CORPORATION OF MARLBORO COLLEGE

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2015 AND 2014

CORPORATION OF MARLBORO COLLEGE
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YEARS ENDED JUNE 30, 2015 AND 2014

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Corporation of Marlboro College
Marlboro, Vermont

We have audited the accompanying financial statements of Corporation of Marlboro College (the College), which comprise the statements of financial position as of June 30, 2015 and 2014, 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. 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.

Board of Trustees
Corporation of Marlboro College

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Corporation of Marlboro College as of June 30, 2015 and 2014, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Boston, Massachusetts
October 30, 2015

CORPORATION OF MARLBORO COLLEGE
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2015 AND 2014

	2015	2014
ASSETS		
Cash and Cash Equivalents	$ 5,260,913	$ 5,368,627
Cash Restricted for Long-Term Purposes	2,466,550	1,975,867
Accounts Receivable, Trade, Less Allowance for Doubtful Accounts of $63,875 in 2015 and $69,882 in 2014	155,182	213,965
Inventories	161,752	161,012
Prepaid Expenses and Other Assets	55,264	49,714
Contributions Receivable	741,898	625,432
Grants Receivable	50	-
Investments	4,884,500	9,071,032
Investment in Limited Partnerships	32,008,767	28,838,224
Interest in Split-Interest Agreements	498,894	511,959
Land, Buildings, and Equipment, Net	20,327,248	19,229,925
Total Assets	$ 66,561,018	$ 66,045,757
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	$ 405,204	$ 383,246
Accrued Expenses	1,450,992	1,085,776
Deposits	286,426	158,711
Deferred Revenue	380,540	388,351
Discount for Future Interest	40,076	47,464
Environmental Remediation Liability	162,385	161,628
Long-Term Debt Obligations	4,139,237	4,572,700
Total Liabilities	6,864,860	6,797,876
NET ASSETS		
Unrestricted:		
Undesignated	14,303,506	13,542,280
Board Designated	761,806	2,807,001
Total Unrestricted	15,065,312	16,349,281
Temporarily Restricted	14,198,272	13,838,872
Permanently Restricted	30,432,574	29,059,728
Total Net Assets	59,696,158	59,247,881
Total Liabilities and Net Assets	$ 66,561,018	$ 66,045,757

See accompanying Notes to Financial statements.

CORPORATION OF MARLBORO COLLEGE
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2015 AND 2014

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT				
Tuition and Fees	$ 9,056,981	$ -	$ -	$ 9,056,981
Less: Scholarships	(4,248,464)	-	-	(4,248,464)
Net Tuition and Fees	4,808,517	-	-	4,808,517
Federal Aid to Students	74,450	-	-	74,450
Public Support	112,551	-	-	112,551
Contributions	1,349,232	3,375,016	-	4,724,248
Interest Income from Cash and Cash Equivalents	7,327	-	-	7,327
Investment Income Available for Operations	-	2,114,102	-	2,114,102
Sales and Services of Auxiliary Enterprises	1,774,568	-	-	1,774,568
Rental Income	1,003,584	-	-	1,003,584
Loss on Sale of Land, Buildings and Equipment	(27,988)	-	-	(27,988)
Loss on Sale of Contributed Securities	10,942	(16,729)	-	(5,787)
Other Sources	127,893	-	-	127,893
Net Assets Released from Restrictions	4,377,847	(4,377,847)	-	-
Total Revenues, Gains and Other Support	13,618,923	1,094,542	-	14,713,465
OPERATING EXPENSES				
Instruction	5,357,965	-	-	5,357,965
Public Support	286,790	-	-	286,790
Academic Support	1,164,709	-	-	1,164,709
Student Services	2,506,868	-	-	2,506,868
Institutional Support	4,165,249	-	-	4,165,249
Auxiliary Enterprises	1,891,365	-	-	1,891,365
Total Operating Expenses	15,372,946	-	-	15,372,946
Change in Net Assets from Operations	(1,754,023)	1,094,542	-	(659,481)
NONOPERATING ACTIVITIES				
Contributions	-	438,945	1,061,896	1,500,841
Net Investment Income, Net of Spending Policy	-	(386,306)	-	(386,306)
Change in Value of Split-Interest Agreements	-	(6,777)	-	(6,777)
Net Assets Released from Restrictions	481,004	(481,004)	-	-
Reclassification of Net Assets	(10,950)	(300,000)	310,950	-
Total Nonoperating Activities	470,054	(735,142)	1,372,846	1,107,758
CHANGE IN NET ASSETS	(1,283,969)	359,400	1,372,846	448,277
Net Assets - Beginning of Year	16,349,281	13,838,872	29,059,728	59,247,881
NET ASSETS - END OF YEAR	$ 15,065,312	$ 14,198,272	$ 30,432,574	$ 59,696,158

See accompanying Notes to Financial statements.

