



NEW YORK MEDICAL COLLEGE

Financial Statements

June 30, 2017 and 2016

(With Independent Auditors' Report Thereon)



KPMG LLP
345 Park Avenue
New York, NY 10154-0102

Independent Auditors' Report

The Board of Trustees
New York Medical College:

We have audited the accompanying financial statements of New York Medical College, which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New York Medical College as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.

KPMG LLP

October 31, 2017

NEW YORK MEDICAL COLLEGE

Statements of Financial Position

June 30, 2017 and 2016

(Dollars in thousands)

Assets	2017	2016
Cash and cash equivalents	\$ 11,355	9,637
Receivables (note 3):		
Student tuition and fees, net	449	633
Student loans, net	9,609	10,292
Other, net	14,296	18,264
Investments (notes 4 and 11)	73,493	70,723
Deposits with bond trustee (notes 5 and 8)	18,642	24,248
Property and equipment, net (note 9)	177,715	175,666
Intangible and other assets, net (note 10)	11,776	11,598
Beneficial interest in perpetual trusts (notes 2(j) and 5)	12,081	11,007
Total assets	\$ <u>329,416</u>	<u>332,068</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 15,442	16,459
Accrued payroll and related benefits payable (note 14)	11,458	12,332
Deferred revenue	14,322	12,420
Short-term debt (note 11)	19,500	20,750
Long-term debt (note 12)	81,531	83,217
Refundable federal student loans	8,160	9,716
Other liabilities	2,442	2,813
Total liabilities	<u>152,855</u>	<u>157,707</u>
Contingencies and commitments (notes 11, 12, 13, 14, and 16)		
Net assets (notes 6 and 7):		
Unrestricted	116,390	118,114
Temporarily restricted	20,711	19,024
Permanently restricted	39,460	37,223
Total net assets	<u>176,561</u>	<u>174,361</u>
Total liabilities and net assets	\$ <u>329,416</u>	<u>332,068</u>

See accompanying notes to financial statements.

NEW YORK MEDICAL COLLEGE

Statements of Activities

Years ended June 30, 2017 and 2016

(Dollars in thousands)

	2017				2016			
	Unrestricted	Temporarily restricted	Permanently restricted	Total	Unrestricted	Temporarily restricted	Permanently restricted	Total
Changes in operating activities:								
Operating revenue:								
Tuition and fees	\$ 60,141	—	—	60,141	58,327	—	—	58,327
Less scholarships and grants	(4,471)	—	—	(4,471)	(3,447)	—	—	(3,447)
Net tuition and fees	55,670	—	—	55,670	54,880	—	—	54,880
Affiliation contracts and faculty practice	27,200	—	—	27,200	31,142	—	—	31,142
Government grants for research and sponsored projects	20,271	—	—	20,271	18,276	—	—	18,276
Contributions and private grants	2,646	350	1,082	4,078	2,547	365	489	3,401
Investment return (note 4)	3,131	—	—	3,131	4,060	—	—	4,060
Auxiliary enterprises	4,918	—	—	4,918	5,023	—	—	5,023
Other	6,367	—	101	6,468	5,531	—	81	5,612
Total operating revenue	120,203	350	1,183	121,736	121,459	365	570	122,394
Operating expenses (note 15):								
Instruction and research	52,478	—	—	52,478	52,324	—	—	52,324
Academic support	8,968	—	—	8,968	9,601	—	—	9,601
Affiliation contracts and faculty practice	25,435	—	—	25,435	29,192	—	—	29,192
Student services	8,894	—	—	8,894	7,873	—	—	7,873
Institutional support	25,092	—	—	25,092	25,975	—	—	25,975
Auxiliary enterprises	2,540	—	—	2,540	3,034	—	—	3,034
Total operating expenses	123,407	—	—	123,407	127,999	—	—	127,999
Change in net assets from operating activities	(3,204)	350	1,183	(1,671)	(6,540)	365	570	(5,605)
Nonoperating activities:								
Investment return in excess of (less than) amount appropriated for operations (note 4)	2,137	1,337	(20)	3,454	(3,170)	(2,282)	13	(5,439)
Postretirement-related changes other than net periodic benefit cost (note 14)	(457)	—	—	(457)	(1,521)	—	—	(1,521)
Change in fair value of beneficial interest in perpetual trust (note 5)	—	—	1,074	1,074	—	—	(1,115)	(1,115)
Other	(200)	—	—	(200)	(1,202)	—	702	(500)
Total nonoperating activities	1,480	1,337	1,054	3,871	(5,893)	(2,282)	(400)	(8,575)
Change in net assets	(1,724)	1,687	2,237	2,200	(12,433)	(1,917)	170	(14,180)
Net assets at beginning of year	118,114	19,024	37,223	174,361	130,547	20,941	37,053	188,541
Net assets at end of year	\$ 116,390	20,711	39,460	176,561	118,114	19,024	37,223	174,361

See accompanying notes to financial statements.

NEW YORK MEDICAL COLLEGE

Statements of Cash Flows

Years ended June 30, 2017 and 2016

(Dollars in thousands)

