Trinity College

Consolidated Financial Statements

June 30, 2019 and 2018

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Report of Independent Auditors

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 statement of financial position as of June 30, 2019 and 2018, 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.

Auditors' 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 Trinity College as of June 30, 2019 and 2018, 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.

Emphasis of Matter

As discussed in Note 1 to the consolidated financial statements, the College changed the manner in which it presents net assets and reports certain aspects of its financial statements as a not-for-profit entity in 2019. Our opinion is not modified with respect to this matter.

PricewaterhouseCoopers LLP

Hartford, Connecticut
October 21, 2019

Trinity College
Consolidated Statements of Financial Position
June 30, 2019 and 2018

	2019	Restated 2018
Assets		
Cash and cash equivalents	$ 16,108,715	$ 15,957,476
Restricted cash	1,000,000	1,000,000
Short-term investments	3,768,063	3,544,099
Loan receivable	3,250,721	3,458,495
Receivables, net of allowance for doubtful accounts of $484,650 and $427,000	2,017,209	1,927,326
Government grants receivable	660,136	612,580
Contributions receivable, net of allowance for doubtful accounts of $2,449,449 and $1,013,867	18,135,192	16,248,455
Student loans receivable, net of allowance for doubtful accounts of $983,000 and $958,000	4,600,845	5,138,315
Investments, at fair value	627,577,152	608,186,990
Funds held by bond trustee	8,384,094	12,024,777
Beneficial interest in funds held in trust by others	30,353,640	30,528,007
Other assets	922,263	2,980,429
Fixed assets, net of accumulated depreciation	261,267,522	265,881,679
Total assets	$ 978,045,552	$ 967,488,628
Liabilities		
Accounts payable and accrued expenses	$ 18,308,694	$ 18,659,789
Government advances for student loans	2,251,674	2,212,596
Accrued postretirement benefits	3,154,369	4,984,575
Split interest obligations	4,955,422	5,298,377
Bonds and notes payable	136,497,712	141,882,240
Asset retirement obligation	31,917,819	30,475,866
Other liability	1,348,205	-
Total liabilities	198,433,895	203,513,443
Net Assets		
Without donor restrictions	118,852,752	121,392,337
With donor restrictions	660,758,906	642,582,848
Total net assets	779,611,657	763,975,185
Total liabilities and net assets	$ 978,045,552	$ 967,488,628

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

Trinity College
Consolidated Statements of Activities
Year Ended June 30, 2019 With Summarized Comparative Totals for 2018

	2019			Restated 2018
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	**Total**
Operating revenues and other net assets				
Tuition, fees, room and board net of Financial Aid ($54,643,932 and $51,895,049 respectively)	$ 95,439,787	$ -	$ 95,439,787	$ 93,424,289
Federal and state grants	1,693,212		1,693,212	1,408,269
Contributions	7,170,757	5,632,719	12,803,476	15,554,852
Endowment income distribution	2,196,502	27,417,657	29,614,159	26,443,813
Net gains on investments	14,990	37,801	52,791	45,618
Other investment income	858,671	72,042	930,713	903,134
Other operating income	4,334,986	241,759	4,576,745	4,287,362
Revenues of auxiliary enterprises	6,644,016		6,644,016	5,384,013
Net assets released from restrictions	35,520,607	(35,520,607)	-	-
Total operating revenues and other net assets	153,873,528	(2,118,629)	151,754,899	147,451,351
Expenses				
Salaries and wages	55,386,539		55,386,539	53,649,677
Benefits	16,474,882		16,474,882	14,607,939
Room, board and food	12,244,916		12,244,916	11,847,872
Contracted services	12,724,048		12,724,048	13,503,621
Program costs	8,457,932		8,457,932	7,643,732
Depreciation	14,392,330		14,392,330	14,339,474
Other	34,039,327		34,039,327	32,159,509
Total expenses	153,719,974		153,719,974	147,751,823
Other changes in net assets				
Postretirement related changes other than net periodic cost	1,701,105		1,701,105	553,915
Interest rate swap gain/(loss)	(3,648,657)		(3,648,657)	2,635,500
Operating and other fund transfers	369,449	(369,449)	-	-
Transfer endowment and related	(35,000)		(35,000)	1,789,930
Total other changes	(1,613,103)	(369,449)	(1,982,552)	4,979,345
Increase (decrease) in operating and other net assets	(1,459,549)	(2,488,078)	(3,947,627)	4,678,873
Endowment and similar net assets				
Return on endowment and other long term investments	211,009	37,219,746	37,430,755	35,539,688
Amount distributed for spending	(2,196,502)	(27,417,657)	(29,614,159)	(26,443,813)
Net investment gain (loss) and amounts distributed for spending	(1,985,493)	9,802,089	7,816,596	9,095,875
Contributions	562,540	9,593,182	10,155,722	17,295,011
Change in value of funds held in trust	77,496	1,499,285	1,576,781	2,248,076
Operating and other fund transfers	230,421	(230,421)	-	
Transfers endowment and related	35,000		35,000	(1,789,930)
Other endowment changes	905,457	10,862,046	11,767,503	17,753,157
Increase in endowment and similar net assets	(1,080,036)	20,664,135	19,584,099	26,849,032
Net assets				
Beginning of year	121,392,337	642,582,848	763,975,185	732,447,280
Total increase (decrease) in net assets	(2,539,585)	18,176,058	15,636,472	31,527,905
End of year	$ 118,852,752	$ 660,758,906	$ 779,611,657	$ 763,975,185

