297	$ 427,212

See notes to financial statements

Goucher College

Statements of Activities
Years Ended June 30, 2019 and 2018
(In Thousands)

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Support						
Tuition and fees, net of student aid of $39,621 in 2019 and $36,589 in 2018	$ 28,108	$ -	$ 28,108	$ 30,478	$ -	$ 30,478
Government appropriations	3,199	-	3,199	2,550	-	2,550
Contributions	3,519	2,562	6,081	3,487	9,593	13,080
Auxiliary enterprises	17,557	-	17,557	16,347	-	16,347
Other sources	1,391	1	1,392	1,963	4	1,967
Endowment assets appropriated for expenditure	10,992	1,149	12,141	11,285	1,087	12,372
Net assets released from restrictions	1,806	(1,806)	-	1,794	(1,794)	-
Total revenues, gains, and support	66,572	1,906	68,478	67,904	8,890	76,794
Expenses						
Salaries, wages, and fringe benefits	41,779	-	41,779	40,650	-	40,650
Depreciation	8,582	-	8,582	8,120	-	8,120
Utilities, plant, and equipment expenses	3,709	-	3,709	3,464	-	3,464
Food service expenses	4,823	-	4,823	4,303	-	4,303
Interest expense on long-term debt	3,582	-	3,582	2,930	-	2,930
Student wages and awards	1,872	-	1,872	1,813	-	1,813
Outside services and independent contractors	2,337	-	2,337	2,146	-	2,146
Student and faculty travel	1,359	-	1,359	1,362	-	1,362
Supplies and other	5,892	-	5,892	5,955	-	5,955
Total expenses	73,935	-	73,935	70,743	-	70,743
Excess of revenues, gains, and support (under) over expenses	(7,363)	1,906	(5,457)	(2,839)	8,890	6,051
Other						
Change in fair value of interest rate swap agreement	(1,109)	-	(1,109)	1,176	-	1,176
Net realized and unrealized gains (losses) on investments, net of amounts appropriated for expenditure	(1,201)	(3,521)	(4,722)	469	4,129	4,598
Net assets released from restrictions for investment in plant assets	6,777	(6,777)	-	7	(7)	-
(Decrease) increase in net assets	(2,896)	(8,392)	(11,288)	(1,187)	13,012	11,825
Net Assets, Beginning of Year	95,464	191,268	286,732	96,651	178,256	274,907
Cumulative change in accounting principle	970	-	970	-	-	-
Net assets, beginning of year	96,434	191,268	287,702	96,651	178,256	274,907
Net Assets, End of Year	$ 93,538	$ 182,876	$ 276,414	$ 95,464	$ 191,268	$ 286,732

See notes to financial statements

Goucher College

Statements of Functional Expenses
Years Ended June 30, 2019 and 2018
(In Thousands)

	Instruction and Departmental Research	General Administration	Student Services	Library	Auxiliary Enterprises	Physical Plant	Total 2019
Salaries, wages, and fringe benefits	$ 21,502	$ 7,980	$ 7,101	$ 771	$ 1,043	$ 3,382	$ 41,779
Depreciation	-	-	-	-	-	8,582	8,582
Utilities, plant, and equipment expenses	203	217	82	5	298	2,904	3,709
Food service expenses	-	-	67	-	4,756	-	4,823
Interest expense on long-term debt	-	-	-	-	-	3,582	3,582
Student wages and awards	544	175	565	117	436	35	1,872
Outside services and independent contractors	256	1,076	599	83	166	157	2,337
Student and faculty travel	764	121	466	4	2	2	1,359
Supplies and other	1,550	2,254	1,117	463	440	68	5,892
Plant allocation	5,290	808	1,056	1,300	10,258	(18,712)	-
Total Expenses	$ 30,109	$ 12,631	$ 11,053	$ 2,743	$ 17,399	$ -	$ 73,935

	Instruction and Departmental Research	General Administration	Student Services	Library	Auxiliary Enterprises	Physical Plant	Total 2018
Salaries, wages, and fringe benefits	$ 20,824	$ 8,361	$ 6,788	$ 901	$ 1,020	$ 2,756	$ 40,650
Depreciation	-	-	-	-	-	8,120	8,120
Utilities, plant, and equipment expenses	243	230	94	12	246	2,639	3,464
Food service expenses	-	-	72	-	4,231	-	4,303
Interest expense on long-term debt	-	-	-	-	-	2,930	2,930
Student wages and awards	567	179	503	120	443	1	1,813
Outside services and independent contractors	339	996	392	85	256	78	2,146
Student and faculty travel	747	148	465	1	1	-	1,362
Supplies and other	1,650	2,066	1,301	444	337	157	5,955
Plant allocation	5,368	834	890	1,319	8,270	(16,681)	-
Total Expenses	$ 29,738	$ 12,814	$ 10,505	$ 2,882	$ 14,804	$ -	$ 70,743

See notes to financial statements

Goucher College

Statements of Cash Flows
Years Ended June 30, 2019 and 2018
(In Thousands)