CORPORATION OF MARLBORO COLLEGE
STATEMENTS OF ACTIVITIES (CONTINUED)
YEARS ENDED JUNE 30, 2015 AND 2014

	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT				
Tuition and Fees	$ 10,712,759	$ -	$ -	$ 10,712,759
Less: Scholarships	(4,432,416)	-	-	(4,432,416)
Net Tuition and Fees	6,280,343	-	-	6,280,343
Federal Aid to Students	74,450	-	-	74,450
Public Support	164,648	-	-	164,648
Contributions	1,161,647	2,141,959	-	3,303,606
Interest Income from Cash and Cash Equivalents	8,042	-	-	8,042
Investment Income Available for Operations	350,000	2,044,808	-	2,394,808
Sales and Services of Auxiliary Enterprises	1,998,800	-	-	1,998,800
Rental Income	967,304	-	-	967,304
Gain on Sale of Land, Buildings and Equipment	(112,917)	(4,382)	-	(117,299)
Other Sources	89,613	760	-	90,373
Net Assets Released form Restrictions	4,152,995	(4,152,995)	-	-
Total Revenues, Gains and Other Support	15,134,925	30,150	-	15,165,075
OPERATING EXPENSES				
Instruction	5,777,354	-	-	5,777,354
Public Support	346,613	-	-	346,613
Academic Support	1,147,654	-	-	1,147,654
Student Services	2,393,513	-	-	2,393,513
Institutional Support	4,088,605	-	-	4,088,605
Auxiliary Enterprises	1,962,017	-	-	1,962,017
Total Operating Expenses	15,715,756	-	-	15,715,756
Change in Net Assets from Operations	(580,831)	30,150	-	(550,681)
NONOPERATING ACTIVITIES				
Contributions	-	2,600,000	252,207	2,852,207
Net Investment Income, Net of Spending Policy	(50,000)	3,693,124	-	3,643,124
Change in Value of Split-Interest Agreements		200,924	-	200,924
Net Assets Released from Restrictions	58,918	(58,918)	-	-
Reclassification of Net Assets	(1,001)	-	1,001	-
Total Nonoperating Activities	7,917	6,435,130	253,208	6,696,255
CHANGE IN NET ASSETS	(572,914)	6,465,280	253,208	6,145,574
Net Assets - Beginning of Year	16,922,195	7,373,592	28,806,520	53,102,307
NET ASSETS - END OF YEAR	$ 16,349,281	$ 13,838,872	$ 29,059,728	$ 59,247,881

See accompanying Notes to Financial statements.

CORPORATION OF MARLBORO COLLEGE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 448,277	$ 6,145,574
Adjustment to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation	972,185	1,013,935
Loss on Sale of Land, Buildings and Equipment	27,988	117,299
Contributions Restricted for Long-Term Purposes	(1,500,841)	(2,852,207)
Net Realized and Unrealized Gain on Investments	(1,936,086)	(5,991,344)
Change in Value of Split-Interest Agreements	6,777	(200,924)
Discount - Future Interest	(7,388)	(171,873)
(Increase) Decrease in Current Assets:		
Accounts Receivable	58,783	158,800
Other Receivables	-	28,183
Inventories	(740)	(5,124)
Prepaid Expenses and Other Assets	(5,550)	11,887
Contributions Receivable	(116,466)	(533,989)
Grants Receivable	(50)	61,700
Increase (Decrease) in Current Liabilities:		
Accounts Payable	21,958	5,939
Accrued Expenses	365,216	38,359
Deposits	127,715	(94,716)
Environmental Remediation Liability	757	6,403
Deferred Revenue	(7,811)	(31,812)
Net Cash Used by Operating Activities	(1,545,276)	(2,293,910)
CASH FLOWS FROM INVESTING ACTIVITIES		
Change in Cash Restricted for Long-Term Purposes	(490,683)	(1,512,116)
Payments for the Acquisition of Land, Buildings and Equipment	(2,097,496)	(531,410)
Proceeds from Sales of Investments	9,413,986	10,514,160
Purchase of Investments	(6,461,911)	(7,377,291)
Net Cash Provided by Investing Activities	363,896	1,093,343
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Long-Term Debt	(433,463)	(430,081)
Proceeds from Redemption of Split-Interest Agreement	6,288	42,570
Contributions Received Restricted for Long-Term Purposes	1,500,841	2,852,207
Net Cash Provided by Financing Activities	1,073,666	2,464,696
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(107,714)	1,264,129
Cash and Cash Equivalents - Beginning of Year	5,368,627	4,104,498
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 5,260,913	$ 5,368,627
SUPPLEMENTAL DISCLOSURES		
Cash Paid for Interest	$ 155,692	$ 168,978

See accompanying Notes to Financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Corporation of Marlboro College (the College), a nonprofit corporation, was incorporated in 1947 for the purpose of providing liberal arts education to college students. Since that time, the College has expanded its operation and mission to include graduate programs in internet arts and sciences, community service, and economic development.

