DICKINSON COLLEGE

Financial Statements and Supplemental Schedule

June 30, 2013 and 2012

(With Independent Auditors' Report Thereon)

DICKINSON COLLEGE

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KPMG LLP
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Independent Auditors' Report

The Board of Trustees
Dickinson College:

We have audited the accompanying financial statements of Dickinson College, which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; 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 Dickinson College as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

KPMG LLP

Harrisburg, Pennsylvania
October 26, 2013

DICKINSON COLLEGE

Statements of Financial Position

June 30, 2013 and 2012

Assets		**2013**	**2012**
Cash and cash equivalents	$	12,755,179	9,049,936
Accounts and other receivables, net		2,690,655	2,788,180
Inventories, prepaid expenses, and other assets		1,705,101	1,176,201
Loans receivable, net		6,888,050	6,579,796
Investments		328,822,336	295,642,060
Funds held in trust by others		40,283,131	39,009,913
Contributions receivable, net		7,392,447	8,640,093
Settlement receivable		14,308,351	14,619,716
Deposits with trustees under debt agreements		15,584,526	5,320,116
Property and equipment, net		178,125,491	160,816,074
Deferred financing costs		1,920,683	2,075,383
Total assets	$	610,475,950	545,717,468
Liabilities and Net Assets			
Liabilities:			
Accounts payable and accrued expenses	$	10,988,616	9,381,414
Deferred revenue		2,991,849	2,534,535
Student deposits		2,454,085	2,236,226
Funds held in custody for others		1,558,488	884,552
Annuities payable		3,571,161	3,548,394
Obligations under capital leases		2,211,888	1,919,372
Long-term debt		132,977,988	109,177,552
U.S. government advances refundable		2,403,795	2,280,293
Total liabilities		159,157,870	131,962,338
Net assets:			
Unrestricted		276,190,694	259,112,330
Temporarily restricted		65,594,878	47,866,986
Permanently restricted		109,532,508	106,775,814
Total net assets		451,318,080	413,755,130
Total liabilities and net assets	$	610,475,950	545,717,468

See accompanying notes to financial statements.

DICKINSON COLLEGE

Statement of Activities

Year ended June 30, 2013
(with comparative totals for 2012)

	2013 Unrestricted	2013 Temporarily restricted	2013 Permanently restricted	2013 Total	2012 Total
Revenues:					
Tuition and fees	$ 105,996,416	—	—	105,996,416	103,022,139
Student aid	(38,808,784)	—	—	(38,808,784)	(37,716,365)
Net tuition and fees	67,187,632	—	—	67,187,632	65,305,774
Private gifts, grants, and contributions	4,113,482	9,482,141	1,193,220	14,788,843	11,411,882
Government grants and appropriations	1,351,267	—	—	1,351,267	1,722,870
Investment income	27,668,053	15,385,524	1,527,810	44,581,387	5,899,583
Change in split-interest and other agreements	(282,248)	(123,174)	35,664	(369,758)	(263,639)
Other revenues	2,201,236	—	—	2,201,236	1,923,378
Sales and services of auxiliary enterprises	29,840,861	—	—	29,840,861	29,397,736
Net assets released from restrictions	7,016,599	(7,016,599)	—	—	—
Total revenues	139,096,882	17,727,892	2,756,694	159,581,468	115,397,584
Expenses:					
Education and general:					
Instructional	44,617,364	—	—	44,617,364	43,758,351
Academic support	12,043,375	—	—	12,043,375	11,125,417
Student services	15,974,689	—	—	15,974,689	13,977,125
Research	2,973,571	—	—	2,973,571	3,127,490
Public service	696,510	—	—	696,510	928,920
Auxiliary enterprises	24,260,716	—	—	24,260,716	23,191,843
Institutional support	20,346,616	—	—	20,346,616	19,931,075
Total expenses	120,912,841	—	—	120,912,841	116,040,221
Change in net assets before other loss	18,184,041	17,727,892	2,756,694	38,668,627	(642,637)
Other loss:					
Loss on extinguishment of debt	(1,105,677)	—	—	(1,105,677)	—
Change in net assets	17,078,364	17,727,892	2,756,694	37,562,950	(642,637)
Net assets:					
Beginning of year	259,112,330	47,866,986	106,775,814	413,755,130	414,397,767
End of year	$ 276,190,694	65,594,878	109,532,508	451,318,080	413,755,130

See accompanying notes to financial statements.

DICKINSON COLLEGE

Statement of Activities

Year ended June 30, 2012

	2012			
	Unrestricted	**Temporarily restricted**	**Permanently restricted**	**Total**
Revenues:				
Tuition and fees	$ 103,022,139	—	—	103,022,139
Student aid	(37,716,365)	—	—	(37,716,365)
Net tuition and fees	65,305,774	—	—	65,305,774
Private gifts, grants, and contributions	5,866,761	4,007,938	1,537,183	11,411,882
Government grants and appropriations	1,722,870	—	—	1,722,870
Investment income	7,558,274	(1,987,536)	328,845	5,899,583
Change in split-interest and other agreements	119,106	(279,671)	(103,074)	(263,639)
Other revenues	1,923,378	—	—	1,923,378
Sales and services of auxiliary enterprises	29,397,736	—	—	29,397,736
Net assets released from restrictions	7,596,184	(7,596,184)	—	—
Total revenues	119,490,083	(5,855,453)	1,762,954	115,397,584
Expenses:				
Education and general:				
Instructional	43,758,351	—	—	43,758,351
Academic support	11,125,417	—	—	11,125,417
Student services	13,977,125	—	—	13,977,125
Research	3,127,490	—	—	3,127,490
Public service	928,920	—	—	928,920
Auxiliary enterprises	23,191,843	—	—	23,191,843
Institutional support	19,931,075	—	—	19,931,075
Total expenses	116,040,221	—	—	116,040,221
Change in net assets	3,449,862	(5,855,453)	1,762,954	(642,637)
Net assets:				
Beginning of year	255,662,468	53,722,439	105,012,860	414,397,767
End of year	$ 259,112,330	47,866,986	106,775,814	413,755,130

See accompanying notes to financial statements.