	2019	2018
Cash Flows from Operating Activities		
Tuition and auxiliary enterprises receipts	$ 44,052	$ 46,664
Government appropriations	3,048	2,608
Contributions received for operating purposes	4,281	4,503
Investment income	364	253
Other sources	1,772	885
Payments to employees and suppliers	(60,669)	(59,368)
Interest paid	(3,725)	(1,853)
Net cash used in operating activities	(10,877)	(6,308)
Cash Flows from Investing Activities		
Purchases of investments	(70,736)	(51,061)
Proceeds from sales and maturities of investments	94,211	74,335
Purchases of property and equipment	(20,892)	(45,572)
Student loan disbursements	-	(60)
Student loan principal payments	359	352
Change in deposits with bond trustee, net	1,287	(2,933)
Net cash provided by (used in) investing activities	4,229	(24,939)
Cash Flows from Financing Activities		
Proceeds from contributions restricted for long-term investment	5,758	3,954
Proceeds from bond issue	5,152	21,861
Payments of bond principal	(3,338)	-
Cash paid for bond issuance costs	-	(15)
Repayment of refundable government loans	-	(430)
Increase in refundable advances from U.S. government	103	65
Net cash provided by financing activities	7,675	25,435
Net increase (decrease) in cash and cash equivalents	1,027	(5,812)
Cash and cash equivalents, Beginning of Year	2,842	8,654
Cash and cash equivalents, End of Year	$ 3,869	$ 2,842
Supplemental Noncash Disclosure		
Accounts payable and other liabilities relating to property and equipment purchases	$ 1,188	$ 7,760

See notes to financial statements

1. College and Summary of Significant Accounting Policies

(a) General

Goucher College ("Goucher" or the "College") is a private, nonprofit, liberal arts institution of higher education located in Towson, Maryland. The College provides education and training services to approximately 2,300 students, primarily at the undergraduate level. The majority of full time students live on campus during the academic year. The College is governed by a Board of Trustees (the "Board") assembled from a diverse community of volunteers with experience in finance, business management, government, and education.

(b) Basis of Presentation

Net assets, revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the College are classified and reported as follows:

Without donor restriction - Net assets not subject to donor-imposed restrictions. Contributions includes gifts without restrictions, including those designated by the Board to function as endowment and restricted gifts whose donor-imposed restrictions were met during the fiscal year.

With donor restriction - Net assets subject to donor-imposed restrictions that will be met either by actions of the College and/or the passage of time. Included in this net asset category are gifts for which donor-imposed restrictions have not been met in the year of receipt, including gifts for buildings and equipment not yet placed into service; split interest receivables; pledges; and investment returns of donor restricted endowment funds.

Also included in this category are net assets subject to donor-imposed restrictions that they be maintained permanently by the College including gifts and pledges wherein donors stipulate that the corpus of the gift be held in perpetuity (primarily gifts for endowment and providing loans to students) and that only the income be made available for operations. Other permanently restricted items in this net asset category include split interest receivables for which the ultimate purpose of the proceeds is permanently restricted.

Revenues are reported as increases in net assets without donor restrictions unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Expirations of restrictions recognized on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications from net assets with donor restrictions to net assets without donor restrictions. Contributions with restrictions met in the same reporting period are recorded in the net assets without donor restriction class. Restrictions on gifts to acquire long-lived assets are considered met in the period in which the assets are placed in service. Clarifications of donor intentions are presented as reclassifications between the applicable classes of net assets in the year known.

The College presents the change in the fair value of the interest rate swap agreement, realized and unrealized gains or losses on investments of the endowment (net of amounts appropriated for expenditure), and the amounts released from restrictions for investment in plant assets in the other category on the statements of activities.

(c) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and judgments that affect the reported amounts of assets, liabilities and disclosures of contingencies at the date of the financial statements and revenues and expenses recognized during the reporting period. Significant items subject to such estimates and judgments include actuarial assumptions related to annuities, fair values of investments, interest rate swap valuation, and valuation allowances for receivables. Actual results could differ from those estimates.

(d) Cash and Cash Equivalents

Cash includes all cash and highly liquid financial instruments with original maturities of three months or less, except for those held for long-term investment. Certain cash held by the College is restricted for the Federal Perkins Loan Fund.

(e) Accounts Receivable

Accounts receivable consists primarily of interest-bearing loans due under the Perkins Loan program, student accounts receivable and grants receivable from the federal, state and local government programs. Management determines the allowance for doubtful accounts receivable based on historical collection rates, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectible.

(f) Contributions

Contributions received, including unconditional promises to give, are recognized as revenues in the appropriate category of net assets in the period received. Unconditional promises to give are recognized initially at fair value giving consideration to anticipated future cash receipts and discounting such amounts at a risk-adjusted rate. Amortization of the discount is recorded as contributions revenue. Conditional promises to give are not recognized until the conditions on which they depend are substantially met.

Allowance is made for uncollectible contributions based upon management's judgment and analysis of the creditworthiness of the donors, past collection experience, and other relevant factors.

(g) Deposits with Bond Trustee

Deposits with bond trustee consist of debt service funds. These funds are invested primarily in short-term, highly liquid securities, and will be used for payment of debt service.

(h) Investments

Investments are stated at fair value, which is generally determined based on quoted or published market prices. Investments in certain common collective trust funds, limited partnership interests, and hedge funds (collectively, "alternative investments") are stated at estimated fair value based upon the funds' net asset value ("NAV") or their equivalents as a practical expedient, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. As of June 30, 2019 and 2018, the College had no plans or intentions to sell investments at amounts different from NAV. The estimated fair values are reported by the general partners or fund managers and are reviewed and evaluated by the College. These estimated fair values may differ from the values that would have been used had a ready market existed for these investments and the differences could be significant. Investment transactions are accounted for on a trade date basis. Realized gains and losses on sales of securities are determined using the average cost method.

Investments are exposed to certain risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, changes in the value of investment securities could occur in the near term and these changes could materially affect the amounts reported in the accompanying financial statements.

(i) Split Interest Agreements

Split interest agreements consist of irrevocable charitable remainder trusts and perpetual trusts held by others. At the dates these trusts are established, split interest agreements and contributions revenue is recognized at the present value of the estimated future benefits to be received. The split interest agreements are adjusted during the term of the trusts for changes in the value of assets and other changes in the estimates of future benefits, and such changes are recognized as net realized and unrealized gains on investments in the statements of activities.

