CLARKSON UNIVERSITY

Consolidated Financial Statements

June 30, 2016 and 2015

(With Independent Auditors' Report Thereon)

CLARKSON UNIVERSITY

Consolidated Financial Statements

June 30, 2016 and 2015

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KPMG LLP
Suite 400
356 Mountain View Drive
Colchester, VT 05446

Independent Auditors' Report

The Board of Trustees
Clarkson University:

We have audited the accompanying consolidated financial statements of Clarkson University (the University), which comprise the consolidated balance sheets as of June 30, 2016 and 2015, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Clarkson University as of June 30, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in note 10, Union Graduate College (UGC) located in Schenectady, NY, was merged with and into the University as of February 1, 2016. The University recorded an inherent contribution in the consolidated statement of activities of approximately $8.4 million. Our opinion is not modified as to this matter.

KPMG LLP

October 19 2016

Vt. Reg. No. 92-0000241

CLARKSON UNIVERSITY

Consolidated Balance Sheets

June 30, 2016 and 2015

Assets		**2016**	**2015**
Cash and cash equivalents	$	10,612,050	5,175,519
Accounts receivable, net		6,381,488	9,813,042
Deposits with trustee		1,677,765	1,677,204
Pledges receivable, net		2,475,782	4,004,875
Notes receivable – students, net		8,543,202	8,204,948
Other assets		4,626,310	5,034,772
Investments		162,966,120	169,350,583
Property and equipment, net		194,418,491	186,809,941
Total assets	$	391,701,208	390,070,884
Liabilities and Net Assets			
Liabilities:			
Accounts payable and accrued expenses	$	6,196,893	4,650,696
Deposits and advances		9,515,591	9,774,587
Other liabilities		6,509,034	7,148,163
Accrued postretirement benefits		18,732,630	15,578,947
Long-term debt		66,649,200	62,686,395
Asset retirement obligations		4,930,685	5,307,725
Federal and other loan advances		7,949,026	7,673,049
Total liabilities		120,483,059	112,819,562
Net assets:			
Unrestricted		116,120,110	121,413,445
Temporarily restricted		31,832,795	36,924,515
Permanently restricted		123,265,244	118,913,362
Total net assets		271,218,149	277,251,322
Total liabilities and net assets	$	391,701,208	390,070,884

See accompanying notes to consolidated financial statements.

CLARKSON UNIVERSITY

Consolidated Statement of Activities

Year ended June 30, 2016
(with comparative totals for the year ended June 30, 2015)

	2016				
	Unrestricted	**Temporarily restricted**	**Permanently restricted**	**Total**	**Total 2015**
Operating revenues:					
Tuition and fees	$ 158,456,966	—	—	158,456,966	145,201,705
Housing, dining, and other auxiliary services	29,543,911	—	—	29,543,911	29,516,866
Less:					
University funded scholarships	(90,530,726)	—	—	(90,530,726)	(86,191,023)
Government funded student aid	(518,532)	—	—	(518,532)	(468,664)
Net tuition and fees	96,951,619	—	—	96,951,619	88,058,884
Government contracts and grants	12,022,718	—	—	12,022,718	11,148,961
Private gifts and grants	8,822,680	1,243,211	—	10,065,891	9,036,140
Related entities	1,393,325	—	—	1,393,325	1,612,487
Other sources	4,421,911	—	—	4,421,911	3,736,613
Allocation of endowment return for spending	8,193,140	—	—	8,193,140	7,963,614
Net assets released from restrictions	1,423,729	(1,423,729)	—	—	—
Total operating revenues	133,229,122	(180,518)	—	133,048,604	121,556,699
Operating expenses:					
Instruction	57,979,595	—	—	57,979,595	53,890,368
Research	12,057,315	—	—	12,057,315	11,248,376
Academic support	12,358,622	—	—	12,358,622	12,303,196
Student services	16,343,583	—	—	16,343,583	15,020,104
Institutional support	18,468,394	—	—	18,468,394	16,760,644
Housing, dining and other auxiliary services	16,302,496	—	—	16,302,496	15,602,462
Related entities	1,584,729	—	—	1,584,729	1,632,918
Total operating expenses	135,094,734	—	—	135,094,734	126,458,068
Decrease from operating activity	(1,865,612)	(180,518)	—	(2,046,130)	(4,901,369)
Nonoperating activity:					
State grants and contributions for long-term investment	1,854,876	3,233,862	3,840,120	8,928,858	13,652,419
Change in pledges receivable	—	(1,259,578)	(274,515)	(1,534,093)	(1,308,866)
Total endowment investment return	(1,488,561)	(5,473,855)	—	(6,962,416)	(3,839,510)
Endowment return distributed for operations	(2,268,053)	(6,000,670)	75,583	(8,193,140)	(7,963,614)
Loss on disposal of assets	(338,503)	—	—	(338,503)	(370,475)
Other changes and reclassifications	(4,264,612)	4,265,323	(711)	—	—
Postretirement related adjustments other				—	
than net periodic benefit costs	(3,897,724)	—	—	(3,897,724)	(3,130,282)
Other nonoperating expense	81,464	(297,772)	(188,502)	(404,810)	(1,153,099)
(Decrease) increase from nonoperating activity	(10,321,113)	(5,532,690)	3,451,975	(12,401,828)	(4,113,427)
Change in net assets before acquisition	(12,186,725)	(5,713,208)	3,451,975	(14,447,958)	(9,014,796)
Inherent contribution received through acquisition	6,893,390	621,488	899,907	8,414,785	—
Change in net assets	(5,293,335)	(5,091,720)	4,351,882	(6,033,173)	(9,014,796)
Net assets:					
Beginning of year	121,413,445	36,924,515	118,913,362	277,251,322	286,266,118
End of year	$ 116,120,110	31,832,795	123,265,244	271,218,149	277,251,322

See accompanying notes to consolidated financial statements.

