Trinity College

Consolidated Financial Statements

June 30, 2014 and 2013

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June 30, 2014 and 2013

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Independent Auditor's Report

To the Board of Trustees of Trinity College

We have audited the accompanying consolidated financial statements of Trinity College (the "College"), which comprise the consolidated statements of financial position as of June 30, 2014 and 2013 and the related consolidated statements of activities and of cash flows for the years then ended.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on the 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 our 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, we consider internal control relevant to the College'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 College'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 the College at June 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers LLP

October 21, 2014

PricewaterhouseCoopers LLP, 185 Asylum Street, Suite 2400, Hartford, CT 06103-3404
T: (860) 241 7000, F: (860) 241 7590, www.pwc.com/us

Trinity College
Consolidated Statements of Financial Position
June 30, 2014 and 2013

	2014	2013
Assets		
Cash and cash equivalents	$ 10,093,305	$ 20,297,805
Short-term investments	19,942,017	15,303,595
Loan receivable	4,146,667	
Receivables, net of allowance for doubtful accounts of $380,000 and $388,894	1,756,634	1,137,892
Government grants receivable	571,712	533,824
Contributions receivable, net of allowance for doubtful accounts of $865,796 and $1,068,001	23,288,035	28,108,327
Student loans receivable, net of allowance for doubtful accounts of $718,000 and $562,000	5,679,753	5,405,718
Investments, at fair value	528,559,148	460,806,941
Funds held by bond trustee	6,632,023	6,006,013
Beneficial interest in funds held in trust by others	33,963,031	30,941,637
Other assets	3,764,387	3,614,856
Fixed assets, net of accumulated depreciation	250,871,532	262,804,609
Total assets	$ 889,268,244	$ 834,961,217
Liabilities		
Accounts payable and accrued expenses	$ 19,219,623	$ 19,992,223
Federal student loan funds	3,205,015	3,205,015
Accrued postretirement benefits	5,390,844	5,517,649
Split interest obligations	5,532,714	5,515,864
Bonds and notes payable	138,614,480	141,997,807
Asset retirement obligation	26,095,901	25,688,938
Other liability	500,441	13,064,049
Total liabilities	198,559,018	214,981,545
Net Assets		
Unrestricted	102,717,664	92,086,434
Temporarily restricted	304,524,170	250,628,199
Permanently restricted	283,467,392	277,265,039
Total net assets	690,709,226	619,979,672
Total liabilities and net assets	$ 889,268,244	$ 834,961,217

The accompanying notes are an integral part of these consolidated financial statements.

Trinity College
Consolidated Statements of Activities
Year Ended June 30, 2014 with Summarized Comparative Totals for 2013

	2014				2013
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Operating revenues and other net assets					
Tuition and fees	$ 109,557,388	$ -	$ -	$ 109,557,388	$ 104,262,642
Room and board	23,538,745	-	-	23,538,745	21,867,964
Less: financial aid	(36,560,378)	-	-	(36,560,378)	(34,344,040)
Net tuition and fees	96,535,755	-	-	96,535,755	91,786,566
Federal and state grants	2,171,954	-	-	2,171,954	2,014,340
Contributions	7,646,370	6,106,967	-	13,753,337	12,574,983
Endowment income distribution	2,697,016	18,021,683	-	20,718,699	19,612,158
Net gain (loss) on investments	(238,752)	71,259	-	(167,493)	(281,066)
Other investment income	580,683	43,892	61,487	686,062	517,943
Other operating income	5,784,511	189,194	20,236	5,993,941	3,528,173
Revenues of auxiliary enterprises	5,196,829	-	-	5,196,829	3,929,985
Net assets released from restrictions	24,367,562	(24,367,562)	-	-	-
Total operating revenues and other net assets	144,741,928	65,433	81,723	144,889,084	133,683,082
Expenses					
Instruction, research and related programs	77,426,900	-	-	77,426,900	76,144,182
General institutional services	38,742,441	-	-	38,742,441	36,349,985
Auxiliary expenses	25,614,865	-	-	25,614,865	20,313,887
Total expenses	141,784,206	-	-	141,784,206	132,808,054
Other changes in net assets					
Postretirement related changes other than net periodic cost	(413,939)	-	-	(413,939)	(28,436)
Gain from accounting sale of Crescent Street (Note 15)	567,861	-	-	567,861	-
Unrealized loss on interest rate swap	(500,441)	-	-	(500,441)	-
Operating and other fund transfers	165,619	(165,619)	-	-	-
Transfers from (to) endowment	(2,680)	(20,580)	-	(23,260)	(31,616)
Total other changes	(183,580)	(186,199)	-	(369,779)	(60,052)
Increase (decrease) in operating and other net assets	2,774,142	(120,766)	81,723	2,735,099	814,976
Endowment and similar net assets					
Endowment income	100,623	2,046,195	156,207	2,303,025	2,184,032
Net gains on investments	2,319,388	75,136,190	1,383,064	78,838,642	64,336,745
Endowment distributed for spending	(2,697,016)	(18,278,470)	256,787	(20,718,699)	(19,612,158)
Investment management fees	(173,875)	(5,700,037)	(73,353)	(5,947,265)	(4,828,623)
Other changes	(483,699)	(33,758)	667	(516,790)	(619,647)
Net investment gain and amounts distributed for spending	(934,579)	53,170,120	1,723,372	53,958,913	41,460,349
Contributions	7,881,379	-	2,444,805	10,326,184	4,959,382
Change in value of split-interest agreements	(123,177)	1,961,443	1,847,832	3,686,098	2,442,531
Other endowment changes and transfers	1,030,785	(1,135,406)	104,621	-	-
Transfers (to) from operating funds	2,680	20,580	-	23,260	31,616
Other endowment changes	8,791,667	846,617	4,397,258	14,035,542	7,433,529
Increase (decrease) in endowment and similar net assets	7,857,088	54,016,737	6,120,630	67,994,455	48,893,878
Net assets, beginning of year	92,086,434	250,628,199	277,265,039	619,979,672	570,270,818
Total increase in net assets	10,631,230	53,895,971	6,202,353	70,729,554	49,708,854
Net assets, end of year	$ 102,717,664	$ 304,524,170	$ 283,467,392	$ 690,709,226	$ 619,979,672

The accompanying notes are an integral part of these consolidated financial statements.