In order to fully support the College's strategic enrollment and retention plan that commenced with the 2013-14 academic year, the President and Board of Trustees have made a deliberate decision to make necessary investments in financial aid, programs and physical plant infrastructure. As a result, and in order to build enrollment, the College began to direct operating funds and investment assets toward improving the institutional enterprise, resulting in deficits. The institution completed its self-study for the ten year accreditation process by the New England Association of Schools and Colleges (NEASC) in advance of a visit by a NEASC team in December 2014. NEASC issued an acceptance of Marlboro's report in March 2015. The report identified that the College has utilized accumulated surpluses in each of the past two years to offset the impact of decreasing enrollment and tuition revenue. The College continues to track its enrollment targets, and the effect of strategic spending on enrollment statistics.

Basis of Presentation

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

Unrestricted – Those resources over which the Board of Trustees has discretionary control. The Board designated amounts represent those amounts which the Board has set aside for a particular purpose.

Temporarily Restricted – Those resources subject to donor imposed restrictions which will be satisfied by actions of the College or passage of time.

Permanently Restricted – Those resources subject to a donor imposed restriction that they be maintained permanently by the College. The donors of these resources permit the College to use all or part of the income earned, including capital appreciation, or related investments for unrestricted or temporarily restricted purposes.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor imposed restrictions or by law. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or law. Expirations of temporary restrictions on net assets, that is, situations in which the donor imposed stipulated purpose has been accomplished and/or the stipulated time period has elapsed, are reported as net assets released from restrictions.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Contributions subject to donor imposed stipulations that are met in the same reporting period are reported as increases in temporarily restricted net assets and as net assets released from restrictions. Promises to give that are scheduled to be received after the statement of financial position date are shown as increases in temporarily restricted net assets and are released to unrestricted net assets when the purpose or time restrictions are met. Promises to give subject to donor imposed stipulations that the corpus be maintained permanently are recognized as increases in permanently restricted net assets. Conditional promises to give are not recognized until they become unconditional, that is, 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 received. Contributions to be received after one year are discounted at the appropriate rate commensurate with the risk involved. Amortization of the discount is recorded as additional contributions revenue in accordance with the donor imposed restrictions, if any, on the contributions. Contributions of works or art, historical treasures, and similar assets held as part of a collection for education, research, or public exhibition purposes rather than for sale or financial gain are capitalized.

During the years ended June 30, 2015 and 2014, the College received 45% and 54% of its contributions from one donor, respectively. The College reports contributions of land, buildings, or equipment as unrestricted support, unless the donor places restrictions on their use. Contributions of cash or other assets that must be used to acquire long-lived assets are reported as unrestricted support, provided the long-lived assets are placed in service in the same reporting period; otherwise, the contributions are reported as temporarily restricted support and reclassified to unrestricted net assets when the assets are acquired and placed in service.

Dividends, interest, and net gains (losses) on investments of endowments and similar funds are reported as follows:

- as increases (decreases) in temporarily restricted net assets if the terms of the gift or applicable law impose restrictions on the current use of the income or net gains; and
- as increases (decreases) in unrestricted net assets in all other cases.

Operating revenues, gains, and other support include interest and dividend income, realized and unrealized gains and losses earned during the fiscal year and, in certain instances, accumulated realized and unrealized gains from previous years, to meet the College's total return spending policy.

Changes in net assets which are excluded from operating income include investment income (loss) greater (less) than amounts distributed pursuant to the College's spending policy, changes in value of split-interest agreements, contributions which are permanently restricted by the donor or which are donor restricted to be used for the purposes of acquiring long-term assets, and the release thereof when the College has complied with the donor restrictions.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The College considers all highly liquid investments purchased with an original maturity date of three months or less to be cash equivalents. The College maintains its cash in bank deposit accounts that, at times, may exceed federally insured limits. The College has not experienced any losses in such accounts. The College believes it is not exposed to any significant risk on cash and cash equivalents.

Cash Restricted for Long-Term Purposes

The College includes permanently restricted contributions received that have not been invested in investments or investment in limited partnerships in cash restricted for long-term purposes.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. The College provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after the College has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Recoveries of receivables previously written off are recorded when received. All accounts receivable are unsecured.

A receivable is considered to be past due if the receivable balance is outstanding for over 120 days. No interest is charged on past due receivables.