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

Trinity College
Consolidated Statement of Activities
Year Ended June 30, 2018

	Restated 2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues and other net assets			
Tuition, Fees, Room and Board net of Financial Aid ($54,643,932 and $51,895,049 respectively)	93,424,289		93,424,289
Federal and state grants	1,408,269	-	1,408,269
Contributions	7,340,497	8,214,355	15,554,852
Endowment income distribution	446,092	25,997,721	26,443,813
Net gains on investments	246	45,372	45,618
Other investment income	819,287	83,847	903,134
Other changes	3,994,935	292,427	4,287,362
Revenues of auxiliary enterprises	5,384,013	-	5,384,013
Net assets released from restrictions	36,780,220	(36,780,220)	-
Total operating revenues and other net assets	149,597,849	(2,146,498)	147,451,351
Expenses			
Salaries and wages	53,649,677	-	53,649,677
Benefits	14,607,939	-	14,607,939
Room, board and food	11,847,872	-	11,847,872
Contracted services	13,503,621	-	13,503,621
Program costs	7,643,732	-	7,643,732
Depreciation	14,339,474	-	14,339,474
Other	32,159,509		32,159,509
Total expenses	147,751,824		147,751,824
Other changes in net assets			
Post retirement benefits gain/ (loss)	553,915	-	553,915
Interest rate swap gain/(loss)	2,635,500	-	2,635,500
Operating and other fund transfers	(1,454,796)	1,454,796	-
Transfers endowment and related	1,777,695	12,235	1,789,930
Total other changes	3,512,314	1,467,031	4,979,345
Increase (decrease) in operating and other net assets	5,358,340	(679,467)	4,678,873
Endowment and similar net assets			
Return on endowment and other long term investments	178,951	35,360,737	35,539,688
Amount distributed for spending	(446,092)	(25,997,721)	(26,443,813)
Net investment gain (loss) and amounts distributed for spending	(267,140)	9,363,016	9,095,875
Contributions	1,284,610	16,010,401	17,295,011
Change in value of Funds Held In Trust	28,529	2,219,547	2,248,076
Operating and other fund transfers	3,357,833	(3,357,833)	-
Transfers Endowment and Related	(1,777,696)	(12,235)	(1,789,930)
Other endowment changes	2,893,276	14,859,881	17,753,157
Increase in endowment and similar net assets	2,626,136	24,222,896	26,849,032
Net assets			
Beginning of year	113,407,861	619,039,419	732,447,280
Total increase in net assets	7,984,476	23,543,429	31,527,905
End of year	$ 121,392,337	$ 642,582,848	$ 763,975,185