DICKINSON COLLEGE

Statements of Cash Flows

Years ended June 30, 2013 and 2012

	2013	2012
Cash flows from operating activities:		
Change in net assets	$ 37,562,950	(642,637)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	9,289,794	8,926,635
Loss on disposition of fixed assets	27,399	37,224
Loss on extinguishment of debt	491,665	—
Net realized and unrealized gains on investments	(42,392,239)	(3,971,004)
Change in value of funds held in trust by others	(1,273,218)	(270,396)
Change in allowance for loan loss	(476,578)	21,359
Other changes in annuities payable	151,668	562,229
Other changes in capital lease obligations	132,371	(95,222)
Gifts received for permanently restricted net assets and capital projects	(9,060,961)	(2,740,400)
Change in assets and liabilities:		
Accounts and other receivables, net	97,525	(170,882)
Contributions and settlement receivables	1,559,011	(236,422)
Inventories, prepaid, and other assets	(528,900)	590,169
Accounts payable and accrued expenses	(1,844,888)	(923,313)
Deferred revenue	457,314	(901,217)
Student deposits	217,859	203,555
Funds held in custody for others	673,936	(60,062)
Total adjustments	(42,478,242)	972,253
Net cash (used in) provided by operating activities	(4,915,292)	329,616
Cash flows from investing activities:		
Proceeds from sales of investments	15,120,495	14,131,496
Purchase of investments	(5,908,532)	(7,877,509)
Change in deposits with trustees under debt agreements	(10,264,410)	790,282
Purchase of property and equipment	(21,190,587)	(10,209,300)
Sale of property and equipment	45,672	29,612
Student loans collected	1,240,268	982,580
Student loans advanced	(1,071,944)	(964,813)
Net cash used in investing activities	(22,029,038)	(3,117,652)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	40,710,007	—
Payments on long-term debt	(18,379,571)	(2,333,182)
Payments for deferred financing costs	(433,943)	—
Principal payments under capital lease obligation	(302,482)	(142,231)
Gifts received for permanently restricted net assets and capital projects	9,060,961	2,740,400
Payments to annuity recipients	(128,901)	(357,315)
Increase in U.S. government advances refundable	123,502	15,845
Net cash provided by (used in) financing activities	30,649,573	(76,483)
Net increase (decrease) in cash and cash equivalents	3,705,243	(2,864,519)
Cash and cash equivalents:		
Beginning of year	9,049,936	11,914,455
End of year	$ 12,755,179	9,049,936
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	$ 6,127,204	5,550,661
Supplemental disclosure of noncash activities:		
Assets acquired related to capital leases	462,627	—
Purchase of property and equipment	4,922,090	1,429,417

See accompanying notes to financial statements.

(1) Summary of Significant Accounting Policies

Dickinson College (the College) is a private, not-for-profit institution of higher education in Carlisle, Pennsylvania. The College provides education services at the undergraduate level.

The significant accounting policies followed by the College are described below to enhance the usefulness of the financial statements to the reader.

(a) Basis of Presentation

The financial statements of the College have been prepared on the accrual basis of accounting. Not-for-profit accounting standards require the reporting of total assets, liabilities, and net assets in a statement of financial position; reporting the change in net assets in a statement of activities; and reporting the sources and uses of cash and cash equivalents in a statement of cash flows. Net assets and revenues, gains, expenses, and losses are classified as unrestricted, temporarily restricted, or permanently restricted based on the existence or absence of donor-imposed restrictions as follows:

Unrestricted

Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited to contractual agreements with outside parties.

Temporarily Restricted

Net assets whose use by the College is subject to donor-imposed stipulations that can be fulfilled by actions of the College pursuant to those stipulations or that expire by the passage of time. Commonwealth of Pennsylvania law permits the College to allocate to income each year a portion of endowment assets up to 7% of a three-year moving average of the market value of permanently restricted endowed assets. Since endowment net realized and unrealized gains may eventually be spent by the College, endowment net realized and unrealized gains are recorded in the financial statements as temporarily restricted net assets until transferred to unrestricted net assets. Temporarily restricted net assets of the College at June 30, 2013 and 2012 consist of unspent donor-restricted contributions and market appreciation of endowment funds.

Permanently Restricted

Net assets subject to donor-imposed stipulations that they be maintained permanently by the College. Generally, the donors of these assets permit the College to use all or part of the income earned on these assets. Such assets primarily include the College’s donor endowment funds and funds held in trust by others.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Expirations of donor-imposed stipulations that simultaneously increase one class of net assets and decrease another are reported as reclassifications between the applicable classes of net assets.

Contributions and endowment income with donor-imposed restrictions are reported as temporarily restricted revenues and are reclassified to unrestricted net assets when an expense is incurred that satisfies the donor-imposed restriction. Contributions restricted for the acquisition of plant and equipment are reported as temporarily restricted revenues and are reclassified to unrestricted net assets when restrictions have been met and the plant and equipment have been placed in service.

Assets and liabilities are presented in order of liquidity in the statements of financial position.

(b) Cash and Cash Equivalents

The College considers institutional money market funds and other short-term savings instruments with original maturities of 90 days or less to be cash equivalents. Cash equivalents exclude certain qualifying instruments recognized in investments.

(c) Loans Receivable

Loans receivable consist of loans to students, which are made from the College's restricted loan funds and the Federal Perkins Loan Program. The loans are reported at their estimated net realizable value. The allowance for uncollectible loans was $653,416 and $1,129,994 at June 30, 2013 and 2012, respectively.

(d) Annuity Agreements and Funds Held in Trust by Others

The College's annuity agreements with donors consist primarily of charitable remainder trusts and annuity agreements for which the College serves as trustee. Assets held in these trusts are included in investments. Contribution revenues are recognized at the date the trusts are established after recording liabilities for the present value of the estimated future payments to be made to the donors and/or other beneficiaries, using a discount rate of 1.2% for the years ended June 30, 2013 and 2012. Contributions arising from annuities and life income funds amounted to $127,101 and $69,082 for the years ended June 30, 2013 and 2012, respectively.