CLARKSON UNIVERSITY

Consolidated Statement of Activities

Year ended June 30, 2015

	2015			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Operating revenues:				
Tuition and fees	$ 145,201,705	—	—	145,201,705
Housing, dining, and other auxiliary services	29,516,866	—	—	29,516,866
Less:				
University funded scholarships	(86,191,023)	—	—	(86,191,023)
Government funded student aid	(468,664)	—	—	(468,664)
Net tuition and fees	88,058,884	—	—	88,058,884
Government contracts and grants	11,148,961	—	—	11,148,961
Private gifts and grants	6,946,400	2,089,740	—	9,036,140
Related entities	1,612,487	—	—	1,612,487
Other sources	3,736,613	—	—	3,736,613
Allocation of endowment return for spending	7,963,614	—	—	7,963,614
Net assets released from restrictions	1,250,420	(1,250,420)	—	—
Total operating revenues	120,717,379	839,320	—	121,556,699
Operating expenses:				
Instruction	53,890,368	—	—	53,890,368
Research	11,248,376	—	—	11,248,376
Academic support	12,303,196	—	—	12,303,196
Student services	15,020,104	—	—	15,020,104
Institutional support	16,760,644	—	—	16,760,644
Housing, dining and other auxiliary services	15,602,462	—	—	15,602,462
Related entities	1,632,918	—	—	1,632,918
Total operating expenses	126,458,068	—	—	126,458,068
(Decrease) increase from operating activity	(5,740,689)	839,320	—	(4,901,369)
Nonoperating activity:				
State grants and contributions for long-term investment	6,889,191	1,891,959	4,871,269	13,652,419
Change in pledges receivable	—	(61,367)	(1,247,499)	(1,308,866)
Total endowment investment return	(1,095,796)	(2,743,714)	—	(3,839,510)
Endowment return distributed for operations	(1,979,422)	(6,091,714)	107,522	(7,963,614)
Loss on disposal of assets	(370,475)	—	—	(370,475)
Other changes and reclassifications	(2,217,442)	2,217,442	—	—
Net assets released from restrictions	912	2,000	(2,912)	—
Postretirement related adjustments other than net periodic benefit costs	(3,130,282)	—	—	(3,130,282)
Other nonoperating income (expenses)	(161,018)	(740,695)	(251,386)	(1,153,099)
(Decrease) increase from nonoperating activity	(2,064,332)	(5,526,089)	3,476,994	(4,113,427)
Change in net assets	(7,805,021)	(4,686,769)	3,476,994	(9,014,796)
Net assets:				
Beginning of year	129,218,466	41,611,284	115,436,368	286,266,118
End of year	$ 121,413,445	36,924,515	118,913,362	277,251,322

See accompanying notes to consolidated financial statements.

CLARKSON UNIVERSITY

Consolidated Statements of Cash Flows

Years ended June 30, 2016 and 2015

	2016	2015
Cash flows from operating activities:		
Change in net assets	$ (6,033,173)	(9,014,796)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Inherent contribution received through acquisition of Union Graduate College	(8,414,785)	—
Depreciation and amortization	9,236,943	9,166,591
Loss on disposal of assets	257,141	370,475
Contributions received for long-term investment	(6,792,001)	(7,629,309)
Contributions received for investment in annuity agreements	(310,203)	(192,024)
Net realized and unrealized loss on investments	7,703,659	5,156,704
Adjustment on loans receivable	120,143	(521,116)
Asset retirement obligation	412,340	346,935
Forgiveness of debt	(333,340)	(333,340)
Changes in assets and liabilities that effect operating cash flows:		
Accounts receivable	3,891,966	1,823,518
Pledges receivable	1,529,093	1,308,866
Other assets	79,477	(181,938)
Accounts payable and accrued expenses	512,313	(524,665)
Asset retirement obligation	(710,357)	(209,981)
Deposits and advances	(1,598,922)	587,464
Other liabilities	(504,072)	(1,487,567)
Postretirement benefits	3,153,683	2,490,941
Net cash provided by operating activities	2,199,905	1,156,758
Cash flows from investing activities:		
Proceeds from maturity/sale of investments	29,603,427	86,422,435
Purchase of investments	(26,037,046)	(76,691,495)
(Increase) decrease in short-term investments	(1,715)	4,354
Increase in deposits with trustee	(561)	(13,527)
Student loans collected, net	(392,894)	(1,010,898)
Other assets collected	75,501	125,278
Cash acquired in acquisition of Union Graduate College	2,804,252	—
Purchase of property and equipment	(7,904,031)	(13,722,694)
Net cash used in investing activities	(1,853,067)	(4,886,547)
Cash flows from financing activities:		
Contributions received for long-term investment	5,416,973	4,945,045
Contributions received for investment in annuity agreements	310,203	192,024
Payment of debt principal	(913,459)	(999,285)
Other changes in government loan funds	275,976	43,375
Net cash provided by financing activities	5,089,693	4,181,159
Net increase in cash and cash equivalents	5,436,531	451,370
Cash and cash equivalents:		
Beginning of year	5,175,519	4,724,149
End of year	$ 10,612,050	5,175,519
Supplemental disclosures:		
Interest paid	$ 2,856,357	2,873,807
Noncash transactions:		
Securities contributions	1,375,028	2,684,262
Increase (decrease) in construction-related payables	728,477	(669,107)
Equipment obtained through lease	412,226	—

See accompanying notes to consolidated financial statements.

(1) Summary of Significant Accounting Policies

(a) Organization

Clarkson University (the University) is an independent, co-educational, not-for-profit, nonsectarian institution of higher education located in Potsdam, New York. The University, founded in 1896, operates as an education corporation under the New York State Not-for-Profit Corporation Law under the direction of an independent Board of Trustees. The University has a total enrollment of over 3,000 undergraduate students and 1,000 graduate students in more than 50 comprehensive programs in business, engineering, science, liberal arts, health sciences, and environmental studies. Through the acquisition of Union Graduate College in Schenectady, New York, the University established the Clarkson University Capital Region Campus (CRC) on February 1, 2016. This has brought more than 400 additional graduate students and several additional graduate programs to the University. Refer to note 10 for additional details regarding this acquisition.

