



**DICKINSON COLLEGE**

Financial Statements and Supplemental Schedule

June 30, 2017 and 2016

(With Independent Auditors' Report Thereon)

## DICKINSON COLLEGE

### Table of Contents

	<b>Page(s)</b>
Independent Auditors' Report	1-2
Statements of Financial Position, June 30, 2017 and 2016	3
Statement of Activities, Year ended June 30, 2017	4
Statement of Activities, Year ended June 30, 2016	5
Statements of Cash Flows, Years ended June 30, 2017 and 2016	6
Notes to Financial Statements	7-25
Independent Auditors' Report on Supplemental Information	26
Supplemental Schedule, Year ended June 30, 2017	27
Note to Supplemental Schedule	28



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

## **Independent Auditors' Report**

The Board of Trustees  
Dickinson College:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Dickinson College, which comprise the statements of financial position as of June 30, 2017 and 2016, 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, 2017 and 2016, and the changes in its net assets its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

*KPMG LLP*

Harrisburg, Pennsylvania  
October 23, 2017

**DICKINSON COLLEGE**

## Statements of Financial Position

June 30, 2017 and 2016

<b>Assets</b>	<b>2017</b>	<b>2016</b>
Cash and cash equivalents	\$ 22,973,294	22,555,614
Accounts and other receivables, net	2,979,349	2,479,784
Inventories, prepaid expenses, and other assets	2,273,097	2,320,922
Loans receivable, net	7,138,344	7,172,445
Investments	382,769,215	352,849,225
Funds held in trust by others	45,278,286	43,130,740
Contributions receivable, net	4,871,394	3,436,953
Settlement receivable	18,661,608	17,523,930
Deposits with trustees under debt agreements	20,642,782	166
Property and equipment, net	184,748,252	183,620,592
Total assets	\$ <u>692,335,621</u>	<u>635,090,371</u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 9,929,518	8,397,817
Deferred revenue	1,627,824	1,598,571
Student deposits	1,094,832	2,235,734
Funds held in custody for others	2,419,269	2,128,395
Annuities payable	2,801,030	3,093,744
Obligations under capital leases	938,853	1,589,411
Long-term debt	140,415,047	121,185,839
U.S. government advances refundable	2,478,274	2,433,710
Total liabilities	<u>161,704,647</u>	<u>142,663,221</u>
Net assets:		
Unrestricted	348,101,228	325,203,223
Temporarily restricted	61,826,471	51,390,886
Permanently restricted	120,703,275	115,833,041
Total net assets	<u>530,630,974</u>	<u>492,427,150</u>
Total liabilities and net assets	\$ <u>692,335,621</u>	<u>635,090,371</u>

See accompanying notes to financial statements.

**DICKINSON COLLEGE**

Statement of Activities

Year ended June 30, 2017

(with comparative totals for 2016)

	<b>2017</b>			<b>Total</b>	<b>2016 Total</b>
	<b>Unrestricted</b>	<b>Temporarily restricted</b>	<b>Permanently restricted</b>		
<b>Revenues:</b>					
Student charges	\$ 147,112,685	—	—	147,112,685	143,663,665
Student aid	(49,364,599)	—	—	(49,364,599)	(45,227,293)
Net student charges	97,748,086	—	—	97,748,086	98,436,372
Private gifts, grants, and contributions	3,920,643	4,062,080	2,388,442	10,371,165	6,343,131
Government grants and appropriations	1,078,416	—	—	1,078,416	1,077,381
Investment income (loss)	30,878,816	14,334,366	2,337,677	47,550,859	(15,265,989)
Change in split-interest and other agreements	1,166,795	(68,251)	144,115	1,242,659	713,624
Other income	10,954,664	—	—	10,954,664	11,457,487
Net assets released from restrictions	7,892,610	(7,892,610)	—	—	—
<b>Total revenues</b>	<b>153,640,030</b>	<b>10,435,585</b>	<b>4,870,234</b>	<b>168,945,849</b>	<b>102,762,006</b>
<b>Expenses:</b>					
<b>Education and general:</b>					
Instructional	46,272,958	—	—	46,272,958	45,036,876
Academic support	13,100,705	—	—	13,100,705	12,694,305
Student services	17,919,782	—	—	17,919,782	17,836,867
Research	3,048,994	—	—	3,048,994	3,196,055
Public service	617,576	—	—	617,576	560,520
Auxiliary enterprises	28,048,707	—	—	28,048,707	27,378,138
Institutional support	21,733,303	—	—	21,733,303	21,984,812
<b>Total expenses</b>	<b>130,742,025</b>	<b>—</b>	<b>—</b>	<b>130,742,025</b>	<b>128,687,573</b>
Change in net assets	22,898,005	10,435,585	4,870,234	38,203,824	(25,925,567)
<b>Net assets:</b>					
Beginning of year	325,203,223	51,390,886	115,833,041	492,427,150	518,352,717
End of year	\$ 348,101,228	61,826,471	120,703,275	530,630,974	492,427,150

See accompanying notes to financial statements.