Funds held in trust by others represents the College's beneficial interest in various irrevocable trusts. The terms of these perpetual trusts provide that the College is to receive annually a certain percentage of the income earned by the funds. Distributions from the trusts are recorded as investment income, and the carrying value of assets is adjusted for changes in fair value of the trusts.

These funds are neither in the possession nor under the control of the College. Because of the permanent right of the College to its share of the trusts' earnings, the College reports its share of these trusts on its financial statements as funds held in trust by others. The trusts are recorded at fair value based upon market prices for the underlying assets of the trusts, which are provided by the financial institutions that administer the trust funds.

Funds held in trust by others includes a 45% interest in the Sandia Foundation, created in 1975 under the terms of the will of Hugh W. Woodward, of which the College is a beneficiary. Those terms provide that the College is to receive annually and in perpetuity 45% of the net earnings of the Sandia Foundation, the assets of which consist principally of land and land improvements, in and around Albuquerque, New Mexico, and marketable securities. The net asset value (NAV) of the

(Continued)

College's interest in the Sandia Foundation was $34,225,255 and $33,029,093 at June 30, 2013 and 2012, respectively.

(e) Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, i.e., when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of the gift. Contributions to be received after one year are discounted at an appropriate rate commensurate with the risks involved, 1.2% at June 30, 2013 and 2012, which approximates the federal mid-term rate. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is provided based upon management's judgment including such factors as prior collection history, type of contribution, and nature of the fund-raising activity.

(f) Settlement Receivable

At June 30, 2013 and 2012, $14,308,351 and $14,619,716, respectively, has been recorded as a settlement receivable related to a settlement agreement between the College; the Baltimore Symphony Orchestra; GBMC Healthcare, Inc.; Whiteford, Taylor & Preston LLP; and the trustees of the Robert A. Waidner Foundation, a charitable remainder trust, established under the will of alumnus Robert A. Waidner, Dickinson Class of 1932. Assets are being held in trust and their payment to the College is pursuant to both a trust under the will of Mr. Waidner and to the settlement agreement of the will. At the later of December 31, 2029 or the year in which the named trustees are no longer serving the trust, the trust shall terminate and the assets then comprising the trust shall be distributed. The receivable represents the present value of future cash flows using a discount rate of 3.6% and 2.8% for the years ended June 30, 2013 and 2012, respectively.

(g) Deposits with Trustees under Debt Agreements

Deposits with trustees under debt agreements are the unexpended construction fund proceeds of debt obligations and debt service reserve funds. The funds are invested in short-term fixed income investments.

(h) Property and Equipment

Property and equipment are stated at cost or at estimated fair value if acquired by gift, less accumulated depreciation. Depreciation of property and equipment is calculated using a straight-line method over the estimated useful lives of the assets. Estimated useful lives range from 3 years to 15 years for furniture, equipment, and vehicles, 5 years for computers, 10 years for library books, and from 5 years to 40 years for buildings and improvements. Capitalized interest is charged to construction in progress or buildings and, upon completion of project, amortized over the useful lives of the asset.

Included in property and equipment is the College's rare works collection. The College carries its rare works collection at the fair value of the collection items at the date of gift or purchase, and the collection is not depreciated.

(i) Deferred Financing Costs

Deferred financing costs are amortized over the remaining terms of the associated debt.

(j) Conditional Asset Retirement Obligations

The College has conditional asset retirement obligations arising from regulatory requirements to the remediation of asbestos and other hazardous materials in certain campus buildings. The liability was initially measured at fair value and is subsequently adjusted for accretion expense and changes in the amount or timing of the cash flows as well as additional obligations. The corresponding asset retirement costs are recorded in accounts payable and accrued expenses. As of June 30, 2013 and 2012, the asset retirement costs were $898,878 and $963,000, respectively.

(k) Valuation of Long-Lived Assets

Long-lived assets to be held and used by an entity are required to be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Also, in general, any long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell. The College periodically evaluates the recoverability of its long-lived assets including real estate and improvements and deferred costs, using objective methodologies. Such methodologies include evaluations based on cash flows generated by the underlying assets or other determinants of fair value. None of the College's long-lived assets were considered to be impaired as of June 30, 2013 and 2012.

(l) U.S. Government Advances Refundable

Funds provided by the U.S. government under the Federal Perkins Loan Program are loaned to qualified students and may be reloaned after collections. These funds are ultimately refundable to the government and are included as liabilities in the statements of financial position.

(m) Fund-Raising Expenses

Direct fund-raising expenses for the years ended June 30, 2013 and 2012 were $4,053,553 and $4,031,197, respectively.

(n) Tax Status

The College has been recognized by the Internal Revenue Service as exempt from federal income tax under Section 501(c)(3) of the U.S. Internal Revenue Code, except for taxes on income from activities unrelated to its exempt purpose. 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 provisions for income taxes have been made in the accompanying financial statements for 2013 or 2012.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the College and recognize a tax liability (or asset) if the College has taken an uncertain tax position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the College, and has concluded that as

(Continued)

of June 30, 2013, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

(o) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (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. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(p) Risks and Uncertainties

Investments consist of a wide variety of financial instruments with no single investment individually material. The related values, as presented in the financial statements, are subject to various market fluctuations, which include changes in equity markets, the interest rate environment, and general economic conditions. These changes cause the net asset position of the College to increase or decrease.

(2) Fair Value Measurements

Fair value refers to the price the College would receive upon selling an asset or the price paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the reporting date.

A three-tier hierarchical framework has been established that classifies valuation inputs based on the extent to which the inputs are observable in the marketplace. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants, in the context of an orderly market, would use in pricing the asset or liability. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs.

Fair value measurements are based on three levels of inputs as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities; quoted prices for identical or similar assets and liabilities 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. 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.