Trinity College
Consolidated Statements of Activities
Year Ended June 30, 2013

	2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating revenues and other net assets				
Tuition and fees	$ 104,262,642	$ -	$ -	$ 104,262,642
Room and board	21,867,964	-	-	21,867,964
Less: financial aid	(34,344,040)	-	-	(34,344,040)
Net tuition and fees	91,786,566	-	-	91,786,566
Federal and state grants	2,014,340	-	-	2,014,340
Contributions	7,518,440	5,056,543	-	12,574,983
Endowment income distribution	2,864,375	16,747,783	-	19,612,158
Net gain (loss) on investments	(321,062)	39,996	-	(281,066)
Other investment income	395,961	62,173	59,809	517,943
Other operating income	3,263,160	240,586	24,427	3,528,173
Revenues of auxiliary enterprises	3,929,985	-	-	3,929,985
Net assets released from restrictions	22,518,459	(22,518,459)	-	-
Total operating revenues and other net assets	133,970,224	(371,378)	84,236	133,683,082
Expenses				
Instruction, research and related programs	76,144,182	-	-	76,144,182
General institutional services	36,349,985	-	-	36,349,985
Auxiliary expenses	20,313,887	-	-	20,313,887
Total expenses	132,808,054	-	-	132,808,054
Other changes in net assets				
Postretirement related changes other than net periodic cost	(28,436)	-	-	(28,436)
Operating and other fund transfers	170,928	(170,928)	-	-
Transfers from (to) endowment	-	(31,616)	-	(31,616)
Total other changes	142,492	(202,544)	-	(60,052)
Increase (decrease) in operating and other net assets	1,304,662	(573,922)	84,236	814,976
Endowment and similar net assets				
Endowment income	119,611	1,847,771	216,650	2,184,032
Net gains (losses) on investments	1,847,899	61,870,429	618,417	64,336,745
Amount distributed for spending	(2,864,375)	(16,747,783)	-	(19,612,158)
Investment management fees	(116,870)	(4,645,053)	(66,700)	(4,828,623)
Other changes	(612,019)	(8,063)	435	(619,647)
Net investment gain and amounts distributed for spending	(1,625,754)	42,317,301	768,802	41,460,349
Contributions	516,005	-	4,443,377	4,959,382
Change in value of split-interest agreements	(43,619)	1,205,219	1,280,931	2,442,531
Other endowment changes and transfers	4,346,444	(4,126,729)	(219,715)	-
Transfers (to) from operating funds	-	31,616	-	31,616
Other endowment changes	4,818,830	(2,889,894)	5,504,593	7,433,529
Increase (decrease) in endowment and similar net assets	3,193,076	39,427,407	6,273,395	48,893,878
Net assets, beginning of year	87,588,696	211,774,714	270,907,408	570,270,818
Total increase in net assets	4,497,738	38,853,485	6,357,631	49,708,854
Net assets, end of year	$ 92,086,434	$ 250,628,199	$ 277,265,039	$ 619,979,672

The accompanying notes are an integral part of these consolidated financial statements.

Trinity College
Consolidated Statements of Cash Flows
Years Ended June 30, 2014 and 2013

	2014	2013
Cash flows from operating activities		
Change in net assets	$ 70,729,554	$ 49,708,854
Adjustments		
Depreciation, amortization and accretion	11,251,675	12,200,312
Realized and unrealized gains on investments	(78,184,455)	(63,925,272)
Provision for student loans receivables	156,000	20,000
Provision for contributions receivable	(202,206)	217,247
Contributions receivable discount	(63,070)	(1,362,147)
Student loans written off	38,980	26,171
Contributions restricted for long-term investments, net	(5,042,571)	(6,485,208)
Post retirement related changes other than net periodic cost	413,939	28,436
Change in balances		
Receivables and other assets	(5,059,275)	155,127
Contributions receivable	5,085,568	6,581,634
Accounts payable and other liabilities	(267,881)	(1,063,750)
Accrued postretirement benefits	(540,744)	(417,508)
Total adjustments	(72,414,040)	(54,024,958)
Net cash used in operating activities	(1,684,486)	(4,316,104)
Cash flows from investing activities		
Student loans granted	(1,121,070)	(957,324)
Student loans repaid	652,055	621,629
Purchase of fixed assets	(11,913,216)	(11,494,347)
Purchases of investments	(85,581,094)	(69,676,832)
Sales of investments	96,013,342	82,406,546
Change in short-term investments, net	(4,638,422)	573,729
Proceeds from bond issuance deposited with trustee	(9,482,285)	(10,336,747)
Use of bond issuance proceeds deposited with trustee	8,856,275	10,329,590
Net cash provided by (used in) investing activities	(7,214,415)	1,466,244
Cash flows from financing activities		
Contributions restricted for long-term investments, net	5,042,571	6,485,208
Change in value of split-interest obligations	16,850	111,677
Change in the value of funds held in trust by others	(3,021,394)	(1,928,912)
Repayments of bonds and notes	(3,343,626)	(3,068,445)
Net cash provided by (used in) financing	(1,305,599)	1,599,528
Net (decrease) increase in cash and equivalents	(10,204,500)	(1,250,332)
Cash and cash equivalents		
Beginning of year	20,297,805	21,548,137
End of year	$ 10,093,305	$ 20,297,805
Noncash		
Additions to fixed assets financed through accounts payable	$ 77,355	$ 81,934
Contributed securities	2,723,608	2,604,527
Supplemental disclosure of cash flow information		
Interest paid	$ 5,743,839	$ 5,884,510

The accompanying notes are an integral part of these consolidated financial statements.

1. Summary of Significant Accounting Policies

Nature of Organization
Trinity College (the "College") is a private, not-for-profit institution of higher education located in Hartford, Connecticut. The College also operates undergraduate programs internationally. The College provides educational services primarily for students at the undergraduate and graduate levels and performs some research under grants with agencies of the federal government and other sponsoring organizations.

Basis of Presentation
The consolidated financial statements of Trinity College include the accounts of Trinity College and its wholly owned subsidiary, the Barbieri Center, Inc.

The consolidated financial statements have been prepared on the accrual basis of accounting under U.S. Generally Accepted Accounting Principles.

The consolidated financial statements are also prepared following the provisions of the American Institute of Certified Public Accountants' Audit and Accounting Guide "Not-for-Profit Organizations." This guide requires the allocation of depreciation, operation and maintenance of plant and interest expense to functional categories. It also requires tuition to be presented net of financial aid discount.

The College follows the provisions of accounting guidance for revenue recognition for not-for-profit entities for contributions received and contributions made and presentation of financial statements of not-for-profit entities. Resources are reported for accounting purposes in separate classes of net assets based on the existence or absence of donor-imposed restrictions. Brief definitions of the three classes of net assets are presented below.

Unrestricted Net Assets
Net assets derived from tuition and other institutional resources that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the board of trustees or may otherwise be limited by contractual agreements with outside parties. Unrestricted net assets include investment in plant and the appreciation on funds functioning as endowment.