**DICKINSON COLLEGE**

Statement of Activities

Year ended June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Revenues:				
Student charges	\$ 143,663,665	—	—	143,663,665
Student aid	<u>(45,227,293)</u>	—	—	<u>(45,227,293)</u>
Net student charges	98,436,372	—	—	98,436,372
Private gifts, grants, and contributions	3,323,297	2,167,620	852,214	6,343,131
Government grants and appropriations	1,077,381	—	—	1,077,381
Investment loss	<u>(1,224,816)</u>	<u>(13,148,246)</u>	<u>(892,927)</u>	<u>(15,265,989)</u>
Change in split-interest and other agreements	916,881	<u>(150,435)</u>	<u>(52,822)</u>	713,624
Other income	11,457,487	—	—	11,457,487
Net assets released from restrictions	<u>7,613,802</u>	<u>(7,613,802)</u>	—	—
Total revenues	<u>121,600,404</u>	<u>(18,744,863)</u>	<u>(93,535)</u>	<u>102,762,006</u>
Expenses:				
Education and general:				
Instructional	45,036,876	—	—	45,036,876
Academic support	12,694,305	—	—	12,694,305
Student services	17,836,867	—	—	17,836,867
Research	3,196,055	—	—	3,196,055
Public service	560,520	—	—	560,520
Auxiliary enterprises	27,378,138	—	—	27,378,138
Institutional support	<u>21,984,812</u>	—	—	<u>21,984,812</u>
Total expenses	<u>128,687,573</u>	—	—	<u>128,687,573</u>
Change in net assets	(7,087,169)	(18,744,863)	(93,535)	(25,925,567)
Net assets:				
Beginning of year	<u>332,290,392</u>	<u>70,135,749</u>	<u>115,926,576</u>	<u>518,352,717</u>
End of year	\$ <u><u>325,203,223</u></u>	<u><u>51,390,886</u></u>	<u><u>115,833,041</u></u>	<u><u>492,427,150</u></u>

See accompanying notes to financial statements.

**DICKINSON COLLEGE**  
**Statements of Cash Flows**  
Years ended June 30, 2017 and 2016

	<b>2017</b>	<b>2016</b>
Cash flows from operating activities:		
Change in net assets	\$ 38,203,824	(25,925,567)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	10,362,695	10,460,063
Amortization of bond issuance costs	71,919	85,166
Amortization of bond premium	(858,805)	(293,504)
Loss (gain) on disposition of fixed assets	1,187,695	(28,041)
Loss on extinguishment of debt	540,785	441,683
Net realized and unrealized (gains) losses on investments	(44,130,742)	16,290,400
Change in value of funds held in trust by others	(2,147,546)	1,072,104
Change in allowance for loan loss	(65,607)	28,649
Other changes in annuities payable	(63,536)	232,845
Other changes in capital lease obligations	(1,142,799)	—
Gifts received for permanently restricted net assets and capital projects	(2,858,111)	(802,057)
Change in assets and liabilities:		
Accounts and other receivables, net	(499,565)	1,948,720
Contributions and settlement receivables	(2,572,119)	(393,683)
Inventories, prepaid expenses, and other assets	47,825	(357,679)
Accounts payable and accrued expenses	(2,222,796)	(336,444)
Deferred revenue	29,253	(260,929)
Student deposits	(1,140,902)	(25,093)
Funds held in custody for others	290,874	(88,126)
Total adjustments	(45,171,482)	27,974,074
Net cash (used in) provided by operating activities	(6,967,658)	2,048,507
Cash flows from investing activities:		
Proceeds from sales of investments	64,957,664	51,066,115
Purchase of investments	(50,746,912)	(40,767,115)
Purchase of property and equipment	(8,106,930)	(5,527,018)
Sale of property and equipment	52,192	61,178
Student loans collected	1,228,116	1,256,950
Student loans advanced	(1,128,408)	(1,124,679)
Net cash provided by investing activities	6,255,722	4,965,431
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	35,125,730	47,842,881
Payments for deferred financing costs	(315,593)	(338,853)
Payments on long-term debt – refinancing	(12,632,328)	(50,630,530)
Payments on long-term debt – scheduled	(2,702,500)	(1,682,500)
Change in deposits with trustees under debt agreements	(20,642,616)	4,145,180
Principal payments under capital lease obligation	(376,574)	(511,846)
Gifts received for permanently restricted net assets and capital projects	2,858,111	802,057
Payments to annuity recipients	(229,178)	(210,365)
Increase (decrease) in U.S. government advances refundable	44,564	(9,371)
Net cash provided by (used in) financing activities	1,129,616	(593,347)
Net increase in cash and cash equivalents	417,680	6,420,591
Cash and cash equivalents:		
Beginning of year	22,555,614	16,135,023
End of year	\$ 22,973,294	22,555,614
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ 5,562,939	6,135,416
Supplemental disclosure of noncash activities:		
Assets acquired related to capital leases	\$ 868,815	—
Purchase of property and equipment included in accounts payable	3,754,497	1,387,448