Inventories

Inventories, which consist primarily of fuel inventory and bookstore inventory, are carried at the lower of cost (average cost) or market. Cost is determined by the first in, first out method.

Investments

Investments and investments in limited partnerships are carried at fair value. Fair values are based on quoted market prices, if available, or estimated using quoted market prices for similar securities. Fair value for investments in limited partnerships for which there is no readily determinable fair market value is determined by the limited partnership's investment fund management in accordance with the limited partnership agreement.

Split-Interest Agreements

The College's split-interest agreements with donors consist of pooled life-income funds. Changes in the value of split-interest agreements are recorded as change in value of split-interest agreements in the statements of activities.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Land, Buildings, and Equipment

Land, buildings, and equipment are stated at construction or acquisition cost except gifts in-kind, which are recorded at their estimated fair value at the date of the gift. The costs of repairs and maintenance are charged to expense as incurred; major renewals and betterments are capitalized in accordance with the college's capitalization police. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets, as disclosed in Note 11.

When plant and equipment are retired or disposed of, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is included in the statement of activities at the date of disposition.

Accrued Sabbatical Leave

The College accrues the cost of the employees' unrestricted sabbatical leave over the employees' requisite service period. The unrestricted sabbatical leave liability accrued as of June 30, 2015 and 2014 was $432,821 and $309,987, respectively.

Deposits and Deferred Revenue

The College receives payments for certain summer programs and fall registration fees prior to June 30 of each year. In order to properly match revenues and expenditures, such payments are credited to student deposits at June 30. The revenue will be recognized in the fiscal year when the programs are conducted.

Tax Status

The College is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (Code) and is generally exempt from income taxes on related income pursuant to Section 501(a) of the Code.

The College has adopted a policy that clarified the accounting for uncertainty in income taxes recognized in an organization's financial statements. The policy prescribes a recognition threshold and measurement principles for the financial statement recognition and measurement of tax positions taken or expected to be taken on a tax return that are not certain to be realized. The implementation of this policy had no material impact on the College's financial statements. The College files as a tax exempt organization. The College's 2012 through 2014 tax years are open for examination by the IRS.

Use of Estimates

The presentation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. These costs include direct and indirect costs that have been allocated, on a consistent basis, among the program and supporting services benefited. All functional expense categories, with exception of institutional support, can be classified as expenses supporting the College's main program. Institutional support expenses are considered administrative expenses and include fundraising expenses (Note 16).

Risks and Uncertainties

Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is reasonably possible that changes in value in the near term would materially affect the amounts reported in the statement of financial position.

Reclassifications

Certain reclassifications have been made to the June 30, 2014 financial statements in order to present them in conformity with the June 30, 2015 financial statements. These reclassifications had no effect on net assets as previously reported.

Subsequent Events

In preparing these financial statements, the College has evaluated events and transactions for potential recognition or disclosure through October 30, 2015, the date the financial statements were issued.

NOTE 2 TEMPORARILY RESTRICTED NET ASSETS

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

	2015	2014
Purpose Restrictions:		
Instruction	$ 1,237,476	$ 1,764,711
Student Aid	6,865,670	7,318,721
Building and Equipment	3,586,829	2,976,217
Other Purpose Restrictions	1,267,505	690,623
Total Purpose Restrictions	12,957,480	12,750,272
Time Restrictions:		
Life Income Fund	498,894	463,168
Contributions Receivable, Net	741,898	625,432
Total Time Restrictions	1,240,792	1,088,600
Total Temporarily Restricted Net Assets	$ 14,198,272	$ 13,838,872

NOTE 3 PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets at June 30 have the following income restrictions:

	2015	2014
Instruction	$ 14,474,747	$ 13,823,633
Student Aid	6,992,166	6,623,784
Other	1,424,991	1,071,641
Any Activities of the College	7,540,670	7,540,670
Total Permanently Restricted Net Assets	$ 30,432,574	$ 29,059,728

NOTE 4 NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from temporary donor restrictions by incurring expenditures satisfying the restricted purposes or by occurrence of events specified by the donors are as follows for the years ended June 30:

	2015	2014
Operating Purpose Restrictions:		
Instruction	$ 704,608	$ 525,823
Student Aid	152,052	118,993
Other	3,096,187	3,036,292
Subtotal	3,952,847	3,681,108
Time Restrictions	425,000	471,887
Total Temporarily Restricted Net Assets	$ 4,377,847	$ 4,152,995
Nonoperating Purpose Restriction - Plant	$ 481,004	$ 58,918

NOTE 5 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following as of June 30:

	2015	2014
Unrestricted	$ 634,883	$ 1,339,393
Temporarily Restricted	4,626,030	4,029,234
Total	$ 5,260,913	$ 5,368,627

