UNIVERSITY OF DENVER
(COLORADO SEMINARY)

Financial Statements

June 30, 2016 and 2015

(With Independent Auditors’ Report Thereon)

UNIVERSITY of DENVER

OFFICE OF THE CHANCELLOR

November 30, 2016

To Readers and Users of the University of Denver's Financial Statements:

The University's management is responsible for the fair presentation of the University's financial statements, prepared in accordance with generally accepted accounting principles (GAAP), and has full responsibility for their integrity and accuracy. Management believes that effective internal controls are maintained to provide reasonable assurance at reasonable costs that assets are protected and that transactions and events are recorded properly.

Management, with oversight of the Board of Trustees, maintains a strong ethical climate to ensure that the University's affairs are conducted at the highest standards of personal and corporate conduct. The University has voluntarily adopted best practices in corporate governance and responsibility including:

- We have clear codes of business conduct and conflicts of interest - approved by the Board of Trustees - that are monitored by the Office of Internal Audit and annually affirmed by our deans, directors, officers and trustees.
- All University deans and directors have individually certified the accuracy and completeness of the underlying financial transactions and the non-financial activities as well as the adherence to internal controls within their scope of their responsibility.
- We have a confidential hotline in the Office of Internal Audit available to all employees to submit complaints on accounting, internal controls and auditing matters. The Audit Committee of the Board of Trustees reviews the nature and disposition of all matters reported under this mechanism.
- Our Internal Audit function oversees the University's key areas of business, financial processes and internal controls, and reports directly to the Audit Committee.
- Both the internal audit function and the independent accountants meet with the Audit Committee at least annually without the presence of management representatives.

We are dedicated to maintaining our high standards for financial accounting and reporting as well as our system of internal controls. The University's culture demands integrity and we have confidence that our employees and processes reflect the highest level of ethical standards.

Rebecca Chopp Chancellor	Gregg Kvistad Provost and Executive Vice Chancellor	Craig Woody Vice Chancellor for Business and Financial Affairs/Treasurer

UNIVERSITY OF DENVER (COLORADO SEMINARY)

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
University of Denver
Denver, Colorado

Report on Financial Statements

We have audited the accompanying financial statements of University of Denver (Colorado Seminary) (the University), which comprise the statements of financial position as of June 30, 2016 and 2015, 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 University'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.

Board of Trustees
University of Denver

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the University as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the 2016 and 2015 financial statements as a whole. The presentation of the operating, plant and long-term investment fund information in the statement of financial position and statement of activities is presented for purposes of additional analysis and is not a required part of the financial statements.

The presentation of the operating, plant and long-term investment fund information in the statement of financial position and statement of activities 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2016 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Greenwood Village, Colorado
November 30, 2016

UNIVERSITY OF DENVER (COLORADO SEMINARY)

Statement of Financial Position

As of June 30, 2016

Assets	Operations	Plant	Long-term investment	Total
Cash and cash equivalents	$ 36,510,190	42,407,208	4,361,641	83,279,039
Short-term investments	94,393,191	—	510,361	94,903,552
Accounts receivable, net	19,854,781	—	328,442	20,183,223
Pledges receivable, net	11,697,925	4,944,359	21,150,815	37,793,099
Inventories, prepaid expenses, and other assets	3,902,011	—	—	3,902,011
Long-term investments	544,950	—	639,481,841	640,026,791
Loans to students, net	—	—	17,557,233	17,557,233
Property, plant, and equipment, net of accumulated depreciation	—	632,000,871	—	632,000,871
Total assets	$ 166,903,048	679,352,438	683,390,333	1,529,645,819
Liabilities and Net Assets				
Accounts payable and accrued liabilities	$ 59,638,154	16,748,883	—	76,387,037
Deferred revenues	19,285,436	—	—	19,285,436
Other liabilities	—	—	413,763	413,763
Annuity obligations	—	—	10,291,496	10,291,496
Long-term debt	—	112,046,697	—	112,046,697
U.S. government grants refundable	—	—	16,195,054	16,195,054
Total liabilities	78,923,590	128,795,580	26,900,313	234,619,483
Net assets:				
Unrestricted:				
Available for operations	8,140,465	13,763,935	—	21,904,400
Designated student loans	—	—	1,676,751	1,676,751
Designated gain sharing	53,391,662	—	—	53,391,662
Board-designated endowments	—	—	189,625,647	189,625,647
Designated plant	—	519,954,174	—	519,954,174
Donor advised funds	—	—	9,034,862	9,034,862
Total unrestricted net assets	61,532,127	533,718,109	200,337,260	795,587,496
Temporarily restricted:				
Gifts and distributed endowment income	26,447,331	—	—	26,447,331
Plant	—	16,838,749	—	16,838,749
Endowments	—	—	128,656,364	128,656,364
Annuity life income	—	—	5,750,356	5,750,356
Total temporarily restricted net assets	26,447,331	16,838,749	134,406,720	177,692,800
Permanently restricted:				
Endowments	—	—	310,237,094	310,237,094
Annuity life income	—	—	9,343,796	9,343,796
Student loans	—	—	2,165,150	2,165,150
Total permanently restricted net assets	—	—	321,746,040	321,746,040
Total net assets	87,979,458	550,556,858	656,490,020	1,295,026,336
Commitments and contingencies (notes 10, 11, and 13)				
Total liabilities and net assets	$ 166,903,048	679,352,438	683,390,333	1,529,645,819

See accompanying notes to financial statements.

UNIVERSITY OF DENVER (COLORADO SEMINARY)

Statement of Financial Position

As of June 30, 2015

Assets	**Operations**	**Plant**	**Long-term investment**	**Total**
Cash and cash equivalents	$ 1,502,327	60,053,944	4,793,894	66,350,165
Short-term investments	113,148,628	15,710,971	125,510,361	254,369,960
Accounts receivable, net	19,129,729	80,961	308,098	19,518,788
Pledges receivable, net	12,539,916	11,225,150	18,636,984	42,402,050
Inventories, prepaid expenses, and other assets	3,982,204	—	—	3,982,204
Long-term investments	438,270	—	539,597,706	540,035,976
Loans to students, net	—	—	17,876,730	17,876,730
Property, plant, and equipment, net of accumulated depreciation	—	587,965,074	—	587,965,074
Total assets	$ 150,741,074	675,036,100	706,723,773	1,532,500,947
Liabilities and Net Assets				
Accounts payable and accrued liabilities	$ 65,475,228	16,128,274	—	81,603,502
Deferred revenues	19,585,571	—	—	19,585,571
Other liabilities	—	—	450,583	450,583
Annuity obligations	—	—	11,440,164	11,440,164
Long-term debt	—	118,050,581	—	118,050,581
U.S. government grants refundable	—	—	16,262,713	16,262,713
Total liabilities	85,060,799	134,178,855	28,153,460	247,393,114
Net assets:				
Unrestricted:				
Available for operations	6,869,384	18,136,078	—	25,005,462
Designated student loans	—	—	1,684,425	1,684,425
Designated gain sharing	31,552,426	—	—	31,552,426
Board-designated endowments	—	—	200,184,201	200,184,201
Designated plant	—	469,914,493	—	469,914,493
Donor advised funds			7,963,189	7,963,189
Total unrestricted net assets	38,421,810	488,050,571	209,831,815	736,304,196
Temporarily restricted:				
Gifts and distributed endowment income	27,258,465	—	—	27,258,465
Plant	—	52,806,674	—	52,806,674
Endowments	—	—	157,405,243	157,405,243
Annuity life income	—	—	6,024,109	6,024,109
Total temporarily restricted net assets	27,258,465	52,806,674	163,429,352	243,494,491
Permanently restricted:				
Endowments	—	—	293,808,754	293,808,754
Annuity life income	—	—	9,366,832	9,366,832
Student loans	—	—	2,133,560	2,133,560
Total permanently restricted net assets	—	—	305,309,146	305,309,146
Total net assets	65,680,275	540,857,245	678,570,313	1,285,107,833
Commitments and contingencies (notes 10, 11, and 13)				
Total liabilities and net assets	$ 150,741,074	675,036,100	706,723,773	1,532,500,947

See accompanying notes to financial statements.