See accompanying notes to financial statements.

## DICKINSON COLLEGE

### Notes to Financial Statements

June 30, 2017 and 2016

#### (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.

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

Expenses are reported as unrestricted net assets.

Net assets and revenues, gains, and losses are classified as unrestricted, temporarily restricted, or permanently restricted based on the existence or absence of donor-imposed restrictions as follows:

##### (i) 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. Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions.

##### (ii) 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. 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 appropriated by the Board for expenditures, at which point they are transferred to unrestricted 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, or when the time restriction has elapsed. 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.

##### (iii) 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.

Expirations of donor-imposed stipulations are reported as net assets released from restriction, increasing unrestricted net assets and decreasing temporarily restricted net assets.

## DICKINSON COLLEGE

### Notes to Financial Statements

June 30, 2017 and 2016

The College charges all students a comprehensive fee which includes the cost of tuition and required fees, room and board. Comprehensive fee revenue is reported on the Statement of Activities as student charges.

Auxiliary enterprises include the operations of dining services, residence halls, bookstore, children's center, conferences and special events, Devil's Den and other miscellaneous operations. Revenues from auxiliary enterprises, except for room and board, are included in other income in the Statement of Activities. Room and board revenues are included in student charges.

#### **(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 that are held as part of the College's investment strategy. At June 30, 2017 and 2016, the College had cash balances at financial institutions that exceeded federal depository insurance limits. Management believes that credit risk related to these deposits is minimal.

#### **(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 \$607,655 and \$673,263 at June 30, 2017 and 2016, respectively.

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

The College's annuity agreements with donors consist primarily of charitable gift annuities, pooled life income and unitrusts. Assets held in these annuity agreements are included in investments. Contribution revenues are recognized at the date the agreements 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, which approximates the charitable federal midterm rate of 2.4% and 1.8% as of June 30, 2017 and 2016, respectively. Contributions arising from annuities and life income funds amounted to \$82,869 and \$104,099 for the years ended June 30, 2017 and 2016, 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 or amount 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.

## DICKINSON COLLEGE

### Notes to Financial Statements

June 30, 2017 and 2016

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 marketable securities and real estate in and around Albuquerque, New Mexico. The value of the College's interest in the Sandia Foundation was \$38,979,283 and \$36,901,856 at June 30, 2017 and 2016, 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 a rate, which approximates the charitable federal midterm rate of 2.4% and 1.8% as of June 30, 2017 and 2016, respectively. Amortization of the discount on the contributions is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any. 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, 2017 and 2016, \$18,661,608 and \$17,523,930, respectively, has been recorded as a 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 an average discount rate of 2.3% and 2.7% for the years ended June 30, 2017 and 2016, respectively.

#### **(g) Deposits with Trustees under Debt Agreements**

Deposits with trustees under debt agreements consist of funds held for capital projects and earnings from debt service payment funds. The funds are invested in short-term investments in accordance with requirements established by the associated bond agreements. Deposits with trustees under debt agreements are valued with Level 1 inputs in the fair value hierarchy.

#### **(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 the 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. Leasehold improvements are amortized over the shorter of their useful lives or the term of the lease using the straight-line method. Assets under capital leases are amortized on the straight-line method over either the lease term or the estimated useful life of the assets.

## DICKINSON COLLEGE

### Notes to Financial Statements

June 30, 2017 and 2016

Capitalized interest is charged to construction in progress or buildings during the period of construction of the capital assets, and is amortized over the useful lives of the associated assets.

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) 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, 2017 and 2016.

**(j) Deferred Financing Costs**

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

**(k) 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.

**(l) Fund-Raising Expenses**

Direct fund-raising expenses for the years ended June 30, 2017 and 2016 were \$5,447,275 and \$5,002,869, respectively, and are included in institutional support in the Statement of Activities.