The College is also trustee of certain assets under split interest agreements, which provide for payments to the donors or their beneficiaries of income earned on related investments or specified annuity amounts. Assets held under these agreements are included in investments. Contributions revenue is recognized at the dates of the agreements, after providing for the present value of future annuity payments. The change in value of split interest agreements is included in net realized and unrealized gains on investments in the statements of activities.

As of June 30, 2019, the College had $1,746,000 of gift annuity liabilities recorded in payables under split interest agreements and $2,346,000 of corresponding investments that have been separately invested, as required by the State of Maryland. As of June 30, 2018, the College had $1,868,000 of gift annuity liabilities recorded in payables under split interest agreements and $2,442,000 of corresponding investments that have been separately invested, as required by the State of Maryland.

(j) Investment in Plant Assets

Investment in plant assets is stated at cost if purchased or at estimated fair value at the date of gift, if donated. Depreciation of the College's plant assets is computed using the straight-line method over 40 years for buildings; 20 years for land and building improvements; and 5 to 20 years for computer equipment, furniture, other equipment, and library books. Repairs and maintenance costs are expensed as incurred.

(k) Tuition, Student Financial Aid Programs and Auxiliary Revenues

Tuition and fees, net of student aid, and auxiliary revenues are summarized as follows as of June 30, 2019 and 2018 (in thousands).

	2019			
	Undergraduate	**Graduate**	**Other**	**Total**
Tuition and fees, net of student aid	$ 23,312	$ 4,796	$ -	$ 28,108
Auxiliary enterprises	16,246	74	1,237	17,557

	2018			
	Undergraduate	**Graduate**	**Other**	**Total**
Tuition and fees, net of student aid	$ 26,190	$ 4,288	$ -	$ 30,478
Auxiliary enterprises	15,057	67	1,223	16,347

Tuition revenue is recognized in the fiscal year in which the academic programs are delivered, i.e. when the performance obligation is satisfied. Room and board and other ancillary services revenue are recognized when the related service is performed. In addition, withdrawals that occur during the first five weeks of the undergraduate academic term or through 60 percent of the graduate term may receive a full or partial refund in accordance with the College's refund policy. Historically, refunds have been approximately 0.5% of the total amount billed. Payments for tuition are due approximately three weeks prior to the start of the academic term, although the College has agreements with several local county school systems which allows for payment for their employees' graduate tuition at the completion of the term. Generally, the College's performance obligations are satisfied equally over the academic term. The College applies the practical expedient as allowed for within the accounting standards and, therefore, does not disclose information about remaining performance obligations that have original expected durations of one year or less. All remaining performance obligations will be satisfied in connection with the completion of the fiscal 19-20 academic year. The College determines the transaction price based on standard charges for goods and services provided reduced by discounts provided relating to institutional scholarships in accordance with the College's policies. Cash payments received in advance of services are deferred.

Summer graduate tuition revenue has been prorated equitably over the related term. Tuition revenue includes revenue related to approximately 4 weeks of classes that elapsed as of June 30, 2019. The remainder has been included in deferred revenue. Deferred revenue also includes payments received for tuition or room and board prior to the start of the fall academic term.

The College provides financial aid to eligible students, generally in a "package" that includes loans, compensation under work-study programs, and/or grant and scholarship awards. The loans are provided primarily through programs of the United States government (including direct and guaranteed loan programs) under which the College is responsible only for certain administrative duties. The grants and scholarships include awards provided through gifts and grants from private donors or from income earned on endowment funds restricted for student aid, as well as general funds scholarship awards. Grant and scholarship awards are netted against tuition and fees revenue.

Funds provided by the United States government under the Federal Perkins Loan Program are loaned to qualified students and may be reloaned after collection. Such funds are ultimately refundable to the government. The Extension Act amended section 461 of the Higher Education Act to end the College's authority to make new Perkins Loans after June 30, 2018. The College is not required to assign the outstanding Perkins Loans to the Department or liquidate their Perkins Loan Revolving Funds due to the wind-down of the Perkins Loan Program, however, the College may choose to liquidate at any time in the future. As of June 30, 2019, the College continues to service the Perkins Loan Program. Approximately 16 percent of tuition and room and board revenues in 2019 and 2018 were funded by federal student financial aid programs (including loan, grant, and work-study programs).

(I) Tax Status

The College is qualified as a not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code, as amended. Accordingly, the College is not subject to income taxes except to the extent it has taxable income from activities that are not related to its exempt purpose. No provision for income taxes was required for 2019 or 2018.

Management has analyzed the tax positions taken by the College and has concluded that as of June 30, 2019 and 2018, there are no uncertain positions taken or expected to be taken that would require recognition or disclosure in the accompanying financial statements. The College is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax period in progress.

(m) Derivative Instruments

The College makes limited use of an interest rate swap agreement to manage interest rate risk associated with variable rate debt. Under the interest rate swap agreement, the College and the counterparty agree to exchange the difference between fixed rate and variable rate interest amounts calculated by reference to specified notional principal amounts during the agreement period. Notional principal amounts are used to express the volume of these transactions, but the cash requirements and amounts subject to credit risk are substantially less. Amounts receivable or payable under the swap agreement are accounted for as adjustments to interest expense on the related debt. The fair value of the swap is presented as an asset or liability on the statement of financial position. The change in the fair value of the swap is recognized in the statements of activities.

Parties to interest rate exchange agreements are subject to market risk for changes in interest rates and risk of credit loss in the event of nonperformance by the counterparty. The agreements include a cross-default provision should the counterparty commit an act of default under certain circumstances.