J.R. Weston, Inc. (Weston, included within Related Entities on the Statements of Activities) is a for-profit, wholly owned subsidiary of the University. Weston operations consist of real estate rentals and a hotel operation. The Beacon Institute, Inc. is a not-for-profit organization of which the University is the sole member. Beacon owns and operates a global center for scientific technological innovation that advances research, education and public policy regarding rivers and estuaries. All significant inter-entity accounts and transactions are eliminated in consolidation.

(b) Basis of Accounting

The consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP).

(c) Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the dates of the financial statements and reported amounts of revenues and expenses during the reporting periods. Management’s most significant use of estimates relate to allowances for receivables, investment valuations, accrued postretirement benefits and asset retirement obligations. Actual results could differ from those estimates.

(d) Net Assets

The accompanying consolidated financial statements present information in three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. The three classes are differentiated by the presence or absence of donor-imposed restrictions. Net assets having similar characteristics have been classified as follows:

Unrestricted net assets may be designated for specific purposes by the University or may be limited by contractual agreements with outside parties. Unrestricted net assets include operating, plant, and internally designated plant and funds functioning as endowment funds.

(Continued)

Temporarily restricted net assets are subject to donor-imposed or legal stipulations that can be fulfilled by actions of the University pursuant to those stipulations or that expire with the passage of time. Total return on permanently and temporarily restricted assets are reported as temporarily restricted net assets until appropriated by the University's Board of Trustees in accordance with New York State laws.

Permanently restricted net assets are subject to donor-imposed stipulations that they be maintained into perpetuity and neither expire with the passage of time nor can be fulfilled or otherwise removed by the actions of the University. Generally, the donors of these assets permit the University to use all or part of the investment return on these assets to support program activities, principally financial aid and instruction.

Expenses are reported as decreases in unrestricted net assets. Expirations of donor-imposed stipulations that simultaneously increase one class of net assets and decrease another are reported as reclassifications between the applicable classes of net assets as "net assets released from restrictions."

(e) Cash Equivalents

Cash equivalents represent highly liquid debt instruments with original maturities of three months or less that are not part of long-term investment pools.

(f) Deposits with Trustee

Deposits with trustee include debt service and certain reserve funds required by the trustee.

(g) Contributions

Contributions, including unconditional pledges, are recognized as revenues when donors' commitments are received. Conditional pledges are recognized as revenues when the conditions are substantially met. Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received except unconditional pledges to be received in future years, which are discounted, as of the date of the contribution, at rates commensurate with the period of time until the pledge is scheduled to be paid and reflecting an allowance for potential collection risk, and are classified as either permanently restricted or temporarily restricted. Gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets. Contributions specified for the acquisition or construction of long-lived assets are reported as unrestricted net assets when the assets are placed in service. In the absence of donor stipulations, income and gains on contributions or contributed assets are reported as unrestricted revenue.

(Continued)

(h) Investments

Investments are reported at estimated fair value. The values of publicly traded fixed income and equity securities are based on quoted market prices. Nonmarketable securities include alternative investments in hedge, private equity, and other similar funds, which are valued using current estimates of fair value in the absence of readily determinable market values. The University utilizes net asset value or its equivalent (NAV) reported by the fund managers as a practical expedient to fair value. The estimates, because of the inherent uncertainty of valuations for these investments, may differ from the values that would have been used had ready markets existed. As of June 30, 2016, the University had no specific plans or intentions to sell investments at amounts different than NAV.

(i) Fair Value

GAAP defines fair value and establishes a framework for measuring fair value. The GAAP definition of fair value focuses on the exit price of a financial instrument, which is the price that would be received to sell an asset or settle a liability in an orderly transaction between market participants at the measurement date, incorporating a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Observable inputs reflect market data obtained from sources independent of the reporting entity and unobservable inputs reflect the reporting entity's own assumptions about how market participants would value a financial instrument based on the best information available. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs.

The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used by the University for financial instruments measured at fair value on a recurring basis. A financial instrument's categorization within the valuation hierarchy is based on the lowest level of input that is significant to the fair value measurement.

- Level 1 – quoted prices (unadjusted) in active markets that are accessible for assets and liabilities at the measurement date. Assets classified as Level 1 generally include listed equities.
- Level 2 – observable prices that are based on inputs not quoted in active markets, but corroborated by market data. Assets and liabilities classified as Level 2 generally include short-term investments.
- Level 3 – inputs include pricing inputs that are unobservable for the assets and reflect certain assumptions to determine fair value. Assets and liabilities classified as Level 3 generally include annuity and life income funds.

Investments in certain funds measured at NAV as a practical expedient to estimate fair value are not classified in the fair value hierarchy table.

(j) Property and Equipment

Buildings, grounds, equipment, and construction in progress are stated at cost, or, in the case of gifts, at fair value at date of donation, less accumulated depreciation. Expenditures for maintenance, repairs and renewals of relatively minor items are not capitalized. The cost of assets disposed of and related accumulated depreciation are eliminated from the accounts.

(Continued)

The University assesses its long-lived assets for impairment whenever events or changes in circumstances indicate potential impairment. The University has determined that no impairment losses need be recognized in the periods presented. Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets. Such assets and lives are generally as follows:

Buildings	20–50 years
Equipment	3–20 years

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as temporarily restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

(k) Asset Retirement Obligations

The University accrues for asset retirement obligations in the period in which they are incurred. Beginning with the date identified and through the estimated time of settlement of the obligation, the liability is accreted to its estimated settlement value. Upon settlement of the liability, the University will recognize a gain or loss for any difference between the settlement amount and liability recorded.