**(m) 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 the years ended June 30, 2017 or 2016.

Accounting principles generally accepted in the United States of America (GAAP) 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 of June 30, 2017, 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.

## DICKINSON COLLEGE

### Notes to Financial Statements

June 30, 2017 and 2016

#### **(n) Use of Estimates**

The preparation of financial statements in conformity with 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.

#### **(o) Risks and Uncertainties**

Investments consist of a wide variety of financial instruments. 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.

#### **(p) Financial Statement Reclassifications**

Certain reclassifications have been made to fiscal year 2016 audited financial statements to conform with classifications in fiscal year 2017.

### **(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 or published 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.

**DICKINSON COLLEGE**  
Notes to Financial Statements  
June 30, 2017 and 2016

The College's valuation methodologies are described below:

**(a) Investments**

*(i) 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.

*(ii) Fixed Income Securities*

Fixed Income securities are valued at the closing price reported in the active market in which the bond is traded, if available. U.S. Treasuries 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. 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.

*(iii) 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. These investments are not categorized in the fair value hierarchy table but are separately disclosed in order to reconcile to the amounts reported on the statements of financial position.

**(b) Funds Held in Trust by Others**

The College's beneficial interest in trusts held by others is recorded at fair value based on the fair value of the trust's holdings as reported by the trustee. Level 2 funds held in trust by others consist of shares or units of nonregistered investment funds as opposed to direct interests in the funds' underlying securities, all of which are marketable Level 1 and 2 investments. Level 3 funds held in trust by others consist of the College's beneficial interest in assets held by trusts which require significant management judgement in determining their fair value.

**(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.

**DICKINSON COLLEGE**

Notes to Financial Statements

June 30, 2017 and 2016

**(e) 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 (2.3%), rate of return assumption (5.5%), and duration (matures in 2029).

**(f) Other Financial Instruments**

The following tables summarize 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.

	<b>June 30, 2017</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Investments:				
Cash and cash equivalents	\$ 14,650,598	—	—	14,650,598 (1)
Fixed income	12,211,763	—	—	12,211,763
Equities	5,862,753	—	—	5,862,753
Real estate	—	5,686,339	—	5,686,339
Other	—	43,666	—	43,666 (2)
Investments recorded at net asset value (3):				
Hedge funds				240,484,429
Private equity funds				103,797,723
Real assets				31,944
Total investments	32,725,114	5,730,005	—	382,769,215
Other assets:				
Funds held in trust by others	—	4,424,874	40,853,412	45,278,286
Contributions receivable	—	—	4,871,394	4,871,394
Settlement receivable	—	—	18,661,608	18,661,608
Deposits with trustees under debt agreements	20,642,782	—	—	20,642,782
Total	\$ 53,367,896	10,154,879	64,386,414	472,223,285

(1) – Cash and cash equivalents include \$(1,960) in exchange-traded futures contracts.

(2) – Cash surrender value of life insurance policies.

(3) – Certain investments that are measured at fair value using its net asset per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit a reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

**DICKINSON COLLEGE**  
Notes to Financial Statements  
June 30, 2017 and 2016

June 30, 2016				
	Level 1	Level 2	Level 3	Total
Investments:				
Cash and cash equivalents	\$ 12,119,859	—	—	12,119,859 (1)
Fixed income	11,617,101	—	—	11,617,101
Equities	5,261,432	—	—	5,261,432
Real estate	—	5,596,421	—	5,596,421
Other	—	47,257	—	47,257 (2)
Investments recorded at net asset value (3):				
Hedge funds				223,841,319
Private equity funds				94,179,025
Real assets				186,811
Total investments	28,998,392	5,643,678	—	352,849,225
Other assets:				
Funds held in trust by others	—	4,195,678	38,935,062	43,130,740
Contributions receivable	—	—	3,436,953	3,436,953
Settlement receivable	—	—	17,523,930	17,523,930
Deposits with trustees under debt agreements	166	—	—	166
Total	\$ 28,998,558	9,839,356	59,895,945	416,941,014

(1) – Cash and cash equivalents include \$10,978 in exchange-traded futures contracts.

(2) – Cash surrender value of life insurance policies.