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Change in net assets	\$ 2,200	(14,180)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	9,215	8,767
Amortization of bond premium, net	(90)	(90)
Provision for doubtful receivables	199	960
Postretirement-related changes other than net periodic benefit cost	457	1,521
Amortization of deferred financing costs	108	108
Accretion of imputed interest	124	154
Net change in fair value of investments	(5,460)	1,608
Permanently restricted contributions	(1,082)	(489)
Contributions restricted for capital purposes	(768)	(399)
(Appreciation) depreciation in fair value of beneficial interest in perpetual trusts	(1,074)	1,115
Changes in operating assets and liabilities:		
Student tuition and fees, net	115	(486)
Other receivables	3,968	(6,746)
Other assets	(178)	279
Accounts payable and accrued expenses	(1,017)	4,678
Accrued payroll and related benefits payable	(1,331)	512
Deferred revenue	1,902	6,843
Other liabilities, net	(371)	97
Other	—	(14)
Net provided by operating activities	<u>6,917</u>	<u>4,238</u>
Cash flows from investing activities:		
Purchases of property and equipment	(11,630)	(10,352)
Disbursement of student loans	(1,687)	(1,980)
Collection of student loans	2,628	3,049
Sales of investments	76,301	30,857
Purchases of investments	<u>(73,611)</u>	<u>(22,359)</u>
Net cash used in investing activities	<u>(7,999)</u>	<u>(785)</u>
Cash flows from financing activities:		
Short-term debt, net	(1,250)	(450)
Proceeds from long-term debt	773	—
Decrease in deposits with bond trustee	5,606	7,566
Repayment of long-term debt	(2,601)	(2,488)
Repayment refundable federal student loans	(1,578)	69
Permanently restricted contributions	1,082	489
Contributions restricted for capital purposes	<u>768</u>	<u>399</u>
Net cash provided by financing activities	<u>2,800</u>	<u>5,585</u>
Net increase in cash and cash equivalents	1,718	9,038
Cash and cash equivalents, beginning of year	<u>9,637</u>	<u>599</u>
Cash and cash equivalents, end of year	\$ <u>11,355</u>	\$ <u>9,637</u>
Supplemental disclosures:		
Interest paid	\$ 4,466	4,467

See accompanying notes to financial statements.

NEW YORK MEDICAL COLLEGE

Notes to Financial Statements

June 30, 2017 and 2016

(Dollars in thousands)

(1) Description of Organization

New York Medical College (the College), a member of the Touro College and University System, is a health sciences university whose enrollment approximates 1,400 students. The College is committed to educating individuals for careers in the medical, science, and health professions. The College is a not-for-profit organization exempt from federal income taxes on related income under Section 501(c)(3) of the Internal Revenue Code.

The College is a membership, not-for-profit corporation in the State of New York. On May 13, 2011, NYMC, LLC, a wholly controlled subsidiary of Touro College (Touro), a New York-based institution of higher and professional education, acquired 100% of the membership interest in the College from the then current members, and thereby, the right to exercise the reserved powers and authority as the sole member of the College.

There are three schools within the College – a School of Medicine, conferring the MD degree; and two graduate schools, the Graduate School of Basic Medical Sciences and the School of Health Sciences and Practice, which offer Master of Science (MS), Master of Public Health (MPH), and doctoral (PhD, Dr. PH, DPT) degrees in 26 program areas and 9 certification programs.

The College is the only academic biomedical research institution in the Hudson Valley region. Nearly 230 scientists at the College conduct research ranging from fundamental investigations in molecular biology to investigations of potential new drugs used in the treatment of patients. Support for the College's research programs, from both government and private sources, is significant.

The College's healthcare network extends south into New York City and its metropolitan area, north into Westchester County and the mid-Hudson Valley in New York State, east into Connecticut, and west into New Jersey. Educational resources are provided to the College by 18 affiliated facilities that include large urban medical centers, small suburban hospitals, and technologically advanced, regional tertiary care facilities. This network enables the College to offer its medical students diverse patient care experiences. The College has a national reputation for a strong educational program in primary care. The College has a contractual relationship with Westchester Medical Center (WMC), an academic medical center in Valhalla, New York, responsible for advancing the quality of the nation's health through its teaching and research activities. The College has other affiliation contracts with other healthcare organizations to provide physician services under these arrangements.

(2) Summary of Significant Accounting Policies

(a) Financial Statement Presentation

The accompanying financial statements of the College have been prepared on the accrual basis of accounting in accordance with standards established by the Financial Accounting Standards Board for external financial reporting by not-for-profit organizations. Those standards require the classification of activities and net assets into one of three classes as follows:

- Unrestricted: Net assets that are not subject to donor-imposed restrictions.
- Temporarily restricted: Net assets subject to donor-imposed restrictions that will be met by either actions of the College or the passage of time.

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June 30, 2017 and 2016

(Dollars in thousands)

- Permanently restricted: Net assets subject to donor-imposed restrictions that stipulate that they be maintained permanently by the College, but permit the College to expend all or part of the income derived therefrom.

Revenue and gains and losses on investments and other assets are reported as increases or decreases in unrestricted net assets unless their use is limited by explicit donor-imposed restrictions or by law. Expenses are reported as decreases in unrestricted net assets. Contributions and investment return subject to donor-imposed restrictions that are met in the same reporting period as received are reported as unrestricted revenue. Expiration of temporary restrictions on prior year net asset balances is reported as net assets released from restrictions.

(b) Cash and Cash Equivalents

The College considers all highly liquid debt instruments with original maturities of three months or less to be cash and cash equivalents, except those cash and cash equivalents that are held for investment as part of the College's long-term investment strategy.

(c) Student Tuition and Fees and Other Receivables

Student tuition and fees and scholarships are recognized as earned over the respective academic terms. Receivables balances are reduced by an allowance for doubtful accounts. The allowance for doubtful accounts is management's best estimate of the probable loss based on historical collection experience. Management regularly assesses the collectability of student tuition and fees receivable. Account balances are written off against the allowance when management determines it is probable the receivable will not be recovered. Revisions in the allowance for doubtful accounts estimate are recorded as adjustments to the provision for bad debts.

Collection of a significant portion of tuition and fees is reliant on government-sponsored student financial assistance programs.

(d) Student Loans Receivable

The College makes uncollateralized loans to students based on financial need. Student loans are funded mainly through federal government loan programs. The College's student loan receivables represent the amounts due from current and former students under the Federal Perkins, Primary Care, and College-sponsored loan programs. Loans disbursed under the Federal Perkins and Primary Care loan programs are able to be assigned to the federal government in certain nonrepayment situations. In these situations, the federal portion of the loan balance is guaranteed.