Temporarily Restricted Net Assets
Net assets whose use is restricted by state law or subject to explicit donor-imposed restrictions on the expenditure of contributions or income and gains on contributed assets. Temporary restrictions may expire due to the passage of time or the incurrence of expenditures that fulfill the restrictions. Temporarily restricted net assets include the appreciation on donor-restricted endowment funds.

Permanently Restricted Net Assets
Net assets that are subject to explicit donor-imposed restrictions that they be maintained permanently by the College. Generally, the donors of these assets permit the College to use all or part of the investment return on these assets.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions or by law. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law. Expirations of temporary restrictions on net assets either because the donor-imposed purpose has been accomplished and/or the stipulated time period has elapsed, are reported as reclassifications between the applicable classes of net assets. Temporarily restricted revenues for which the restriction is met in the current period are reported as unrestricted revenues.

Operations
The consolidated financial statements reflect all activities of the College, except those specifically related to the endowment funds, as operations.

Fair Value Measurements
The College follows the accounting guidance for fair value measurements and disclosures that defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles and enhances disclosures about fair value measurements. Fair value is defined under this guidance 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.

This guidance also gives entities the option, at specific election dates, to measure certain financial assets and liabilities at fair value. The College did not elect fair value accounting for any assets or liabilities that are not currently required to be measured at fair value.

Accounting guidance for fair value measurements and disclosures establishes 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 entities own assumptions about how market participants would value an asset or liability based on the best information available. Valuation techniques used to measure fair value under this guidance must maximize the use of observable inputs and minimize the use of unobservable inputs. The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value.

The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used by the College for its financial instruments measured at fair value on a recurring basis. The three levels of inputs are as follows:

Level 1 Quoted prices in active markets for identical assets or liabilities.

Level 2 Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the same type of assets or liabilities.

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

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The College follows guidance related to the fair value measurements and disclosures standard for estimating the fair value of investments in investment companies (limited partnerships) that have a calculated value of their capital account or net asset value (NAV) in accordance with, or in a manner consistent with generally accepted accounting principles (GAAP). As a practical expedient, the College is permitted under GAAP to estimate the fair value of an investment at the measurement date using the reported NAV without further adjustment unless the College expects to sell the investment at a value other than NAV or if the NAV is not calculated in accordance with GAAP. The College's investments in private equity, real estate and hedge funds are fair valued based on the most current NAV received, which in most cases is June 30.

The College performs additional procedures including due diligence reviews on its investments in investment companies and other procedures with respect to the capital account or NAV provided to ensure conformity with GAAP. The College has assessed factors including, but not limited to, managers' compliance with fair value measurements and disclosure standards, price transparency and valuation procedures in place, the ability to redeem at NAV at the measurement date, and existence of certain redemption restrictions at the measurement date.

The guidance also requires additional disclosures to enable users of the financial statements to understand the nature and risk of the College's investments in investment companies. Furthermore, investments which can be redeemed at NAV by the College on the measurement date or in the near term are classified as Level 2. Investments which cannot be redeemed on the measurement date or in the near term are classified as Level 3.

Cash and Cash Equivalents
Cash and cash equivalents include U.S. Treasury notes, money market funds and similar temporary investments with original maturities of three months or less. Included in these amounts are cash received for capital campaign and endowment contributions awaiting further disposition.

The College maintains checking accounts which principally consist of cash and at times are in excess of the financial institution's insurance limits. The College invests available cash with high credit quality institutions. It is the College's policy to monitor the financial strength of these institutions on an ongoing basis.

Short-Term Investments
Short-term investments include certificates of deposit, bonds, and other investments with original maturities of greater than three months but which are highly liquid and are used for operating purposes.

Contributions
Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is made. Donor restricted contributions whose restrictions are not satisfied in the year received are reflected in temporarily restricted net assets when received and released from restriction when the related expense is incurred. Contributions of assets other than cash are recorded at their estimated fair value.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using risk-adjusted rates applicable to the years in which the promises are received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met. As of June 30, 2014, the College had $0 of conditional promises to give.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted. Contributions received that are awaiting designation by the donor are reported as temporarily restricted net assets.

Credit Losses

The College records an allowance for doubtful accounts (credit losses) for long term receivables including Perkins loans and other student loans. Management regularly assesses the adequacy of the allowance for credit losses by performing ongoing evaluations of the student loan portfolio, including differing economic risks associated with each loan category, the financial condition of specific borrowers, the economic environment, the level of delinquent loans, review of the default rate by category in comparison to prior years, the value of any collateral and, where, applicable, the existence of any guarantees or indemnifications. The level of the allowance is adjusted based on actual results. The College’s Perkins loans receivable represents the amounts due from current and former students under the Federal Perkins Loan Program. Loans disbursed under the Federal Perkins Loan Program 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 believes that the allowance for credit losses at June 30, 2014 and 2013 is adequate to absorb credit losses inherent in the portfolio as of that date.

Investments

Investments are recorded at fair value. The value of publicly-traded fixed income and equity securities is based upon quoted market prices. Private equities and certain other nonmarketable securities are valued using current information obtained from the general partner or investment manager for the respective funds. Fair values for investments held through certain limited partnerships are estimated by the respective external investment managers if market values are not readily ascertainable. Purchased investments are initially recorded at cost as of the trade date and donated investments at fair market value at the date of receipt. Gains or losses that result from market fluctuations are recognized in the period in which the fluctuations occur.

The College holds interests in certain limited partnerships which invest in securities at the sole discretion of the general partners. The partnerships hold, among other investments, debt and/or equity securities of troubled or restructured companies. These partnerships may also enter into transactions in financial futures, foreign exchange options, forward currency contracts (which are used for hedging and nonhedging purposes), securities purchased under agreements to resell, and securities sold under agreements to repurchase.

The College owns certain pieces of real estate which are recorded at fair value. Fair values of these properties are evaluated annually by the College by obtaining property appraisals from local independent appraisers.

Split-interest Agreements and Beneficial Interest in Funds Held in Trust by Others
The College's split-interest agreements with donors consist primarily of charitable gift annuities, pooled life income funds and irrevocable charitable remainder trusts. Those for which the College serves as trustee are recorded in the Investments line item of the Statement of Financial Position of the College. Assets are invested and payments are made to donors and/or other beneficiaries in accordance with the respective agreements.

The College also is the beneficiary of a number of charitable remainder trusts and perpetual trusts for which unrelated third parties serve as trustees, which are recorded as beneficial interest in funds held in trust by others.