In May 2011, the FASB issued ASU 2011-04, *Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs*. The new standard does not extend the use of fair value but, rather, provides guidance about how fair value should be applied where it is already required or permitted under IFRS or U.S. GAAP. For U.S. GAAP, most of the changes are clarifications of existing guidance or wording changes to align with IFRS. The ASU also requires additional disclosures for nonpublic entities to provide quantitative information about significant unobservable inputs used for all Level 3 measurements and a description of the valuation process used. The provisions of the ASU are effective for annual or interim reporting periods beginning after December 15, 2011. The College adopted the provisions of the ASU in 2013. The adoption of ASU 2011-04 did not have a material effect on the College's financial statements.

The College's valuation methodologies are described below:

(a) Investments

Equity Securities

Securities traded on a national securities exchange are stated at the last reported sales price on the day of valuation. To the extent these securities are actively traded, they are categorized in Level 1 of the fair value hierarchy.

Debt Securities

Debt securities are valued at the closing price reported in the active market in which the bond is traded, if available. If such information is not available, debt is valued based on Level 2 inputs including yields currently available on comparable securities for issuers with similar credit ratings.

Alternative Investments

Valuations for alternative investments including debt and equity funds, real estate funds, private partnership, and other alternative investments are based on NAVs provided by external investment managers or on audited financial statements when available. NAVs provided by external investment managers are based on fair value estimates, appraisals, assumptions, and methods that are reviewed by management.

(b) Funds Held in Trust by Others

The College's beneficial interest in perpetual trusts held by others is recorded at fair value based on the fair value of the trust's holdings as reported by the trustee or the NAV of the trust or entity. The inputs to fair value of these funds are classified as Level 2 or Level 3, depending on whether the assets will ultimately be distributed to the College.

(c) Contributions Receivable

The College values contributions receivable at fair value using the present value of future cash flows as described in note 1(e). As a result of unobservable inputs, these are classified as Level 3 in the fair value hierarchy.

(d) Split-Interest and Other Agreements

Depending on the type of agreement, fair value measurements for split-interest and other agreements are performed either at inception or on a recurring basis. Fair value of the residual gift is generally based on the present value of expected future cash flows including payments to beneficiaries and investment return, and Level 3 inputs include the life expectancy of the donor and other beneficiaries as well as financial assumptions.

(e) Debt

The fair value of bonds payable is based on Level 2 inputs including quoted prices from similar securities based upon maturity and the rating of the credit enhancement or that of the College for each series of bonds. The fair value of bonds payable at June 30, 2013 and 2012 is $130,507,343 and $112,625,835, respectively.

(f) Settlement Receivable

The College values its settlement receivable at fair value using a discounted cash flows valuation technique as described in note 1(f). As a result of significant unobservable inputs, the settlement receivable is classified as Level 3 in the fair value hierarchy. Significant unobservable inputs include the discount rate used (3.6%), rate of return assumption (5.5%) and duration (matures in 2029).

(g) Other Financial Instruments

The carrying amount of cash and cash equivalents; accounts and other receivables, inventories, prepaid expenses, and other assets, and accounts payable and accrued expenses, approximates fair value because of the short maturity of these financial instruments.

The carrying value of loans receivable under the College's loan program approximates fair value. A reasonable estimate of the fair value of student loans receivable under government loan programs with a carrying value of $3,621,142 and $3,559,441 as of June 30, 2013 and 2012, respectively, could not be made because the loans are not saleable and can only be assigned to the U.S. Government or its designees.

The following table summarizes the College's investments and other assets that are measured at fair value on a recurring basis by major category in the fair value hierarchy as of June 30, 2013 and 2012, as well as related strategy, liquidity, and funding commitments:

	June 30, 2013				Redemption frequency or liquidation
	Level 1	**Level 2**	**Level 3**	**Total**	
Long-term investment strategies:					
Fixed income:					
U.S. Treasuries	$ 9,849,644	1,677,383	—	11,527,027	Daily
Hedge funds:					
Credit/event driven	—	—	127,495	127,495	N/A (1)
Fixed income strategies	—	—	8,792,824	8,792,824	Illiquid (2)
Equity long/short	—	126,562,107	—	126,562,107	Daily to quarterly with 10-120 days notice
Multistrategy	—	80,655,280	—	80,655,280	Quarterly with 90 days notice
Private equity funds	—	—	80,781,246	80,781,246	Illiquid (3)
Real assets	—	—	1,866,500	1,866,500	Illiquid (4)
Cash and cash equivalents	6,143,056	—	—	6,143,056	Daily
Other nonpooled funds:					
Cash and cash equivalents	916,922	—	—	916,922	Daily
Fixed income funds	1,261,931	—	—	1,261,931	Daily
Global equities	1,802,280	—	—	1,802,280	Daily
Real assets	—	8,332,073	—	8,332,073	Daily
Other	—	53,595	—	53,595	Illiquid (5)
	19,973,833	217,280,438	91,568,065	328,822,336	
Other assets:					
Funds held in trust by others	—	4,277,088	36,006,043	40,283,131	
Deposits with trustees under debt agreements	15,584,526	—	—	15,584,526	
Settlement receivable	—	—	14,308,351	14,308,351	
	15,584,526	4,277,088	50,314,394	70,176,008	
	$ 35,558,359	221,557,526	141,882,459	398,998,344	

(1) – Illiquid sidepocket remaining. Unfunded future commitments aggregate $292,500.
(2) – Balance is subject to 36-month rolling lockups, with 1/3 of the investment available each year with 90 days' notice. The remaining investment is expected to liquidate within 2 years.
(3) – These funds are expected to liquidate within 3 years. Unfunded future commitments aggregate $45,239,540.
(4) – These funds are expected to liquidate within 1 year. Unfunded future commitments aggregate $73,148.
(5) – Cash surrender value of life insurance policies.