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

Trinity College
Consolidated Statements of Cash Flows
Years Ended June 30, 2019 and 2018

	2019	2018
Cash flows from operating activities		
Change in net assets	$ 15,636,472	$ 31,527,905
Adjustments		
Depreciation, amortization and accretion	15,544,132	15,383,503
Realized and unrealized gains on investments	(39,153,209)	(33,824,713)
Provision for student loans receivables	25,000	138,000
Provision for contributions receivable	1,435,581	(845,443)
Contributions receivable discount	547,254	(318,774)
Donated securities	(2,214,212)	(6,415,143)
Proceeds from donated securities	1,924,755	6,095,292
Student loans written off	7,627	26,231
Contributions restricted for long-term investments, net	(4,283,146)	(4,349,217)
Post retirement related changes other than net periodic cost	(1,701,105)	(553,915)
Change in balances		
Receivables and other assets	(171,953)	199,184
Contributions receivable	(3,869,572)	4,495,024
Accounts payable and other liabilities	23,851	2,142,957
Government advances for student loans	39,078	(603,256)
Accrued postretirement benefits	(129,101)	108,417
Total adjustments	(31,975,020)	(18,321,853)
Net cash provied by (used in) operating activities	(16,338,548)	13,206,052
Cash flows from investing activities		
Student loans granted	(398,875)	(589,722)
Student loans repaid	903,718	891,557
Purchase of fixed assets	(9,885,786)	(12,754,178)
Purchases of investments	(847,856,672)	(987,216,637)
Sales of investments	867,619,720	989,396,061
Change in short-term investments, net	(223,964)	862,649
Increase from bond proceeds deposited with trustee	(3,487,881)	(3,477,397)
Use of bond issuance proceeds deposited with trustee	7,128,564	9,363,057
Net cash provided by (used in) investing activities	13,798,824	(3,524,610)
Cash flows from financing activities		
Contributions restricted for long-term investments, net	4,283,146	4,349,217
Proceeds restricted for long term purpose	289,457	319,851
Change in value of split-interest obligations	(342,955)	(39,605)
Change in the value of funds held in trust by others	174,367	(3,617,928)
Change in interest rate swap valuation	3,648,657	(2,970,548)
Repayments of bonds and notes	(5,501,173)	(5,392,939)
Payments on bond issuance costs	139,464	140,257
Net cash provided by (used in) financing	2,690,963	(7,211,695)
Net increase in cash and equivalents	151,239	2,469,747
Cash and cash equivalents		
Beginning of year	15,957,476	13,487,729
End of year	$ 16,108,715	$ 15,957,476
Noncash		
Additions to fixed assets financed through accounts payable	$ 249,076	$ 624,019
Contributed securities	2,214,212	6,415,143
Supplemental disclosure of cash flow information		
Interest paid	2,924,798	3,575,660

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 Accounts' Audit and Accounting Guide "Not-for-Profits" Organization. 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 two classes of net assets are presented below.

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

Recently Adopted Accounting Pronouncements
In May 2014, the FASB issued ASU No. 2014-09 "Revenue from Contracts with Customers", which along with amendments issued in 2015 and 2016 supersedes the revenue recognition requirements in ACS 605, "Revenue Recognition" and most industry-specific guidance. The guidance applies to all contracts, but specifically excludes contribution income. The College adopted ASU 2014-09 as of July 1, 2018 using the modified retrospective transition method. There was no material impact to revenues for the year ended June 30, 2019 as a result of applying ASU 2014-09.

ASU 2016-14: "Presentation of Financial Statements of Not-for-Profit Entities" The College adopted the accounting guidance in Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, Presentation of Financial Statements of Not-for-Profit Entities as of July 1, 2018. These changes were applied retrospectively to ensure comparability with the prior year. Under the new guidance, the College is required to collapse the three-category (unrestricted, temporarily restricted, and permanently restricted) classification of net assets into two categories: with donor restrictions and without donor restrictions. Endowments that have a current fair value that is less than the original gift amount (underwater) are classified in net assets with donor restrictions and expanded disclosures are required. Additional new disclosure requirements are required under the new guidance including disclosure of board-designated net assets, expanded disclosures relating to the College's liquidity of financial assets, expanded reporting to present expenses by function and natural classifications and eliminating the requirement to disclose investment expenses that are netted against investment return. In addition, the new guidance requires the College to make certain expanded disclosures relating to the liquidity of financial assets and expenses by both their natural and functional classification in one location in the financial statements.