NOTE 6 CONTRIBUTIONS RECEIVABLE

Contributions receivable contain unrestricted and restricted amounts. Restrictions in place are primarily for endowment, building construction, and annual fund pledges. Total contributes receivable consist of the following at June 30:

	2015	2014
Unconditional Promises Expected to be Collected in:		
Less than One Year	$ 540,267	$ 333,869
One Year to Five Years	210,000	295,000
Total	750,267	628,869
Less: Discount to Present Value at 6.0%	(8,369)	(3,437)
Total	$ 741,898	$ 625,432

NOTE 7 ACCOUNTS RECEIVABLE

The following summarizes the aging of past due student accounts receivable for the years ended June 30:

	2015	2014
120 Days Past Due	$ 102,719	$ 128,403
Total Past Due	$ 102,719	$ 128,403

The following summarizes the sources of changes to the allowance for doubtful accounts on the student accounts receivable for the years ended June 30:

	2015	2014
Allowance for Doubtful Accounts, Beginning	$ 69,882	$ 44,735
Bad Debt Collections (Writeoffs)	(24,007)	7,147
Bad Debt Expense	18,000	18,000
Allowance for Doubtful Accounts, Ending	$ 63,875	$ 69,882

NOTE 8 INVESTMENTS

The College’s investments, at fair value, are summarized as follows at June 30:

	2015	2014
Short-Term Investments	$ 808,303	$ 520,357
Common and Preferred Stocks	3,871,502	5,670,827
Mutual Funds	152,570	2,186,259
U.S. Government and Corporate Bonds	52,125	693,589
Total	$ 4,884,500	$ 9,071,032

NOTE 8 INVESTMENTS (CONTINUED)

Investment income (loss) from investments, consists of the following for the years ended June 30

	2015	2014
Interest and Dividends	$ 70,221	$ 77,849
Unrealized and Realized Gains	103,771	591,027
Less: Investment Management Fees	(30,957)	(69,343)
Net Investment Gains	$ 143,035	$ 599,533

NOTE 9 INVESTMENT IN LIMITED PARTNERSHIPS

The investment in limited partnerships is carried at the College's proportional share of the fair value of the net asset value of the limited partnerships. The balance in the investment in limited partnerships at June 30, 2015 and 2014 was $32,008,767 and $28,838,224 respectively. Investment income (loss) from investment in limited partnerships for the years ended June 30 consists of the following:

	2015	2014
Interest and Dividends	$ 260,187	$ 235,819
Unrealized and Realized Gains	1,832,315	5,700,317
Less: Investment Management Fees	(508,067)	(497,737)
Total	$ 1,584,435	$ 5,438,399

Under the College's limited partnership agreements, the College had a total capital commitment outstanding of approximately $6,724,000 at June 30, 2015. Cash restricted for long-term purposes within the endowment will be used to fund this capital commitment.

NOTE 10 INTEREST IN SPLIT-INTEREST AGREEMENTS

For split-interest agreements where the College holds the assets, the liability to income beneficiaries is discounted based on the donors' life expectancy at the end of each fiscal year using a discount rate commensurate with the risk involved at the date of the initial gifts. The discount is included in discount for future interest in the statements of financial position.

	2015	2014
Temporarily Restricted Primarily for General Operations		
Pooled Life-Income Funds:		
Short-Term Investments	$ 35,344	$ 9,023
Common Stocks	242,026	299,273
Corporate Bonds	-	-
U.S. Government Bonds	221,524	203,663
Total Interest in Split-Interest Agreements	$ 498,894	$ 511,959

NOTE 11 LAND, BUILDINGS, AND EQUIPMENT

The following is a summary of the College's land, buildings, and equipment at June 30:

	Estimated Useful Lives	2015	2014
Land and Other Nondepreciable Assets	-	$ 1,373,289	$ 1,359,675
Artwork	-	330,927	330,927
Campus Grounds	15-40 Years	3,707,442	3,672,569
Buildings and Building Improvements	15-40 Years	24,436,185	23,382,379
Furniture, Fixtures, and Equipment	3-10 years	3,666,460	3,682,117
Library Books	7 years	674,085	633,035
Vehicles	5 years	516,593	517,655
Construction in Progress	-	886,595	108,780
Total		35,591,576	33,687,137
Less: Accumulated Depreciation		(15,264,328)	(14,457,212)
Net Land, Buildings, and Equipment		$ 20,327,248	$ 19,229,925

Depreciation expense charged to operations was $972,185 and $1,013,935 for the years ended June 30, 2015 and 2014, respectively.