UNIVERSITY OF DENVER (COLORADO SEMINARY)

Statement of Activities

Year ended June 30, 2016

	Operating	Designated unrestricted	Total operating	Plant	Long-term investment	Total
Change in unrestricted net assets:						
Revenues and gains (losses):						
Tuition and fees	$ 444,343,003	—	444,343,003	—	—	444,343,003
Less institutional scholarships	136,883,022	—	136,883,022	—	—	136,883,022
	307,459,981	—	307,459,981	—	—	307,459,981
Less noninstitutional scholarships	14,865,432	—	14,865,432	—	—	14,865,432
Net tuition and fees	292,594,549	—	292,594,549	—	—	292,594,549
Private gifts	588,038	175	588,213	5,000	1,519,231	2,112,444
Grants and contracts	29,364,139	—	29,364,139	—	—	29,364,139
Endowment income	2,410,154	—	2,410,154	3,041	178,610	2,591,805
Other investment income	1,140,380	—	1,140,380	10,216	314,612	1,465,208
Net realized and unrealized gains (losses) on endowments	3,557,423	—	3,557,423	—	(9,726,637)	(6,169,214)
Net realized and unrealized gains (losses) on other investments	(1,130,030)	—	(1,130,030)	23,882	(406,830)	(1,512,978)
Sales and services of educational activities	14,203,727	779,121	14,982,848	—	—	14,982,848
Sales and services of auxiliary enterprise	35,506,190	—	35,506,190	—	—	35,506,190
Other sources	20,966,807	32,832	20,999,639	234,504	20,431	21,254,574
Total unrestricted revenues and gains (losses)	399,201,377	812,128	400,013,505	276,643	(8,100,583)	392,189,565
Net assets released from restrictions	30,992,713	—	30,992,713	38,086,406	—	69,079,119
Net assets reclassified to permanently restricted	—	—	—	—	(2,879,512)	(2,879,512)
Net assets reclassified from temporarily restricted	—	—	—	—	377,496	377,496
Total unrestricted revenues, gains (losses), and other support	430,194,090	812,128	431,006,218	38,363,049	(10,602,599)	458,766,668
Expenses:						
Educational and general:						
Instruction	152,837,022	20,301	152,857,323	9,472,375	—	162,329,698
Research	13,850,493	9	13,850,502	1,832,906	—	15,683,408
Public service	8,229,594	—	8,229,594	78,277	—	8,307,871
Academic support	64,289,227	3,724,569	68,013,796	1,292,506	—	69,306,302
Student services	49,732,866	—	49,732,866	3,454,406	—	53,187,272
Institutional support	52,226,652	2,781	52,229,433	1,739,299	—	53,968,732
Total educational and general expenses	341,165,854	3,747,660	344,913,514	17,869,769	—	362,783,283
Auxiliary enterprises	27,546,578	—	27,546,578	9,153,507	—	36,700,085
Total expenses	368,712,432	3,747,660	372,460,092	27,023,276	—	399,483,368
Transfers among unrestricted net assets	60,210,573	(24,774,768)	35,435,805	(34,327,765)	(1,108,040)	—
Total expenses and transfers	428,923,005	(21,027,108)	407,895,897	(7,304,489)	(1,108,040)	399,483,368
Increase (decrease) in unrestricted net assets	1,271,085	21,839,236	23,110,321	45,667,538	(9,494,559)	59,283,300
Changes in temporarily restricted net assets:						
Private gifts	14,554,567	—	14,554,567	1,775,209	11,899	16,341,675
Endowment income	4,894,833	—	4,894,833	—	8,591	4,903,424
Other investment income	16,600	—	16,600	17,201	—	33,801
Net realized and unrealized gains (losses) on endowments	13,315,198	—	13,315,198	—	(30,621,313)	(17,306,115)
Net realized and unrealized gains (losses) on other investments	(67,725)	—	(67,725)	(18)	—	(67,743)
Net assets released from restrictions	(30,992,713)	—	(30,992,713)	(38,086,406)	—	(69,079,119)
Net assets reclassified to unrestricted	—	—	—	—	(377,496)	(377,496)
Actuarial adjustment on annuity obligations	—	—	—	—	(250,118)	(250,118)
Transfers among temporarily restricted net assets	(2,531,898)	—	(2,531,898)	326,089	2,205,809	—
Increase (decrease) in temporarily restricted net assets	(811,138)	—	(811,138)	(35,967,925)	(29,022,628)	(65,801,691)
Changes in permanently restricted net assets:						
Private gifts	—	—	—	—	13,454,862	13,454,862
Net realized and unrealized gains (losses) on other investments	—	—	—	—	17,767	17,767
Net assets reclassified from unrestricted	—	—	—	—	2,879,512	2,879,512
Actuarial adjustment on annuity obligations	—	—	—	—	84,753	84,753
Increase in permanently restricted net assets	—	—	—	—	16,436,894	16,436,894
Change in net assets	459,947	21,839,236	22,299,183	9,699,613	(22,080,293)	9,918,503
Net assets at beginning of year	34,127,849	31,552,426	65,680,275	540,857,245	678,570,313	1,285,107,833
Net assets at end of year	$ 34,587,796	53,391,662	87,979,458	550,556,858	656,490,020	1,295,026,336

See accompanying notes to financial statements.

UNIVERSITY OF DENVER (COLORADO SEMINARY)

Statement of Activities

Year ended June 30, 2015

	Operating	Designated unrestricted	Total operating	Plant	Long-term investment	Total
Change in unrestricted net assets:						
Revenues and gains (losses):						
Tuition and fees	$ 433,463,512	—	433,463,512	—	—	433,463,512
Less institutional scholarships	127,479,651	—	127,479,651	—	—	127,479,651
	305,983,861	—	305,983,861	—	—	305,983,861
Less noninstitutional scholarships	12,751,269	—	12,751,269	—	—	12,751,269
Net tuition and fees	293,232,592	—	293,232,592	—	—	293,232,592
Private gifts	978,388	250	978,638	5,000	7,457,246	8,440,884
Grants and contracts	25,712,692	—	25,712,692	—	—	25,712,692
Endowment income	156,323	—	156,323	2,954	654,659	813,936
Other investment income	920,290	—	920,290	38,556	465,337	1,424,183
Net realized and unrealized gains (losses) on endowments	557,481	—	557,481	—	3,101,449	3,658,930
Net realized and unrealized gains (losses) on other investments	(231,879)	—	(231,879)	(182,373)	(311,046)	(725,298)
Sales and services of educational activities	14,215,915	289,346	14,505,261	—	—	14,505,261
Sales and services of auxiliary enterprise	34,110,542	—	34,110,542	—	—	34,110,542
Other sources	20,549,035	231,942	20,780,977	607,620	—	21,388,597
Total unrestricted revenues and gains (losses)	390,201,379	521,538	390,722,917	471,757	11,367,645	402,562,319
Net assets released from restrictions	30,378,136	—	30,378,136	7,064,952	—	37,443,088
Net assets reclassified to permanently restricted	—	—	—	—	(6,400,641)	(6,400,641)
Net assets reclassified to temporarily restricted	—	—	—	—	(2,406,336)	(2,406,336)
Total unrestricted revenues, gains (losses), and other support	420,579,515	521,538	421,101,053	7,536,709	2,560,668	431,198,430
Expenses:						
Educational and general:						
Instruction	148,228,650	109,054	148,337,704	9,405,751	—	157,743,455
Research	13,069,928	—	13,069,928	1,762,721	—	14,832,649
Public service	5,839,706	—	5,839,706	78,904	—	5,918,610
Academic support	59,831,895	3,805,130	63,637,025	1,262,633	—	64,899,658
Student services	47,046,757	—	47,046,757	3,495,723	—	50,542,480
Institutional support	50,479,021	14,383	50,493,404	1,556,404	—	52,049,808
Total educational and general expenses	324,495,957	3,928,567	328,424,524	17,562,136	—	345,986,660
Auxiliary enterprises	25,864,354	—	25,864,354	10,245,710	—	36,110,064
Total expenses	350,360,311	3,928,567	354,288,878	27,807,846	—	382,096,724
Transfers among unrestricted net assets	68,900,878	61,821,374	130,722,252	(8,647,781)	(122,074,471)	—
Total expenses and transfers	419,261,189	65,749,941	485,011,130	19,160,065	(122,074,471)	382,096,724
Increase (decrease) in unrestricted net assets	1,318,326	(65,228,403)	(63,910,077)	(11,623,356)	124,635,139	49,101,706
Changes in temporarily restricted net assets:						
Private gifts	15,128,302	—	15,128,302	3,929,855	89,662	19,147,819
Endowment income	4,661,149	—	4,661,149	—	6,128	4,667,277
Other investment income	39,362	—	39,362	198	—	39,560
Net realized and unrealized gains (losses) on endowments	12,288,876	—	12,288,876	—	3,505,014	15,793,890
Net realized and unrealized gains (losses) on other investments	67,155	—	67,155	(16,201)	—	50,954
Net assets released from restrictions	(30,378,136)	—	(30,378,136)	(7,064,952)	—	(37,443,088)
Net assets reclassified from unrestricted	—	—	—	—	2,406,336	2,406,336
Net assets reclassified from permanently restricted	—	—	—	—	776,043	776,043
Actuarial adjustment on annuity obligations	—	—	—	—	(198,669)	(198,669)
Transfers among temporarily restricted net assets	(25,014,777)	—	(25,014,777)	986,288	24,028,489	—
Increase (decrease) in temporarily restricted net assets	(23,208,069)	—	(23,208,069)	(2,164,812)	30,613,003	5,240,122
Changes in permanently restricted net assets:						
Private gifts	—	—	—	—	9,215,562	9,215,562
Net realized and unrealized gains (losses) on other investments	—	—	—	—	16,963	16,963
Net assets reclassified from unrestricted	—	—	—	—	6,400,641	6,400,641
Net assets reclassified to temporarily restricted	—	—	—	—	(776,043)	(776,043)
Actuarial adjustment on annuity obligations	—	—	—	—	4,268	4,268
Increase in permanently restricted net assets	—	—	—	—	14,861,391	14,861,391
Change in net assets	(21,889,743)	(65,228,403)	(87,118,146)	(13,788,168)	170,109,533	69,203,219
Net assets at beginning of year	56,017,592	96,780,829	152,798,421	554,645,413	508,460,780	1,215,904,614
Net assets at end of year	$ 34,127,849	31,552,426	65,680,275	540,857,245	678,570,313	1,285,107,833

See accompanying notes to financial statements.