	June 30, 2012				Redemption frequency
	Level 1	**Level 2**	**Level 3**	**Total**	**or liquidation**
Long-term investment strategies:					
Fixed income:					
U.S. Treasuries	$ 7,891,415	—	—	7,891,415	Daily
Hedge funds:					
Credit/event driven	—	—	435,357	435,357	N/A (1)
Fixed income strategies	—	—	9,687,721	9,687,721	Illiquid (2)
Equity long/short	—	106,756,619	—	106,756,619	Daily to quarterly with 10-120 days notice
Multistrategy	—	66,623,166	—	66,623,166	Quarterly with 90 days notice
Private equity funds	—	—	77,483,156	77,483,156	Illiquid (3)
Real assets	—	—	2,834,449	2,834,449	Illiquid (4)
Cash and cash equivalents	11,595,906	—	—	11,595,906	Daily
Other nonpooled funds:					
Cash and cash equivalents	929,426	—	—	929,426	Daily
Fixed income funds	1,262,665	—	—	1,262,665	Daily
Global equities	1,595,873	—	—	1,595,873	Daily
Real assets	—	8,491,739	—	8,491,739	Daily
Other	—	54,568	—	54,568	Illiquid (5)
	23,275,285	181,926,092	90,440,683	295,642,060	
Other assets:					
Funds held in trust by others	—	4,079,355	34,930,558	39,009,913	
Deposits with trustees under debt agreements	5,320,116	—	—	5,320,116	
Settlement receivable	—	—	14,619,716	14,619,716	
	5,320,116	4,079,355	49,550,274	58,949,745	
	$ 28,595,401	186,005,447	139,990,957	354,591,805	

(1) – Illiquid sidepocket remaining. Unfunded future commitments aggregate $292,500.
(2) – Approximately $8.9 million is subject to 36-month rolling lockups, with 1/3 of the investment available each year with 90 days' notice. The remaining investment is expected to liquidate within 2 years. Unfunded future commitments aggregate $1,360,561.
(3) – These funds are expected to liquidate within 3 years. Unfunded future commitments aggregate $41,707,540.
(4) – These funds are expected to liquidate within 2 years. Unfunded future commitments aggregate $73,148.
(5) – Illiquid items include the cash surrender value of life insurance policies.

U.S. Treasuries and registered mutual funds are classified in Level 1 of the fair value hierarchy as defined in this note because their fair values are based on quoted prices for identical securities. Most investments classified in Levels 2 and 3 consist of shares or units in nonregistered investment funds as opposed to direct interests in the funds' underlying securities, some of which are marketable or not difficult to value. The level in which a fund's fair value measurement is classified is based on the College's ability to redeem its interest at or near the date of the statements of financial position. Accordingly, the inputs or methodology used for valuing or classifying investments for financial reporting purposes are not necessarily an indication of the risks associated with those investments or a reflection of the liquidity of or degree of difficulty in estimating the fair value of each fund's underlying assets and liabilities.

Private equity investments are generally made through limited partnerships. Under the terms of such agreements, the College may be required to provide additional funding when capital or liquidity calls are made by fund managers. These partnerships have a limited existence, and they may provide for annual extensions for the purpose of disposing portfolio positions and returning capital to investors. However, depending on market conditions, the inability to execute the fund's strategy, or other factors, a manager may extend the terms of a fund beyond its originally anticipated existence or may wind the fund down prematurely. The College cannot anticipate such changes because they generally arise from unforeseeable events, but should they occur they could reduce liquidity or originally anticipated investment returns. Accordingly, the timing and amount of future capital or liquidity calls in any particular future year are uncertain.

Certain hedge funds contain "rolling" lock-up provisions. Under such provisions, tranches of the investment are available for redemption at calendar year-end once every two or three years, if the College makes a redemption request prior to the next available withdrawal date in accordance with the notification terms of the agreement.

Investment liquidity as of June 30, 2013 is aggregated below based on redemption or sale period:

Daily	$	34,568,678
Monthly		103,238,823
Quarterly		99,393,175
Subject to rolling lockups		8,792,824
Illiquid		82,828,836
Total as of June 30, 2013	$	328,822,336

The following tables present the College's activities for the years ended June 30, 2013 and 2012 for investments and other assets classified in Level 3:

Level 3 rollforward		Hedge funds	Private equity funds	Real assets	Other assets	Total
		2013				
Beginning balance	$	10,123,078	77,483,156	2,834,449	49,550,274	139,990,957
Net realized and unrealized gains (losses)		(16,687)	4,762,695	42,868	2,171,620	6,960,496
Acquisitions		—	13,383,082	—	—	13,383,082
Dispositions		(1,186,072)	(14,847,687)	(1,010,817)	(1,407,500)	(18,452,076)
Ending balance	$	8,920,319	80,781,246	1,866,500	50,314,394	141,882,459
Net gains (losses) in Level 3 attributable to changes in net unrealized gains (losses) relating to those investments still held at June 30, 2013	$	(439,931)	(2,251,617)	(205,982)	833,567	(2,063,963)

Level 3 rollforward		Hedge funds	Private equity funds	Real assets	Other nonpooled funds	Other assets	Total
		2012					
Beginning balance	$	10,736,679	71,743,181	3,699,778	52,141	49,012,279	135,244,058
Net realized and unrealized gains (losses)		893,035	2,188,168	19,322	(860)	617,995	3,717,660
Acquisitions		284,771	13,248,245	—	—	—	13,533,016
Dispositions		(1,791,407)	(9,696,438)	(884,651)	(51,281)	(80,000)	(12,503,777)
Ending balance	$	10,123,078	77,483,156	2,834,449	—	49,550,274	139,990,957
Net gains (losses) in Level 3 attributable to changes in net unrealized gains (losses) relating to those investments still held at June 30, 2012	$	730,536	(2,003,829)	(70,685)	—	617,995	(725,983)

Transfers between levels occur when there is a change in the observability of significant inputs. A transfer between Level l and Level 2 generally occurs when the availability of quoted prices changes or when market activity of an investment significantly changes to active or inactive. A transfer between Level 2 and Level 3 generally occurs when the underlying inputs become, or can no longer be, corroborated with market observable data. Transfers between levels are recognized on the date they occur. For the years ended June 30, 2013 and 2012, there were no transfers in or out of Level 1, 2, or 3.