NOTE 12 LONG-TERM DEBT OBLIGATIONS

The following is a summary of the College's long-term debt obligations at June 30:

Description	2015	2014
$4,650,000 Vermont Educational and Health Buildings Financing Agency Revenue Bond, Series 1999 A. Interest and principal payable in monthly installments commencing in April 2004 at varying amounts, with interest rates to be adjusted every five years (2.787% at June 30, 2014), with a final payment due March 1, 2019; collateralized by a general revenue pledge.	$ 1,560,000	$ 1,920,000
$3,000,000 U.S. Department of Agriculture Rural Development (RD) Mortgage. Interest due annually on January 11, 2008 and 2009 first two years only. Principal and interest at an annual rate of 4.125% due monthly commencing February 11, 2009 on a 30 year amortization schedule; collateralized by the mortgaged property located in Brattleboro, Vermont as well as the tangible personal property and fixtures of the College.	2,579,237	2,652,700
Total	$ 4,139,237	$ 4,572,700

NOTE 12 LONG-TERM DEBT OBLIGATIONS (CONTINUED)

Schedule maturities of long-term debt outstanding are as follows:

Year Ending June 30,	Amount
2016	$ 436,098
2017	454,295
2018	517,628
2019	476,102
2020	89,724
Thereafter	2,165,390
Total	$ 4,139,237

Under the terms of the Revenue Bond agreement, the College is required to maintain ratios as determined in accordance with Section 498 of the Higher Education Act and to maintain a value of investments equal to at least $20,000 per enrolled full time undergraduate student. Insurance coverage over general liability, fire and other natural disasters, and boiler insurance must be maintained throughout the term of the College's indebtedness. Audited financial statements in accordance with accounting principles as generally accepted in the United States must be submitted no later than 150 days after the fiscal year-end under audit. The College is required to have independent counsel render an opinion on each fifth anniversary date after issuance of the bond to the effect that all financial statements and continuation statements have been recorded or filed.

The College is required to maintain a reserve account in conjunction with the RD mortgage, which shall be used for repairs or replacements for any damages that are not covered by insurance, improvements to the facility that have been approved by the RD, or to fund any short falls in the debt service account when the principal and interest is due. The College shall transfer $1,509 per month until there is an accumulated sum of $181,080, after which no further transfers need to be made except to replace withdrawals. At June 30, 2015, the balance in this reserve account was approximately $137,000, which is included in cash and cash equivalents in the statement of financial position. Insurance coverage over fire, public liability, vehicular public liability, workers' compensation, medical malpractice and builder's risk insurance must be maintained throughout the term of the mortgage. At June 30, 2015, management believes that the College is in compliance with all covenant requirements.

Interest Expense

Interest expense was $155,692 and $168,978 for the years ended June 30, 2015 and 2014, respectively.

Line of Credit

The College has a line of credit from a bank in the amount of $2,000,000. This line of credit is available on a revolving basis during certain times of the year, and is payable on demand. Borrowings under this line of credit bear interest at the bank's base rate (3.25% at June 30, 2015 and 2014). At June 30, 2015 and 2014, there were no amounts outstanding under the line of credit agreement.

NOTE 13 FAIR VALUE OF FINANCIAL INSTRUMENTS

In accordance with the requirements of Financial Accounting Standards Board *Accounting Standards Codification* (FASB ASC) 825-10-50, *Disclosure About the Fair Value of Financial Instruments,* the estimated fair values of the College's financial instruments as of June 30, 2015 and 2014 have been determined by using, where practicable, appropriate valuation methodologies.

The fair value of cash and cash equivalents approximates its carrying value using a level 1 approach. The fair value of long-term debt is estimated based on current rates offered to the College for debt of similar terms and maturities which is a level 3 approach. Under this method, the College’s fair value of long-term debt was approximates its carrying value at June 30, 2015.

NOTE 14 FACULTY TERMINATION AGREEMENT

In June 1990, the College entered into an agreement with its existing faculty whereby each faculty member would be paid an additional two months' salary at the then existing salary rate upon termination of employment with the College. Included in accrued expenses at June 30, 2015 and 2014 was $54,919 and $55,544, respectively, related to this agreement.

NOTE 15 RETIREMENT PLAN

The College participates in retirement plans administered by the Teachers Insurance Annuity Association of America (TIAA) and College Retirement Equities Fund (CREF). Substantially all full-time employees are eligible to participate in the plans. The College and eligible employees each contribute a minimum of 1% up to 5% of regular salary, as defined, and employees may make additional voluntary contributions in excess of the mandatory contribution of 5%. The College's contribution to retirement plans for the years ended June 30, 2015 and 2014 was $226,112 and $226,754, respectively.