Contribution revenues for irrevocable charitable gift annuities and charitable remainder trusts are recognized at fair value at the dates the agreements are established after recording liabilities for the present value of the estimated future payments to be made to the respective donors and/or other beneficiaries. For pooled income funds, contribution revenue is recognized upon establishment of the agreement at the fair value of the estimated future receipts, discounted for the estimated time period to complete the agreement. Discount rates used to calculate the present value of split interest agreements range from approximately 2.5% to 9.0%. Contribution revenue for perpetual trusts is recognized at the time the College is informed of the trust and has sufficient information to record the assets and liability.

The College is aware of certain split interest arrangements in which it has been named as beneficiary. The College has adopted a policy that until such amounts are estimable and under its control, these amounts are not recognized in the financial statements.

Other Assets
Bond issuance costs, prepaid expenses and inventories are categorized within other assets in the financial statements. Bond issuance costs are amortized over the term of the related debt.

Fixed Assets
Fixed assets are comprised primarily of land and land improvements buildings, equipment and capitalized software costs, which are recorded at cost or fair market value for gifts, less accumulated depreciation. Depreciation is computed on a straight-line basis over the estimated useful lives of buildings (20-40 years), land improvements (30 years), equipment (5-10 years), and capitalized software costs (5 years). The College capitalizes interest on borrowed funds during construction periods. Capitalized interest is charged to land improvements and building accounts and amortized over the lives of the related assets. The cost and related accumulated depreciation of fixed assets are removed from the records at the time of disposal.

Collections
Library and art collections are included in fixed assets if the fair value can be readily determined. Contributed collection items are not reflected in the financial statements unless a fair value can be readily determined. Proceeds from the sale of unrecorded collection items or insurance recoveries are reflected as increases in the appropriate net asset class.

Asset Retirement Obligations

An asset retirement obligation ("ARO") is a legal obligation associated with the retirement of long-lived assets. These liabilities are initially recorded at fair value and the related asset retirement costs are capitalized by increasing the carrying amount of the related assets by the same amount as the liability. Asset retirement costs are subsequently depreciated over the useful lives of the related assets. Subsequent to initial recognition, the College records period-to-period changes in the ARO liability resulting from the passage of time and changes to either the timing or the amount of the original estimate of undiscounted cash flows. The College derecognizes ARO liabilities when the related obligations are settled.

Tax Status

The College has a letter of exemption from federal income tax from the Internal Revenue Service under Section 501(c)(3) of the Internal Revenue Code and therefore has incurred no income tax expense related to the activities of the College.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the financial statements and revenues and expenses recognized during the reporting period. Actual results could differ from those estimates. Significant estimates include the valuation of certain investments, collectability of gifts, contributions receivable, student loans receivable and accounts receivable, estimated useful lives of fixed assets, the assumptions used in calculating of the postretirement benefit plan, and asset retirement obligations.

Risks and Uncertainties

Investments are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with such investments, it is at least reasonably possible that changes in values of such investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

2. Investments

Investments at June 30, 2014 and 2013 consist of:

	Market Value	
	2014	**2013**
Endowment funds		
Short-term investments	$ 13,930,421	$ 10,464,687
Fixed income	16,675,729	16,667,996
Domestic equity	8,351,646	18,248,650
Private equity	115,804,706	102,043,629
Real estate	12,458,442	13,400,288
Hedge funds/absolute return		
Domestic equities	163,346,198	167,808,988
Private equities	1,229,046	1,237,623
Global equities	117,982,219	87,744,428
Other	78,219,303	42,754,487
	527,997,710	460,370,776
Other funds		
Fixed income	4,000	5,765
Domestic and global equities	339,583	282,119
International equity	6,976	6,404
Real estate	19,621	22,621
Other	191,258	119,256
	561,438	436,165
Total investments	$ 528,559,148	$ 460,806,941

At June 30, 2014 and 2013, the College is obligated to fund $79,152,776 and $67,763,000 for future additional contributions to certain limited partnerships. This obligation will be funded by the reallocation of investments future earnings, new contributions or available cash.

A summary of the College's investment return is presented below:

	2014	**2013**
Endowment and other long-term investments		
Endowment income	$ 2,303,025	$ 2,184,032
Net realized and unrealized gains, net of investment management fees and other costs	72,891,377	59,508,122
Return on endowment investments	75,194,402	61,692,154
Operating investments		
Investment income	686,062	517,943
Net realized and unrealized losses	(167,493)	(281,066)
Return on operating investments	518,569	236,877
Total return on investments	$ 75,712,971	$ 61,929,031

The following table presents the financial instruments carried at fair value as of June 30, 2014 and 2013, by caption on the statements of financial position by the fair value measurements and disclosures valuation hierarchy defined in Note 1.

	2014			
	Quoted Prices In Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Assets				
Short term investments	$ 13,930,421	$ -	$ -	$ 13,930,421
Fixed income	16,675,729	4,000		16,679,729
Domestic and global equities	4,719,184		3,972,045	8,691,229
Private equity			115,804,706	115,804,706
International equity	6,976			6,976
Real estate	13,001		12,465,062	12,478,063
Hedge funds/absolute return		346,072,492	14,704,274	360,776,766
Other			191,258	191,258
Total investments	35,345,311	346,076,492	147,137,345	528,559,148
Beneficial interests held by 3rd parties			18,705,061	18,705,061
Perpetual trusts held by 3rd parties			15,257,970	15,257,970
Total assets at fair value	$ 35,345,311	$ 346,076,492	$ 181,100,376	$ 562,522,179

	2013			
	Quoted Prices In Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Assets				
Short term investments	$ 10,464,687	$ -	$ -	$ 10,464,687
Fixed income	16,667,996	5,765	-	16,673,761
Domestic and global equities	14,997,493	-	3,533,276	18,530,769
Private equity	-	-	102,043,629	102,043,629
International equity	6,404	-	-	6,404
Real estate	16,000	-	13,406,909	13,422,909
Hedge funds/absolute return	-	284,239,385	15,306,141	299,545,526
Other	-	-	119,256	119,256
Total investments	42,152,580	284,245,150	134,409,211	460,806,941
Beneficial interests held by 3rd parties	-	-	16,759,820	16,759,820
Perpetual trusts held by 3rd parties	-	-	14,181,817	14,181,817
Total assets at fair value	$ 42,152,580	$ 284,245,150	$ 165,350,848	$ 491,748,578

Following is a description of the College's valuation methodologies for assets and liabilities measured at fair value.

Fair value for Level 1 is based on quoted prices in active markets that the College has the ability to access for identical assets and liabilities. Market price data is generally obtained from exchange or dealer markets. The College does not adjust the quoted price for such assets and liabilities.

Fair value for Level 2 is based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data. Inputs are obtained from various sources including market participants, dealers, and brokers.