(3) – Certain investments that are measured at fair value using its net asset per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit a reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

**DICKINSON COLLEGE**  
Notes to Financial Statements  
June 30, 2017 and 2016

The following table presents the College's activities for the years ended June 30 for assets classified in Level 3:

<u>Level 3 rollforward</u>	<u>Funds held in trust by others</u>	<u>Contributions receivable</u>	<u>Settlement receivable</u>	<u>Total</u>
Fair value, June 30, 2015	\$ 39,660,635	3,931,034	16,636,166	60,227,835
Additions	—	816,358	—	816,358
Net unrealized gains	674,727	—	887,764	1,562,491
Payments	(1,400,300)	(1,344,275)	—	(2,744,575)
Other changes	—	33,836	—	33,836
Fair value, June 30, 2016	38,935,062	3,436,953	17,523,930	59,895,945
Additions	—	3,220,670	—	3,220,670
Net unrealized gains	3,340,700	—	1,137,678	4,478,378
Payments	(1,422,350)	(1,570,638)	—	(2,992,988)
Other changes	—	(215,591)	—	(215,591)
Fair value, June 30, 2017	<u>\$ 40,853,412</u>	<u>4,871,394</u>	<u>18,661,608</u>	<u>64,386,414</u>

Transfers between levels occur when there is a change in the observability of significant inputs. A transfer between Level 1 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, 2017 and 2016, there were no transfers in or out of Level 1, 2, or 3.

Investments measured at NAV include the following redemption restrictions and redemption terms as of June 30:

	<u>June 30, 2017</u>				
	<u>NAV</u>	<u>Unfunded commitments</u>	<u>Redemption frequency</u>	<u>Redemption notice</u>	<u>Redemption notes</u>
Long-term investment strategies:					
Hedge funds:					
Credit/event driven	\$ 39,984	292,500	N/A	N/A	Illiquid sidepocket remaining
Fixed income	10,071,248	—	Every 2 years	90 days	36-month rolling lockup
Equity long/short	121,751,927	—	Monthly to	100–120 days	
Multistrategy	108,621,270	—	quarterly	90 days	
Private equity funds	103,797,723	69,781,687	Quarterly	N/A	Illiquid (1)
Real assets	31,944	547,323	N/A	N/A	Illiquid (2)
	<u>\$ 344,314,096</u>	<u>70,621,510</u>			

(1) – Private Equity funds will terminate once all underlying investments are liquidated or the partnership is dissolved, as determined by the investment manager.

(2) – These funds are currently in the liquidation process.

**DICKINSON COLLEGE**  
Notes to Financial Statements  
June 30, 2017 and 2016

	June 30, 2016				
	NAV	Unfunded commitments	Redemption frequency	Redemption notice	Redemption notes
Long-term investment strategies:					
Hedge funds:					
Credit/event driven	\$ 53,493	292,500	N/A	N/A	Illiquid sidepocket remaining 36-month rolling lockup
Fixed income	10,128,536	—	Every 2 years	90 days	
Equity long/short	118,042,236	—	Monthly to quarterly	100–120 days	
Multistrategy	95,617,054	—	Quarterly	90 days	
Private equity funds	94,179,025	85,230,376	N/A	N/A	Illiquid (1)
Real assets	186,811	620,471	N/A	N/A	Illiquid (2)
	<u>\$ 318,207,155</u>	<u>86,143,347</u>			

(1) – Private Equity funds will terminate once all underlying investments are liquidated or the partnership is dissolved, as determined by the investment manager.

(2) – These funds are currently in the liquidation process.

Private equity fund 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.

Investment liquidity as of June 30, 2017 is aggregated below based on redemption or sale period:

Daily	\$ 38,455,119
Monthly	91,700,615
Quarterly	138,672,582
Subject to rolling lockups	10,071,248
Illiquid	<u>103,869,651</u>
	<u>\$ 382,769,215</u>

**DICKINSON COLLEGE**  
Notes to Financial Statements  
June 30, 2017 and 2016

**(3) Investment Income**

The following summarizes investment return components for the years ended June 30:

	<b>2017</b>	<b>2016</b>
Interest and dividend income	\$ 1,602,463	1,690,133
Net realized and unrealized gains (losses)	48,027,023	(15,527,173)
Investment-related fees	(2,078,627)	(1,428,949)
Total investment income (loss)	\$ 47,550,859	(15,265,989)

**(4) Endowments**

The College's endowment consists of approximately 900 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 \$367,531,785 and \$337,889,456 at June 30, 2017 and 2016, 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