In June 2018 the FASB issued ASU 2018-08 "Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made", which aims to assist entities in (1) evaluating whether transactions should be accounted for as contributions or exchange transactions and (2) determining whether a contribution is conditional. The College adopted ASU 2018-08 simultaneously with ASC 606 as of July 1, 2018. The College applied the new standard on a modified prospective basis. The adoption of the standard did not have a material impact to the College's statement of activities for the year ended June 30, 2019.

Recent Accounting Pronouncement, Not Yet Adopted
In February 2016, the FASB issued ASU 2016-02 Leases (Topic 842). The objective of this standard update is to provide a representation of an entity's leasing activities. This standard update requires that lease assets and lease liabilities be recognized on the balance sheet and all key information about leasing arrangements be disclosed. The standard update is effective for fiscal years beginning after December 15, 2018. Early adoption is permitted. The College is currently assessing the potential impact of this standard update on its consolidated financial statements.

Reclassifications and Restatements
Certain prior year balances were reclassified to conform to the current year including modifying the presentation for gains and losses on interest rate swaps from operating expenses to non-operating on the statement of activities. In addition, as a result of adopting ASU 2016-04, Presentation of Financial Statements of Not-for-Profit Entities and ASU 2014-09, Revenue from Contracts with Customers, the following reclassifications or restatements were made:

- Tuition, fees, room and board, financial aid and allowances were previously shown gross on the Colleges financial statements. They have been reclassified to be shown net. Details of the accounts impacted are shown in note 1 of the financial statements.

- As discussed in note 1, previously reported temporarily restricted and permanently restricted net assets have been combined into one net asset category, With Donor Restrictions.

- The College previously disclosed expenses in their functional classification on its statement of activities. The College modified its presentation to report expenses in their natural classifications and have reclassified prior year expenses to conform with the current year presentation.

Revenue
The College records student related revenue within the fiscal year in which services are provided. Institutional aid, in the form of scholarships and grants, include amounts funded by the College's operations, endowments, and gifts, and reduce the published price of tuition and fees, dorms, and meal plans for students. Cash payments to students in excess of published prices are reported as student aid and fellowships expense in the consolidated statement of activities.

The College has identified performance obligations of tuition and fees, room and board. The College considers tuition, room and board as one bundled contract under ASU 2014-09, The College is a residential community with the large majority of students living in campus housing and dining in campus facilities. Tuition is charged per semester and is the same for all students. Tuition, room and board are fully earned by June 30. Financial aid is calculated based on total cost of attendance. Student related revenue and institutional aid by performance obligations are as follows:

	2019			
	Tuition And Fees	Room	Board	Total
Charges	$ 126,444,241	$ 14,166,380	$ 9,473,098	$ 150,083,719
Allocation of financial aid	(46,037,042)	(5,157,833)	(3,449,057)	(54,643,932)
Total net student charges	$ 80,407,199	$ 9,008,547	$ 6,024,041	$ 95,439,787

	2018			
	Tuition And Fees	Room	Board	Total
Charges	$ 122,330,162	$ 13,752,099	$ 9,237,077	$ 145,319,338
Allocation of financial aid	(43,685,421)	(4,910,990)	(3,298,638)	(51,895,049)
Total net student charges	$ 78,644,741	$ 8,841,109	$ 5,938,439	$ 93,424,289

Net Assets without Donor Restrictions
Net assets derived from tuition and other institutional resources that are not subject to donor imposed restrictions. These net assets, previously called Unrestricted, are now called Without Donor Restrictions and may be designated for specific purposes by action of the board of trustees or may otherwise be limited by contractual agreements with outside parties. Net assets without Donor Restrictions include investment in plant and the appreciation on funds functioning as endowment.