The following is a summary of the activity associated with asset retirement obligations during the years ended June 30, 2016 and 2015:

		2016	2015
Asset retirement obligations at beginning of year	$	5,307,725	5,170,771
Remediation		(136,820)	(187,778)
Accretion expense		333,317	346,935
Cost estimate revisions		(573,537)	(22,203)
Asset retirement obligations at end of year	$	4,930,685	5,307,725

(Continued)

(l) Retirement Plans

The University participates in defined contribution retirement plans. Total expense under these plans, representing the University's contributions to these plans, was $4,107,378 and $3,831,838 for 2016 and 2015, respectively. The plan document was amended to allow employees of the Beacon Institute to participate in the plan as of July 1, 2014.

(m) Income Taxes

The consolidated financial statements include the University and Beacon, which are generally exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Weston is a taxable subsidiary of the University. The income tax attributable to Weston is reflected in these consolidated financial statements but is not material.

The University recognizes the effect of income tax positions only if those positions are more likely than not of being sustained by a taxing authority and believes it has taken no significant uncertain tax positions.

(n) Allocation of Certain Expenses

The statements of activities present expenses by functional classification. Operation and maintenance of plant and depreciation are allocated based on square footage. Interest expense is allocated to functional expenses according to the original purpose of the bond proceeds.

(o) Reclassifications

Certain 2015 amounts have been reclassified to conform to the 2016 presentation.

(2) Investments and Fair Value

(a) Fair Value

The following table presents the financial instruments carried at fair value as of June 30, 2016, by balance sheet caption, based on the valuation hierarchy defined in note 1(i):

	Level 1	Level 2	Level 3	Measured at NAV	Total	Redemption or liquidation
Other assets:						
Short-term investments	$ —	678,062	—	—	678,062	Daily
GATE receivable	—	—	1,064,545	—	1,064,545	Illiquid
Deposits with trustee	1,677,765	—	—	—	1,677,765	Daily
Investments:						
Money market and similar	357,769	—	—	—	357,769	Daily
Fixed income securities:						
U.S. government securities	12,311,434	—	—	—	12,311,434	Daily
Other	76,325	—	—	—	76,325	Daily
Corporate stocks:						
Domestic	8,714,706	—	—	—	8,714,706	Daily
International	19,624,106	—	—	—	19,624,106	Daily
Hedge funds:						
Multistrategy funds	—	—	—	48,619,141	48,619,141	Quarterly/Annual
Private equity	—	—	—	7,356,682	7,356,682	Illiquid
Venture capital	—	—	—	4,876,144	4,876,144	Illiquid
Real assets	14,165,821	—	16,000	2,083,190	16,265,011	Monthly
International equity	7,152,594	—	—	31,425,461	38,578,055	Monthly
Annuity and life income funds	—	—	5,894,486	—	5,894,486	N/A
Life insurance policies	—	—	292,261	—	292,261	Daily
Investments	62,402,755	—	6,202,747	94,360,618	162,966,120	
Total assets	$ 64,080,520	678,062	7,267,292	94,360,618	166,386,492	
Liabilities:						
GATE liability	$ —	—	149,578	—	149,578	
Total liabilities at fair value	$ —	—	149,578	—	149,578	

The following table presents the financial instruments carried at fair value as of June 30, 2015, by caption on the balance sheet by the valuation hierarchy defined above:

	Level 1	Level 2	Level 3	Measured at NAV	Total	Redemption or liquidation
Other assets:						
Short-term investments	$ —	676,347	—	—	676,347	Daily
GATE receivable	—	—	1,376,007	—	1,376,007	Illiquid
Deposits with trustee	1,677,204	—	—	—	1,677,204	Daily
Investments:						
Money market and similar	392,462	—	—	—	392,462	Daily
Fixed income securities:						
U.S. government securities	10,765,633	—	—	—	10,765,633	Daily
Other	76,434	—	—	—	76,434	Daily
Corporate stocks:						
Domestic	13,802,485	—	—	—	13,802,485	Daily
International	26,167,701	—	—	—	26,167,701	Daily
Hedge funds:						
Multistrategy funds	—	—	—	54,194,335	54,194,335	Quarterly/Annual
Private equity	—	—	—	7,403,599	7,403,599	Illiquid
Venture capital	—	—	—	5,434,715	5,434,715	Illiquid
Real assets	11,373,801	—	16,000	18,000	11,407,801	Monthly
International equity	7,152,594	—	—	31,425,461	38,578,055	Monthly
Annuity and life income funds	—	—	6,211,728	—	6,211,728	N/A
Life insurance policies	—	—	281,210	—	281,210	Daily
Investments	69,731,110	—	6,508,938	98,476,110	174,716,158	
Total assets	$ 71,408,314	676,347	7,884,945	98,476,110	178,445,716	
Liabilities:						
GATE liability	$ —	—	265,396	—	265,396	
Total liabilities at fair value	$ —	—	265,396	—	265,396	

The University was involved in the Guaranteed Access to Education (GATE) loan program from 1994 to 2005. Under this program, the University recognizes future residual cash flows as an asset. Based on historical default rates and other assumptions, the residual receivables are $1,064,545 and $1,376,007 as of June 30, 2016 and 2015, respectively. This amount is recorded at estimated fair value in other assets on the accompanying consolidated balance sheets. Also under this program, the University has pledged approximately $5,633,092 and $5,696,799 as of June 30, 2016 and 2015 to a third party administrator to guaranty the loans. The discounted estimated pledge contribution liability is $149,578 and $265,396 as of June 30, 2016 and 2015, respectively. This amount has been recorded at fair value in other liabilities in the accompanying consolidated balance sheets.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the University believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The following table is a roll forward of the balance sheet amounts for financial instruments classified by the University within Level 3 of the fair value hierarchy defined above.