**DICKINSON COLLEGE**

Notes to Financial Statements

June 30, 2017 and 2016

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 fair 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, 2017:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ —	59,345,913	121,205,934	180,551,847
Board-designated endowment funds	<u>265,934,996</u>	<u>—</u>	<u>—</u>	<u>265,934,996</u>
Total endowment assets	265,934,996	59,345,913	121,205,934	446,486,843
Annuity and agency liabilities	<u>(2,321,727)</u>	<u>(2,267,495)</u>	<u>(502,659)</u>	<u>(5,091,881)</u>
Total endowment net assets	<u>\$ 263,613,269</u>	<u>57,078,418</u>	<u>120,703,275</u>	<u>441,394,962</u>

**DICKINSON COLLEGE**  
Notes to Financial Statements  
June 30, 2017 and 2016

Changes in endowment net assets for the year ended June 30, 2017:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 243,996,446	48,126,665	115,833,041	407,956,152
Investment return:				
Interest and dividend income	697,332	634,984	32,666	1,364,982
Net appreciation (realized and unrealized gains and losses)	24,542,329	20,723,292	4,024,385	49,290,006
Investment-related fees	<u>(1,093,935)</u>	<u>(969,287)</u>	<u>(14,725)</u>	<u>(2,077,947)</u>
Total investment return	24,145,726	20,388,989	4,042,326	48,577,041
Contributions	1,374,940	70,556	2,388,442	3,833,938
Other additions/transfers	104,659	—	—	104,659
Appropriation and distribution of endowment assets for expenditure	<u>(6,008,502)</u>	<u>(11,507,792)</u>	<u>(1,560,534)</u>	<u>(19,076,828)</u>
	<u>\$ 263,613,269</u>	<u>57,078,418</u>	<u>120,703,275</u>	<u>441,394,962</u>

Net asset classification by type of endowment as of June 30, 2016:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ —	50,486,948	116,566,501	167,053,449
Board-designated endowment funds	<u>245,980,937</u>	<u>—</u>	<u>—</u>	<u>245,980,937</u>
Total endowment assets	245,980,937	50,486,948	116,566,501	413,034,386
Annuity and agency liabilities	<u>(1,984,491)</u>	<u>(2,360,283)</u>	<u>(733,460)</u>	<u>(5,078,234)</u>
Total endowment net assets	<u>\$ 243,996,446</u>	<u>48,126,665</u>	<u>115,833,041</u>	<u>407,956,152</u>

**DICKINSON COLLEGE**  
Notes to Financial Statements  
June 30, 2017 and 2016

Changes in endowment net assets for the year ended June 30, 2016:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 257,093,728	66,513,400	115,926,576	439,533,704
Investment return:				
Interest and dividend income	767,290	688,542	24,140	1,479,972
Net appreciation (realized and unrealized gains and losses)	(7,951,483)	(7,796,764)	521,407	(15,226,840)
Investment-related fees	<u>(750,700)</u>	<u>(658,796)</u>	<u>(16,584)</u>	<u>(1,426,080)</u>
Total investment return	(7,934,893)	(7,767,018)	528,963	(15,172,948)
Contributions	1,070,253	104,099	852,214	2,026,566
Other additions/transfers	(821,175)	377,362	72,801	(371,012)
Appropriation and distribution of endowment assets for expenditure	<u>(5,411,467)</u>	<u>(11,101,178)</u>	<u>(1,547,513)</u>	<u>(18,060,158)</u>
	<u>\$ 243,996,446</u>	<u>48,126,665</u>	<u>115,833,041</u>	<u>407,956,152</u>

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

	<u>2017</u>	<u>2016</u>
Cash and cash equivalents (life income funds)	\$ —	150,000
Investments:		
Pooled endowment investments	367,531,785	337,889,456
Life income funds	5,470,778	5,284,687
Real assets	2,992,060	2,902,142
Funds invested separately	<u>43,666</u>	<u>47,257</u>
	376,038,289	346,123,542
Funds held in trust by others	45,278,286	43,130,740
Contributions receivable, net	2,663,787	2,292,301
Settlement receivable	18,661,608	17,523,930
Property and equipment, net	<u>3,844,873</u>	<u>3,813,873</u>
	<u>\$ 446,486,843</u>	<u>413,034,386</u>

**DICKINSON COLLEGE**  
Notes to Financial Statements  
June 30, 2017 and 2016

**(5) Property and Equipment**

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

	<u>2017</u>	<u>2016</u>
Land	\$ 11,441,495	11,378,041
Buildings and improvements	269,718,366	277,740,073
Capital leases and leasehold improvements	1,736,734	4,115,671
Furniture, equipment, and vehicles	14,039,748	13,224,046
Computers	8,747,490	9,513,139
Library books	11,294,778	24,295,656
Rare works	2,548,853	2,517,853
Construction in progress	6,720,463	3,884,896
	<u>326,247,927</u>	<u>346,669,375</u>
Less accumulated depreciation	<u>141,499,675</u>	<u>163,048,783</u>
	<u>\$ 184,748,252</u>	<u>183,620,592</u>

Depreciation expense totaled \$10,362,695 and \$10,460,063 for the years ended June 30, 2017 and 2016, respectively.