Management regularly assesses the adequacy of the allowance for credit losses by performing ongoing evaluations of the student loan portfolio, including consideration of economic risks associated with each loan category, the financial condition of specific borrowers, the economic environment in which the borrowers operate, the level of delinquent loans, the value of any collateral, the aging of loans, loan default rate, and where applicable, the existence of any guarantees or indemnifications. The amount of the allowance is adjusted based on the results of management's analysis.

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(e) Refundable Federal Student Loans

Funds provided by the federal government under federal loan programs are loaned to qualified students and may be loaned again after cash collections. These funds are ultimately refundable to the government and are recognized as a liability in the accompanying statements of financial position.

(f) Pledges Receivable

Unconditional promises to give (pledges) are recorded as revenue at fair value in the period pledged. Fair value is estimated giving consideration to anticipated future cash receipts (after allowance is made for uncollectible contributions) and discounting such amounts at a risk-adjusted rate commensurate with the duration of the donor's payment plan. Amortization of the discount is recorded as additional contribution revenue. Conditional pledges and pledges subject to a substantial risk of forfeiture are not recorded until the conditions are substantially met or the risks eliminated.

(g) Operating Measure

The operating activities of the College include all revenue and expenses related to carrying out its mission of education and research. The operating measure also includes amounts related to the spending rate policy and any additional budgeted investment returns on endowment funds as approved by the Board of Trustees of the College to protect the inflation-adjusted value of the endowment. The operating activities exclude investment return in excess of (less than) the spending rate, postretirement-related changes other than net periodic benefit cost, change in fair value of beneficial interest in perpetual trusts, and other nonrecurring items.

(h) Investments

Investments with readily determinable fair values are reported at fair value based upon quoted market prices or published net asset value for alternative investments in funds similar to mutual funds. Alternative investments, including equity and fixed income funds, which are not deemed to have a readily determinable fair value are reported at estimated fair value based on, as a practical expedient, net asset values provided by investment managers. These values are reviewed and evaluated by College management for reasonableness. The reported values may differ from the values that would have been reported had a ready market for these investments existed.

Purchases and sales are reflected on a trade-date basis. Realized gains and losses are determined on the basis of average cost of securities sold and are reflected on the statements of activities. Dividend income is recorded on the ex-dividend date, and interest income is recorded on an accrual basis.

Investments are exposed to various risks, such as interest rate, market, credit, and other risks. Due to such risks and the level of uncertainty related to changes in the value of investment securities, it is at least possible that changes in the values of investment securities could occur in the near term and such changes could materially affect the amounts reported in the financial statements.

NEW YORK MEDICAL COLLEGE

Notes to Financial Statements

June 30, 2017 and 2016

(Dollars in thousands)

(i) Fair Value Measurements

Fair value is defined 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. The College employs the three-tiered fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, defined as follows

- Level 1 inputs are quoted prices or published net asset values (unadjusted) in active markets for identical assets or liabilities that a reporting entity has the ability to access at the measurement date.
- Level 2 inputs are inputs other than Level 1 that are observable, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement.

In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2015-07, *Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent)*, the College excludes from the fair value hierarchy investments for which fair value is measured using the net asset value per share practical expedient.

(j) Beneficial Interest in Perpetual Trusts

The College is the recipient of beneficial interests whereby donors have established and funded perpetual trusts administered and held by financial institutions. The College is entitled to the income earned on the trust assets in perpetuity; therefore, they are recorded as permanently restricted net assets. The College has no control over investment decisions regarding these assets. The beneficial interests in perpetual trusts are categorized as Level 3 in the fair value hierarchy due to the lack of control of the permanently restricted trust assets. The fair value of the assets of perpetual trusts is based upon quoted market prices at year-end. As of June 30, 2017 and 2016, the fair value of the perpetual trusts is \$12,081 and \$11,007, respectively.

(k) Property and Equipment

Property and equipment are recorded at cost at the date of acquisition or fair value as of the date of acquisition or receipt from a donor. Additions and improvements or betterments having a useful life of more than one year are capitalized. Maintenance and repair costs are expensed when incurred. Upon retirement or sale, the cost and accumulated depreciation are removed from the accounts and the resulting gains or losses are reported on the statements of activities.

Depreciation and amortization is provided on a straight-line basis over the estimated useful lives, or the terms of the lease for the applicable plant assets, if shorter, as follows: buildings and building improvements, 25–43 years; library holdings, 10–20 years; equipment and computer software, 3–15 years; leasehold improvements, 25–30 years; and interest in leased properties, 20–30 years.

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Notes to Financial Statements

June 30, 2017 and 2016

(Dollars in thousands)

(l) Long-Lived Assets

Long-lived assets with finite useful lives are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The College measures the recoverability of assets to be held and used by a comparison of the carrying amount of the assets to the expected net future cash flows to be generated by the asset. If such assets are deemed to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. There was no impairment loss for the years ended June 30, 2017 and 2016.

(m) Affiliation Contracts and Faculty Practice

Revenue and expenses from affiliation contracts primarily reflect the contractual relationship with Westchester Medical Center (WMC) for the provision of salaries and fringe benefits and allowable overhead for physicians providing services under the arrangement. For the years ended June 30, 2017 and 2016, revenue from WMC totaled \$19,741 and \$21,134, respectively. Additionally, faculty practice revenue totaled \$5,108 and \$8,798 for the years ended June 30, 2017 and 2016, respectively.

(n) Intangible Assets

Intangible assets consist of trade name and accreditation status, which is indefinite lived and evaluated for impairment on an annual basis.

(o) Grants and Contributions

The College receives grants and contributions from a number of sources, including the federal government, private foundations, and individuals. The contracts or gift instruments are evaluated as to whether the transaction qualifies as exchange transactions or a contribution. Grants and contributions that are treated as exchange transactions are reported as unrestricted revenue when expenses are incurred in accordance with contractual terms. The excess of amounts received in exchange transactions over the amount of expenditures incurred are reported as deferred revenue on the statements of financial position.