UNIVERSITY OF DENVER (COLORADO SEMINARY)

Statements of Cash Flows

Years ended June 30, 2016 and 2015

		2016	2015
Cash flows from operating activities:			
Change in net assets	$	9,918,503	69,203,219
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation of property, plant, and equipment		14,461,435	14,587,873
Disposal of property, plant, and equipment		111,638	39,343
Amortization of premium		(348,884)	(514,366)
(Increase) in accounts receivable		(664,435)	(1,163,418)
Decrease in pledges receivable		4,608,951	12,884,138
Decrease in inventories, prepaid expenses, and other assets		80,193	907,197
Increase (decrease) in accounts payable and accrued liabilities		(5,216,465)	14,110,043
Increase (decrease) in deferred revenues		(300,135)	(8,386,813)
Increase (decrease) in other liabilities		(36,820)	9,831
Actuarial adjustment for annuity obligation		(975,207)	(483,215)
Contributions of investments		—	(6,620,151)
Contributions restricted for long-term investment		(14,985,992)	(16,762,470)
Interest and dividends for long-term investments		(210,610)	(126,272)
Net realized and unrealized gains on investments		25,038,283	(18,795,439)
Net cash provided by operating activities		31,480,455	58,889,500
Cash flows from investing activities:			
Proceeds from sale of investments		437,309,894	526,182,828
Purchases of investments		(403,046,045)	(549,570,951)
Purchases of property, plant, and equipment		(58,608,870)	(37,591,657)
Disbursements for Perkins and University loans to students		(2,990,277)	(4,025,560)
Repayment of Perkins and University loans to students		3,309,774	3,486,396
Net cash used in investing activities		(24,025,524)	(61,518,944)
Cash flows from financing activities:			
Proceeds from contributions restricted for long-term investment		14,985,992	16,762,470
Interest and dividends restricted for reinvestment		210,610	126,272
Payments of bonds payable		(5,655,000)	(6,050,000)
Decrease in refundable government loan funds, net		(67,659)	(174,945)
Net cash provided by financing activities		9,473,943	10,663,797
Net increase in cash and cash equivalents		16,928,874	8,034,353
Cash and cash equivalents at beginning of year		66,350,165	58,315,812
Cash and cash equivalents at end of year	$	83,279,039	66,350,165

In fiscal year 2016, the University issued Series 2014A bonds in the amount of $29,075,000 to refund series 2005A bonds in the amount of $28,105,000, and issued 2014B bonds in the amount of $12,500,000 to refund series 2005B bonds in the amount of $12,085,000.

See accompanying notes to financial statements.

(1) Summary of Significant Accounting Policies

(a) Nature of the Entity

The University of Denver (Colorado Seminary) (the University) is an accredited, independent, coeducational institution located in Denver, Colorado. The University was founded as Colorado Seminary in 1864. In 1880, following the reorganization of the Colorado Seminary, the University was established as the degree-granting body. The University offers both undergraduate and graduate programs. Enrollment currently stands at approximately 12,500 students of which approximately 5,500 are undergraduates. The University is primarily supported by tuition and fees, private gifts, and grants and contracts.

(b) Basis of Presentation

The financial statements of the University have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The University maintains its accounts in accordance with the principles of fund accounting. Resources for various purposes are classified into funds that are in accordance with activities or objectives specified by donors. Separate accounts are maintained for each fund. For financial reporting purposes, resources are classified into net asset categories according to the existence or absence of donor-imposed restrictions. Accordingly, net assets of the University and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are generally not subject to donor-imposed stipulations. Uses of certain unrestricted net assets are committed as matching funds under student loan programs of the federal government. Certain portions of unrestricted net assets are designated for specific purposes by the University.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met by either actions of the University and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that are maintained permanently by the University. Generally, the donors of these assets permit the University to use all or part of the income earned on related investments for specific or general purposes.

Additionally, the University has classified activities and balances within the above-described net asset classes representing the level of operations and also the liquidity and nature of assets. These classifications (columns) are described as follows:

Operations – Activities that define the University's "level of operations" relating to its educational activities and auxiliary enterprises. All assets, excluding pledges receivable and long term investments, are current in nature. Accounts payable and accrued liabilities, other than accumulated postretirement benefit obligations (note 10), are near maturity. Other liabilities are long term in nature. Balances and activities are unrestricted, temporarily restricted, or have been released from restrictions.

Designated unrestricted – The University's board of trustees has elected to transfer operation funds for specific future operating purposes to a designated classification. Expenses incurred for the stated purposes are charged to expense accounts. The board may also elect to return any balances of designated funds to operations.

Plant – Activities include depreciation on equipment and buildings, interest expense on long-term debt, and receipt of gifts, which include donor-imposed restrictions for the acquisition of physical properties. All assets are limited to long-term purposes.

Long-term investment – Endowment, annuity, and loan activity balances are grouped in this column. All assets are limited to long-term purposes.

The board retains the authority to designate surpluses for funding of designated operations, plant, and long-term investment activities in subsequent years. Such designations of activities are reported as transfers among unrestricted net assets in the statements of activities.

(c) Cash and Cash Equivalents

The University controls cash for all activities through one operating account. The cash balances represent cash positions for the respective funds. Certificates of deposits, short-term securities, and deposits with trustees are stated at fair value.

The University considers all liquid investments with original maturities of three months or less, except those relating to endowments or annuities, to be cash equivalents.

(d) Accounts Receivable

Accounts receivable consist primarily of amounts due from students for tuition, room, board, and fees, and amounts due to the University under federal, state, and private grants and contracts. An allowance for uncollectibility is provided based on specific review of outstanding balances.

Accounts that are 120 days delinquent are reviewed to determine if they should be assigned to an outside collection agency. If a student has assets or income, has not made a payment and has not entered into a repayment agreement with the University, accounts may be assigned to preselected collection agencies.

In June of each year, student tuition accounts with delinquent balances over 365 days and no payment activity for the prior 12 months which are deemed uncollectible are written off to bad debt reserve. Holds are placed on written off student accounts which prevent future registration and the release of official transcripts and diplomas.

Account receivables are net of allowances for uncollectible accounts of $1,491,000 and $1,160,000 as of June 30, 2016 and 2015, respectively.

(e) Investments

Investments received by gift, including investments in real estate, are recorded at estimated fair value at the date of the gift and are subsequently adjusted for changes in fair value thereafter. Purchased investments are carried at fair value. Realized and unrealized gains and losses are reported in the appropriate net asset classification. The University also holds shares or units in alternative investment

(Continued)

funds involving hedge, private equity, and real estate strategies. For financial statement presentation purposes, an investment may be considered alternative if the investment does not meet the following four criteria: (1) it is registered with the Securities Exchange Commission (SEC), (2) it makes semiannual filings with the SEC, (3) it calculates a net asset value daily, and (4) purchase and redemption of shares may be done daily. Such alternative investment funds may hold securities or other financial instruments for which a ready market exists and are priced accordingly. In addition, such funds may hold assets that require the estimation of fair values in the absence of readily determinable market values. See further discussion at note 1(n).

The University evaluates the fair value of its investments in accordance with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820-10, *Fair Value Measurements and Disclosures*, updated by Accounting Standards Update (ASU) No. 2011-04, *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs*. This standard establishes a framework for measuring fair value, clarifies the definition of fair value for financial reporting, and expands disclosures about fair value measurements. See further discussion at note 3.

In conjunction with the provisions of FASB ASC Topic 820-10, the University evaluates the fair value of its investments in accordance with the provisions of ASU No. 2009-12, *Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*, for certain investments in funds that do not have readily determinable fair values including private investments, hedge funds, real estate, and other funds. This guidance amends FASB ASC Topic 820-10 and allows for the estimation of the fair value of investments in investment companies for which the investment does not have a readily determinable fair value using net asset value per share or its equivalent. Net asset value, in many instances, may not equal fair value that would be calculated pursuant to other provisions of FASB ASC Topic 820-10.