(3) Investment Income

The following summarizes investment return components for the years ended June 30, 2013 and 2012:

		2013	2012
Interest and dividend income	$	1,543,226	1,576,952
Net realized and unrealized gains		44,819,756	5,781,756
Investment-related fees		(1,781,595)	(1,459,125)
Total investment income	$	44,581,387	5,899,583

(4) Endowments

The College's endowment consists of approximately 870 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Investments having fair values of $316,455,536 and $283,307,789 at June 30, 2013 and 2012, respectively, are pooled on a fair value basis, with each unitized fund subscribing to or disposing of units on the basis of the fair value per unit at the beginning of the month within which the transaction takes place.

(a) Interpretation of Relevant Law

The College has interpreted relevant law as requiring the donor-restricted endowment fund, absent explicit donor stipulations to the contrary, to be managed with the long-term objective of at least maintaining the real value (after inflation) of the funds. The College classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment; (b) the original value of subsequent gifts to the permanent endowment; and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the College in a manner consistent with the standard of prudence prescribed by relevant law. Pennsylvania law permits the Board of Trustees to make an election to annually appropriate for expenditure a selected percentage between 2% and 7% of the fair value of the assets related to donor-restricted endowment funds averaged over a period of three or more preceding years, provided the board has determined that such percentage is consistent with the long-term preservation of the real value of such assets.

(b) Return Objectives and Risk Parameters

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. Endowment assets include those assets of donor-restricted funds that the College must hold in perpetuity or for a donor-specified period, as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the endowment spending rate plus inflation, defined as the Consumer Price Index plus 1%, while assuming a moderate level of investment risk.

(c) Strategies Employed for Achieving Objectives

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 a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

(d) Spending Policy

The spending policy of the College is set to provide, as closely as possible, equitable benefit from the endowment for current and future generations of students. A formal spending policy has been adopted to meet the legal and programmatic requirements of the endowment. The College appropriates 7% of the endowment and targets a maximum of 5% of the 12-quarter moving average market value of the pooled endowment to be utilized, with the remaining distribution moved to board-designated. The approved spending rate formula is designed to provide a relatively predictable and growing stream of revenues to the operating budget. An additional goal of this policy is to minimize the temptation to relieve all budgetary pressures by simply taking additional monies from the endowment.

(e) Net Asset Classifications of Endowment Funds

Net asset classification by type of endowment as of June 30, 2013:

		Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment funds	$	—	55,269,678	110,468,102	165,737,780
Board-designated endowment funds		222,888,582	—	—	222,888,582
Total endowment assets		222,888,582	55,269,678	110,468,102	388,626,362
Annuity and agency liabilities		(1,427,797)	(2,635,567)	(935,594)	(4,998,958)
Total endowment net assets	$	221,460,785	52,634,111	109,532,508	383,627,404

(Continued)

Changes in endowment net assets for the year ended June 30, 2013:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, beginning of year	$ 203,228,326	41,540,851	106,737,185	351,506,362
Investment return:				
Interest and dividend income	624,518	578,902	175,481	1,378,901
Net appreciation (realized and unrealized gains and losses)	21,639,478	20,066,483	3,043,765	44,749,726
Investment-related fees	(876,073)	(792,946)	(107,695)	(1,776,714)
Total investment return	21,387,923	19,852,439	3,111,551	44,351,913
Contributions	934,150	—	1,193,220	2,127,370
Other additions/transfers	—	129,087	—	129,087
Appropriation and distribution of endowment assets for expenditure	(4,089,614)	(8,888,266)	(1,509,448)	(14,487,328)
	$ 221,460,785	52,634,111	109,532,508	383,627,404

Net asset classification by type of endowment as of June 30, 2012:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment funds	$ —	44,058,494	107,767,936	151,826,430
Board-designated endowment funds	203,995,061	—	—	203,995,061
Total endowment assets	203,995,061	44,058,494	107,767,936	355,821,491
Annuity and agency liabilities	(766,735)	(2,517,643)	(1,030,751)	(4,315,129)
Total endowment net assets	$ 203,228,326	41,540,851	106,737,185	351,506,362

Changes in endowment net assets for the year ended June 30, 2012:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, beginning of year	$ 202,844,842	48,353,639	104,974,229	356,172,710
Investment return:				
Interest and dividend income	623,898	597,323	188,336	1,409,557
Net appreciation (realized and unrealized gains and losses)	1,849,788	1,997,726	292,324	4,139,838
Investment-related fees	(705,734)	(649,045)	(99,147)	(1,453,926)
Total investment return	1,767,952	1,946,004	381,513	4,095,469
Contributions	1,879,763	—	1,537,183	3,416,946
Other additions/transfers	74,787	(539,568)	—	(464,781)
Appropriation and distribution of endowment assets for expenditure	(3,339,018)	(8,219,224)	(155,740)	(11,713,982)
	$ 203,228,326	41,540,851	106,737,185	351,506,362

Endowment assets are categorized on the statements of financial position at June 30 as follows:

	2013	2012
Investments:		
Pooled endowment investments	$ 316,455,536	283,307,789
Life income funds	1,970,643	1,883,185
Real assets	6,453,793	6,613,460
Funds invested separately	1,714,070	1,607,888
	326,594,042	293,412,322
Funds held in trust by others	40,283,131	39,009,913
Contributions receivable, net	3,727,971	5,086,673
Settlement receivable	14,308,351	14,619,716
Property and equipment, net:		
Land	1,296,020	1,296,020
Rare works	2,416,847	2,396,847
	3,712,867	3,692,867
	$ 388,626,362	355,821,491

(Continued)

(5) Property and Equipment

As of June 30, 2013 and 2012, property and equipment at cost and accumulated depreciation are summarized as follows:

		2013	2012
Land	$	11,413,464	11,344,105
Buildings and improvements		230,097,842	224,847,924
Leases and leasehold improvements		3,814,189	3,219,191
Furniture, equipment, and vehicles		11,558,567	11,379,189
Computers		9,490,250	9,406,520
Library books		21,026,201	19,981,566
Rare works		2,416,847	2,396,847
Construction in progress		23,199,191	4,327,232
		313,016,551	286,902,574
Less accumulated depreciation		134,891,060	126,086,500
	$	178,125,491	160,816,074

Depreciation expense totaled $9,192,816 and $8,814,666 for the years ended June 30, 2013 and 2012, respectively.