Fair value for Level 3, is based on valuation techniques that use significant inputs that are unobservable as they trade infrequently or not at all.

There were no material transfers between any levels during the year ended June 30, 2014.

Investments included in Level 3 primarily consist of the College's ownership in alternative investments (principally limited partnership interests in hedge, private equity, real estate, and other similar funds). The value of certain alternative investments represents the ownership interest in the net assets of the respective partnership. Approximately 9.6% of investments held by the partnerships consists of marketable securities and approximately 90.4% are securities that do not have readily determinable fair values. The fair values of the securities held by limited partnerships that do not have readily determinable fair values are determined by the general partner and are based on appraisals market comparable calculations, income approaches such as discounted cash flows, or other estimates that require varying degrees of judgment. If no public market exists for the investment securities, the fair value is determined by the general partner taking into consideration various data points, including the cost of the securities, prices of recent significant placements of securities of the same issuer, and subsequent developments concerning the companies to which the securities relate. The College and its investment advisor have performed due diligence around these investments to ensure NAV is an appropriate measure of fair value as of June 30, 2014 and 2013. Fund investments that have observable inputs (published NAVs) and from which the College has the ability to redeem within 90 days of June 30 are classified as Level 2.

Beneficial and perpetual trusts held by 3rd parties are valued at the present value of the future distributions expected to be received over the term of the agreements.

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 College 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 rollforward of the statements of financial position amounts for financial instruments classified by the College within Level 3 of the fair value hierarchy defined above:

	Domestic Equity	Private Equity	Real Estate	Hedge Funds	Other	Total Investments
Fair value at July 1, 2013	$ 3,533,276	$ 102,043,629	$ 13,406,909	$ 15,306,141	$ 119,256	$ 134,409,211
Realized gains (losses)	37,493	14,210,730	-	14,911	-	14,263,134
Unrealized gains (losses)	522,480	12,718,774	(358,347)	(601,867)	72,002	12,353,042
Purchases	-	14,988,304	1,241,016	-	-	16,229,320
Sales	(121,204)	(28,156,731)	(1,824,516)	(14,911)	-	(30,117,362)
Fair value at June 30, 2014	$ 3,972,045	$ 115,804,706	$ 12,465,062	$ 14,704,274	$ 191,258	$ 147,137,345

	Beneficial Interests Held By 3rd Party	Perpetual Trusts Held By 3rd Party
Fair value at July 1, 2013	$ 16,759,820	$ 14,181,817
Realized gains (losses)	-	-
Unrealized gains (losses)	1,945,241	1,757,705
Net purchases, sales, settlements	-	-
Transfers in (out)	-	(681,552)
Fair value at June 30, 2014	$ 18,705,061	$ 15,257,970

All net realized and unrealized gains (losses) in the table above are reflected in the accompanying statements of activities. Net unrealized gains (losses) relate to those financial instruments held by the College at June 30, 2014 and 2013.

The information provided in the table below has been disaggregated based upon sub-strategy of the investments. Available redemption data and uncalled commitments are listed as follows:

Category	Fair Value	Unfunded Commitments	Lockup	Inside/ Outside of Lockup	Redemption Frequency (if Eligible)	Redemption Notice
Hedge funds/absolute return						
Long/short	$ 222,129,485	$ -	None	N/A	Daily - Quarterly	10-120 Days
Fixed income strategies	13,475,231	-	36 months rolling	Inside	Every 2 years	90 Days
Multi strategy	125,172,050	-	None	N/A	Quarterly	90 Days
Total hedge funds	360,776,766	-				
Private equity						
Fund of funds	93,772,136	72,125,179	None	N/A	N/A - Annual	None -180 days
Buyout	20,285,174	5,097,303	None	N/A	N/A	None
Venture capital	468,143	-	None	N/A	N/A	None
Fixed income	1,279,253	692,934	None	N/A	N/A	None
Total private equity	115,804,706	77,915,416				
Real estate						
Real estate	12,478,063	1,237,360	None	N/A	N/A	None
Total real estate	12,478,063	1,237,360				
	$ 489,059,535	$ 79,152,776				

3. Endowment Funds

Principal balances at June 30 were as follows:

	Fair Value 2014	Fair Value 2013
Endowment funds held by Trinity	$ 527,531,279	$ 459,264,634
Funds held in trust by others	15,257,970	14,181,817
Pledges outstanding	9,008,949	13,060,701
	$ 551,798,198	$ 486,507,152

The College's endowment consists of over 1,000 individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees or management to function as endowment. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds, including funds functioning as endowment, are classified and reported based on the existence or absence of donor-imposed restrictions.

Temporarily restricted endowment net assets include accumulated appreciation on donor-restricted endowment funds, as well as donor-restricted, spendable gifts designated by the Board or management for long-term support of the College. Permanently restricted endowment net assets include those funds designated by donors to be invested in perpetuity to provide a permanent source of income.

The College follows the accounting guidance for Presentation of Financial statements of Not-For-Profit-Entities, which requires net asset classification of funds subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and enhanced disclosures for all endowment funds, which establishes guidance on the net asset classification of donor-restricted endowment funds for organizations subject to an enacted Uniform Prudent Management of Institutional Funds Act. The accounting guidance requires not-for-profit entities subject to an enacted version of UPMIFA to classify the portion of the endowment fund that is not classified as permanently restricted net assets as temporarily restricted net assets (time restricted) until appropriated for expenditure by the organization.

Interpretation of Relevant Law
The trustees of the College interpret the Uniform Prudent Management of Institutional Funds Act of the State of Connecticut, as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulation to the contrary. 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, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the College considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the College and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the College
- The investment policies of the College

Funds With Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the College to retain as a fund of perpetual duration. Deficiencies of this nature that are reported in unrestricted net assets were $0 and $753,394 as of June 30, 2014 and 2013. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of new permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by the Board of Trustees.

In accordance with the terms of donor gift instruments, the College is permitted to reduce the balance of several restricted endowments below the original amount of the gift. Subsequent investment gains are then used to restore the balance up to the fair market value of the original amount of the gift. Subsequent gains above that amount are recorded to temporarily restricted net assets.

Endowment Net Asset Composition by Type of Fund as of June 30, 2014.