(f) Pledges Receivable

Unconditional promises to give are recorded when pledges are made by the respective donors at their estimated present value. An allowance for uncollectibility is provided based on review of individually significant pledges and an estimated rate of uncollectibility. All contributions are available for unrestricted use unless specifically restricted by the donor.

Donor-restricted contributions whose restrictions are met in the same reporting period are initially reported as restricted revenue, which increases temporarily restricted net assets, then reclassed (or released from restrictions), simultaneously increasing unrestricted net assets and decreasing temporarily restricted net assets. Conditional promises to give are recognized as revenue when the conditions on which they depend are substantially met.

Net assets released from restrictions are reported in the statements of activities when the University has met the donor restrictions. Assets released from restrictions in the current year are for scholarships, plant acquisitions, and departmental operations.

(g) Inventories

Inventories, which consist mainly of athletic and golf course merchandise and operating supplies, are valued at the lower of cost or fair value using the first-in, first-out (FIFO) method.

(h) Property, Plant, and Equipment

Property, plant, and equipment exceeding a capitalization threshold of $5,000 are carried at cost at the date of acquisition or fair value at the date of donation in the case of gifts. Depreciation on property, plant, and equipment is calculated on the straight-line method over the estimated useful lives of the assets, which range from 3 to 15 years for equipment and 10 to 80 years for buildings and improvements.

The University reports gifts of property, plant, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support.

Absent explicit donor stipulations about how long those long-lived assets must be maintained, the University reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Donated works of art are considered collections under the University's policy. Collections held for public exhibition and education in furtherance of public service rather than financial gain are not recorded in the statements of financial position.

(i) Revenue

Unrestricted revenues include those items attributable to the University's undergraduate programs, graduate programs, research conducted by academic departments, sales and services of educational activities, and the sales and services of auxiliary services. Tuition and fee revenue are recognized ratably over the academic term. Summer school tuition, fee revenue, and related expenses that are not earned or incurred as of year-end are deferred at June 30, 2016 and 2015 and recorded as revenue and expenses in the succeeding fiscal year.

(j) Compensated Absences

Eligible University employees earn paid vacation each month based upon their years of service with the University. Vacation time accrues and vests proportionately between July 1 and June 30 of the current year and employees can carry a maximum of 22 days to the next fiscal year. An accrual has been made for earned vacation time in the amount of $3,905,000 and $3,823,000 as of June 30, 2016 and 2015, respectively, and is included in accounts payable and accrued liabilities in the accompanying statements of financial position.

The University has a sick leave plan covering substantially all employees. The University provides employees approximately eight hours of paid sick leave per month depending on employment status. The University employees' accumulated unused sick leaves are carried over to the next year and are cumulative. Unused sick pay is forfeited by employees when they cease to be employed by the University. Therefore, no amount is accrued for sick leave.

(k) Annuity Obligations

Annuity obligations represent the actuarially determined present value of future payments due to beneficiaries under split-interest agreements, primarily charitable remainder trusts.

(l) Taxes

The University is recognized as an organization generally exempt from income taxes under Section 501(a) of the Internal Revenue Code (the Code) as an organization described in Section 501(c)(3) and a public charity, and not as a private foundation, under Section 509(a)(1). However, income generated from activities unrelated to the University's exempt purpose is subject to tax under Section 511 of the Code. The University had no material amounts of unrelated business income for the years ended June 30, 2016 and 2015.

The University evaluates its tax position in accordance with the provisions of FASB ASC Topic 740-10, *Income Taxes* (formerly, FASB Interpretation No. 48). FASB ASC Topic 740-10 clarifies the accounting for uncertainty in income tax recognized in an entity's financial statements. FASB ASC Topic 740-10 requires entities to determine whether it is more likely than not that a tax position will be sustained upon examination by the appropriate taxing authorities before any part of the benefit can be recorded in the financial statements. It also provides guidance on the recognition, measurement, and classification of income tax uncertainties, along with any related interest or penalties. A tax position is measured at the largest amount of benefit that is greater than 50% likely being realized upon settlement. The University has no uncertain income tax positions as of June 30, 2016.

(m) Functional Expenses

The cost of providing the various programs and supporting services has been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Costs allocated among programs include expenses associated with the following: facilities management and planning, the depreciation and disposal expense of property, plant, and equipment, and the interest expense on long-term debt. Costs of facilities management and planning and depreciation and the disposal of property, plant, and equipment are allocated to the programs based upon square footage. Interest expense on long-term debt is allocated to the programs that benefit from the long-term financing of the University.

(n) Fair Value of Financial Instruments

The fair value of the University's financial instruments is determined as follows:

Cash and cash equivalents – Fair value is estimated to be the same as the carrying (book) value because of its short maturity.

Short and long-term investments – Fair value of U.S. government securities, mutual funds, stocks, and bonds is the market value based on quoted market prices. For alternative investments, which include hedge funds and private equity investments, fair values are based on the net asset value reported by each fund because it serves as a practical expedient to estimate the fair value of the University's interest. See further discussion at note 3.

Accounts receivable – Fair value is estimated to be the same as the carrying (book) value because of its short maturity.

Pledges receivable – Fair value is determined by computing the present value of future cash flows discounted at the prevailing interest rate as of the period in which the agreement was received. The carrying (book) value of pledges receivable approximates fair value.

Loans to students – Fair value cannot be determined without incurring excessive costs. Repayment terms for University loans average less than one year and on average carry a 5% interest rate. The Federal Perkins Loan program (Perkins) has a maximum repayment period of 10 years and carries an average interest rate of 5%.

Accounts payable and accrued liabilities – Fair value is estimated to be the same as the carrying (book) value due to the short maturities of accounts payable; included in accrued liabilities is the present value of future obligations, which is adjusted annually. This carrying (book) value approximates fair value.

Annuity obligations – Fair value is determined by computing the present value of the University's obligation to pay beneficiaries based on the beneficiaries' life expectancies from actuarial tables published by the Internal Revenue Service, using the prevailing interest rate as of the date of each agreement. The University's agreements are tied to interest rates that range from 4.9% to 10.0%. Annuity obligations are adjusted annually for these factors.

Long-term debt – Fair value, which is disclosed in note 8, is determined by computing the present value of future payments discounted at the prevailing interest rate for comparable debt instruments at year-end.

(o) Net Asset Reclassifications

In 2011, The University initiated a matching program to increase endowed scholarships for undergraduates, graduates, and performing arts students. The board of trustees has designated $66 million of the University's strategic reserves to match commitments to new and existing scholarship endowments. For the years ended June 30, 2016 and 2015, the University matched commitments to the matching program in the amount of $2,970,000 and $4,618,000, respectively. Other reclassifications included reclassifications from temporarily restricted to unrestricted net assets of $377,000 and from permanently restricted to unrestricted net assets of $80,000 for the year ended June 30, 2016, and reclassifications from unrestricted to permanently restricted net assets of $1,783,000 and from permanently restricted to temporarily restricted net assets of $776,000 for the year ended June 30, 2015.

(p) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ significantly from those estimates.

(q) Endowment Funds

The University presents its endowment funds in accordance with the provisions of FASB ASC Topic 958-205, *Presentation of Financial Statements*, which provides guidance about the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (the Act) and expands disclosures about endowment funds. See further discussion at note 4.

(r) Subsequent Events

FASB ASC Topic 855-10, *Subsequent Events*, establishes principles and requirements for subsequent events and applies to accounting for and disclosure of subsequent events not addressed in other applicable generally accepted accounting principles. The University evaluated events subsequent to June 30, 2016 and through November 30, 2016.

(s) Reclassifications

Certain 2015 amounts have been reclassified to conform to the current year presentation.