**(6) Contributions Receivable**

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

	<u>2017</u>	<u>2016</u>
Contributions receivable expected to be collected in:		
Less than one year	\$ 1,991,153	1,106,868
One year to five years	2,805,285	1,711,945
Over five years	622,880	951,597
	<u>5,419,318</u>	<u>3,770,410</u>
Less discount	(375,502)	(234,350)
Allowance for uncollectible contributions receivable	<u>(172,422)</u>	<u>(99,107)</u>
	<u>\$ 4,871,394</u>	<u>3,436,953</u>

**DICKINSON COLLEGE**  
Notes to Financial Statements  
June 30, 2017 and 2016

**(7) Long-Term Debt and Lines of Credit**

Long-term debt as of June 30 consists of the following:

	<u>2017</u>	<u>2016</u>
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 4.5% to 5.0%	\$ —	12,515,000
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 3.0% to 5.0%	11,535,000	12,585,000
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 5.0%	10,000,000	10,000,000
2012 Cumberland County Municipal Authority Fixed Rate Revenue Bonds, Series of 2012, maturing annually to 2042, in principal amounts ranging from \$415,000 to \$2,835,000, with interest rates ranging from 3.0% to 5.0%	34,315,000	34,805,000
2016 Cumberland County Municipal Authority Fixed Rate Revenue Bonds, Series of 2016, maturing annually to 2034 in principal amounts ranging from \$950,000 to \$3,455,000, with interest rates ranging from 2.0% to 5.0%	39,095,000	40,045,000
2017 Cumberland County Municipal Authority Fixed Rate Revenue Bonds, Series of 2017, maturing annually to 2047 in principal amounts ranging from \$310,000 to \$1,205,000 with interest rates ranging from 3.0% to 5.0%	30,785,000	—
Unamortized bond premiums, net	15,053,145	11,393,624
Unamortized issuance costs, net	<u>(1,200,598)</u>	<u>(1,202,785)</u>
Total bonds payable	139,582,547	120,140,839
Notes payable	<u>832,500</u>	<u>1,045,000</u>
Total long-term debt	<u>\$ 140,415,047</u>	<u>121,185,839</u>

**(a) 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. The College was compliant with all requirements for the years ended June 30, 2017 and 2016.

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

## DICKINSON COLLEGE

### Notes to Financial Statements

June 30, 2017 and 2016

In March 2016, the College issued tax-exempt revenue bonds through the Cumberland County Municipal Authority. The bonds were sold at a premium, resulting in effective yields between 0.54% and 2.94%. The proceeds from the sale of the bonds were used for the payment of issuance costs and to finance the current refunding of the Series 2006 FF1 bonds and the advance refunding of the Series 2007 GG1 bonds maturing May 1, 2034.

In February 2017, the College issued tax-exempt revenue bonds through the Cumberland County Municipal Authority. The bonds were sold at a premium, resulting in effective yields between 1.00% and 3.51%. The proceeds from the sale of the bonds were used for the payment of issuance costs and to finance the current refunding of the Series 2007 GG1 bonds maturing May 1, 2037, along with certain capital projects.

The 2007 Cumberland County Municipal Authority Revenue bonds are insured for the life of the related debt by MBIA Insurance Corporation. The remaining bonds were issued based on the creditworthiness of the College and did not require insurance.

The aggregate amount of maturities of bonds payable outstanding at June 30, 2017 is as follows:

2018	\$	1,920,000
2019		2,975,000
2020		3,105,000
2021		3,240,000
2022		3,390,000
Thereafter		<u>111,100,000</u>
	\$	<u><u>125,730,000</u></u>

#### **(b) 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.

#### **(c) Line of Credit**

The College maintains a \$10,000,000 line of credit with Wells Fargo, which is due and payable by February 28, 2018, with variable interest based on LIBOR plus 100 basis points. The College also maintains a \$20,000,000 line of credit with M&T Bank, which is due and payable by June 2018, with variable interest at the bank's prime rate of interest. At June 30, 2017 and 2016, there were no amounts outstanding on either line of credit.

#### **(8) 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 contribution to the fund during the years ended June 30, 2017 and 2016 was \$3,982,715 and \$3,430,781, respectively.