Receipts qualifying as contributions, including unconditional promises to give (pledges), are recognized as revenue in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

(p) Fundraising

Institutional support expenses included total fundraising expenses of \$939 and \$861, respectively, for the years ended June 30, 2017 and 2016. Fundraising activities of the College include the salaries and employee benefits of program staff that develop proposals for fundraising, solicit contributions, and conduct specific fundraising events. Fundraising costs are expensed as incurred.

NEW YORK MEDICAL COLLEGE

Notes to Financial Statements

June 30, 2017 and 2016

(Dollars in thousands)

(q) *Functional Reporting of Expenses*

The costs of the College's activities have been presented on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the activities benefited. The College allocates operation and maintenance of plant, depreciation, and interest expense based on proportional expenditures using estimates of building square footage and the functional use of each facility financed by debt.

(r) *Accounting for Uncertainty in Income Taxes*

The College prescribes to a threshold of more likely than not for recognition and derecognition of tax positions taken or expected to be taken in a tax return. As of June 30, 2017 and 2016, the College does not have any uncertain tax positions or any unrelated business income tax liability, which would have a material impact upon its financial statements.

(s) *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 the reported amounts of assets, liabilities, and disclosure of contingencies as of the date of the financial statements and the reported amounts of revenue, expenses, gains, and losses during the reporting period. The most significant estimates are the allowance for doubtful accounts, fair value of investments, postretirement benefit obligation, and the allocation of expenses to their functional categories. Actual results may differ from those estimates.

(t) *Reclassifications*

There were reclassifications made to certain 2016 amounts to conform with the current year presentation.

NEW YORK MEDICAL COLLEGE

Notes to Financial Statements

June 30, 2017 and 2016

(Dollars in thousands)

(3) Receivables

Receivables at June 30, 2017 and 2016 consist of the following:

	2017		
	Receivable	Allowance for doubtful accounts	Net receivable
Student tuition and fees	\$ 595	(146)	449
Student loans	\$ 10,192	(583)	9,609
Other:			
Government and other grants	\$ 5,965	—	5,965
Affiliation contracts	2,852	(1,036)	1,816
Faculty practice plans	726	(116)	610
Pledges and bequests receivable	2,972	—	2,972
Miscellaneous	4,157	(1,224)	2,933
Total other	\$ 16,672	(2,376)	14,296
	2016		
	Receivable	Allowance for doubtful accounts	Net receivable
Student tuition and fees	\$ 779	(146)	633
Student loans	\$ 10,806	(514)	10,292
Other:			
Government and other grants	\$ 6,414	—	6,414
Affiliation contracts	3,719	(1,139)	2,580
Faculty practice plans	5,303	(3,820)	1,483
Pledges and bequests receivable	5,678	—	5,678
Miscellaneous	3,281	(1,172)	2,109
Total other	\$ 24,395	(6,131)	18,264

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Notes to Financial Statements

June 30, 2017 and 2016

(Dollars in thousands)

The following tables provide an analysis of the aging of certain receivables as of June 30, 2017 and 2016:

		2017					
		1-30 days past due	30-60 days past due	Greater than 60 days past due	Total past due	Current	Total
Student loans	\$	133	30	1,294	1,457	8,735	10,192
Affiliation contracts		52	52	1,702	1,806	1,046	2,852
Faculty practice plans		64	55	502	621	105	726
Pledges and bequests		—	—	691	691	2,281	2,972
Miscellaneous		188	83	1,913	2,184	1,973	4,157

		2016					
		1-30 days past due	30-60 days past due	Greater than 60 days past due	Total past due	Current	Total
Student loans	\$	162	60	1,519	1,741	9,065	10,806
Affiliation contracts		40	40	2,223	2,303	1,416	3,719
Faculty practice plans		326	192	4,636	5,154	149	5,303
Pledges and bequests		—	—	589	589	5,089	5,678
Miscellaneous		216	266	1,140	1,622	1,659	3,281

Pledges and bequests receivable as of June 30, 2017 and 2016 consist of the following:

	2017	2016
Amounts due in less than one year	\$ 784	1,304
Amounts due in one to five years	2,608	4,762
	<u>3,392</u>	<u>6,066</u>
Less discount to net present value (discount rate of 3.25% in both years)	<u>(420)</u>	<u>(388)</u>
	<u>\$ 2,972</u>	<u>5,678</u>

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Notes to Financial Statements

June 30, 2017 and 2016

(Dollars in thousands)

(4) Investments

Investments, at fair value, as of June 30, 2017 and 2016 consist of the following:

	<u>2017</u>	<u>2016</u>
Level 1 investments:		
Cash and cash equivalents	\$ 4,191	786
Equity securities	4,099	33
Fixed income securities:		
U.S. government obligations	1,336	—
Mutual funds	51,116	42,064
Alternative investments:		
Equity and fixed income funds:		
Global equity funds (a)	—	7,260
Global large/mid cap funds (b)	—	2,462
High-quality bond fund (c)	—	1,148
Global bond fund (d)	—	1,096
Hedge fund strategies:		
Real assets (h)	—	716
Level 2 investments:		
Fixed income securities:		
Corporate bonds	7,917	—
Investments measured at net asset value as a practical expedient for fair value:		
Alternative investments:		
Hedge fund strategies:		
Diversifying funds (e)	—	2,652
Global hedged equity funds (f)	1,708	5,462
Relative value and event driven (g)	1,165	3,986
Real estate partnership (i)	652	2,177
Other	1,309	881
Total investments measured at net asset value as a practical expedient for fair value	<u>4,834</u>	<u>15,158</u>
Total investments	\$ <u>73,493</u>	<u>70,723</u>

- (a) Consists of securities in emerging and developed markets diversified across growth and value styles.
- (b) Consists of investments in large and mid cap equity securities using an indexing investment approach.
- (c) Consists of high quality, investment grade only, fixed income securities.