	Fair value July 1, 2015	Earnings	Gains (losses) net of fees	Gifts	Payments received and pledge payment	Distributions	Present value adjustment	Fair value June 30, 2016
Assets:								
GATE receivable	$ 1,376,007	—	—	—	(75,501)	—	(235,961)	1,064,545
Real estate	16,000	—	—	—	—	—	—	16,000
Annuity and life insurance funds	6,211,728	66,994	(217,986)	288,199	—	(454,449)	—	5,894,486
Life insurance policies	281,210	—	11,051	—	—	—	—	292,261
Total assets at fair value	$ 7,884,945	66,994	(206,935)	288,199	(75,501)	(454,449)	(235,961)	7,267,292
Liabilities:								
GATE liability	$ 265,396	—	—	—	(93,224)	—	(22,594)	149,578
Total liabilities at fair value	$ 265,396	—	—	—	(93,224)	—	(22,594)	149,578

	Fair value July 1, 2014	Earnings	Gains (losses) net of fees	Gifts	Payments received and pledge payment	Distributions	Present value adjustment	Fair value June 30, 2015
Assets:								
GATE receivable	$ 1,161,065	—	—	—	(125,278)	—	340,220	1,376,007
Real estate	16,000	—	—	—	—	—	—	16,000
Annuity and life insurance funds	6,335,376	129,087	269	177,229		(430,233)	—	6,211,728
Life insurance policies	317,623	—	13,919	—	—	(50,332)	—	281,210
Total assets at fair value	$ 7,830,064	129,087	14,188	177,229	(125,278)	(480,565)	340,220	7,884,945
Liabilities:								
GATE liability	$ 446,292	—	—	—	(163,902)	—	(16,994)	265,396
Total liabilities at fair value	$ 446,292	—	—	—	(163,902)	—	(16,994)	265,396

(b) Investment Return

A majority of endowment assets are pooled on a fair value basis, and the University utilizes a total return approach to investments in the endowment pool. This approach considers income yield (primarily interest and dividends) as well as the net realized and unrealized (loss) gain in the fair value of pooled investments when determining the spending amount. The unit fair value is used to account for income distributed and pool transactions. Pooled funds were as follows as of June 30:

		2016	2015
Investments in pooled funds, at fair value	$	155,752,823	162,709,187
Total number of units		757,956	730,489
Market value per unit		205.49	222.74

The University's return on endowment investments was as follows for the years ended June 30:

		2016	2015
Investment earnings, net of fees	$	741,243	1,317,194
Realized and unrealized loss, net		(7,703,659)	(5,156,704)
Total return on investment		(6,962,416)	(3,839,510)
Allocation for endowment spending policy		(8,193,140)	(7,963,615)
Nonoperating investment loss	$	(15,155,556)	(11,803,125)

Investment fees were $587,639 and $722,976 for the years ended June 30, 2016 and 2015, respectively. The University has annuity and life income investments with a gross value of $6,151,844 and $6,459,239 as of June 30, 2016 and 2015, respectively. These funds pass to the University upon the death of the beneficiaries and, in some cases, survivors. As a result, a liability is recorded to reflect the present value of the annuity and life income obligations. The amount of this liability, which is included in other liabilities on the accompanying consolidated balance sheets, is $4,068,267 and $4,169,102 as of June 30, 2016 and 2015, respectively.

(c) Liquidity

Investments include illiquid private equity and venture capital funds. Those investments are illiquid because distributions from them are made upon the liquidation of underlying investments. Also, certain of the University's hedge fund investments are subject to restrictions impacting their liquidity. Those restrictions include contractual lock up provisions, redemption notification requirements, and other restrictions. The University is able to withdraw money from the funds on January 1st of each year.

Under the terms of certain limited partnership agreements, the University is obligated periodically to advance additional funding. At June 30, 2016 and 2015, the University had commitments of approximately $24,656,000 and $17,140,000, respectively, for which capital calls had not been exercised. Such commitments generally have fixed expiration dates or other termination clauses.

(Continued)

(3) Endowment Funds

The University is subject to the New York Prudent Management of Institutional Funds Act (NYPMIFA), which governs the management and investment of funds held by not-for-profit corporations and other institutions. Absent donor stipulations to the contrary, the statutory guidelines contained in NYPMIFA relate to the prudent management, investment and expenditure of donor-restricted endowment funds without regard to the original value of the gifts. However, NYPMIFA contains specific factors that must be considered prior to making investment decisions or appropriating funds for expenditure. For accounting purposes, the University applies the concepts included in NYPMIFA and ASC Topic 958, *Not-for-Profit Entities*, in its classification of unspent accumulated total return as temporarily restricted net assets.

The Board of Trustees' interpretation of its fiduciary responsibilities for donor-restricted endowment funds under New York State's Not-for-Profit Corporation Law, including NYPMIFA, is to preserve intergenerational equity to the extent possible by prudently managing, investing, and spending from the endowment funds. This principle holds that future endowment beneficiaries should receive at least the same level of economic support that the current generation receives. As a result of this interpretation, the University classifies as permanently restricted net assets (a) the original value of gifts donated to a true endowment, (b) the original value of subsequent gifts to a true endowment fund, and (c) accumulations to a true endowment fund made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Unspent appropriations related to donor-restricted endowment funds are classified as temporarily restricted net assets until the amounts are able to be expended by the University in a manner consistent with the donor's intent.

The Board of Trustees determines the appropriate amount to withdraw from endowment and similar funds on an annual basis to provide support for operations with prudent concern for the long-term growth in the underlying assets as well as the specific factors detailed in NYPMIFA. The Board-approved spending policy is designed to insulate endowment support for programming from short-term fluctuations in capital markets.

Endowment net assets are approximately $177,100,000, with approximately $155,800,000 in endowed investments, $7,000,000 of internal borrowings for the student center and academic investment programs, $2,500,000 in assets less liabilities of Weston, and $11,800,000 due to the endowment.