(2) Short- and Long-Term Investments

Investments at June 30 consist of the following:

	2016		
	Cost	Unrealized gain (loss)	Market value
Short-term investments:			
U.S. government securities	$ 93,217,992	(54,280)	93,163,712
Mutual funds	610,242	311,288	921,530
Real estate	475,000	—	475,000
Other	343,310	—	343,310
	94,646,544	257,008	94,903,552
Long-term investment:			
Trustee cash and cash equivalents for endowments and annuities	3,595,196	—	3,595,196
U.S. government securities	162,094,623	(675,780)	161,418,843
Alternative investments	165,556,720	38,443,196	203,999,917
Domestic equities	98,735,143	28,912,434	127,647,577
International equities	56,414,870	(1,697,082)	54,717,788
Real estate	22,979,293	17,793,315	40,772,607
Mutual funds	33,977,781	1,906,567	35,884,348
Beneficial trust interest	10,254,715	944,585	11,199,300
Other	791,215	—	791,215
	554,399,556	85,627,235	640,026,791
Total all funds	$ 649,046,100	85,884,243	734,930,343

	2015		
	Cost	Unrealized gain (loss)	Market value
Short-term investments:			
U.S. government securities	$ 237,818,808	(175,649)	237,643,159
Mutual funds	10,545,525	5,362,966	15,908,491
Real estate	475,000	—	475,000
Other	343,310	—	343,310
	249,182,643	5,187,317	254,369,960
Long-term investment:			
Trustee cash and cash equivalents for endowments and annuities	1,938,545	—	1,938,545
U.S. government securities	49,035,612	(112,487)	48,923,126
Alternative investments	138,058,707	59,610,348	197,669,055
Domestic equities	98,926,610	30,119,973	129,046,583
International equities	56,414,870	5,826,562	62,241,432
Real estate	24,020,538	20,649,038	44,669,576
Mutual funds	39,482,099	3,048,200	42,530,299
Beneficial trust interest	10,844,605	1,480,306	12,324,910
Other	692,450	—	692,450
	419,414,036	120,621,940	540,035,976
Total all funds	$ 668,596,679	125,809,257	794,405,936

During the years ended June 30, 2016 and 2015, the University paid approximately $771,000 and $814,000, respectively, in management and custodian fees, which were netted against endowment income and other investment income in the accompanying statements of activities. All endowments established by various donors over the years are accounted for separately in the accounting records of the University to ensure that the purposes for which the endowments were initially created are carried out in perpetuity. For investment purposes, to maximize total investment return and administrative efficiency, the University commingles certain assets in an investment pool.

Individual endowments own shares in the pool, the value per share being determined by the pool's aggregate fair value, and the number of shares outstanding at the time contributions are made. The pool is valued on a quarterly basis for this purpose. At June 30, 2016, the pool had 97,042,743 shares outstanding, with a fair value of approximately $483,083,083. The University has adopted a spending policy whereby the board of trustees has authorized a stipulated percentage of the fair value of endowments participating in the investment pool to be spent for the purposes of the donors. The distribution for spending in 2016 was $0.23 per share, of which $0.05 represented income yield. The remaining $0.18 represented spending of realized and unrealized gains. At June 30, 2015, the pool had 87,032,379 shares outstanding, with a fair value of approximately $471,978,751. The distribution for spending in 2015 was $0.22 per share, of which $0.05 represented income yield. The remaining $0.17 represented spending of realized and unrealized gains

The investment pool consisted of 1,179 individual endowments at June 30, 2016. Of these endowments, 320 are considered to be "under water" as the fair value of the underlying investments is less than the original gift value. At June 30, 2016 the fair value of the underlying investment related to these 320 endowments totaled approximately $54,369,000 while the original gift value was approximately $56,853,000. See additional discussion in note 4(b).

The investment pool consisted of 1,126 individual endowments at June 30, 2015. Of these endowments, none are considered to be "under water" as the fair value of the underlying investments is more than the original gift value for all endowments. See additional discussion in note 4(b).

The University has the following split-interest agreements, which are included in long-term investments at June 30, 2016 and 2015:

	2016			
	Number of agreements		Net assets classification: Temporary	Permanent
Perpetual trusts held by third party	2	$	—	7,475,042
Charitable Remainder Trusts:				
University named trustee	24		4,552,255	12,448,580
Third-party named trustee	8		2,420,576	1,303,681
Charitable Annuity Agreements	68		2,293,638	2,623,405
	102	$	9,266,469	23,850,708

	2015			
	Number of agreements		Net assets classification: Temporary	Permanent
Perpetual trusts held by third party	3	$	—	8,333,590
Charitable Remainder Trusts:				
University named trustee	24		4,704,778	13,292,329
Third-party named trustee	8		2,418,600	1,572,719
Charitable Annuity Agreements	70		2,505,077	2,608,380
	105	$	9,628,455	25,807,018

The University is the beneficiary of certain perpetual trusts held by others. The present values of the estimated future cash receipts from the trusts are recognized as assets and contribution revenue at the date the trusts are established. Distributions from the trusts are recorded as investment income, and the carrying value of the assets is adjusted for changes in the estimates of future receipts as gains and losses on the endowment investments.

The Charitable Remainder Trusts and Charitable Annuity Agreements are split-interest agreements that are held and administered either by the University or by others. In the period when the agreement is established, the University recognizes an asset at fair value, a liability to the beneficiary for the estimated future benefits to be distributed, and contribution revenue for the difference. The annuity obligation is primarily based on the person's age at time of the gift, their life expectancy, and the prevailing interest rate as of the date of the agreement. Annual adjustments are made to the liability for the estimated future benefits to be distributed due to changes in the actuarial assumptions and the discount rate, where applicable, over the term of the agreement.

Contribution revenue recognized for new split-interest agreements in 2016 and 2015 was approximately $188,000 and $2,021,000, respectively.

(3) FASB ASC Topic 820-10, *Fair Value Measurements and Disclosures*

FASB ASC Topic 820-10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC Topic 820-10 are as follows:

Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the University has the ability to access at the measurement date.

Level 2 Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 Inputs that are unobservable and supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the University. The University considers observable data to be that market data, which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the University's perceived risk of that instrument.

In determining the placement of an investment within the hierarchy, the University separates the investment portfolio into two categories: investments and derivative instruments.

(a) Investments

Investments whose values are based on quoted market prices in active markets, and are, therefore, classified within Level 1, include actively listed domestic and international equities, certain U.S. government and sovereign obligations, and certain money market securities.

Investments that trade in markets that are not considered to be active, but are valued based on quoted market prices, dealer quotations, or alternative pricing sources supported by observable inputs are classified within Level 2. These include certain U.S. government and sovereign obligations, certain government agency securities, investment grade corporate bonds, certain mortgage products, certain bank loans and bridge loans, less liquid listed equities, state, municipal, and provincial obligations, most physical commodities, and certain loan commitments. As Level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect liquidity and/or nontransferability, which are generally based on available market information.

Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently or not at all. Level 3 instruments include private equity and real estate investments, certain bank loans and bridge loans, less liquid corporate debt securities (including distressed debt instruments), collateralized debt obligations, investments in other funds, and less liquid mortgage securities (backed by either commercial or residential real estate).

Most investments classified in Levels 2 and 3 consist of shares or units in investment funds as opposed to direct investments in the funds' underlying holdings, which may be marketable. Because the net asset value reported by each fund is used as a practical expedient to estimate the fair value of the University's interest therein, its classification in Level 2 or 3 is based on the University's ability to redeem its interest at or near the date of the statements of financial position and the level of observable inputs. If the interest can be redeemed in the near term, the investment is classified in Level 2. The classification of investments in the fair value hierarchy is not necessarily an indication of the risks, liquidity, or degree of difficulty in estimating the fair value of each investment's underlying assets and liabilities.

(b) Fair Value Hierarchy Table

The following tables summarize the University's short and long-term investments in the fair value hierarchy as of June 30, 2016 and 2015, as well as liquidity of the investments:

Investment/liquidity		June 30, 2016 Level 1	Level 2	Level 3	Total
U.S. government securities:					
Daily	$	254,352,554	—	—	254,352,554
Monthly		—	230,000	—	230,000
Total		254,352,554	230,000	—	254,582,554
Alternative investments:					
Monthly		—	17,614,937	15,068,780	32,683,717
Quarterly		—	—	86,101,784	86,101,784
Annual		—	—	14,927,843	14,927,843
Illiquid		—	—	70,286,573	70,286,573
Total		—	17,614,937	186,384,980	203,999,917
Mutual funds:					
Daily		36,805,879	—	—	36,805,879
Total		36,805,879	—	—	36,805,879
Domestic equities:					
Daily		107,229,410	—	—	107,229,410
Monthly		—	19,914,160	—	19,914,160
Quarterly		504,008	—	—	504,008
Total		107,733,418	19,914,160	—	127,647,578
International equities:					
Daily		24,121,210	15,085,518	—	39,206,728
Illiquid		—	—	15,511,060	15,511,060
Total		24,121,210	15,085,518	15,511,060	54,717,788
Trustee cash and cash equivalents:					
Daily		3,595,195	—	—	3,595,195
Total		3,595,195	—	—	3,595,195
Real estate:					
Semiannually		—	40,772,606	—	40,772,606
Locked-up 1		—	475,001	—	475,001
Total		—	41,247,607	—	41,247,607
Beneficial trust interest:					
Locked-up 1		8,399,727	1,050,000	1,749,573	11,199,300
Total		8,399,727	1,050,000	1,749,573	11,199,300
Other:					
Daily		494,964	—	—	494,964
Illiquid		—	—	393,296	393,296
Locked-up 2		246,265	—	—	246,265
Total		741,229	—	393,296	1,134,525
Grand total	$	435,749,212	95,142,222	204,038,909	734,930,343