(n) Financial Instruments and Credit Risk

The College manages deposit concentration risk by placing cash and cash equivalents with financial institutions believed by management to be credit worthy. At times, amounts on deposit may exceed insured limits. To date, the College has not experienced any significant losses on these accounts. Credit risk associated with accounts receivable and contributions receivable is considered limited due to high historical collection rates and because substantial portions of the receivables are due from governmental agencies, and board members and other donors committed to the mission of the College. Investments are made by diversified investment managers whose performance is monitored by management, the College's investment advisors and the Investment Committee of the Board of Trustees. Although the fair value of investments are subject to fluctuation on a year-to-year basis, management and the Investment Committee believe the investment policies and guidelines are prudent for the long-term health of the College.

(o) New Accounting Standards Adopted

During 2019, the College adopted the provisions of Financial Accounting Standards Board's ("FASB") Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers*. This new accounting guidance updates the core principles that the College should apply in the recognition of revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under this guidance, the College recognized tuition revenue in 2019 related to its summer term on a prorated basis over the time period with which the service is provided, rather than deferring the revenue until later in the term. The comparative information has not been restated and continues to be reported under the accounting standards in effect in those reporting periods. The College recorded an adjustment to increase beginning of year net assets without donor restrictions of $970,000 due to the impact of ASU 2014-09, related to the tuition revenue for the Summer 2018 term performance obligations that spanned two reporting periods. The impact of adoption on the College's statement of financial position as of June 30, 2018 and the statement of activities for the year ended June 30, 2019 was as follows (in thousands):

	June 30, 2018		
Statement of Financial Position	Balances Without Adoption of ASU 2014-09	Changes Due to ASU 2014-09	Balances Following the Adoption of ASU 2014-09
Deferred revenues and deposits	$ 3,845	$ (970)	$ 2,875
Net assets without donor restrictions	95,464	970	96,434

Statement of Activities	For the Year Ended June 30, 2019		
	Balance Without Adoption of ASU 2014-09	**Change Due to ASU 2014-09**	**Balance Following the Adoption of ASU 2014-09 (as reported)**
Tuition and fees, net of student aid	$ 28,064	$ 44	$ 28,108

During 2019, the College adopted the provisions of FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The new guidance improves and simplifies the current net asset classification requirements and information presented in financial statements and notes that is useful in assessing a not-for-profit's liquidity, financial performance and cash flows.

The new standard changes the following aspects of the financial statements:

- The unrestricted net assets class has been renamed Net Assets without Donor Restrictions;
- The temporarily and permanently restricted net asset classes have been combined into a single net asset class called Net Assets with Donor Restrictions;
- The financial statements include a disclosure about liquidity and availability of resources at June 30, 2019 (Note 14).
- The financial statements include a Statement of Functional Expenses, by nature and function.

In addition, $67,000 was reclassified to net assets with donor restrictions in 2018 related to endowments with deficiencies. The reclassification resulted in a decrease in net assets with donor restrictions and an increase in net assets without donor restrictions.

(p) New Accounting Standards Not Yet Adopted

In February 2016, the FASB issued ASU 2016-02, Leases. ASU 2016-02 was issued to increase the transparency and comparability among entities. Lessees will need to recognize nearly all lease transactions (other than leases that meet the definition of a short-term lease) on the statement of financial position as a lease liability and a right-of-use asset (as defined). Lessor accounting under the new guidance will be similar to the current model. ASU 2016-02 is effective for the College in fiscal 2020. Upon adoption, lessees and lessors will be required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach, which includes a number of optional practical expedients that entities may elect to apply. The College is assessing the impact this standard will have on its consolidated financial statements.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. This standard addresses diversity in practice that exists in the classification and presentation of changes in restricted cash in the statement of cash flows. ASU 2016-18 requires that a statement of cash flows explain the change during the period to the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. As a result, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning of the period and end of the period total amounts shown on the statement of cash flows. ASU 2016-18 does not provide a definition of restricted cash or restricted cash equivalents. This update is effective for the College's fiscal year beginning July 1, 2019. The College will be determining its implementation approach and assessing the impact this guidance may have on its financial position.

2. Accounts and Loans Receivable

Accounts and loans receivable, net are summarized as follows as of June 30, 2019 and 2018 (in thousands):

	2019	2018
Loans to students	$ 1,620	$ 2,069
Amounts receivable from federal, state, and local governments	1,066	915
Accounts receivable from students	1,223	790
Other	369	790
Total accounts and loans receivable, gross	4,278	4,564
Less: Allowance for doubtful accounts receivable	288	164
Total accounts and loans receivable, net	$ 3,990	$ 4,400

3. Contributions Receivable

Contributions receivable, net are summarized as follows as of June 30, 2019 and 2018 (in thousands):

	2019	2018
Unconditional promises expected to be collected in:		
Less than one year	$ 1,830	$ 4,670
One year to five years	1,187	2,111
Thereafter	171	425
	3,188	7,206
Less: Allowance for uncollectible pledges	245	163
Less: Unamortized discount (interest rates ranging from 0.66% to 4.50%)	137	279
Total contributions receivable, net	$ 2,806	$ 6,764

As of June 30, 2019 and 2018, 57 percent and 78 percent of contributions receivable, respectively, was due from five donors. 26 percent and 60 percent, respectively, of contributions revenue for 2019 and 2018 was received from five donors.

4. Fair Value Measurements

The fair value of the College's financial instruments is determined based on the amount that would be received if an asset were sold or paid to transfer a liability in an orderly transaction between market participants at the measurement date assuming the transaction occurs in the asset's principal (or most advantageous) market. Those fair value measurements maximize the use of observable inputs.