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June 30, 2017 and 2016

(Dollars in thousands)

- (d) Consists of securities issued by U.S. and foreign governments, their agencies and instrumentalities, U.S. and foreign corporations, and asset-backed and mortgage-backed securities.
- (e) Includes investments designed to identify opportunities through mathematical, algorithmic and technical models, including international and domestic investments within equity indices, currencies, interest rates, and commodities.
- (f) Funds that invest in long and short positions on equity securities primarily issued by international companies.
- (g) Investments in three strategies; credit, event driven, and multi-strategy. Credit funds consist of investments in assets such as distressed and current pay bonds and bank debt, mortgage-backed securities, both residential and commercial, as well as post re-organization equity liquidations. Event driven funds consist of investments in common and preferred equities and various types of debt, often based on the assessment that a particular event will occur. Multi-strategy funds consist of investments in multiple investment strategies including but not limited to hedged equity, event driven, and diversified hedge.
- (h) Investments across a broad range of commodity oriented asset categories and pursues a multi-strategy approach to investing in commodities markets. At least 80% of the net assets of the fund will have investment exposure to commodities with the remaining portion allocated to noncommodity investments.
- (i) Investments in real estate funds invested in office, multifamily, industrial, and other commercial real estate properties or other commercial real estate investments located primarily in the United States. The objective of the partnership is to achieve long-term gross returns while focusing on the preservation of capital. The partnerships do not permit redemptions.

Equity and fixed income and hedge fund strategies may be redeemed once a month with approximately two weeks' notice required.

Certain investments have been pledged as security for its outstanding debt obligations (notes 11 and 12).

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(Dollars in thousands)

The following schedule summarizes the investment return for the years ended June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Dividends and interest, net of investment management fees of \$158 and \$144 in 2017 and 2016, respectively	\$ 1,125	229
Net appreciation (depreciation) in fair value of investments	<u>5,460</u>	<u>(1,608)</u>
Total investment return	6,585	(1,379)
Investment return appropriated for operations	<u>3,131</u>	<u>4,060</u>
Investment return in excess of (less than) amounts appropriated for operations	<u>\$ 3,454</u>	<u>(5,439)</u>

(5) Fair Value Measurements

The fair value of financial assets other than investments that are measured at fair value at June 30, 2017 and 2016 is as follows:

	<u>2017</u>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Beneficial interest in perpetual trusts \$	12,081	—	—	12,081
Deposits with bond trustee:				
U.S. government obligations	18,642	18,642	—	—
	<u>2016</u>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Beneficial interest in perpetual trusts \$	11,007	—	—	11,007
Deposits with bond trustee:				
U.S. government obligations	24,248	24,248	—	—

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The activity with respect to the College's beneficial interest in perpetual trusts, which are Level 3, is as follows:

	<u>2017</u>	<u>2016</u>
Balance at beginning of year	\$ 11,007	12,122
Investment income	418	561
Distributions	(418)	(561)
Net appreciation (depreciation) in fair value of investments	<u>1,074</u>	<u>(1,115)</u>
Balance at end of year	\$ <u>12,081</u>	<u>11,007</u>

There were no transfers between Level 1 and Level 2 securities for the years ended June 30, 2017 and 2016.

(6) Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets at June 30, 2017 and 2016 consist principally of pledges receivable and appreciation on donor-restricted endowment funds and are available for the following purposes:

	<u>2017</u>	<u>2016</u>
Student support	\$ 3,679	3,307
Departmental support	5,857	5,291
General operating support	6,657	6,183
Research	4,347	4,071
Educational programs	<u>171</u>	<u>172</u>
Total	\$ <u>20,711</u>	<u>19,024</u>

Permanently restricted net assets, including beneficial interest in perpetual trusts of \$12,081 and \$11,007, respectively, at June 30, 2017 and 2016 are restricted to investment in perpetuity, with investment return available to support the following activities:

	<u>2017</u>	<u>2016</u>
Student support	\$ 4,195	4,027
Departmental support	24,820	23,045
General operating support	1,008	995
Research	1,883	1,903
Revolving loan funds	7,196	6,931
Educational programs	<u>358</u>	<u>322</u>
Total	\$ <u>39,460</u>	<u>37,223</u>

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(7) Endowments

The College's endowment consists of approximately 114 individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments.

The Board has interpreted the New York Prudent Management of Institutional Funds Act (NYPMIFA) as allowing the College to appropriate for expenditure or accumulate so much of an endowment as the College determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. As a result of this interpretation, the College classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations of income to the permanent endowment made in accordance with the direction of the applicable donor gift instruments. Donor-restricted endowment funds that are not classified as permanently restricted are classified as temporarily restricted net assets until appropriated for expenditure.

In accordance with NYPMIFA, the Board of Trustees considers the following factors in making a determination to appropriate or accumulate endowment funds:

- (a) The duration and preservation of the endowment fund;
- (b) The purposes of the College and the endowment fund;
- (c) General economic conditions;
- (d) The possible effect of inflation and deflation;
- (e) The expected total return from income and the appreciation of investments;
- (f) Other resources of the College;
- (g) Alternatives to expenditure of the endowment fund; and
- (h) The investment policies of the College.

Endowment net assets, excluding beneficial interest in perpetual trusts and donor-restricted revolving loan funds, consist of the following at June 30:

	2017			
	Unrestricted	Temporary restricted	Permanently restricted	Total
Donor restricted	\$ —	17,679	20,217	37,896
Quasi (board designated)	28,388	—	—	28,388
Total funds	\$ 28,388	17,679	20,217	66,284

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2016				
	Unrestricted	Temporary restricted	Permanently restricted	Total
Donor restricted	\$ —	16,272	19,285	35,557
Quasi (board designated)	27,214	—	—	27,214
Total funds	\$ 27,214	16,272	19,285	62,771

Expenditures from a donor-restricted fund are limited to the uses and purposes for which the endowment fund was established. The College has limited the use of realized and unrealized gains unless the fair value of a donor-restricted fund exceeds 105% of its historic dollar value.

The College's spending policy rate is designed to stabilize annual spending levels and to preserve the real value of endowment investments over time. To meet these objectives, the Board of Trustees has authorized a spending rate of 4% of the moving average of the fair value of endowment investments for the previous twenty quarters.