Endowment net assets consisted of the following as of June 30, 2016:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted	$ (7,583,358)	15,612,850	119,395,146	127,424,638
Board-designated	49,674,643	—	—	49,674,643
Total endowment net assets	$ 42,091,285	15,612,850	119,395,146	177,099,281

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

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Net assets at June 30, 2015	$ 49,134,944	22,197,963	114,807,448	186,140,355
Interest and dividends, net of fees	210,809	530,434	—	741,243
Net depreciation	(1,699,370)	(6,004,289)	—	(7,703,659)
Total investment return	(1,488,561)	(5,473,855)	—	(6,962,416)
Contributions	—	—	4,512,880	4,512,880
Board designated transfers	903,743	—	—	903,743
Amounts appropriated for expenditure	(1,708,440)	(6,000,670)	74,818	(7,634,292)
Amounts appropriated for debt service	(716,640)	—	—	(716,640)
Other changes and reclassification	(4,033,761)	4,889,412	—	855,651
Net assets at June 30, 2016	$ 42,091,285	15,612,850	119,395,146	177,099,281

Endowment net assets consisted of the following as of June 30, 2015:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted	$ (3,318,035)	22,197,963	114,807,448	133,687,376
Board-designated	52,452,979	—	—	52,452,979
Total endowment net assets	$ 49,134,944	22,197,963	114,807,448	186,140,355

Changes in endowment net assets for the year ended June 30, 2015 were as follows:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Net assets at June 30, 2014	$ 54,141,757	28,815,949	109,960,155	192,917,861
Interest and dividends, net of fees	375,927	941,267	—	1,317,194
Net depreciation	(1,471,723)	(3,684,981)	—	(5,156,704)
Total investment return	(1,095,796)	(2,743,714)	—	(3,839,510)
Contributions	—	—	4,689,745	4,689,745
Board designated transfers	255,000	—	—	255,000
Amounts appropriated for expenditure	(1,352,483)	(6,091,714)	106,759	(7,337,438)
Amounts appropriated for debt service	(676,884)	—	—	(676,884)
Other changes and reclassification	(2,136,650)	2,217,442	50,789	131,581
Net assets at June 30, 2015	$ 49,134,944	22,197,963	114,807,448	186,140,355

(a) Endowment Funds with Deficits

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the value of the initial and subsequent donor gift amounts (deficit). These deficits result from unfavorable market fluctuations that occur after the investment of endowment funds or from spending deemed prudent.

When donor-restricted endowment deficits exist, they are classified as a reduction of unrestricted net assets. Deficits of this nature were $7,583,358 and $3,318,035 as of June 30, 2016 and 2015, respectively. These deficits were related to endowment funds with an original fair value of $61,723,033 and $42,152,366 as of June 30, 2016 and 2015, respectively.

(b) Return Objectives and Risk Parameters

The University has adopted endowment investment and spending policies that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of endowment assets. Under this policy, the return objective for the endowment assets, measured over a full market cycle, shall be to maximize the return against a blended index, based on the endowment's target allocation applied to the appropriate individual benchmarks. The University expects its endowment funds over time, to provide an average rate of return of approximately 8.0% annually. Actual returns in any given year may vary from this amount.

(c) Strategies Employed for Achieving Investment Objectives

To achieve its long-term rate of return objectives, the University relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized gains) and current yield (interest and dividends). The University targets a diversified asset allocation that places greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

(d) Endowment Spending Allocation and Relationship of Spending Policy to Investment Objectives

The Board of Trustees determines the appropriate amount to withdraw from endowment and similar funds on an annual basis to provide support for operations with prudent concern for the long-term growth in the underlying assets as well as the specific factors detailed in NYPMIFA. The Board of Trustees of the University determines the method to be used to appropriate endowment funds for expenditure. During the fiscal year ended June 30, 2009, the Board of Trustees made the determination to reduce the annual 5.0% spending rate by 0.1% each year, until a rate of 4.0% is attained. The 4.2% and 4.3% annual spending rates for the fiscal years ended June 30, 2016 and 2015, respectively, are based on a trailing 12-quarter average market value of restricted and unrestricted pooled assets. An additional annual spending of approximately 1% based on the trailing 12-quarter average market value of unrestricted pooled assets is appropriated for the Board of Trustees approved debt service expenses or capital expenditures. Furthermore, the Board of Trustees has authorized additional annual spending for certain debt service. Distributions of earnings from the fund to support expenditures are expected to be equal to or less than actual returns, therefore achieving the financial objective of preserving the value of the fund assets and related revenue stream over time.

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(4) Temporarily and Permanently Restricted Net Assets

At June 30, 2016 and 2015, temporarily and permanently restricted net assets were comprised as follows:

	2016		2015	
	Temporarily restricted	**Permanently restricted**	**Temporarily restricted**	**Permanently restricted**
Pledges and bequests receivable	$ 2,075,989	399,793	3,330,567	674,308
Other program restrictions	6,113,997	5,000	6,143,131	5,000
Restricted for facilities	6,578,335	—	3,586,511	—
Restricted for student loans	—	2,811,347	—	2,802,810
Life income, annuity, and similar funds	1,451,624	653,958	1,666,343	623,796
Endowment funds	15,612,850	119,395,146	22,197,963	114,807,448
Total net assets	$ 31,832,795	123,265,244	36,924,515	118,913,362

(5) Receivables

Accounts receivable consisted of the following at June 30:

	2016	2015
Students, net	$ 1,590,563	1,466,982
Research contracts and grants	3,449,989	4,988,220
Other	1,340,936	3,357,840
	$ 6,381,488	9,813,042

The University maintains an allowance for uncollectible student and grant accounts. These allowances were $508,391 and $371,246 for student and grant receivables at June 30, 2016 and 2015, respectively.

Notes receivable consisted of the following at June 30:

	2016	2015
Federal and other external student	$ 6,907,007	6,481,915
Unrestricted student loans	211,259	225,944
Permanently restricted student loans	1,424,936	1,497,089
	$ 8,543,202	8,204,948

The University maintains an allowance for uncollectible notes receivable, which was $1,022,593 and $1,056,695 at June 30, 2016 and 2015, respectively.