Net Assets with Donor Restrictions
Net assets that are subject to explicit donor-imposed restrictions by the College. These restricted net assets were formerly split between temporarily restricted and permanently restricted net assets and are now combined and renamed as Net Assets with Donor Restrictions. Generally, the donors of these assets permit the College to use all or part of the investment return on these assets. Other types of restricted net assets whose restricted status may expire due to the passage of time or the incurrence of expenditures that fulfill the restrictions are also included in Net Assets with Donor Restrictions.

Revenues are reported as increases in Net Assets without Donor Restrictions unless use of the related assets is limited by donor-imposed restrictions or by law. Expenses are reported as decreases in Net Assets without Donor Restrictions. Gains and losses on investments, with the exception of investment fees, and other assets or liabilities are reported as increases or decreases in Net Assets without Donor Restrictions unless their use is restricted by explicit donor stipulations or by law. Expirations of 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. Restricted revenues for which the restriction is met in the current period are reported as Revenues without Donor Restrictions.

As a result of adopting ASU 2016-14, the College restated its June 30, 2017 net assets and consolidated statement of activities by combining prior year amounts for temporarily restricted and permanently restricted activities and net assets into net assets with donor restrictions to arrive at 2018 opening balances as follows:

	June 30, 2017		
ASU 2016-14 Classification	**Without Donor Restrictions**	**With Donor Restrictions**	**Total Net Assets**
2017 Ending Net Assets as previously presented			
Unrestricted	$ 112,209,870		$ 112,209,870
Temporarily Restricted	-	284,141,470	284,141,470
Permanently Restricted	-	336,095,940	336,095,940
Reclassification to Implement ASU2016-14			-
Underwater Endowments	1,197,991	(1,197,991)	-
2017 Net Assets, as Restated	$ 113,407,861	$ 619,039,419	732,447,280

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 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.

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. Cash and cash equivalents awaiting investment in the endowment are reported as investments totaling $35,047,130 and $167,503,852 at June 30, 2019 and 2018, respectively.

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.

Restricted Cash
The amount presented as Restricted Cash represents the amount required to be maintained on deposit with a lending institution pursuant to the Series N financing and interest rate swap agreement described in Note 9.

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 Net Assets with Donor Restrictions 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. During fiscal 2019, the College implemented ASU 2018-08, “Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made”. Unexpended resources received from the federal government, totaling $2.5 million as of June 30, 2019, are considered non-exchange transactions and include a barrier and a right of return. As such, these conditional promises to give are not recognized as revenues until the College expends the resources.

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 Net Assets with Donor Restrictions. Contributions received that are awaiting designation by the donor are reported as Net Assets with Donor Restrictions.

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 non-repayment situations. In these situations the Federal portion of the loan balance is guaranteed. Management believes that the allowance for credit losses at June 30, 2019 and 2018 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 non-hedging 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. These agreements are created when a donor contributes assets to a non-profit organization and the organization is not the only beneficiary of the assets donated. All of the College's split interest agreements stipulate that the donor, or designee will receive a fixed payment every year for either a fixed number of years or for the remaining life of the donor, or designee. 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 trust agreements. Fund values were $7,817,649 and $8,303,279 which includes $470,379 and $482,676 in distributions to designated beneficiaries for fiscal years 2019 and 2018 respectively. Trust termination proceeds of $549,117 and $55,422 were distributed to the College in 2019 and 2018 respectively.

The College is also 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 interests 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

Other assets consists of prepaid expenses and inventories which are categorized as such within other assets in the financial statements.

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.

The Tax Cuts and Jobs Act (the “Act”) was enacted on December 22, 2017. The Act impacts the College in several ways, including increases to unrelated business taxable income (UBIT) by the amount of certain fringe benefits for which a deduction is not allowed, changes to the net operating loss rules, repeal of alternative minimum tax (AMT), and the computation of UBTI separately for each unrelated trade or business. Further the Act reduces the US federal corporate tax rate and the UBIT rate from 35% to 21%. The College continues to evaluate the impact of tax reform on the organizations.