Changes in the College's endowment net assets were as follows:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment funds, June 30, 2015	\$ 28,784	18,566	18,995	66,345
Investment return:				
Investment income	136	174	—	310
Net (depreciation) appreciation	(656)	(792)	13	(1,435)
Total investment return	(520)	(618)	13	(1,125)
Contributions and transfers	11	—	277	288
Appropriation for expenditure	(1,061)	(1,676)	—	(2,737)
Endowment funds, June 30, 2016	27,214	16,272	19,285	62,771
Investment return:				
Investment income	100	138	—	238
Net appreciation	2,068	2,481	15	4,564
Total investment return	2,168	2,619	15	4,802
Contributions and transfers	—	70	917	987
Appropriation for expenditure	(994)	(1,282)	—	(2,276)
Endowment funds, June 30, 2017	\$ 28,388	17,679	20,217	66,284

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(8) Deposits with Trustee

Under loan agreements related to bonds issued by the Dormitory Authority of the State of New York (DASNY), a portion of the bond proceeds were deposited with the trustee for capital expenditures related to construction, renovations, and improvements to campus buildings, for debt service reserve funds and for capitalized interest. Monthly payments are deposited with the trustee for servicing the debt. Deposits with bond trustee as of June 30 consist of the following:

	<u>2017</u>	<u>2016</u>
Construction fund	\$ 9,087	14,984
Debt service	3,350	2,066
Debt service reserve fund	6,205	6,222
Capitalized interest fund	—	976
	<u>\$ 18,642</u>	<u>24,248</u>

(9) Property and Equipment, Net

At June 30, 2017 and 2016, the College's property and equipment consist of the following:

	<u>2017</u>	<u>2016</u>
Land and land improvements	\$ 23,800	22,531
Buildings and improvements	132,815	124,772
Interest in leased properties	30,660	30,660
Equipment and computer software	21,690	18,857
Library holdings	17,082	16,602
Leasehold improvements	390	390
Construction in progress	—	1,166
	<u>226,437</u>	<u>214,978</u>
Less accumulated depreciation and amortization	<u>(48,722)</u>	<u>(39,312)</u>
Property and equipment, net	<u>\$ 177,715</u>	<u>175,666</u>

Interest in leased properties represents the fair value of the College's long-term leases under which the rental commitment is one dollar per annum.

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(10) Intangible and Other Assets

Intangible and other assets as of June 30 consist of the following:

	<u>2017</u>	<u>2016</u>
Intangible assets	\$ 10,200	10,200
Restricted cash	274	288
Prepaid expenses	1,122	920
Other	180	190
Total	<u>\$ 11,776</u>	<u>11,598</u>

(11) Short-Term Debt

At June 30, 2017, NYMC has a \$22,000 line of credit with a bank of which \$19,500 is outstanding. Interest is calculated at the 30 day London Interbank Offered Rate (LIBOR) plus 1.25%. Investments with a value of \$24,129 as of June 30, 2017 serve as collateral for the line of credit.

At June 30, 2016, NYMC had a short-term note of \$2,250, a line of credit at a bank with \$18,500 available and outstanding. Both the note and line of credit bear interest at LIBOR plus 1.00% (1.63% as of June 30, 2016). NYMC paid an annual fee of 0.30% of the unused portion of the credit line, which expired December 31, 2016.

NYMC also has a letter of credit with a bank in the amount of \$3,042 and \$3,625 at June 30, 2017 and 2016, respectively that secures a long term note payable in the amount of \$2,525 and \$2,860, respectively (note 12(b)). The letter of credit is secured by additional investments of \$1,622 at June 30, 2017.

Interest expense on short-term debt for the years ended June 30, 2017 and 2016 totaled \$290 and \$207, respectively.

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(12) Long-Term Debt

Long-term debt outstanding at June 30 is as follows:

Description	Maturity date	Interest rate	Outstanding balance	
			2017	2016
Long-term debt:				
Dormitory Authority of the State of New York, Revenue Bonds, Series 2014A Bonds (a)	January 2044	4.65%	\$ 45,155	45,155
Deferred financing costs			(938)	(993)
Net premium			2,865	2,971
Total			47,082	47,133
Dormitory Authority of the State of New York, Revenue Bonds, Series 2014B Bonds (a)	January 2029	5.75%	32,335	34,375
Deferred financing costs			(887)	(940)
Net discount			(195)	(211)
Total			31,253	33,224
Note payable (b)	April 2023	5.00% imputed	2,525	2,860
Capital lease obligations (c)	2021–2022	4.69%–4.74%	671	—
Long-term debt			\$ 81,531	83,217

(a) Pursuant to a Master Trust Indenture (MTI) by and among the College, Touro College, Touro University Nevada, and Touro University (collectively, the Obligated Group) and the Bank of New York Mellon as Master Trustee, on June 26, 2014, 30 year tax-exempt serial and term bonds with an aggregate principal amount of \$45,155 (Series 2014A Bonds) and 15 year federally taxable serial and term bonds with an aggregate principal amount of \$38,325 (Series 2014B Bonds) were issued on behalf of the College by the Dormitory Authority of the State of New York (DASNY) (the Series 2014A Bonds and Series 2014B Bonds together, the DASNY Bonds). The Series 2014A Bonds were issued with a net premium of \$3,183, and the Series 2014B Bonds were issued at a discount of \$243. The College has granted a mortgage on its properties located at 19 Skyline Drive, 7 Dana Road, and 30 Sunshine Cottage Road. The net book value of the properties was approximately \$89,370 and \$88,397, respectively, at June 30, 2017 and 2016. Deposits with bond trustee (note 8) represent additional collateral until utilized for their designated purposes.