The three levels of the fair value hierarchy are as follows:

Level 1 - Unadjusted quoted or published prices for identical assets or liabilities in active markets that the College has the ability to access.

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 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

Investments and deposits with bond trustee: The fair value of fixed income securities, equity mutual funds, and certain common collective trust funds are determined using quoted or published market prices at the reporting date multiplied by the quantity on hand. The carrying amount of money market funds approximates the fair value because of the short maturity of these investments. The fair value of the College's alternative investments are reported at the NAV reported by the fund managers or general partners, which is used as a practical expedient to estimate the fair value of the College's interest therein. These investments are not included in a level within the fair value hierarchy.

Split interest agreements: The fair value is determined as the present value of future cash flows discounted at an interest rate that reflects the risks inherent in those cash flows (2.8 percent at June 30, 2019). For remainder trusts, cash flows are based on the contractual payout rates of the agreements over a time period determined based on the current age of the annuitants and the 2014 IAR mortality tables at June 30, 2019 and 2018, respectively. See Note 1(i).

Interest rate swap: The fair value is determined using pricing models developed based on the contractual terms of the swap (Note 8), the current LIBOR swap rate, and other observable market data. The value is adjusted to reflect nonperformance risk of the counterparty or the College.

The following table presents assets and liabilities, which are measured on a recurring basis at fair value, as of June 30, 2019 and 2018 (in thousands):

	2019				
	Total	**Level 1**	**Level 2**	**Level 3**	**NAV (1)**
Financial assets:					
Investments:					
Cash and short-term investments held by managers	$ 560	$ 560	$ -	$ -	$ -
Fixed income securities:					
U.S. Treasuries	8,609	8,609	-	-	-
Corporate	7,812	-	7,812	-	-
Municipal	1,818	-	1,818	-	-
Total fixed income	18,239	8,609	9,630	-	-
Mutual funds:					
Developed markets equities	29,857	29,857	-	-	-
Fixed income	4,353	4,353	-	-	-
Managed futures	4,397	4,397	-	-	-
Multi-asset	4,993	4,993	-	-	-
Emerging markets equities	3,439	3,439	-	-	-
Total mutual funds	47,039	47,039	-	-	-
Common collective trusts	82,171	24,108	-	-	58,063
Hedge funds	25,972	-	-	-	25,972
Limited partnership interests	29,136	-	-	-	29,136
Total investments	$ 203,117	$ 80,316	$ 9,630	$ -	$ 113,171
Other assets:					
Deposits with bond trustee	$ 2,192	$ 2,192	$ -	$ -	$ -
Split interest agreements	5,612	-	-	5,612	-
Financial liabilities:					
Interest rate swap	(4,618)	-	(4,618)	-	-

	2018				
	Total	**Level 1**	**Level 2**	**Level 3**	**NAV (1)**
Financial assets:					
Investments:					
Cash and short-term investments held by managers	$ 782	$ 782	$ -	$ -	$ -
Fixed income securities:					
U.S. Treasuries	8,272	8,272	-	-	-
Corporate	10,745	-	10,745	-	-
Total fixed income	19,017	8,272	10,745	-	-
Mutual funds:					
Developed markets equities	28,112	28,112	-	-	-
Fixed income	14,414	14,414	-	-	-
Commodities	5,849	5,849	-	-	-
Managed futures	5,585	5,585	-	-	-
Multi-asset	6,371	6,371	-	-	-
Emerging markets equities	3,379	3,379	-	-	-
Total mutual funds	63,710	63,710	-	-	-
Common collective trusts	87,522	29,603	-	-	57,919
Hedge funds	23,968	-	-	-	23,968
Limited partnership interests	24,048	-	-	-	24,048
Total investments	$ 219,047	$ 102,367	$ 10,745	$ -	$ 105,935
Other assets:					
Deposits with bond trustee	$ 3,479	$ 3,479	$ -	$ -	$ -
Split interest agreements	5,772	-	-	5,772	-
Financial liabilities:					
Interest rate swap	(3,509)	-	(3,509)	-	-

(1) These investments are measured at fair value using the NAV per share (or its equivalent) as a practical expedient and are not classified within the fair value hierarchy. The fair value amounts presented in this table are included to permit reconciliation of the fair value hierarchy table to amounts presented in the statement of financial position.

The following table presents a reconciliation for all Level 3 assets measured at fair value on a recurring basis for the years ended June 30, 2019 and 2018 (in thousands):

	Split Interest Agreements
Balance, June 30, 2017	$ 5,201
Investment income, net of fees	78
Net realized and unrealized gains	571
Distributions	(78)
Balance, June 30, 2018	5,772
Investment income, net of fees	123
Net realized and unrealized losses	(53)
Distributions	(230)
Balance, June 30, 2019	$ 5,612

5. Investments and Investment Return

Investments, which are presented by investment class in Note 4, are professionally managed by outside investment organizations subject to direction and oversight by a committee of the Board. The Board has established investment policies and guidelines that cover asset allocation and performance objectives and impose various restrictions and limitations on the managers. These restrictions and limitations are specific to each asset classification and cover concentrations of market risk (at both the individual issuer and industry group levels), credit quality of fixed income and short-term investments, and various other matters.

Investment return is included in the following sections within the statements of activities as follows:

	2019	2018
Other sources	$ 181	$ 448
Endowment assets appropriated for expenditure	12,141	12,372
Net realized and unrealized gains (losses) on investments, net of amounts appropriated for expenditure	(4,722)	4,598
Total investment return	$ 7,600	$ 17,418

Consistent with its investment policies and guidelines, the College invests in a variety of strategies with varying degrees of liquidity, including daily, monthly, quarterly, and illiquid investments. As of June 30, 2019, the majority of the College's portfolio was redeemable either on a daily or monthly basis, and investments aggregating $43,410,000 were illiquid or redeemable on a quarterly basis.