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, 2019 and 2018 consist of:

	Fair Value	
	2019	**2018**
Endowment funds		
Short-term investments	$ 35,045,765	$ 430,646,089
Fixed income	60,235,649	3,110,848
Domestic equity	227,655,257	7,557,460
Private equity	165,983,886	149,685,469
Real estate	22,788,148	6,517,810
Hedge funds/absolute return		
Domestic equities	45,125,781	9,702,378
Private equities	2,934	374,511
Global equities	70,102,798	-
	626,940,218	607,594,565
Other funds		
Domestic and global equities	428,061	383,552
Real estate	208,873	208,873
	636,934	592,425
Total investments	$ 627,577,152	$ 608,186,990

At June 30, 2019, the College is obligated to fund $101,430,454 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:

	2019	2018
Endowment and other long-term investments		
Investment income	$ 4,728,767	$ 4,376,430
Other changes	(984,885)	(1,016,719)
Net realized and change in unrealized gains, net of investment management fees and other costs	33,686,873	32,179,977
Return on endowment and other long-term investments	37,430,755	35,539,688
Operating investments		
Investment income	930,713	903,134
Net realized and change in unrealized gains, net of	52,791	45,618
Return on operating investments	983,504	948,752
Total return on investments	$ 38,414,259	$ 36,488,440

The following table presents the financial instruments carried at fair value as of June 30, 2019 and 2018, by caption on the statements of financial position by the fair value measurements and disclosures valuation hierarchy defined in Note 1.

	2019				
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV	Total Fair Value
Assets					
Short term investments	$ 35,045,765	$ -	$ -	$ -	$ 35,045,765
Fixed income	2,926,500			57,309,149	60,235,649
Domestic and global equities	6,690,030			221,393,287	228,083,317
Private equity				165,983,886	165,983,886
Real estate	1,187,284		3,187,000	18,503,485	22,877,769
Hedge funds/absolute return				115,231,514	115,231,514
Other			119,252		119,252
Total investments	45,849,579	-	3,306,252	578,421,321	627,577,152
Beneficial interests held by 3rd parties			1,694,128		1,694,128
Perpetual trusts held by 3rd parties			28,659,512		28,659,512
Total assets at fair value	$ 45,849,579	$ -	$ 33,659,892	$ 578,421,321	$ 657,930,792

	2018				
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV	Total Fair Value
Assets					
Short term investments	$ 430,646,089	$ -	$ -	$ -	$ 430,646,089
Fixed income	3,110,848	-	-	-	3,110,848
Domestic and global equities	4,430,745	-	-	3,510,267	7,941,012
Private equity	-	-	-	149,685,469	149,685,469
Real estate	1,162,859	-	2,992,000	2,452,572	6,607,431
Hedge funds/absolute return	-	-	-	10,076,889	10,076,889
Other	-	-	119,252	-	119,252
Total investments	439,350,541	-	3,111,252	165,725,197	608,186,990
Beneficial interests held by 3rd parties	-	-	1,663,715	-	1,663,715
Perpetual trusts held by 3rd parties	-	-	28,864,292	-	28,864,292
Total assets at fair value	$ 439,350,541	$ -	$ 33,639,259	$ 165,725,197	$ 638,714,997

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.

Net asset values provided by third-parties have been utilized in determining fair value where there are significant unobservable inputs related to Level 3 assets. Investment managers utilize outside pricing services and administrators as well as their own internal valuation models in determining and verifying fair values. The College performs ongoing due diligence with the investment managers that include evaluation of manager operations and valuation procedures, site visits, investor calls, review of manager filings and audited financial statements among other items. The College's Investment Committee and the Board of Trustees monitors performance of the investment managers and meets formally with the managers on a periodic basis in addition to the ongoing due diligence performed by College investment staff.

There were no material transfers between any levels during the year ended June 30, 2019.

Investments included in Level 3 and Net Asset Value (NAV) 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. 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, 2019 and 2018.