In addition to the DASNY Bonds listed in the table above, bonds with an aggregate principal amount of \$64,620 (\$60,945 and \$62,200, respectively, outstanding as of June 30, 2017 and 2016), were issued on behalf of other members of the Obligated Group all of whose members are jointly and severally liable for the bond obligations described herein. In addition, a security interest is pledged for substantially all revenue of the Obligated Group, provided that this revenue pledge for Touro College is

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limited to its healthcare related programs, and excludes donations restricted by the donors for uses other than debt service.

In addition to the aforementioned mortgaged properties, the other members of the Obligated Group have granted mortgages on other properties with an aggregate book value of approximately \$73,913 and \$70,000, respectively, as of June 30, 2017 and 2016, to secure all of the bonds described herein. In connection with the MTI, the Obligated Group is required to maintain certain financial and nonfinancial covenants. As of June 30, 2017 and 2016, these covenants have been met.

- (b) In connection with the 2013 acquisition of an office building at 19 Skyline Drive, Hawthorne, New York, the seller of the property provided a \$5,000 interest free 10-year note, which was discounted to net present value. The note is secured by a letter of credit, which is secured by a portion of the College's investment portfolio and a guarantee of Touro (see note 11). The note requires monthly installments of \$42.
- (c) Capital lease obligations – Certain equipment is leased under noncancelable capital leases payable monthly.

Aggregate long-term debt matures in the fiscal years as follows:

	Principal	Interest
2018	\$ 2,794	4,110
2019	2,882	4,015
2020	2,986	3,906
2021	3,032	3,781
2022	3,070	3,643
Thereafter	65,922	41,183
	80,686	60,638
Deferred financing costs	(1,825)	—
Net premium	2,670	—
	\$ 81,531	60,638

Accrued interest expense of \$976 at June 30, 2016 was funded from capitalized interest held by the Bond Trustee during the year ended June 30, 2017.

Interest expense on long-term debt for the years ended June 30, 2017 and 2016 totaled \$4,176 and \$4,260, respectively.

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(13) Retirement Plans

The College has a defined contribution retirement plan, which covers substantially all its nonunion employees, and which is funded through direct payments to qualified carriers. For each eligible employee, the College contributes an average of 7% of the employee's salary. The employee's contribution is discretionary, up to 15 of their salary in accordance with all legal regulations. During the years ended June 30, 2017 and 2016, the College contributed \$4,642 and \$4,789, respectively, to its defined contribution retirement plans.

In addition, \$443 and \$451, respectively, was contributed during the years ended June 30, 2017 and 2016, to a union administered plan for employees belonging to a collective bargaining unit. The College would be responsible for any withdrawal liability under the agreement with the union.

The College's participation in the union administered plan is outlined below. Unless otherwise noted, the Pension Protection Act (PPA) zone status below is for the plan years beginning January 1, 2016, 2015, and 2014, respectively. The zone status is certified by the plans' actuaries. Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are less than 80% funded, and plans in the green zone are at least 80% funded. The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented. The last column lists the expiration dates of the collective-bargaining agreements to which the plan is subject.

<u>Pension fund</u>	<u>EIN/pension plan number</u>	<u>PPA zone status</u>	<u>FIP/RP status pending/implemented</u>	<u>Surcharge imposed</u>	<u>Expiration date of collective-bargaining agreement</u>
1199 SEIU Health Care Employee Pension Fund	13-3604862/001	Green	*RP Implemented	No	September 30, 2018

* The 1199 Health Care Employee Pension Fund has implemented a rehabilitation plan for the period January 1, 2012 through December 31, 2024.

(14) Postretirement Benefits Other than Pensions

The College provides medical and life insurance benefits under its Postretirement Life and Health Insurance Plan for Eligible Employees (the Plan). The College's obligation is limited and requires participants to contribute to premiums as determined by the Plan's administrator. The College reserves the right to amend or terminate the Plan at its discretion. These benefits are partially funded through a voluntary employees' beneficiary association (VEBA) trust.

On December 8, 2003, the Medicare Prescription Drug Improvement and Modernization Act of 2003 (the Act) was signed into law. The Act allows employers who offer actuarially equivalent prescription drug benefits to retirees to receive a federal subsidy starting in 2006. Actuarial equivalence of the program's prescription drug benefit is determined based on a two-prong test. The actuarial values of the prescription drug coverage are based on national statistics and then adjusted to reflect drug utilization for the Plan.

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Based on these values, it is assumed that the prescription drug benefit for the unfunded plan will be actuarially equivalent in 2006 and for all years thereafter.

For those employees who had already retired at the time the VEBA was established, the College pays actual benefits from its general assets. For subsequent retirees, the College's funding policy is to contribute an amount up to the annual expense in years when the Present Value of Future Benefits (PVFB) exceeds assets. Since assets are less than PVFB, the College may elect to make a contribution in fiscal year 2017.

Under the accounting guidance for postretirement benefits, the College recognizes on the statements of financial position the difference between the benefit obligations and any related plan assets. In addition, the accounting guidance requires the unrecognized amount (e.g., net actuarial gains or losses and prior service costs or credits) to be recognized as changes to unrestricted net assets and that these amounts be adjusted as they are subsequently recognized as components of the net periodic benefit cost.

The following tables provide a reconciliation of the changes in the Plan's benefit obligations and fair value of assets for the years ended June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 8,408	7,729
Service cost	63	52
Interest cost	287	330
Plan participants' contributions	694	745
Actuarial loss	486	895
Benefits paid	(1,599)	(1,651)
Medicare Part D program reimbursement	387	308
	<u>8,726</u>	<u>8,408</u>
Benefit obligation at end of year		
Change in plan assets:		
Fair value of plan assets at beginning of year	3,737	4,119
Actual return on plan assets	377	(82)
Employer contributions	271	298
Plan participants' contributions	694	745
Benefits paid	(1,599)	(1,651)
Medicare Part D program reimbursement	387	308
	<u>3,867</u>	<u>3,737</u>
Fair value of plan assets at end of year		
Unfunded status at end of year, included in accrued payroll and related benefits payable	\$ <u>4,859</u>	<u>4,671</u>