Pledges receivable at June 30 are as follows:

		2016	2015
In less than one year	$	1,006,764	2,200,106
In one to five years		1,219,062	2,028,474
Greater than five years		410,000	10,000
Gross receivable		2,635,826	4,238,580
Present value discount and reserve		160,044	233,705
Net receivable	$	2,475,782	4,004,875

(6) Property and Equipment

Property and equipment consisted of the following at June 30:

		2016	2015
Buildings and grounds	$	258,942,158	250,913,204
Equipment		40,687,453	39,493,748
Construction in progress		28,540,560	22,473,971
Total property and equipment		328,170,171	312,880,923
Less accumulated depreciation		(133,751,680)	(126,070,982)
	$	194,418,491	186,809,941

Construction in progress is made up of certain projects started but not completed at June 30, 2016. The estimated costs to complete these projects, most of which represent costs to be incurred under contracts with vendors, are approximately $17,800,000. These projects consist of dormitory expansion, engineering lab additions, and others.

Capitalized interest costs were $102,392 and $115,271 for the years ended June 30, 2016 and 2015 respectively.

(7) Long-term Debt

Outstanding debt consisted of the following at June 30:

		2016	2015
Clarkson University:			
St. Lawrence County Industrial Development Authority (IDA):			
St. Lawrence County IDA Bonds – 2003 (a)	$	2,975,000	3,075,000
St. Lawrence County IDA Bonds – 2007 (b)		21,752,634	22,281,207
St. Lawrence County IDA Bonds – 2011 (c)		14,587,184	14,740,995
St. Lawrence County IDA Bonds – 2012A (d)		18,938,587	18,969,120
St. Lawrence County IDA Bonds – 2012B (e)		3,061,489	3,063,809
City of Schenectady IDA Bonds – 2008A (f)		4,935,000	—
Empire State Development Corporation (g)		1,666,500	1,999,840
Capital lease (h)		314,004	—
Bond issuance costs		(1,581,198)	(1,443,576)
Total long-term debt	$	66,649,200	62,686,395

(a) These bonds bear interest at rates ranging from 2.50% to 5.00% and require annual principal payments ranging from $75,000 to $765,000 through July 2033.

(b) These bonds bear interest at rates ranging from 4.0% to 5.0% and require annual principal payments ranging from $95,000 to $2,300,000 through July 2032.

(c) These bonds bear interest at rates ranging from 3.0% to 6.0% and requiring annual principal payments through September 2041.

(d) These bonds bear interest at rates ranging from 4.0% to 5.25% and require annual principal payments through September 2041.

(e) These bonds assume initial coupon interest at a rate 2.5% until March 1, 2016 and then an estimated coupon of 3.36% to maturity. The principal payment of $3,000,000 is due September 2042.

(f) These are Letter of Credit Secured Bonds issued through M&T Bank, under Variable Rate Demand Civic Facility Revenue Bonds. The bonds are secured by land and building in the City of Schenectady, New York. The bonds are paid in variable increments through September 1, 2037. Interest is variable and approximates 0.5% at June 30, 2016.

(g) This is an interest-free mortgage related to the Center for Advanced Materials Process (CAMP facility). The mortgage requires annual principal payments of $333,340 through January 2020. The principal payments that were due for fiscal years ended June 30, 2016 and 2015 were forgiven by New York State.

(h) Represents a capital lease for research equipment, with payments annually through December 2019.

At June 30, 2016, the aggregate amounts of principal and sinking-fund requirements for long-term debt over the next five fiscal years and thereafter are as follows:

		Amount
Fiscal year:		
2017	$	1,422,791
2018		1,517,782
2019		1,571,714
2020		1,623,248
2021		2,228,933
Thereafter		58,284,732
	$	66,649,200

The St. Lawrence County IDA bond agreements include provisions requiring the maintenance of a minimum annual debt service coverage ratio. As of June 30, 2016 and 2015, the University is in compliance with these provisions.

The University has a $5,000,000 line of credit at a bank with an interest rate that is the greater of 1.75% above the one month LIBOR with an interest period duration of one day or 2.25%. There is no expiration date associated with this line of credit. The outstanding balance at June 30, 2016 is $0.

The University has a $960,000 revolving line of credit with a bank related to its procurement card program on which there was an outstanding balance of $0 and $37,253 as of June 30, 2016 and 2015, respectively. It is interest free if full payment is received within the monthly billing cycle. The credit line is on an annual automatic renewal.

Beacon has a revolving line of credit with a bank which provides for a variable interest rate which, at June 30, 2016 and 2015, was 0.75% above the prime rate with a minimum of 4.0%. The maximum authorized amount available is $750,000. Borrowings under the line are collateralized by Beacon's property and equipment and payable on demand. There was no balance outstanding at June 30, 2016.

Weston has a $500,000 line of credit at a bank's prime rate (3.25% at June 30, 2016) on which there was no outstanding balance at June 30, 2016. There is no expiration date associated with this line of credit.

Effective in the year ended June 30, 2016, the University retrospectively adopted the provisions of the FASB Accounting Standards Update (ASU) No. 2015-03, *Interest – Imputation of Interest* (ASU 2015-03). ASU 2015-03 requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability. As a result, the University has reclassified approximately $1,581,000 and $1,443,576 in bond issuance costs from other assets to a reduction in bonds payable in the consolidated balance sheets as of June 30, 2016 and 2015, respectively.

Effective in the year ended June 30, 2016, the University also retrospectively adopted the provisions of the FASB Accounting Standards Update (ASU) No. 2016-01, *Financial Instruments – Overall* (ASU 2016-01). ASU 2016-01 eliminates the requirement to disclose the fair value of financial instruments measured at amortized cost for nonpublic entities.