The table below summarizes investments for which NAV has been used to estimate fair value as a practical expedient, as well as the investee strategies, redemptions, and unfunded commitments related to such investments at June 30, 2019 and 2018:

Investment	Fair Value 2019	Fair Value 2018	Unfunded Commitments 2019	Unfunded Commitments 2018	Redemption Frequency (if currently eligible)	Redemption Notice Period
Common collective trust funds (a)	$ 58,063	$ 57,919	N/A	N/A	Monthly	1 - 30 days
Hedge funds:						
Long and short (b)	11,916	5,013	N/A	N/A	Monthly and Quarterly	45 days
Absolute return (c)	9,067	11,140	N/A	N/A	Quarterly	65 days
Covered options (d)	4,989	7,815	N/A	N/A	Monthly	5 days
Limited partnership interests:						
Private equity (e)	4,666	4,991	$ 1,653	$ 1,381	N/A	N/A
Venture capital (f)	19,135	14,533	13,245	10,687	N/A	N/A
Private real estate and resources (g)	5,335	4,524	7,062	7,652	N/A	N/A
Total	$ 113,171	$ 105,935	$ 21,960	$ 19,720		

(a) Investments in common trust funds that seek capital appreciation by investing in a variety of domestic or foreign equity instruments with small and large market capitalizations, fixed income securities, and a variety of commodity contracts. Redemptions are made at NAV.

(b) Investments in two hedge funds that seeks capital appreciation by investing in long-short strategies. One investment is a fund of funds whereby the underlying funds utilize aggressive investment strategies to hedge and/or enhance return, including short sales, put and call options, futures, and margin borrowing. The second hedge fund utilizes propriety quantitative models to take long and short positions in publicly traded US securities, and maintains a 100% net long position.

(c) An investment in an absolute return hedge fund that seeks capital appreciation by investing in event-driven distressed equity securities (both long and short), debt securities, and derivative products.

(d) An investment in a hedge fund that aims to create implicit downside protection through core positions in global equity indexes, U.S. Treasury bills, and covered short call and put equity index options.

(e) Investments in private equity funds that invest in both U.S. and foreign growth companies in various industries, with the life of the funds, as of June 30, 2019, varying from six months through 2 years. Several funds have reached the end of their contractual life but are expected to continue until all assets are liquidated. Distributions are made to investors through the liquidation of the underlying assets.

(f) Investments in venture capital funds that invest in diversified growth companies in various industries that principally operate within the United States, with the life of the funds, as of June 30, 2019, varying from 1 through 10 years. Several funds have reached the end of their contractual life but are expected to continue until all assets are liquidated. Distributions are made to investors through the liquidation of the underlying assets.

(g) Investments in private real estate and resource funds that invest in private real estate and natural resource partnerships that hold principally domestic real estate and energy related investments, with the life of the funds, as of June 30, 2019, varying from 1 through 12 years. Distributions are made to investors through the liquidation of the underlying assets.

6. Investment in Plant Assets

Investment in plant assets, net is summarized as follows as of June 30, 2019 and 2018 (in thousands):

	2019	2018
Land and improvements	$ 12,675	$ 12,146
Buildings	259,790	201,258
Furniture, equipment, and library books	31,019	33,948
Construction in progress	4,239	51,473
Total investment in plant assets, gross	307,723	298,825
Less: Accumulated depreciation	118,411	115,251
Total investment in plant assets, net	$ 189,312	$ 183,574

Included in furniture, equipment and library books is equipment obtained through capital leases that expire at various times through June 2024. Equipment obtained through capital leases and related accumulated amortization is summarized as follows at June 30, 2019 and 2018 (in thousands):

	2019	2018
Equipment	$ 1,158	$ 2,744
Less: Accumulated amortization	489	2,337
Equipment under capital leases, net	$ 669	$ 407

7. Deferred Revenue and Deposits

Changes in deferred revenue and deposits for the years ending June 30, 2019 and June 30, 2018 are as follows (in thousands):

	Enrollment Deposits	Summer Term Tuition and Housing	Fall Term Tuition and Housing	Conditional Contributions and Grants	Other	Total
Balance at June 30, 2017	$ 827	$ 1,751	$ 1,083	$ 169	$ 192	$ 4,022
Revenue recognized	(827)	(1,751)	(1,083)	(211)	(192)	(4,064)
Payments or bills for future performance obligations	324	1,980	1,127	263	193	3,887
Balance at June 30, 2018	324	1,980	1,127	221	193	3,845
Revenue recognized	(324)	(1,010)	(1,127)	(303)	(193)	(2,957)
Cumulative change in accounting principle	-	(970)	-	-	-	(970)
Payments or bills for future performance obligations	121	1,107	831	218	189	2,466
Balance at June 30, 2019	$ 121	$ 1,107	$ 831	$ 136	$ 189	$ 2,384

8. Long-Term Debt

Long-term debt is summarized as follows as of June 30, 2019 and 2018 (in thousands):

	2019	2018
Maryland Health and Higher Educational Facilities Authority ("MHHEFA") Series 2012A Revenue Bonds	$ 19,945	$ 19,945
MHHEFA Series 2017A Revenue Bonds	55,705	57,565
MHHEFA Series 2017B Revenue Bonds	28,522	24,848
Total long-term debt, gross	104,172	102,358
Unamortized premium	4,558	4,737
Deferred bond costs	(1,071)	(1,129)
Total long-term debt, net	$ 107,659	$ 105,966

On June 21, 2017, MHHEFA Series 2017A Revenue Bonds were issued to refinance the College's MHHEFA Series 2012B and 2012C Revenue Bonds. Series 2017A Revenue Bonds bear interest, payable semiannually, at fixed rates ranging from 3.0 percent to 5.0 percent. Serial bonds aggregating $21,335,000 are due in annual installments ranging from $2,535,000 to $4,975,000 beginning July 1, 2034 through July 1, 2038. Term bonds of $34,370,000 are due on July 1, 2044.