	Unrestricted Endowment	Temporarily Restricted Endowment	Permanently Restricted Endowment	Total
Donor-restricted endowment funds	$ -	$ 236,668,897	$ 275,748,159	$ 512,417,056
Funds functioning as endowment funds	15,560,612	19,195,905	4,624,625	39,381,142
Total funds	$ 15,560,612	$ 255,864,802	$ 280,372,784	$ 551,798,198

	Unrestricted Endowment	Temporarily Restricted Endowment	Permanently Restricted Endowment	Year to Date as of June 30, 2014
Beginning balance July 1, 2013	$ 7,905,983	$ 203,822,237	$ 274,778,932	$ 486,507,152
Investment return				
Investment income (loss), net of fees	(126,037)	(3,693,543)	(72,686)	(3,892,266)
Net appreciation (realized and unrealized)	2,032,205	75,112,553	2,391,032	79,535,790
Total investment return	1,906,168	71,419,010	2,318,346	75,643,524
Contributions	7,764,683	-	1,591,696	9,356,379
Appropriation of endowment assets for expenditure	(2,697,016)	(18,278,470)	256,787	(20,718,699)
Other changes, transfers, and releases from restriction	680,794	(1,097,975)	1,427,023	1,009,842
Net assets as of June 30, 2014	$ 15,560,612	$ 255,864,802	$ 280,372,784	$ 551,798,198

Endowment Net Asset Composition by Type of Fund as of June 30, 2013.

	Unrestricted Endowment	Temporarily Restricted Endowment	Permanently Restricted Endowment	Total
Donor-restricted endowment funds	$ (753,394)	$ 186,288,026	$ 270,219,645	$ 455,754,277
Funds functioning as endowment funds	8,659,377	17,534,211	4,559,287	30,752,875
Total funds	$ 7,905,983	$ 203,822,237	$ 274,778,932	$ 486,507,152

	Unrestricted Endowment	Temporarily Restricted Endowment	Permanently Restricted Endowment	Year to Date as of June 30, 2013
Endowment net assets, beginning of year	$ 4,790,782	$ 165,605,302	$ 268,723,959	$ 439,120,043
Investment return				
Investment income (loss), net of fees	(68,962)	(2,805,747)	(66,265)	(2,940,974)
Net appreciation (realized and unrealized)	1,675,310	61,859,707	1,588,473	65,123,490
Total investment return	1,606,348	59,053,960	1,522,208	62,182,516
Contributions	504,603	-	4,243,037	4,747,640
Appropriation of endowment assets for expenditure	(2,864,375)	(16,747,783)	-	(19,612,158)
Other changes, transfers, and releases from restriction	3,868,625	(4,089,242)	289,728	69,111
Net assets as of June 30, 2013	$ 7,905,983	$ 203,822,237	$ 274,778,932	$ 486,507,152

Assets of endowment funds are pooled on a market value basis with each individual fund subscribing to or disposing of units on the basis of the market value per unit at the beginning of the monthly period within which the transactions take place. In addition, the College maintains separately invested funds as stipulated by donors. Endowment income is distributed based on the number of units subscribed to at the end of each month.

The College has a total return (income plus change in fair value) spending policy. The endowment spending policy was designed to stabilize annual spending levels and to preserve the real value of the endowment portfolio over time. The annual spending rate for 2014 was calculated as a percentage of the June 30, 2013 endowment market value. The spending rate approved by the Board of Trustees was 5% for 2014. This resulted in approved spending of $21,896,256 and $20,638,291, which includes $20,718,699 and $19,612,158 appropriated for expenditure and $1,177,557 and $1,026,133 unspent in 2014 and 2013, respectively. Accumulated gains of $18,664,366 and $17,724,942 were transferred from endowment net assets to operating and other net assets to meet endowment spending for 2014 and 2013, respectively.

The College owns certain strategic neighborhood properties. Total return on these neighborhood properties, which are held as endowment assets, was 11% and (3%) for the years ended June 30, 2014 and 2013, respectively.

Other endowment changes in the statements of activities include transfers due to changes in donor intent in the amount of $90,030 and $2,615,788 for the years ended June 30, 2014 and 2013, respectively.

The following table sets forth activity in the pool at June 30:

	2014	2013
Number of units for income allocation	20,943,668	18,230,805
Market value per unit	$ 25.00	$ 25.00
Income earned per unit	3.53	3.33
Income distributed per unit	1.02	1.09

4. Contributions Receivable

Contributions receivable at June 30 consisted of unconditional promises to give (net of discount of $9,257,279 and $9,320,348 and allowance of $865,796 and $1,068,001 for 2014 and 2013, respectively), which are expected to be realized in the following periods:

	2014	2013
In one year or less	$ 7,521,684	$ 9,791,653
Between one year and five years	11,810,867	13,590,810
In more than five years	3,955,484	4,725,864
	$ 23,288,035	$ 28,108,327

Discount rates used to calculate the present value of contributions receivable ranged from 2.46% to 7.03%.

5. Other Assets

Other assets at June 30 include:

	2014	2013
Bond issuance costs, net of accumulated amortization	$ 3,210,176	$ 3,085,561
Prepaid expenses	294,517	255,911
Inventories	74,989	95,558
Other	184,705	177,826
	$ 3,764,387	$ 3,614,856

6. Fixed Assets

Land and land improvements, buildings and equipment, less accumulated depreciation at June 30, are as follows:

	2014	2013
Land and land improvements	$ 30,943,333	$ 30,375,657
Buildings	378,431,952	367,983,217
Equipment	52,597,975	50,879,386
Construction-in-progress	5,389,800	19,279,912
	467,363,060	468,518,172
Less: Accumulated depreciation	(216,491,528)	(205,713,563)
	$ 250,871,532	$ 262,804,609

Depreciation expense included in operating expense amounted to $12,591,665 and $11,894,149 for the years ended June 30, 2014 and 2013. The cost of the Trinity College main campus purchased in 1873 consisting of 78 acres and smaller parcels purchased in subsequent years is not included in the land total above. The historical cost of this land is not practical to estimate.

7. Contributions Due to Others

The College receives and distributes assets, on behalf of other not-for-profit organizations, under certain agreements in accordance with the provisions of certain accounting guidance. No amounts were received and $1,546 was distributed under these relationships for the year ended June 30, 2014.

The amounts received on behalf of other not-for-profit organizations, but not yet distributed totaled $83,269 and $84,816 at June 30, 2014 and 2013.

8. Asset Retirement Obligations

The College recalculates its asset retirement obligation annually, adjusting the liability to reflect obligations incurred or settled in the current period, accretion expense, and changes in estimated cash flows.

The College recognized accretion on the asset retirement obligations net of abatement and other changes of approximately $406,963 and $236,697 in 2014 and 2013. Accretion is reported as an operating expense in the statements of activities.