The College adopted a defined contribution retiree healthcare plan effective July 1, 2007. This plan is administered by Emeriti, Aetna, and Fidelity. All employees who have attained the age of 40 and have completed one year of service are eligible. The College contributes $20.65 monthly to those eligible during their employment, as defined, and employees may make additional voluntary contributions. The College's contributions to the retiree healthcare plan for the years ended June 30, 2015 and 2014 were $18,419 and $17,967,respectively.

NOTE 16 FUNDRAISING EXPENSES

Fundraising costs for each of the years ended June 30, 2015 and 2014 were approximately $300,000, and are included in institutional support expense.

NOTE 17 ENDOWMENT

The College's endowment consists of 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. As required by U.S. generally accepted accounting principles (GAAP), 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.

Interpretation of Relevant Law

The College has interpreted the State of Vermont Prudent Management of Institutional Funds Act (the Act), which became effective May 5, 2009, as requiring the preservation of the contributed value of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the College classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment, and (3) 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. If the donor-restricted endowment assets earn investment returns beyond these amounts that excess is available for appropriation and, therefore, classified as temporarily restricted net assets until appropriated by the Board for expenditure. Funds designated by the board of trustees to function as endowments are classified as unrestricted net assets.

In accordance with the Act, the College considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the organization 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 organization
7. The investment policies of the organization

Endowment Composition and Changes in Endowment

The endowment net asset composition by type of fund as of June 30 is as follows:

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor Restricted Endowment Funds	$ -	$ 8,038,521	$ 30,431,509	$ 38,470,030
Board Designated Endowment Funds	761,806	-	-	761,806
Total	$ 761,806	$ 8,038,521	$ 30,431,509	$ 39,231,836

	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor Restricted Endowment Funds	$ -	$ 8,555,056	$ 29,058,727	$ 37,613,783
Board Designated Endowment Funds	2,807,001	-	-	2,807,001
Total	$ 2,807,001	$ 8,555,056	$ 29,058,727	$ 40,420,784

NOTE 17 ENDOWMENT (CONTINUED)

The changes in endowment net assets for the fiscal year ended June 30 are as follows:

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, June 30, 2014	$ 2,807,001	$ 8,555,056	$ 29,058,727	$ 40,420,784
Investment Gain:				
Investment Income	-	329,873	-	329,873
Net Appreciation	-	1,397,609	-	1,397,609
Total Investment Gain	-	1,727,482	-	1,727,482
Contributions	-	300,000	1,072,782	1,372,782
Net Asset Transfers	-	(300,000)	300,000	-
Appropriation of Endowment Assets for Expenditures	(2,045,195)	(2,244,016)	-	(4,289,211)
Endowment Net Assets, June 30, 2015	$ 761,806	$ 8,038,521	$ 30,431,509	$ 39,231,836

	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, June 30, 2013	$ 2,938,169	$ 6,989,462	$ 28,806,520	$ 38,734,151
Investment Gain:				
Investment Income	-	206,942	-	206,942
Net Appreciation	300,000	3,150,610	-	3,450,610
Total Investment Gain	300,000	3,357,552	-	3,657,552
Contributions	-	252,850	252,207	505,057
Net Asset Transfers	-	-	-	-
Appropriation of Endowment Assets for Expenditures	(431,168)	(2,044,808)	-	(2,475,976)
Endowment Net Assets, June 30, 2014	$ 2,807,001	$ 8,555,056	$ 29,058,727	$ 40,420,784

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the Act requires the College to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were $-0- as of June 30, 2015 and 2014.

Return Objectives and Risk Parameters

The College has adopted investment and spending policies for endowment assets that attempt to provide a sustainable and consistent level of support for the College's operating budget, while preserving the inflation adjusted purchasing power of the principal of the endowment fund. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed or meet designated benchmarks while incurring a reasonable and prudent level of investment risk.

NOTE 17 ENDOWMENT (CONTINUED)

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.

Spending Policy

The College has a policy of appropriating for distribution each year 5.0% of its endowment fund's average fair value over the prior 12 quarters through the calendar year-end proceeding the fiscal year in which the distribution is planned. For the fiscal year ended June 30, 2015, the board approved appropriations of 5.75%. In establishing this policy, the College considered the long-term expected return on its endowment. This is consistent with the College's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

NOTE 18 LEASES

The College is the lessor of office space in an office building located in Brattleboro, Vermont, expiring in various years through 2016.

Minimum future rentals to be received on noncancelable leases as of June 30, 2015, for each of the next five years are as follows:

Year Ending June 30,	Amount
2016	$ 506,996
2017	430,781
2018	398,915
2019	399,589
2020	255,960
Thereafter	193,515
Total	$ 2,185,755

Rental income from these leases was $671,408 and $634,903 for the years ended June 30, 2015 and 2014, respectively.