(Continued)

Investment/liquidity	June 30, 2015 Level 1	Level 2	Level 3	Total
U.S. government securities:				
Daily	$ 286,336,285	—	—	286,336,285
Monthly	—	230,000	—	230,000
Total	286,336,285	230,000	—	286,566,285
Alternative investments:				
Monthly	—	19,578,447	28,039,909	47,618,356
Quarterly	—	—	81,189,556	81,189,556
Annual	—	—	15,438,023	15,438,023
Illiquid	—	—	53,423,120	53,423,120
Total	—	19,578,447	178,090,608	197,669,055
Mutual funds:				
Daily	43,501,239	—	—	43,501,239
Monthly	—	—	14,937,551	14,937,551
Total	43,501,239	—	14,937,551	58,438,790
Domestic equities:				
Daily	108,839,064	—	—	108,839,064
Monthly	—	19,648,065	—	19,648,065
Quarterly	559,454	—	—	559,454
Total	109,398,518	19,648,065	—	129,046,583
International equities:				
Daily	30,420,955	15,714,081	—	46,135,036
Illiquid	—	—	16,106,396	16,106,396
Total	30,420,955	15,714,081	16,106,396	62,241,432
Trustee cash and cash equivalents:				
Daily	1,938,545	—	—	1,938,545
Total	1,938,545	—	—	1,938,545
Real estate:				
Semiannually	—	44,579,575	—	44,579,575
Locked-up 1	—	475,001	—	475,001
Locked-up 3	—	90,000	—	90,000
Total	—	45,144,576	—	45,144,576
Beneficial trust interest:				
Locked-up 1	9,301,789	1,050,000	1,973,121	12,324,910
Total	9,301,789	1,050,000	1,973,121	12,324,910
Other:				
Daily	388,284	—	—	388,284
Illiquid	—	—	393,296	393,296
Locked-up 2	254,180	—	—	254,180
Total	642,464	—	393,296	1,035,760
Grand total	$ 481,539,795	101,365,169	211,500,972	794,405,936

(Continued)

The following table includes a rollforward of the amounts for the years ended June 30, 2016 and 2015 for financial instruments classified within Level 3. The classification of a financial instrument within Level 3 is based upon the significance of the unobservable inputs to the overall fair value measurement.

Fair value measurement using Level 3 inputs:

		Mutual funds/other	Alternative investments	International equities	Total
Balances at June 30, 2015	$	17,303,968	178,090,608	16,106,396	211,500,972
Donated		—	—	—	—
Purchases		3,979,974	60,823,435	—	64,803,409
Sales		(14,198,786)	(25,717,531)	—	(39,916,317)
Unrealized losses		(4,942,287)	(26,811,532)	(595,336)	(32,349,155)
Balances at June 30, 2016	$	2,142,869	186,384,980	15,511,060	204,038,909

		Mutual funds/other	Alternative investments	International equities	Total
Balances at June 30, 2014	$	17,324,528	167,844,651	10,454,135	195,623,314
Donated		—	—	—	—
Purchases		1,119,174	35,690,714	5,000,000	41,809,888
Sales		(776,043)	(20,739,662)	—	(21,515,705)
Unrealized gains (losses)		(363,691)	(4,705,095)	652,261	(4,416,525)
Balances at June 30, 2015	$	17,303,968	178,090,608	16,106,396	211,500,972

All unrealized gains (losses) in the tables above are reflected in the accompanying statements of activities. There have been no transfers into or out of Level 3 investments during the years ended June 30, 2016 and June 30, 2015.

(4) Endowments

As discussed in note 1(q), FASB ASC Topic 958-205 provides guidance about the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to the Act and expands disclosures about endowment funds. The Act was effective September 1, 2008 and provides for statutory guidance for the management, investment, and expenditure of endowment funds held by not-for-profit organizations. Amongst other provisions, the Act eliminates the “historical dollar value” rule for endowment funds in favor of guidelines regarding what constitutes prudent spending.

The University’s endowments consist of 1,179 and 1,126 individual funds as of June 30, 2016 and 2015, respectively. The endowments were established for a variety of purposes, including both donor-restricted endowment funds (true endowment) 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.

(a) Interpretation of Relevant Law

The board of trustees of the University has interpreted the version of the Act enacted by the State of Colorado as not requiring an institution subject to the Act to implement a reclassification within its financial statements to reflect the effect of price inflation on the historic dollar value of endowment funds, bringing the current purchasing power of such funds to their original purchasing power and denominating the result as permanently restricted.

The remaining portion of the donor-restricted fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the University in a manner consistent with the standard of prudence prescribed by the Act. In accordance with the Act, the University considers the following factors in making determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and the preservation of the fund
2. The purposes of the University and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the University
7. The investment policies of the University

Net assets comprising true endowments funds and funds designated by the board of trustees to function as endowments were as follows at June 30:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
June 30, 2016:				
Board-designated endowment funds	$ 189,625,647	—	—	189,625,647
Donor-restricted endowment funds	—	128,656,364	310,237,094	438,893,458
	$ 189,625,647	128,656,364	310,237,094	628,519,105

	Unrestricted	Temporarily restricted	Permanently restricted	Total
June 30, 2015:				
Board-designated endowment funds	$ 200,184,201	—	—	200,184,201
Donor-restricted endowment funds	—	157,405,243	293,808,754	451,213,997
	$ 200,184,201	157,405,243	293,808,754	651,398,198

The changes in endowment net assets for the years ended June 30, 2016 and 2015 are as follows:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, June 30, 2015	$ 200,184,201	157,405,243	293,808,754	651,398,198
Investment return:				
Investment income	2,591,805	4,903,424	—	7,495,229
Net realized and unrealized gains (losses)	(6,169,214)	(17,307,378)	—	(23,476,592)
Total investment return	(3,577,409)	(12,403,954)	—	(15,981,363)
Private gifts	19,229	24,555	13,572,727	13,616,511
Appropriation of endowment assets for expenditures	(6,437,916)	(18,210,031)	(20,720)	(24,668,667)
Reinvested income	331,652	831,103	—	1,162,755
Transfer to board-designated endowments	2,071,253	920,418	—	2,991,671
Reclassification of restricted net assets	(2,965,363)	89,030	2,876,333	—
Changes	(10,558,554)	(28,748,879)	16,428,340	(22,879,093)
Endowment net assets, June 30, 2016	$ 189,625,647	128,656,364	310,237,094	628,519,105

		Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, June 30, 2014	$	83,492,410	127,203,092	279,163,179	489,858,681
Investment return:					
Investment income		813,936	4,667,277	—	5,481,213
Net realized and unrealized gains (losses)		3,658,930	15,793,890	—	19,452,820
Total investment return		4,472,866	20,461,167	—	24,934,033
Private gifts		135,133	—	8,270,941	8,406,074
Appropriation of endowment assets for expenditures		(3,779,311)	(17,529,504)	(6,331)	(21,315,146)
Present value adjustments		—	—	1,631	1,631
Reinvested income		37,894	721,996	—	759,890
Transfer to board-designated endowments		122,250,733	26,502,302	—	148,753,035
Reclassification of restricted net assets		(6,425,524)	46,190	6,379,334	—
Changes		116,691,791	30,202,151	14,645,575	161,539,517
Endowment net assets, June 30, 2015	$	200,184,201	157,405,243	293,808,754	651,398,198

(b) Funds with Deficiencies

From time to time, the fair value of assets associated with individual endowment funds may fall below the level of the book value (underwater). The University had 320 funds considered underwater with a deficiency of approximately $2,484,000 at June 30, 2016. The deficiency is recorded as unrestricted net unrealized losses on endowment within the statement of activities. There were no funds considered underwater at June 30, 2015.

(c) Return Objectives and Risk Parameters

The primary objective of the investment for the endowment, quasi-endowment, and similar funds is the concept of preservation of purchasing power of the funds with an emphasis on long-term growth of the funds and with a risk profile that would be deemed to be prudent by institutional fiduciaries generally. Consistent with this objective, a reasonable return is expected.

(d) Strategies Employed for Achieving Objectives

The University targets a diversified asset allocation. For the years ended June 30, 2016 and June 30, 2015 the estimated investment emphasis included: US Equities (25.0%), International Equities (20.0%), Hedged Funds (10.0%), Private Equities (10.0%), Absolute Return funds (15.0%), Fixed Income (10.0%), and Real Estate and Other investment (10.0%). The profile is reviewed quarterly and rebalanced as needed.

(e) Spending Policy

The University has adopted a spending policy whereby the board of trustees has authorized a stipulated percentage of the fair value of endowments participating in the investment pool to be spent for the purposes of the donors. As of June 30, 2016 and 2015, the approved percentage was 4.5% of a moving 12-quarter average of the market value of such funds.