On June 21, 2017, the College issued MHHEFA Series 2017B Revenue Bonds to fund a portion of the cost of several residential building projects on campus. The Series 2017B Revenue Bonds bear interest, payable monthly, at a variable rate equal to 67 percent of one-month LIBOR plus 1.04 percent. Principal repayments, ranging from $124,000 to $223,000, are due monthly through June 1, 2023.

MHHEFA Series 2012A Revenue Bonds bear interest, payable semiannually, at fixed rates ranging from 2.25 percent to 5.00 percent. Serial bonds aggregating $8,975,000 are due in annual installments ranging from $600,000 to $1,280,000 beginning July 1, 2019 through July 1, 2027. Term bonds of $10,970,000 are due on July 1, 2034.

The 2012A, 2017A and 2017B Revenue Bonds are secured by a pledge of certain revenues of the College and are secured ratably and equally with its obligation under an interest rate swap agreement.

Maturities of long-term debt are as follows (in thousands):

Years ending June 30:	
2020	$ 2,133
2021	2,197
2022	2,636
2023	2,739
2024	2,857
Thereafter	91,610
Total	$ 104,172

Interest expense of $791,000 and $879,000 was capitalized as part of the construction and renovation projects for 2019 and 2018, respectively.

Interest Rate Swap Agreement

The College entered into an interest rate swap agreement with a national bank on May 19, 2017. The interest rate swap agreement is used to manage the College's interest rate risk on its variable rate debt. The agreement extends through June 1, 2033, and provides for the College to pay a fixed rate of 3.49 percent and receive a variable rate of 67 percent of the one-month LIBOR (1.63 percent at June 30, 2019) based on a notional amount of $28,521,000. The notional amount will decrease through June 2033. As of June 30, 2019 and 2018, the fair value of the interest rate swap agreement was a liability of $4,618,000 and $3,509,000, respectively.

9. Retirement Plans

Retirement benefits are provided for eligible faculty and administrative employees by a contributory purchase plan, offering the opportunity for investment in a variety of annuity contracts and mutual funds. All participants have a fully vested interest in the contributions made by them or on their behalf, and the College has no obligation under the plan other than its monthly contributions.

The College also has a contributory defined contribution plan for all eligible employees not covered by the benefit plan described above. All participants are immediately vested in their contributions. Participants are not vested in employer matching contributions and the related earnings until three years of service have been completed.

The College's contributions to both plans were $1,424,000 in 2019 and $1,525,000 in 2018.

The College also maintains a deferred compensation plan for certain executives.

10. Net Assets

Net assets without donor restrictions consist of the following as of June 30, 2019 and 2018 (in thousands):

	2019	2018
Without donor restrictions:		
Undesignated	$ 58,424	$ 50,951
Funds designated as endowment	30,114	24,513
Funds designated as endowment available:		
For short-term borrowing for operating	5,000	-
For capital use	-	20,000
Total	$ 93,538	$ 95,464

Net assets with donor restrictions consist of the following as of June 30, 2019 and 2018 (in thousands):

	2019	2018
With donor restrictions:		
Endowment	$ 168,316	$ 170,408
Split interest agreements	3,431	3,547
Capital projects	6,847	13,260
Contributions and income designated for specific purposes	2,842	2,540
Student loans funds	1,440	1,513
Total	$ 182,876	$ 191,268

11. Endowment

The College's endowment consists of approximately 700 individual funds established for a variety of purposes, including both donor-restricted endowment funds, including externally managed perpetual trusts, and funds designated by the Board to function as endowments. Net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as allowing, subject to individual donor intent as expressed in a gift instrument, the Board to appropriate for expenditure or accumulate as much of an endowment fund as it determines is prudent for the uses, benefits, purposes, and duration for which the fund is established. The College classifies endowment net assets with donor restrictions into two categories: historic cost and accumulated gains (losses). The historic cost category includes (a) an amount equal to the historic dollar value of all donor-restricted endowment funds, (b) the original value of subsequent gifts to a donor-restricted endowment fund, and (c) accumulations to the donor-restricted endowment made in accordance with the directions of the applicable donor gift instrument at the time the accumulation is added to the fund. Accumulated gains (losses) includes the change in value from historic cost net of amounts appropriated for expenditure by the Board. In accordance with UPMIFA, the College considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: the duration and preservation of the fund; the purposes of the College and the donor-restricted endowment fund; general economic conditions; the possible effect of inflation and deflation; the expected total return from income and the appreciation of investment; the other resources of the College; and the investment policies of the College.