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	<u>2017</u>	<u>2016</u>
Components of net periodic benefit cost (credit):		
Service cost	\$ 63	52
Interest cost	287	330
Expected return on plan assets	(276)	(330)
Amortization of prior service credit	(301)	(301)
Amortization of net actuarial loss	<u>229</u>	<u>87</u>
Net periodic benefit cost (credit)	\$ <u>2</u>	<u>(162)</u>
	<u>2017</u>	<u>2016</u>
Postretirement-related changes other than net periodic benefit cost:		
Amortization of prior service credit	\$ 301	301
Amortization of net actuarial loss	(229)	(87)
Net loss	<u>385</u>	<u>1,307</u>
	\$ <u>457</u>	<u>1,521</u>
Amounts not yet recognized in net periodic benefit cost:		
Net actuarial loss	\$ 1,977	1,821
Prior service credit	<u>(252)</u>	<u>(553)</u>
	\$ <u>1,725</u>	<u>1,268</u>

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	<u>2017</u>	<u>2016</u>
Weighted average assumptions used to determine benefit obligations as of June 30, 2017 and 2016:		
Discount rate – funded portion	4.00 %	3.75 %
Discount rate – unfunded portion	3.25	2.75
Rate of compensation increase	4.00	4.00
Weighted average assumptions used to net periodic benefit cost for the years ended June 30, 2017 and 2016:		
Discount rate:		
Discount rate – funded portion	3.75 %	4.75 %
Discount rate – unfunded portion	2.75	3.50
Healthcare cost trend:		
Increase from current to next fiscal year	8.00 %	7.00 %
Ultimate rate of increase	4.50	4.50
Year that the ultimate rate is attained	2032	2022

The healthcare cost trend assumption has a significant effect on the amounts reported. A one-percentage-point change in assumed healthcare cost trend rates would have the following effects as of and for the years ended June 30, 2017 and 2016:

	<u>2017</u>		<u>2016</u>	
	<u>One-percent-point increase</u>	<u>One-percent-point decrease</u>	<u>One-percent-point increase</u>	<u>One-percent-point decrease</u>
Effect on total service and interest cost component	\$ 28	(23)	31	(26)
Effect on postretirement benefit obligation	718	(604)	693	(581)

The College is expected to contribute \$600 to the Plan in 2018.

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The estimated actuarial net loss and prior service credit that will be amortized from unrestricted net assets into net periodic benefit cost in fiscal year 2018 are as follows:

Net actuarial loss	\$	228
Prior service credit		<u>(206)</u>
	\$	<u><u>22</u></u>

Expected benefit payments are the total amount expected to be paid from the Plan's or the College's assets. The expected benefit payments, net of plan participant contributions, are as follows:

Fiscal year(s):	<u>Estimated benefits payments</u>	
2018	\$	567
2019		571
2020		571
2021		568
2022		558
2023–2026		2,668

The investment policy statement of the College, established by the Board of Trustees, has as its investment objective, the long-term appreciation of assets, and the consistency of total portfolio returns with reasonable efforts to control risk and preserve capital. The policy establishes a goal of an annual return of eight percent. The Plan's target and actual asset allocations as of June 30, 2017 and 2016 are as follows:

<u>Plan assets</u>	<u>Target allocation</u>	<u>Percentage of plan assets</u>	
		<u>2017</u>	<u>2016</u>
Asset category:			
Equity securities	61.0%	72.3%	73.9%
Debt securities	31.0	24.5	22.2
Other	8.0	3.2	3.9

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The Plan's investments at fair value, all of which are Level 1 in the fair value hierarchy at June 30, 2017 and 2016 are as follows:

	Total	
	2017	2016
Cash and cash equivalents	\$ 263	144
Alternative investments:		
Equity and fixed income funds:		
Global equity	1,907	1,907
Global fixed income	912	830
Hedge fund strategies:		
Diversifying funds	535	642
Commodities	—	50
Real estate investment trusts	87	103
Public natural resources	163	61
Total assets	<u>\$ 3,867</u>	<u>3,737</u>

(15) Functional Reporting of Expenses

The costs of the College's activities have been presented on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the activities benefited as follows:

	2017				Total per statement of activities
	Operations and maintenance	Depreciation	Interest expense	Direct expenses	
Instruction and research	\$ 6,085	6,080	2,365	37,948	52,478
Academic support	364	210	—	8,394	8,968
Affiliation contracts and faculty practice	—	—	—	25,435	25,435
Student services	1,445	149	1,666	5,634	8,894
Institutional support	2,122	2,019	435	20,516	25,092
Auxiliary enterprises	—	757	—	1,783	2,540
	<u>\$ 10,016</u>	<u>9,215</u>	<u>4,466</u>	<u>99,710</u>	<u>123,407</u>

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	2016				Total per statement of activities
	Operations and maintenance	Depreciation	Interest expense	Direct expenses	
Instruction and research	\$ 5,137	5,762	2,345	39,080	52,324
Academic support	343	199	—	9,059	9,601
Affiliation contracts and faculty practice	—	—	—	29,192	29,192
Student services	1,055	489	1,683	4,646	7,873
Institutional support	3,318	1,913	439	20,305	25,975
Auxiliary enterprises	—	718	—	2,316	3,034
	<u>\$ 9,853</u>	<u>9,081</u>	<u>4,467</u>	<u>104,598</u>	<u>127,999</u>

(16) Other Contingencies and Commitments

The College is involved in various legal actions, arising in the normal course of operations. The College is of the opinion that the resolution of these matters will not have a significant effect upon the financial condition of the College.

Certain potential compliance matters have been identified as part of the review of the College's 403(b) plan that are being researched and discussed with the Internal Revenue Service. Plan management does not believe the matters and potential amounts involved are material to the College's financial statements.

Certain funding that the College receives from governmental agencies is subject to audit.

(17) Subsequent Events

The College performed an evaluation of subsequent events that occurred after June 30, 2017 through October 31, 2017, the date the financial statements were issued. Events identified that are required to be disclosed are included in applicable notes above.