(6) Contributions Receivable

Contributions receivable, net are summarized as follows as of June 30, 2013 and 2012:

		2013	2012
Contributions receivable expected to be collected in:			
Less than one year	$	3,120,220	2,483,518
One year to five years		4,086,547	6,221,585
Over five years		961,597	921,597
		8,168,364	9,626,700
Less discount		(508,843)	(648,958)
Allowance for uncollectible contributions receivable		(267,074)	(337,649)
	$	7,392,447	8,640,093

Contributions receivable are recorded as follows:

		2013	2012
Unrestricted	$	2,716,809	4,293,785
Temporarily restricted		2,893,286	2,649,782
Permanently restricted		1,782,352	1,696,526
	$	7,392,447	8,640,093

(Continued)

(7) Long-Term Debt and Lines of Credit

Long-term debt as of June 30, 2013 and 2012 consists of the following:

	2013	2012
2003 Pennsylvania Higher Education Facilities Authority Fixed Rate Revenue Bonds Series 2003 AA1, maturing annually to 2026, in principal amounts ranging from $185,000 to $1,095,000, with interest rates ranging from 2.00% to 5.25%	$ —	11,080,000
2006 Montgomery County Higher Education and Health Authority Fixed Rate Revenue Bonds Series 2006 FF1, maturing annually to 2031, in principal amounts ranging from $45,000 to $5,220,000, with interest rates ranging from 3.60% to 5.00%	41,200,000	42,170,000
2007 Cumberland County Municipal Authority Fixed Rate Revenue Bonds, Series 2007 GG1, maturing annually from 2032 to 2037, in principal amounts ranging from $3,445,000 to $4,355,000, with interest rates ranging from 4.50% to 5.00%	23,375,000	23,375,000
2008 Cumberland County Municipal Authority Fixed Rate Revenue Bonds, Series of 2008, maturing annually to 2026, in principal amounts ranging from $260,000 to $1,335,000, with interest rates ranging from 2.75% to 5.00%	15,510,000	16,430,000
2009 Cumberland County Municipal Authority Fixed Rate Revenue Bonds, Series 2009 HH1, maturing annually from 2037 to 2039, in principal amounts ranging from $3,170,000 to $3,500,000, with interest rates of 5.00%	10,000,000	10,000,000
2009 Cumberland County Municipal Authority Multi Mode Revenue Bonds, Series 2009 Q1, maturing annually from 2037 to 2039, in principal amounts ranging from $1,570,000 to $1,765,000 (with interest at 2.75% through October 31, 2012, at which time the Bonds will either continue in the Term Mode for successive three-year periods, or be converted to a different Rate Mode at the election of the borrower)	—	5,000,000
2012 Cumberland County Municipal Authority Fixed Rate Revenue Bonds, Series of 2012, maturing annually to 2042, in principal amounts ranging from $410,000 to $2,835,000, with interest rates ranging from 3.00% to 5.00%	36,110,000	—
Unamortized bond premiums, net	5,312,988	1,122,552
Total bonds payable	131,507,988	109,177,552
Notes payable	1,470,000	—
Total long-term debt	$ 132,977,988	109,177,552

(Continued)

Bonds Payable

The bond agreements contain certain restrictive covenants, which, among other restrictions, require the pledge of certain revenues as collateral for repayment and the maintenance of a minimum level of aggregate expendable funds and a maximum level of debt service. In addition, for certain bonds, the College is required to maintain deposits with an outside trustee for the purpose of meeting scheduled debt service requirements of the respective outstanding bonds until they become due.

All outstanding bond issues are collateralized by a general interest in the College's revenue.

In September 2012, the College issued tax-exempt bonds through the Cumberland County Municipal Authority at fixed rates ranging from 3% to 5% and with maturities annually beginning November 1, 2013 and ending November 1, 2042. The bonds were sold at a premium, resulting in effective yields to maturity between 0.58% and 4.39%. The bonds were used to defease and/or refund the previously issued Series 2003AA1 and Series 2009Q1 bonds, as well as to finance new capital projects and costs of issuance.

The 2003 Pennsylvania Higher Education Facilities Authority Revenue Bonds are insured for the life of the related debt by Radian Asset Assurance, Inc. The 2006 Montgomery County Higher Education and Health Authority Revenue Bonds are insured for the life of the related debt by CIFG Assurance North America, Inc. The 2007 Cumberland County Municipal Authority Revenue bonds are insured for the life of the related debt by MBIA Insurance Corporation. The 2008, 2009 and 2012 Cumberland County Municipal Authority Revenue Bonds were issued based on the creditworthiness of the College and did not require insurance.

The aggregate amount of maturities of long-term debt outstanding at June 30, 2013 is as follows:

2014	$	2,375,000
2015		2,485,000
2016		2,610,000
2017		2,735,000
2018		2,865,000
Thereafter		113,125,000
	$	126,195,000

Notes Payable

In June 2013, the College entered into an installment sales agreement to purchase real estate adjacent to campus. Title to the property will be transferred upon full payment of the purchase price, which will be made in annual installments through December 2017 in amounts ranging from $212,500 to $832,500.

Line of Credit

The College maintains a $10,000,000 line of credit with Wells Fargo, which is due and payable by February 28, 2014, with variable interest based on LIBOR plus 80 basis points. The College also maintains a $10,000,000 line of credit with Orrstown Bank, subject to annual review, with variable interest based on LIBOR plus 225 basis points. At June 30, 2013 and 2012, there were no amounts outstanding on either line of credit.

(8) Retirement and Other Benefits

(a) Retirement Benefits

Retirement benefits are provided for substantially all employees through the Teacher's Insurance and Annuity Association and College Retirement Equities Fund (TIAA – CREF) and Fidelity. The College's policy with respect to its contribution is to fund 7% of employees' salaries. Expense for the years ended June 30, 2013 and 2012 under this plan was approximately $3,247,725 and $2,838,708, respectively.