9. Bonds and Notes Payable

The following is a summary of bonds and notes payable at June 30:

	2014	2013
Connecticut Health and Educational Facilities Authority (CHEFA) Series F bonds, issued 1998, interest rates ranging from 5.0% to 5.50%; maturities to 2028; insured by Municipal Bond Insurance Authority (MBIA). The trustee held a sinking fund reserve of $269,824 and $269,822 at June 30, 2014 and 2013	$ 9,805,000	$ 9,805,000
Connecticut Health and Educational Facilities Authority (CHEFA) Series H bonds, issued 2005, interest rates ranging from 2.0% to 5.0%; maturities to 2026; insured by MBIA. The trustee held a sinking fund reserve of $1,935,088 and $1,910,134 at June 30, 2014 and 2013	23,650,000	24,960,000
Connecticut Health and Educational Facilities Authority (CHEFA) Series L bonds, issued 2008, variable interest with an initial rate of 1.65%; and a maximum rate of 12%; maturities to 2034. The trustee held a sinking fund reserve of $505,620 and $475,816 at June 30, 2014 and 2013	13,010,000	13,485,000
Connecticut Health and Educational Facilities Authority (CHEFA) Series J bonds, issued 2007, interest rates ranging from 4.5% to 5.5%; maturities to 2037; insured by MBIA. The trustee held a sinking fund reserve of $1,101,200 and $1,101,200 at June 30, 2014 and 2013	49,805,000	49,805,000
Connecticut Health and Educational Facilities Authority (CHEFA) Series K bonds, issued 2007, interest rates ranging from 4.5% to 5.5%; maturities to 2037; insured by MBIA. The trustee held a sinking fund reserve of $1,017,716 and $1,005,540 at June 30, 2014 and 2013	22,210,000	22,725,000
Connecticut Health and Educational Facilities Authority (CHEFA) Series M bonds, issued 2010, interest rates ranging from 2.0% to 5.0%; maturities to 2028; not insured. These bonds were used to refinance the callable portion of the Series F bonds. The trustee held a sinking fund reserve of $1,803,196 at June 30, 2014	19,875,000	20,685,000
Mortgage Payable - Payable to seller with monthly payments based on 20 year term at 8% annual interest rate with balloon payoff September 1, 2013	-	233,627
	138,355,000	141,698,627
Less: Unamortized net discount/premium	259,480	299,180
Total bonds and notes payable	$ 138,614,480	$ 141,997,807

Maturities of the above bonds and notes payable are as follows:

2014-2015	$ 3,795,000
2015-2016	3,945,000
2016-2017	4,120,000
2017-2018	4,325,000
2018-2019	4,510,000
Thereafter	117,660,000

In July 2008, the College entered into an irrevocable Letter of Credit and Reimbursement Agreement (the "Letter of Credit") in the amount of $15,345,000 with JPMorgan Chase Bank, N.A., which expires August 5, 2015. In the event that the College receives notice of any optional tender on its Series L variable-rate demand bonds, or if these bonds become subject to mandatory tender, the purchase price of the bonds will be paid from the remarketing of such bonds. However, if the remarketing proceeds are insufficient, the College will be obligated to purchase the bonds tendered by drawing on the Letter of Credit (LOC). Amounts borrowed under the Letter of Credit must be repaid in full on the expiration date or, at the option of the College, may be converted to a three year term loan with quarterly payments commencing in the third month following the conversion. The term loan bears interest at the higher of the Federal Funds Effective Rate plus 3.5% or Prime Rate plus 3.0%. If the full amount of the bonds are put and the LOC is utilized, principal amounts on the Series L bonds due over the next five years and thereafter would be $505,000, $515,000, $525,000, $555,000, $545,000 and $10,365,000.

The College has a line of credit agreement with a national financial institution, which provides up to $15 million. There was no balance outstanding at June 30, 2014 or 2013. Interest is assessed at the higher of the bank's prime rate or the one month LIBOR plus 250 basis points for borrowings less than $500,000, and LIBOR plus 75 basis points for borrowings in excess of $500,000. There is also a 10 basis point charge for the unused portion of the credit line, payable quarterly in arrears.

The fair value of the College's long-term debt is estimated at approximately $142,430,260 based on the quoted market prices for the same or similar issues or on the current rates offered to the College for debt of the same remaining maturities.

The College's debt with CHEFA is uncollateralized. The College is subject to certain financial and nonfinancial covenants and was in compliance with these covenants during 2013 and 2014.

10. Unrestricted Net Assets

Unrestricted net assets at June 30, 2014 and 2013 consist of the following:

	2014	2013
Unrestricted endowment	$ 15,560,612	$ 7,905,984
Investment in plant assets	83,188,489	80,931,556
Life income funds	925,131	722,672
Operating funds	3,043,432	2,526,222
Total unrestricted net assets	$ 102,717,664	$ 92,086,434

11. Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2014 and 2013 are available for the following purposes:

	2014	2013
Plant additions/renovation	$ 9,164,120	$ 9,259,652
Life income funds	18,804,539	16,830,367
Capital campaign	70,042	95,916
Endowment funds	255,864,802	203,822,239
Operating and restricted funds	18,236,465	18,503,235
Loan funds	2,384,202	2,116,790
Total temporarily restricted net assets	$ 304,524,170	$ 250,628,199

12. Permanently Restricted Net Assets

Permanently restricted net assets at June 30, 2014 and 2013 consist of the following:

	2014	2013
Income restricted		
Instruction funds	$ 98,023,326	$ 96,201,621
Scholarship funds	86,494,102	84,461,965
Library	9,504,596	9,296,839
Chapel funds	839,365	839,215
Athletics	8,567,709	8,089,865
Prize funds	732,838	731,989
Other purposes	10,132,407	10,264,764
Unrestricted as to use of income	66,078,441	64,892,675
Total investments in perpetuity in endowment	280,372,784	274,778,933
Student loan funds	486,938	405,215
Life income funds	2,607,670	2,080,891
Total permanently restricted net assets	$ 283,467,392	$ 277,265,039

13. Net Assets Released From Restrictions

Net assets were released from donor restrictions during the periods ended June 30, 2014 and 2013 as a result of incurred expenses satisfying the restricted purposes or by the occurrence of other events specified by donors. Such assets were utilized to fund expenditures in the following categories:

	2014	2013
Instruction and research	$ 10,003,572	$ 9,004,368
Financial aid	4,286,174	3,836,313
Plant	1,163,850	1,418,809
General institutional	8,913,966	8,258,969
Total net assets released from restrictions	$ 24,367,562	$ 22,518,459

14. Employee Benefit Plans

The College participates in the Teacher's Insurance and Annuity Association (TIAA) and College Retirement Equities Fund (CREF) as a defined contribution retirement plan for most of its employees. Total benefits expense for the years ended June 30, 2014 and 2013 is $3,833,776 and $3,811,460. The College has no liability for any unfunded costs under this plan.