**DICKINSON COLLEGE**  
Notes to Financial Statements  
June 30, 2017 and 2016

**(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, 2017:

2018	\$	370,084
2019		363,394
2020		260,495
2021		<u>41,853</u>
Total minimum lease payments		1,035,826
Less amount representing interest		<u>(96,973)</u>
Present value of net minimum lease payments		<u>\$ 938,853</u>

The following is a schedule of future minimum lease payments under operating leases as of June 30, 2017:

2018	\$	1,658,870
2019		1,529,807
2020		1,028,543
2021		951,356
2022		825,577
Thereafter		2,590,200

Total rental expense for all operating leases was \$2,156,282 and \$1,495,961 in 2017 and 2016, respectively.

**(10) Temporarily Restricted Net Assets**

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

	<u>2017</u>	<u>2016</u>
Accumulated investment gains on donor endowments subject to time restrictions under Pennsylvania law	\$ 55,419,242	46,877,104
Annuity funds	1,628,301	1,249,561
Contributions receivable	1,775,337	798,437
Unexpended donor-restricted funds	<u>3,003,591</u>	<u>2,465,784</u>
	<u>\$ 61,826,471</u>	<u>51,390,886</u>

**DICKINSON COLLEGE**  
Notes to Financial Statements  
June 30, 2017 and 2016

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:

	<b>2017</b>	<b>2016</b>
Donor-contributed principal invested to support:		
Scholarship and financial aid	\$ 79,586,452	76,380,351
Educational and general programs	37,774,219	36,286,526
Loan funds for students	1,142,285	1,140,998
Annuity funds	1,041,446	1,145,174
Contributions receivable	1,158,873	879,992
	\$ 120,703,275	115,833,041

**(12) Contingencies and Commitments**

At June 30, 2017 and 2016, open contracts for the construction of physical properties amounted to \$17,701,296 and \$1,033,279, respectively.

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**

The College has evaluated subsequent events to June 30, 2017 and through October 23, 2017, 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 as of and for the year ended June 30, 2017, and have issued our report separately herein dated October 23, 2017 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 23, 2017. 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 whole.

*KPMG LLP*

Harrisburg, Pennsylvania  
October 23, 2017

## DICKINSON COLLEGE

## Supplemental Schedule

Year ended June 30, 2017

	<u>Current operations</u>	<u>Other unrestricted</u>	<u>Total unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Revenues:						
Student charges	\$ 147,112,685	—	147,112,685	—	—	147,112,685
Student aid	(49,116,607)	(247,992)	(49,364,599)	—	—	(49,364,599)
Net student charges	97,996,078	(247,992)	97,748,086	—	—	97,748,086
Private gifts, grants, and contributions	2,462,042	1,458,601	3,920,643	4,062,080	2,388,442	10,371,165
Government grants and appropriations	631,485	446,931	1,078,416	—	—	1,078,416
Investment income	15,554,088	15,324,728	30,878,816	14,334,366	2,337,677	47,550,859
Change in split-interest and other agreements	—	1,166,795	1,166,795	(68,251)	144,115	1,242,659
Other income	9,460,650	1,494,014	10,954,664	—	—	10,954,664
Net assets released from restrictions	449,791	7,442,819	7,892,610	(7,892,610)	—	—
Total revenues	126,554,134	27,085,896	153,640,030	10,435,585	4,870,234	168,945,849
Expenses:						
Education and general:						
Instructional	42,149,849	4,123,109	46,272,958	—	—	46,272,958
Academic support	11,264,799	1,835,906	13,100,705	—	—	13,100,705
Student services	15,463,263	2,456,519	17,919,782	—	—	17,919,782
Research	2,081,132	967,862	3,048,994	—	—	3,048,994
Public service	481,979	135,597	617,576	—	—	617,576
Auxiliary enterprises	27,700,322	348,385	28,048,707	—	—	28,048,707
Institutional support	19,772,087	1,961,216	21,733,303	—	—	21,733,303
Total expenses	118,913,431	11,828,594	130,742,025	—	—	130,742,025
Change in net assets before capital items and additions to reserves	7,640,703	15,257,302	22,898,005	10,435,585	4,870,234	38,203,824
Capital items and additions to reserves	(7,640,703)	7,640,703	—	—	—	—
Change in net assets	—	22,898,005	22,898,005	10,435,585	4,870,234	38,203,824
Net assets:						
Beginning of year	—	325,203,223	325,203,223	51,390,886	115,833,041	492,427,150
End of year	\$ —	348,101,228	348,101,228	61,826,471	120,703,275	530,630,974

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

**DICKINSON COLLEGE**

Note to Supplemental Schedule

June 30, 2017

**(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.