NOTE 19 FAIR VALUE MEASUREMENTS

FASB ASC 820, *Fair Value Measurements and Disclosures,* defines fair value, establishes a framework for measuring fair value in accordance with accounting principles generally accepted in the United States of America, and expands disclosures about fair value measurements.

FASB ASC 820-10-20 defines fair value as the exchange price that would be received for an asset or 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 on the measurement date. FASB ASC 820-10-20 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices (unadjusted) or identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2 - Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data.

Level 3 - Significant unobservable inputs that reflect the College's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Assets measured at fair value on a recurring basis are summarized below at June 30:

	2015			
	Total	Level 1	Level 2	Level 3
Investments				
Short-term Investments	$ 808,303	$ 808,303	$ -	$ -
Common and Preferred Stocks	3,871,502	3,871,502	-	-
Mutual Funds	152,570	152,570	-	-
U.S. Government and Corporate Bonds	52,125	52,125	-	-
Total Investments	4,884,500	4,884,500	-	-
Investment in Limited Partnerships	32,008,767	-	18,035,124	13,973,643
Interest in Split-Interest Agreements				
Short-term Investments	35,344	35,344	-	-
Common Stocks	242,026	242,026	-	-
U.S. Government and Corporate Bonds	221,524	221,524	-	-
Total Interest in Split-Interest Agreements	$ 498,894	$ 498,894	$ -	$ -

	2014			
	Total	Level 1	Level 2	Level 3
Investments				
Short-term Investments	$ 520,357	$ 520,357	$ -	$ -
Common and Preferred Stocks	5,670,827	5,670,827	-	-
Mutual Funds	2,186,259	2,186,259	-	-
U.S. Government and Corporate Bonds	693,589	693,589	-	-
Total Investments	9,071,032	9,071,032	-	-
Investment in Limited Partnerships	28,838,224	-	15,198,980	13,639,244
Interest in Split-Interest Agreements				
Short-term Investments	9,023	9,023	-	-
Common Stocks	299,273	299,273	-	-
U.S. Government and Corporate Bonds	203,663	203,663	-	-
Total Interest in Split-Interest Agreements	$ 511,959	$ 511,959	$ -	$ -

NOTE 19 FAIR VALUE MEASUREMENTS (CONTINUED)

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in certain instances, there are no quoted market prices for the College's various financial instruments included in Level 2 and Level 3. The fair value for Level 2 investment in limited partnerships is primarily based on market prices of comparable securities, interest rates, prepayment speeds, and credit risk.

The fair value for Level 3 investment in limited partnerships is based on the net asset value determined by the general partners as there is typically little, if any, market activity for the underlying investment. The fair value of certain debt securities held by these partnerships is based upon bids received from primary pricing sources. The fair value for certain derivative contracts held by these partnerships is based upon non-conventional models incorporating various cash flow assumptions.

Changes in fair value of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) are comprised of the following for the years ended June 30, 2015 and 2014:

	Investment in Limited Partnerships
Beginning Balance at July 1, 2013	$ 13,305,018
Realized & Unrealized Investment Gains	2,109,850
Purchases of Investments	3,019,285
Proceeds from Sale of Investments	(4,794,909)
Ending Balance at June 30, 2014	13,639,244
Realized & Unrealized Investment Gains	854,982
Purchases of Investments	2,463,021
Proceeds from Sale of Investments	(2,983,604)
Ending Balance at June 30, 2015	$ 13,973,643

NOTE 19 FAIR VALUE MEASUREMENTS (CONTINUED)

The College values certain investment holdings at fair value using their net asset value and has the ability to redeem its investment with the investee at net asset value per share (or its equivalent) at the measurement date.

Fair Value Measurements of Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent) as of June 30, 2015:

	Net Asset Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Limited Partnerships				
Redemption Frequency:				
Multi-Strategy Hedge Funds	$ 1,634,496	$ -	Monthly	60 Days
Private Equity Funds	1,795,190	-	Monthly	180 Days
Multi-Strategy Hedge Fund of Funds	8,593,393	-	Quarterly	90 Days
Multi-Strategy Hedge Funds	193,615	-	Annual	90 Days
Private Equity Funds	1,567,623	-	Annual	120 Days
	$ 13,784,317	$ -		

NOTE 20 ENVIRONMENTAL REMEDIATION LIABILITY

During the fiscal year ending June 30, 2011 the College recognized its legal obligation to remove asbestos from its premises. As a result the Organization has reflected an undiscounted estimated liability of $162,385 and $161,628 for the cost of removing the asbestos as of June 30, 2015 and 2014, respectively. It is reasonably possible that the amount of the estimated liability could change in the near term. The date of removal is undetermined as of June 30, 2015.