The College provides health insurance benefits for employees who were full-time employees with at least ten years of service were 60 or older, and who retired by June 30, 2007. Retirees after June 30, 2007 may participate in the plan; however they must pay the full costs. The College also provides life insurance benefits for retired employees who were full-time employees as of December 1, 1977.

The following represents the applicable disclosures as required by accounting guidance for defined benefit postretirement plans.

Pertinent information relating to this plan is as follows, based on a June 30 measurement date:

	2014	2013
Change in benefit obligation		
Benefit obligation at beginning of year	$ 5,517,649	$ 5,906,721
Service cost	6,297	6,788
Interest cost	200,095	187,607
Plan participants' contributions	82,807	77,713
Actuarial (gain) loss	27,950	(294,119)
Benefits paid	(443,954)	(367,061)
Benefit obligation at end of year	5,390,844	5,517,649
Change in plan assets		
Fair value of plan assets at beginning of year	-	-
Employer contributions	361,147	289,348
Plan participants' contributions	82,807	77,713
Benefits paid	(443,954)	(367,061)
Fair value of plan assets at end of year	-	-
Funded status	$ (5,390,844)	$ (5,517,649)
Balances recognized in unrestricted net assets		
Unrecognized prior service benefit	$ (1,982,558)	$ (2,643,412)
Net actuarial loss	2,756,646	3,003,561
	$ 774,088	$ 360,149
Postretirement related changes other than net periodic benefit cost		
Current actuarial loss (gain)	$ 27,950	$ (294,119)
Amortization of unrecognized amounts	385,989	322,555
	$ 413,939	$ 28,436
Components of net periodic benefit cost		
Service cost	$ 6,297	$ 6,788
Interest cost	200,095	187,607
Expected return on plan assets	-	-
Amortization of prior service benefit	(660,854)	(660,854)
Amortization of actuarial loss	274,865	338,299
Net periodic benefit gain	$ (179,597)	$ (128,160)
Amortization amounts in following year		
Prior service gain	$ (660,854)	$ (660,854)
Net actuarial loss	255,774	267,371
	$ (405,080)	$ (393,483)

Assumptions

	2014	2013
Discount rate used to determine benefit obligations at June 30	3.40 %	3.79 %
Discount rate used to determine net periodic benefit cost for years ended June 30	3.79 %	3.22 %
Assumed health care cost trend rates at June 30	8.00 %	9.00 %
Health care cost trend rate assumed for next year	7.00 %	8.00 %
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	5.00 %	5.00 %
Year that the rate reaches the ultimate trend rate	2017	2017

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates would have the following effects:

	1-Percentage-Point Increase	1-Percentage-Point Decrease
Effect on total of service and interest cost	$ 15,235	$ (13,598)
Effect on postretirement benefit obligation	414,385	(370,021)

Contributions
Trinity College expects to contribute $494,000 to its postretirement health insurance benefit plan in fiscal year 2015.

Estimated Future Benefit Payments
Expected benefit payments for the calendar year:

	Postretirement Benefits
2015	$ 494,126
2016	487,971
2017	475,122
2018	454,740
Thereafter	1,952,094

15. Commitments and Contingencies

The College is subject to legal proceedings and claims that arise in the ordinary course of its business. In the opinion of management, the amount of ultimate liability with respect to those actions will not materially affect the College's financial position, changes in net assets or cash flows.

The College entered into a series of agreements (the "Agreements") with a third party property developer (the "Developer") during the year ended June 30, 2013. In May 2013, the Developer began construction of a dormitory (the "Dormitory") that is intended to be used primarily to house the College's students. Based on the terms of the Agreements, the Developer constructed the Dormitory and funded the project primarily through a commercial bank loan and a loan from the College. The Developer leased the land upon which the Dormitory is constructed from the College and upon completion, the College manages the property. As of June 30, 2013, the project was in process and the first phase was completed in September 2013. Based on authoritative accounting literature it was determined that the Agreements in-substance represented a capital lease. However, 1.) the College is not the legal owner of the property; 2.) the College has no financial liability related to the property, including without limitation debt, operations, maintenance & repairs; 3.) the College's role as Property Manager is an arm's length management agreement which the Developer has the right to terminate at will; 4.) the Developer controls access; 5.) the Developer sets rents; and 6.) the Developer makes all decisions related to the operation of the property. Based on the original agreements, the College could bear financial risk or receive financial benefit in certain situations as there was a fixed price purchase option for the first five years of the project, the College made a loan to the project where the only recourse is to the project not the Developer, and there was a provision where Trinity may have to share in unanticipated costs from the project (subsequent to June 30, 2013 this provision was removed and as of the date of issuance of the financial statements, there are no unanticipated costs). Otherwise, the Developer bears all financial risks and receives all the financial benefit. As such, the College recorded a construction in progress asset of $13,064,049 representing the capital expenditures incurred by the Developer as of June 30, 2013 and an offsetting liability representing the in-substance debt assumed by the College as of the balance sheet date. In January 2014, the final phase of the project was completed.

As of June 30, 2014, Trinity management and the Developer amended certain terms of the Agreements. The amendments had the effect of no longer requiring the College to be the accounting owner of the project (primarily by removing the purchase option). The assets and corresponding liabilities have been removed to reflect this change, with the exception of the Loan Receivable that remains outstanding. However, during the year ended June 30, 2014, all revenues and expenses associated with the project are reflected in the College's Consolidated Statement of Activities.

16. Related Parties

The College invests a portion of their endowment investments in limited liability partnerships and mutual funds where certain members of the Board of Trustees have significant influence. The total fair value of related party investments was $8,551,394 and $21,099,273 at June 30, 2014 and 2013.

17. Subsequent Events

The college has performed an evaluation of subsequent events through October 21, 2014, the date the consolidated financial statements were available to be issued.

On July 14, 2014, the College refinanced all of its 5% fixed rate CHEFA Series H bonds with CHEFA Series N bonds. In anticipation of this transaction, the College entered into a forward starting interest rate swap agreement on November 26, 2013. The terms of the agreement are stated below:

Trade effective date	July 14, 2014
Notional amount at inception	$ 22,535,000
Termination date	July 1, 2026
Fixed rate paid by the College	2.67 %

The Swap agreement contains a provision requiring a minimum of $1 million in average balances with the lending institution during the duration of the agreement.

The change in fair value of this transaction resulted in an unrealized loss of $500,441 for the year ended June 30, 2014. The liability is reflected in the Consolidated Statement of Financial Position and the resulting unrealized loss is reflected in Other Changes in Net Assets in the Statement of Activities.