(5) Pledges Receivable

Pledges receivable are summarized as follows at June 30:

		2016	2015
Unconditional promises expected to be collected in:			
Less than one year	$	12,515,561	18,197,457
One to five years		17,652,144	14,704,634
Greater than five years		32,943,812	35,867,974
		63,111,517	68,770,065
Less allowance for uncollectible pledges		(6,311,152)	(6,877,007)
Less present value discount (4.75% - 8.0%)		(19,007,266)	(19,491,008)
Net pledges receivable	$	37,793,099	42,402,050

Included in pledges receivable is the present value of approximately $8,628,000 and $11,459,000 as of June 30, 2016 and 2015, respectively, in pledges from members of the board of trustees. For the years ended June 30, 2016 and 2015, the University did not conduct any additional transactions with members of the board of trustees that were not negotiated at arm’s length.

(6) Property, Plant, and Equipment

Property, plant, and equipment at June 30 consist of the following:

		2016	2015
Land	$	9,290,477	8,721,577
Land improvements		28,692,747	28,538,796
Buildings and improvements		631,659,761	623,002,401
Equipment		62,924,094	57,616,970
Library books		8,915,362	8,790,011
Construction in progress		81,448,994	38,008,462
		822,931,435	764,678,217
Less accumulated depreciation		(190,930,564)	(176,713,143)
	$	632,000,871	587,965,074

The University had approximately $14,461,000 and $14,588,000 of depreciation expense for the years ended June 30, 2016 and 2015, respectively, which was reported within all functions in the accompanying statements of activities.

The University monitors asset retirement obligations in accordance with the provisions of FASB ASC Topic 410-20, *Asset Retirement and Environmental Obligations*. Under FASB ASC Topic 410-20, costs related to the legal obligation to perform certain activities in connection with the retirement, disposal, or abandonment of assets are required to be accrued. The University has identified asbestos abatement as a conditional retirement obligation. For the years ended June 30, 2016 and 2015, respectively, an asset retirement obligation of approximately $7,799,000 and $8,138,000 is included in accounts payable and accrued liabilities.

(7) Operating Leases

The University leases an apartment building adjacent to the campus under an operating lease which began on July 1, 2015 and expires on June 30, 2022. Rent expense on the lease for the year ended June 2016 was approximately $845,000.

Future minimum lease payments under the operating lease as of June 30, 2016 through the years ending June 30, 2022 are:

2017	$	780,000
2018		811,200
2019		843,648
2020		868,957
2021		895,026
2022		921,877
	$	5,120,708

(8) Long-Term Debt

Bonds payable at June 30 consist of the following:

	2016	2015
Colorado Educational and Cultural Facilities Authority Refunding Revenue Bonds, Series 2014A	$ 27,360,000	—
Colorado Educational and Cultural Facilities Authority Refunding Revenue Bonds, Series 2014B	12,500,000	—
Colorado Educational and Cultural Facilities Authority Refunding Revenue Bonds, Series 2013	22,395,000	22,520,000
Colorado Educational and Cultural Facilities Authority Refunding Revenue Bonds, Series 2012	—	2,860,000
Colorado Educational and Cultural Facilities Authority Refunding Revenue Bonds, Series 2008	4,955,000	5,585,000
Colorado Educational and Cultural Facilities Authority Refunding Revenue Bonds, Series 2007	39,920,000	39,920,000
Colorado Educational and Cultural Facilities Authority Refunding Revenue Bonds, Series 2005A	—	28,105,000
Colorado Educational and Cultural Facilities Authority Revenue Bonds, Series 2005B	—	13,795,000
	107,130,000	112,785,000
Unamortized bond premium	4,916,697	5,265,581
Total long-term debt	112,046,697	118,050,581
Less current installments	6,955,000	6,260,000
Long-term debt, excluding current installments	$ 105,091,697	111,790,581

The University had approximately $3,622,000 and $5,457,000 of interest expense for the years ended June 30, 2016 and 2015, respectively, which was reported in various functions under plant in the accompanying statements of activities. Interest of approximately $4,000,000 and $5,539,000 was paid in cash during the years ended June 30, 2016 and 2015, respectively. The fair value of bonds payable was approximately $104,956,000 and $112,526,000 at June 30, 2016 and 2015, respectively.

(a) Issuance of Series 2014A Bonds

In September 2015, the Colorado Educational and Cultural Facilities Authority (the Authority) issued $29,075,000 of University of Denver Revenue Bonds, Series 2014A. The proceeds from the sale of the 2014A bonds were used to (1) refund $28,105,000 aggregate principal amount of the Authority's Revenue Bonds Series 2005A and (2) pay certain costs associated with the issuance of the 2014A Bonds.

The bond agreement provides for principle payments of $1,715,000 in 2016, increasing to $6,490,000 in 2022. Interest is payable semiannually at a fixed rate of 2.620%.

(b) Issuance of Series 2014B Bonds

In March 2016, the Colorado Educational and Cultural Facilities Authority (the Authority) issued $12,500,000 of University of Denver Revenue Bonds, Series 2014B. The proceeds from the sale of the 2014B bonds were used to (1) refund $12,085,000 aggregate principal amount of the Authority's Revenue Bonds Series 2005B and (2) pay certain costs associated with the issuance of the 2014B Bonds.

The bond agreement provides for principle payments of $3,235,000 in 2017, increasing to $6,820,000 in 2023. Interest is payable semiannually at a fixed rate of 2.710%.

(c) Issuance of Series 2013 Bonds

In February 2013, the Colorado Educational and Cultural Facilities Authority (the Authority) issued $22,780,000 of University of Denver Revenue Bonds, Series 2013. The proceeds from the sale of the 2013 bonds were used to (1) refund $21,240,000 aggregate principal amount of the Authority's Revenue Bonds Series 2005B and (2) pay certain costs associated with the issuance of the 2013 Bonds.

The bond agreement provides for principle payments of $125,000 in 2016, increasing to $2,255,000 in 2030. Interest is payable semiannually at rates ranging from 2.00% to 4.00%.

(d) Issuance of Series 2012 Bonds

In March 2012, the Authority issued $8,370,000 of University of Denver Revenue Bonds, Series 2012. The proceeds from the sale of the 2012 bonds were used to (1) refund $8,530,000 aggregate principal amount of the Authority's Revenue Bonds Series 2001B and (2) pay certain costs associated with the issuance of the 2012 Bonds.

The bond agreement provides for principle payments of $2,860,000 in 2016. Interest is payable semiannually at 4.00%.

The bond was matured on March 1, 2016.

(e) Issuance of Series 2008 Bonds

In February 2008, the Authority issued $9,390,000 of University of Denver Refunding Revenue Bonds, Series 2008. The proceeds from the sale of the 2008 bonds were used to (1) refund all of the Authority's Revenue Bonds (University of Denver Project) Series 1997 Bonds outstanding in the aggregate principal amount of $9,725,000 and (2) pay certain costs associated with the issuance of the 2008 Bonds.

The bond agreement provides for principle payments of $630,000 in 2016, increasing to $2,535,000 in 2018. Interest is payable semiannually at rates ranging from 4.00% to 5.00%. Payment of principal and interest on the bonds is guaranteed by Financial Guaranty Insurance Corporation.

(f) Issuance of Series 2007 Bonds

In December 2006, the Authority issued $39,920,000 of University of Denver Refunding Revenue Bonds, Series 2007. The proceeds from the sale of the 2007 bonds were used to (1) (i) refund all of the Authority's Revenue Bonds (University of Denver Project) Series 2001A Bonds outstanding in the aggregate principal amount of $27,000,000 and (ii) refund $14,905,000 of aggregate principal amount of the Authority's Revenue Bonds (University of Denver Project) Series 2005B Bonds; (2) purchase a municipal bond insurance policy and a reserve fund surety bond for the 2007 Bonds; and (3) pay certain costs associated with the issuance of the 2007 Bonds.

The bond agreement provides for principle payments of $1,650,000 in 2023, $5,825,000 in 2024, $6,135,000 in 2025, $6,455,000 in 2026, $6,790,000 in 2027, and ranging from $2,365,000 in 2031 to $2,870,000 in 2035. Interest is payable semiannually at the rate of 5.25%. Payment of principal and interest on the bonds is guaranteed by Financial Guaranty Insurance Corporation.

(g) Issuance of Series 2005A Bonds

In July 2005, the Authority issued $30,255,000 of University of Denver Refunding Revenue Bonds, Series 2005A. The proceeds from the sale of the 2005A bonds were used to (1) advance refund $29,670,000 aggregate principal amount of the Authority's Revenue Bonds (University of Denver Project) Series 2000; (2) purchase a municipal bond insurance policy and a reserve fund surety bond for the 2005A Bonds; and (3) pay certain costs associated with the issuance of the 2005A Bonds.