(b) Postretirement Benefits

In 2010, the College announced the termination of the early retirement program as of June 30, 2011. The postretirement liability balance as of June 30, 2013 and 2012 was $102,906 and $305,049, respectively.

(9) Lease Commitments

The following is a schedule of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 2013:

2014	$	759,047
2015		767,279
2016		581,405
2017		437,532
2018		291,219
Thereafter		1,239,525
Total minimum lease payments		4,076,007
Less amount representing interest		(1,864,119)
Present value of net minimum lease payments	$	2,211,888

The following is a schedule of future minimum lease payments under operating leases together with the amount of scheduled lease payments as of June 30, 2013:

2014	$	456,371
2015		229,440
2016		203,905
2017		25,841
2018		8,172
Thereafter		—

Total rental expense for all operating leases was $1,140,801 and $1,007,666 in 2013 and 2012, respectively.

(10) Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following at June 30:

		2013	2012
Accumulated investment gains on donor endowments subject to time restrictions under Pennsylvania law	$	52,062,476	41,132,118
Annuity funds		571,635	408,733
Contributions receivable		2,893,286	2,649,782
Unexpended donor-restricted funds		10,067,481	3,676,353
	$	65,594,878	47,866,986

Unexpended donor-restricted funds consist of funds available for scholarships and financial aid, building and capital projects, academic programs, and general operations of the College.

(11) Permanently Restricted Net Assets

Permanently restricted net assets consist principally of endowment funds and funds held in trust by others, which are designated for the following purposes at June 30:

		2013	2012
Donor-contributed principal invested to support:			
Scholarship and financial aid	$	69,854,798	67,544,365
Educational and general programs		35,609,300	35,336,612
Loan funds for students		1,133,833	1,170,346
Annuity funds		1,152,225	1,027,965
Contributions receivable		1,782,352	1,696,526
	$	109,532,508	106,775,814

(12) Contingencies

The College is involved in certain claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the College’s financial position.

(13) Subsequent Events

In July 2013, the College entered into a line of credit agreement with M&T Bank in the amount of $20,000,000, which is due and payable by June 2014, with variable interest at the bank’s prime rate of interest. The $10,000,000 line of credit with Orrstown Bank was subsequently cancelled.

The College has evaluated subsequent events to June 30, 2013 and through October 26, 2013, the date the financial statements were issued. No additional disclosures were required as a result of this evaluation.

KPMG LLP
Suite 1000
30 North Third Street
PO Box 1190
Harrisburg, PA 17108-1190

Independent Auditors' Report on Supplemental Information

The Board of Trustees
Dickinson College:

We have audited the financial statements of Dickinson College (the College) as of and for the years ended June 30, 2013 and 2012, and have issued our report separately herein dated October 26, 2013 which contained an unmodified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. We have not performed any procedures with respect to the audited financial statements subsequent to October 26, 2013.

The supplementary information included in the Schedule is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

KPMG LLP

Harrisburg, Pennsylvania
October 26, 2013

Schedule

DICKINSON COLLEGE

Supplemental Schedule

Year ended June 30, 2013

	Current operations	Other unrestricted	Total unrestricted	Temporarily restricted	Permanently restricted	Total
Revenues:						
Tuition and fees	$ 105,996,416	—	105,996,416	—	—	105,996,416
Student aid	(38,454,017)	(354,767)	(38,808,784)	—	—	(38,808,784)
Net tuition and fees	67,542,399	(354,767)	67,187,632	—	—	67,187,632
Private gifts, grants, and contributions	2,332,037	1,781,445	4,113,482	9,482,141	1,193,220	14,788,843
Government grants and appropriations	608,505	742,762	1,351,267	—	—	1,351,267
Investment income	11,903,715	15,764,338	27,668,053	15,385,524	1,527,810	44,581,387
Change in split-interest and other agreements	—	(282,248)	(282,248)	(123,174)	35,664	(369,758)
Other revenues	809,217	1,392,019	2,201,236	—	—	2,201,236
Sales and services of auxiliary enterprises	29,840,861	—	29,840,861	—	—	29,840,861
Net assets released from restrictions	334,828	6,681,771	7,016,599	(7,016,599)	—	—
Total revenues	113,371,562	25,725,320	139,096,882	17,727,892	2,756,694	159,581,468
Expenses:						
Education and general:						
Instructional	40,632,876	3,984,488	44,617,364	—	—	44,617,364
Academic support	9,723,052	2,320,323	12,043,375	—	—	12,043,375
Student services	14,257,672	1,717,017	15,974,689	—	—	15,974,689
Research	2,179,368	794,203	2,973,571	—	—	2,973,571
Public service	506,190	190,320	696,510	—	—	696,510
Auxiliary enterprises	23,518,173	742,543	24,260,716	—	—	24,260,716
Institutional support	18,933,582	1,413,034	20,346,616	—	—	20,346,616
Total expenses	109,750,913	11,161,928	120,912,841	—	—	120,912,841
Change in net assets before capital items and additions to reserves and other loss	3,620,649	14,563,392	18,184,041	17,727,892	2,756,694	38,668,627
Capital items and additions to reserves	(2,514,972)	2,514,972	—	—	—	—
Other loss:						
Loss on extinguishment of debt	(1,105,677)	—	(1,105,677)	—	—	(1,105,677)
Change in net assets	—	17,078,364	17,078,364	17,727,892	2,756,694	37,562,950
Net assets:						
Beginning of year	—	259,112,330	259,112,330	47,866,986	106,775,814	413,755,130
End of year	$ —	276,190,694	276,190,694	65,594,878	109,532,508	451,318,080

See accompanying independent auditors’ report and note to the supplemental schedule.

DICKINSON COLLEGE

Note to Supplemental Schedule

Year ended June 30, 2013

(1) Components of Unrestricted Activities

In the supplemental schedule, unrestricted activities are broken out by current operations and other unrestricted. The current operations column includes unrestricted activity presented on the same basis as Dickinson College's operating budget. Other unrestricted includes all other activities that are classified as unrestricted.