Endowment net assets consist of the following as of June 30, 2019 and 2018 (in thousands):

	Without Donor Restrictions	With Donor Restrictions: Historical Cost	With Donor Restrictions: Accumulated Gains (Losses)	With Donor Restrictions: Total	Total Endowment 2019
Board-designated net assets	$ 35,114	$ -	$ -	$ -	$ 35,114
Donor-restricted net assets:					
Funds with deficiencies	-	1,551	(108)	1,443	1,443
Perpetual trusts managed by others	-	2,568		2,568	2,568
Other funds	-	81,921	82,384	164,305	164,305
Total endowment net assets	$ 35,114	$ 86,040	$ 82,276	$ 168,316	$ 203,430

	Without Donor Restrictions	With Donor Restrictions: Historical Cost	With Donor Restrictions: Accumulated Gains (Losses)	With Donor Restrictions: Total	Total Endowment 2018
Board-designated net assets	$ 44,513	$ -	$ -	$ -	$ 44,513
Donor-restricted net assets:					
Funds with deficiencies	-	1,331	(67)	1,264	1,264
Perpetual trusts managed by others	-	2,570		2,570	2,570
Other funds	-	80,529	86,045	166,574	166,574
Total endowment net assets	$ 44,513	$ 84,430	$ 85,978	$ 170,408	$ 214,921

Changes in endowment net assets for the years ended June 30, 2019 and 2018 are as follows (in thousands):

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2017	$ 43,684	$ 165,893	$ 209,577
Investment return, net	3,545	13,326	16,871
Contributions collected	2	837	839
Appropriation of endowment assets for expenditure	(2,718)	(9,654)	(12,372)
Transfers	-	6	6
Endowment net assets, June 30, 2018	44,513	170,408	214,921
Investment return, net	1,341	6,129	7,470
Contributions collected	-	1,223	1,223
Appropriation of endowment assets for expenditure	(2,590)	(9,551)	(12,141)
Transfers	(8,150)	107	(8,043)
Endowment net assets, June 30, 2019	$ 35,114	$ 168,316	$ 203,430

From time to time, certain donor-restricted endowment funds may have fair value less than the amount required to be maintained by donors or by law. At June 30, 2019, 7 donor restricted funds with a historic cost of $1,551,000, fair value of $1,443,000, and deficiencies of $108,000 were reported in net assets with donor restrictions. At June 30, 2018, 5 donor restricted funds with a historic cost of $1,331,000, fair value of $1,264,000, and deficiencies of $67,000 were reported in net assets with donor restrictions. The board prohibits spending from individual endowment funds with market values below 90% of the historic cost.

The College has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to earn a 5 percent average annual compounded total return in excess of inflation, as measured by the Consumer Price Index ("CPI"), over a long-term time horizon of at least 10 years. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, the College relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The College targets a diversified asset allocation that places emphasis on investments in equities, bonds, and absolute return strategies in a ratio to achieve its long-term return objectives within prudent risk constraints.

As a general rule, the Board believes that a long-term spending rate of 5 percent of the College's endowment is appropriate. To that end, the Board recommends spending for College operations in any given fiscal year shall equal (a) 75 percent of spending for the prior fiscal year (adjusted for cumulative changes in inflation/deflation as measured by the CPI) plus (b) 25 percent of Goucher's target spending rate of 5 percent applied to Goucher's average endowment value for the 12 quarters preceding the calendar year in which the fiscal year begins. However, the actual annual spending rate approved by the Board may differ. The Board prohibits spending from individual endowment funds with market values below 90 percent of historic dollar value. In establishing these policies, the College considered the expected return on its endowment.

Accordingly, the College anticipates the current spending policy to allow its endowment to maintain its real value by appreciating through investment returns at a rate equal to planned payouts. Additional spending capacity will be provided through new gifts and any excess investment return.

12. Functional Expenses

Costs related to the operation and maintenance of physical plant, including depreciation of plant assets and interest on related debt, are allocated to program and supporting activities based upon square footage and usage of facilities. Fringe benefit expenses, including payroll taxes, the employer cost of health insurance and retirement contributions, are allocated to program and supporting activities based on salary costs by type of employee class directly charged to those programs. Certain costs related to the administration and maintenance of the centralized information technology and telecommunications networks, such as salaries, maintenance contracts and telecom agreements, are allocated half to the general administration category and a quarter to both the instruction and departmental research and auxiliary enterprises categories. Total fund-raising expenses, which are included in the general administration category, were approximately $3,048,000 and $3,280,000 in 2019 and 2018, respectively.

13. Commitments and Contingencies

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

The College is a party to various litigation and other claims in the ordinary course of business. In the opinion of management, appropriate provision has been made for possible losses and the ultimate resolution of these matters will not have a significant effect on the financial position of the College.

14. Liquidity and Availability

Financial assets available within one year of the statement of financial position date for general expenditure such as operating expenses and scheduled principal payments are as follows:

Cash	$ 3,107
Accounts and loans receivable, net	2,370
Contributions receivable, net	1,040
Deposits with bond trustee	2,192
Investments - operating	25
Investments - funds designated as endowment available for short-term operating use	5,000
Investments - endowment appropriations	13,049
Split interest agreements	123
Total	$ 26,906

The College’s endowment funds consist of donor-restricted endowments and funds designated by the Board to function as endowments. Income from donor-restricted endowments is restricted for various purposes; including general use or for activities that occur as part of the normal operations of the College. At June 30, 2019, donor-restricted endowment funds that are available for the College's general use or activities occurring as part of the normal operations of the College and board-designated endowment funds were $168,316,000 and $35,114,000, respectively. Both types of endowments are subject to an annual spending rate as described in Note 11. The Board appropriated $13,049,000 for use in the next fiscal year in support of operating expenses. In addition, the Board authorized $5,000,000 of board-designated endowment as available for short-term borrowing in support of operating activities, if needed. Although we do not intend to spend from the board-designated endowment or the donor-restricted endowment other than amounts appropriated as part of our Board's annual budget approval and appropriation, these amounts could be made available, if necessary.

The College's cash flows have seasonal variations during the year attributable to tuition billing, government funding of financial aid and a concentration of contributions received at calendar and fiscal year-end. The College's practice is to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, the College invests cash in excess of daily requirements in short-term investments.

15. Subsequent Events

The College has evaluated subsequent events through October 11, 2019, the date that the financial statements were issued, and no matters required adjustment to or disclosure in the accompanying financial statements.