The Series 2005A with remaining balance of $28,105,000 was refunded by Series 2014A on September 1, 2015.

(h) Issuance of Series 2005B Bonds

In November 2005, the Authority issued $61,815,000 of University of Denver Revenue Bonds, Series 2005B. The proceeds from the sale of the 2005B bonds were used to (1) finance a portion of the construction, acquisition, and furnishing of a residences hall and a parking facility; (2) pay capitalized interest; (3) refund $7,075,000 in outstanding bonds of the Authority's Revenue Bonds Series 1997; (4) refund $8,700,000 in outstanding bonds of the Authority's Revenue Bonds Series 2000; (5) purchase a municipal bond insurance policy and a reserve fund surety bond for the 2005B Bonds; and (6) pay certain costs associated with the issuance of the 2005B Bonds.

As mentioned above, $14,905,000 of the 2005B Series Bonds was legally defeased during fiscal year 2007 from proceeds of the 2007 bonds and removed from the accounting records of the University and $21,240,000 of the 2005B Series Bonds was legally defeased during fiscal year 2013 from proceeds of the 2013 bonds and removed from the accounting records of the University.

The Series 2005B with remaining balance of $12,085,000 was refunded by Series 2014B on March 1, 2016.

(Continued)

(i) Aggregate Annual Maturities of Bonds Payable

At June 30, 2016, the aggregate annual maturities of bonds payable for the five succeeding years and thereafter are as follows:

2017	$	6,955,000
2018		7,205,000
2019		7,610,000
2020		7,825,000
2021		8,050,000
Thereafter		69,485,000
	$	107,130,000

(j) Restrictive Bond Covenants

The University is required by bond covenants to maintain expendable resources (as defined by the Loan Agreement) of at least 75% of the outstanding principal of its long-term debt and maintain a debt service coverage ratio (as defined by the Loan Agreement) of at least 1.15. The University is also required to comply with various other covenants while the bonds are outstanding. Management believes the University is in compliance with the bond covenants.

(k) Security for the Bonds

Under all the University's bond loan agreements, the University is obligated to pay amounts sufficient to provide payment of the principal and interest on the bonds. The obligation of the University to make such payments under the loan agreements is secured by a security interest in the gross revenues of the University, as defined.

(9) Retirement Plan

Full-time employees, including part-time employees who work at least 20 hours per week for at least six months, of the University are eligible to participate in a contributory tax-deferred annuity retirement plan (the Retirement Plan) under Section 403(b) of the Code. Administrators, faculty members, and staff-appointed employees are eligible to participate in the Retirement Plan after one year of service. Participating employees may contribute up to 4% of their base salary, limited by the Code to $18,000 per employee. The University contributes an amount twice that of the employee up to 8%. Participants have a fully vested interest in the total contributions immediately. Accounts of each employee are invested at the employee's discretion. Under the Retirement Plan, the University contributed approximately $11,568,000 and $11,142,000 for the years ended June 30, 2016 and 2015, respectively, which were charged to operations expenses.

(10) Postretirement Benefits Other than Pensions

The University records postretirement benefits in accordance with the provisions of FASB ASC Topic 715-20, *Compensations – Retirement Benefits*. FASB ASC Topic 715-20 requires balance sheet recognition of the net asset or liability for the overfunded or underfunded status of defined-benefit pension and other postretirement benefit plans and recognition of changes in the funded status in the year in which the changes occur.

The University sponsors a defined-benefit healthcare plan (the Healthcare Plan) that provides postretirement medical benefits to full-time employees who have worked 10 years and attained age 55 while in service with the University if hired prior to January 1, 1992, or full-time employees who have worked 20 years and attained age 55 while in service with the University if hired after December 31, 1991. Participants receive $60 per month toward the cost of their postretirement medical costs. At June 30, 2016, the Healthcare Plan covered 210 retirees with an additional 2,386 active employees potentially eligible for coverage. At June 30, 2015, the Healthcare Plan covered 226 retirees with an additional 2,352 active employees potentially eligible for coverage. The Healthcare Plan is noncontributory.

The changes in benefit obligations (all unfunded) were as follows:

		2016	2015
Acrued postretirement benefit obligation (APBO), beginning of year	$	2,916,553	3,442,036
Service cost		52,222	214,586
Interest cost		114,936	134,115
Actuarial loss (gain)		107,073	(712,184)
Benefits paid		(155,100)	(162,000)
APBO (all unfunded), end of year	$	3,035,684	2,916,553

At June 30, net periodic postretirement benefit cost included the following components:

		2016	2015
Service cost	$	52,222	90,432
Interest cost		114,936	134,115
Amortization of prior service cost		11,125	18,222
Recognized net actuarial gain		(10,813)	—
Net periodic postretirement benefit cost	$	167,470	242,769

An accrual has been made for the APBO and is included in accounts payable and accrued liabilities in the accompanying statements of financial position. The weighted average discount rate used in determining the APBO was 3.24% and 4.07% for June 30, 2016 and 2015, respectively. It is the University's policy to fund the benefit cost with current cash balances. Under the Healthcare Plan, the University paid benefits of approximately $155,000 and $162,000 for the years ended June 30, 2016 and 2015, respectively, which were charged to operating expenses.

(Continued)

The estimated benefits expected to be paid in following years are as follows:

2017	$	181,307
2018		179,642
2019		176,684
2020		175,149
2021		174,277
2022 – 2026		850,115
Total	$	1,737,174

For the years ended June 30, 2016 and 2015, all medical premiums were greater than the amount subsidized by the University. Therefore, a healthcare trend was not used as all retirees receiving the subsidy received the full $60.

The measurement date for the Healthcare Plan was June 30, 2016.

(11) Loans to Students

Student loans made through Perkins constitute substantially all of the student loans outstanding at June 30, 2016 and 2015. Prior to 2005, contributions to the Perkins programs were funded 75% by the federal government with the University providing the remaining 25%; yet for fiscal years 2016 and 2015, no additional contributions were funded. Perkins provides for cancellation of a note at rates of 10% to 30% per year up to a maximum of 100% if the debtor complies with certain provisions of Perkins. The federal government reimburses the loan funds of the University at rates of 10% to 30% for canceled indebtedness due to certain teaching service and various types of services for the U.S. government and 100% for loans declared not collectible due to death, permanent disability, or a declaration of bankruptcy.

At June 30, 2016 and 2015, the allowance for possible loan losses of Perkins approximated $750,000; however, due to federal regulations, no loans of Perkins have been written off since the inception of Perkins.

The University has other loan funds obtained primarily through gifts and grants from individuals, corporations, and foundations. At June 30, 2016 and 2015, the allowance for possible loan losses of these funds was $153,000.

(12) Fund-Raising Expenses

The University had fund-raising expenses of approximately $16,895,000 and $16,797,000 in 2016 and 2015, respectively, which were recognized in institutional support in the accompanying statements of activities.

(13) Commitments and Contingencies

At June 30, 2016 and 2015, the University had outstanding commitments totaling approximately $10,768,000 and $45,726,000, respectively, for contracts related to various construction projects on campus.

During the 2016 fiscal year, the University invested approximately $5,297,000 in 20 long-term partnerships, all of which were formed prior to the 2016 fiscal year, bringing its cumulative contributions to the partnerships to approximately $105,922,000. Under the terms of the partnership agreements, the University and other investors are committed to fund additional investments. As of June 30, 2016, the University's remaining commitments to 14 partnerships total approximately $31,727,000.

During the 2015 fiscal year, the University invested approximately $5,676,000 in 20 long-term partnerships, 17 of which were formed prior to the 2015 fiscal year, bringing its cumulative contributions to the partnerships to approximately $100,625,000. Under the terms of the partnership agreements, the University and other investors are committed to fund additional investments. As of June 30, 2015, the University's remaining commitments to 14 partnerships totaled approximately $39,100,000.

The University participates in a number of federal programs, which are subject to financial and compliance audits. The amount of expenses that may be disallowed by the granting agencies cannot be determined at this time although the University does not expect these amounts, if any, to be material to the financial statements.

The University is a party to a number of matters of litigation. It is the opinion of management, based on the advice of counsel, that the University's liability insurance is sufficient to cover the potential judgments and that the outcome of the suits will not have a material adverse effect on the financial position or operations of the University.

(14) Subsequent Events

On August 29, 2016, the University entered into an investment management agreement with Investure, LLC, a Delaware limited liability company, for investment advisory and management services. The scope of the agreement pertains to the management of the University's Consolidated Endowment Fund. An initial amount of approximately $562 million will be managed by Investure, LLC on a discretionary basis. The University has authorized Investure, LLC to act as the University's attorney-in-fact to enter into, make, execute and perform agreements or other undertakings on behalf of the University in connection with each investment.

(Continued)