(8) Postretirement Benefits

The University provides certain health care and sick leave benefits for retired employees. The University's employees may become eligible for those benefits if they reach retirement age while working for the University and meet certain minimum service requirements. The following table sets forth the status of the plan, which is unfunded, as of June 30:

		2016	2015
Change in benefit obligation:			
Benefit obligation at beginning of year	$	15,578,947	13,088,006
Service cost		397,314	356,532
Interest cost		676,039	554,467
Plan participants' contributions		690,325	659,505
Medicare Part D subsidy		—	23,191
Actuarial loss		2,810,665	1,915,116
Benefits paid		(1,420,660)	(1,017,870)
Benefit obligation at end of year		18,732,630	15,578,947
Change in plan assets:			
Fair value of plan assets at beginning of year		—	—
Employer contributions		730,335	335,174
Plan participants' contributions		690,325	659,505
Benefits paid		(1,420,660)	(1,017,870)
Medicare Part D subsidy		—	23,191
Fair value of plan assets at end of year		—	—
Funded status at end of year	$	(18,732,630)	(15,578,947)
Discount rates:			
Year end benefit obligation		3.60%	4.40%
Net periodic benefit cost		4.40	4.30
Components of net periodic benefit cost:			
Service cost	$	397,314	356,532
Interest cost		676,039	554,467
Amortization of net gain		(336,730)	(618,055)
Amortization of prior service credit		(756,699)	(756,699)
Net periodic benefit credit	$	(20,076)	(463,755)

During the year ended June 30, 2016, the following were the key factors in the increase in the postretirement obligation: changes in plan participation rates, medical claims experience, discount rates, contribution rates and mortality rates. The changes in these factors resulted in a 20% net increase in the postretirement benefit obligation, which also represented approximately 22% of the change in the University's net asset decrease for the fiscal year ended June 30, 2016.

Estimated Future Contributions and Benefit Payments

The following estimated benefit payments are expected:

		Contributions benefit payments
2017	$	569,928
2018		443,191
2019		474,893
2020		506,777
2021		563,323
2022–2026		3,442,557

For measurement purposes, a 7.5% and a 5.0% annual rate of increase in the per capita cost of covered health care and dental benefits, respectively, was assumed as of June 30, 2016. The health care rate was assumed to decrease each year through 2042 to 5.0% and remain at that level thereafter while the dental rate trend remains constant for all years. Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. The University's plan is designed such that the healthcare cost trend rates do not impact the postretirement benefit obligation or the service and interest cost.

The estimated prior service credit for the postretirement benefits plan that will be amortized from unrestricted net assets into net periodic benefit cost in fiscal 2017 is $570,618.

(9) Commitments and Contingencies

The University is subject to various claims and lawsuits. In management's opinion, the resolution of these matters will not have a significant adverse effect on the University's financial position, operations, or cash flows.

The University partially retains the risk for medical insurance. The University carries stop/loss insurance that covers medical and prescription drug claims that exceed the annual aggregate attachment point of approximately $10,317,136 and $9,376,984 in 2016 and 2015, respectively. The attachment point for any individual claim is $175,000. The University's estimated liability for its retained risk under these policies amounted to approximately $981,370 and $824,109 as of June 30, 2016 and 2015 and is recorded within other liabilities on the balance sheets.

(10) Union Graduate College Acquisition

Until the acquisition described in the following paragraph occurred, Union Graduate College (UGC) was an independent, co-educational, not-for-profit graduate college located in Schenectady, New York. On May 11, 2015, the University and UGC entered into an agreement, effective February 1, 2016, pursuant to which UGC was merged with and into the University in accordance with the provisions of the New York Educational Law, whereupon the separate corporate existence of UGC has ceased and Clarkson University is the surviving entity. The University acquired UGC to form the Clarkson University Capital Region Campus (CRC) and expand its graduate offerings by continuing the distinguished bio-ethics, healthcare

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management, and education programs offered by UGC. The CRC will also serve as an integrated hub for program marketing, student recruitment and admissions for graduate programs. There was no consideration exchanged for the acquisition, and the transaction resulted in an inherent contribution received, as UGC was seeking to provide students, faculty and alumni from both institutions access to a richer pool of resources that will provide heightened opportunities for meaningful collaboration, enhanced course offerings, cutting-edge research, expanded career services, and enriched corporate and alumni networks.

The change in control of UGC was accounted for as an acquisition under the Merger and Acquisition guidance for not-for-profit entities. As such, the University recorded approximately $8,415,000 of inherent contribution income in the consolidated statement of activities. The amount represents the excess of the fair value of assets acquired over the fair value of liabilities assumed, of which approximately $1,428,000 reflects an increase to the fair value adjustment to building and land at February 1, 2016. In addition, approximately $413,000 in operating expense has been incurred for acquisition related costs. The expenses have been classified as institutional support within the consolidated statement of activities, and approximately $353,000 and $60,000 were recognized during the years ended June 30, 2016 and 2015, respectively. The consolidated statement of activities reflects activity of approximately $87,000 from the date of acquisition (February 1, 2016) to year end.

The fair value of assets acquired, liabilities assumed and the net assets of UGC at February 1, 2016 were as follows:

Assets:		
Cash	$	2,804,252
Student receivables, net		268,572
Grants and other receivables		137,199
Property and equipment, net		8,063,500
Investments		3,510,549
	$	14,784,072
Liabilities:		
Accounts payable and accrued expenses	$	305,407
Deferred revenue		1,339,926
Long-term debt		4,723,954
	$	6,369,287
Net assets:		
Unrestricted	$	6,893,390
Temporarily restricted		621,488
Permanently restricted		899,907
	$	8,414,785

A summary of the financial results of CRC included in the consolidated statement of activities from the period February 1, 2016 through June 30, 2016 is as follows:

Net tuition and fee revenue	$	3,285,227
Other operating revenue		364,040
Operating expenses		(3,666,199)
Nonoperating revenue		104,269
Excess of revenues over expenses	$	87,337
Decrease in unrestricted net assets	$	(7,152)
Increase in temporarily restricted net assets		94,489

Based upon the fact that UGC's previous annual fiscal reporting period of September 1 to August 31 is not consistent with the University's fiscal reporting period, the University has deemed it impracticable to disclose the revenues and changes in net assets by class of the combined entity as though the acquisition date had been at the beginning of the annual reporting periods. For the twelve month period from September 1, 2014 to August 31, 2015 Union Graduate College had $7,136,983 of total revenues and $7,787,352 of expenses.

(11) Subsequent Events

The University has evaluated subsequent events through October 19, 2016, the date on which the consolidated financial statements were issued. The University is not aware of any subsequent events which would require recognition or disclosure in the financial statements.