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:

	Real Estate	Other	Total Investments
Fair value at June 30, 2018	$ 2,992,000	$ 119,252	$ 3,111,252
Realized and unrealized gains	495,000		495,000
Net purchases, sales, settlements	(300,000)		(300,000)
Fair value at June 30, 2019	$ 3,187,000	$ 119,252	$ 3,306,252

	Beneficial Interests Held by 3rd Party	Perpetual Trusts Held by 3rd Party
Fair value at June 30, 2018	$ 1,663,715	$ 28,864,292
Realized and unrealized gains	30,413	1,255,068
Net purchases, sales, settlements		(1,459,848)
Fair value at June 30, 2019	$ 1,694,128	$ 28,659,512

Accumulated unrealized gains for assets classified within Level 3 as of June 30, 2019 and June 30, 2018 are $992,483 and $578,075, respectively.

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
Diversifying						
Diversifying strategies	$ 112,679,632	$ -	None-3 years	Inside	Monthly–Annually	30–180 Days
Fixed income strategies	2,306,086	-	None	N/A	N/A	N/A
Long-short	245,796	-	None	N/A	N/A	N/A
Total diversifying	115,231,514	-				
Global equity						
Global equity strategies	220,619,303	-	None	N/A	N/A– Annually	None–180
Fund of funds	163,417,780	77,754,764	None	N/A	N/A	None
Buyout	2,519,345	9,883,387	None	N/A	N/A	None
Total global equity	386,556,428	87,638,151				
Real assets						
Real asset strategies	16,496,188	-	None	N/A	N/A	None
Private real assets	6,309,581	1,202,950	None	N/A	N/A	None
Total real assets	22,805,769	1,202,950				
Fixed income						
Core bonds	44,544,063	-	None	N/A	Daily	2-15 Days
Credit	9,472,633	-	None	N/A	Daily	N/A
Private credit	3,292,454	12,096,419	None	N/A	N/A	None
Private fixed income	46,761	492,934	None	N/A	N/A	None
Total fixed income	57,355,911	12,589,353				
	$ 581,949,622	$ 101,430,454				

3. Liquidity

The College regularly monitors the availability of resources required to meet its general operating expenditures.

As of June 30, 2019 and 2018 financial assets and liquidity resources available within one year for general expenditure, such as operating expense, interest and principle payments, and capital renewal programs were available as follows:

	2019	2018
Financial assets at year end	$ 715,855,766	$ 698,626,519
Less: Contractual or donor-imposed restrictions		
Investments with donor-imposed restrictions	(34,514,950)	(39,543,928)
Restricted investments	(604,272,994)	(578,599,451)
Investments held in trust	(30,353,640)	(30,528,007)
Funds held by bond trustee	(8,384,094)	(12,024,777)
Financial Assets Available for Operating Expenses	(677,525,679)	(660,696,163)
Endowment distribution approved by the board for spending	29,734,786	29,040,398
Total financial assets available for operating expenses	$ 68,064,874	$ 66,970,754

To manage liquidity, the College maintains $10 million in lines of credit that are drawn upon as needed.

4. Endowment Funds

Principal balances at June 30 were as follows:

	Fair Value	
	2019	**2018**
Endowment funds held by trinity	$ 601,492,649	$ 585,918,047
Funds held in trust by others	28,659,512	28,864,292
Pledges outstanding	10,693,345	6,408,547
	$ 640,845,506	$ 621,190,886

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 without donor restrictions. 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.

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. Also included in restricted net assets are 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 Net Assets with Donor Restrictions (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. 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 the donor or UPMIFA requires the College to retain as a fund of perpetual duration. These deficiencies would be the result of unfavorable market fluctuations that occur after the investment of new restricted contributions and appropriation for certain programs that are deemed prudent by the Board of Trustees. There were deficiencies of this nature of $0 and $250,185 in fiscal 2019 and 2018, respectively.

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 Net Assets with Donor Restrictions.

Endowment Net Asset Composition by Type of Fund as of June 30, 2019.

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 608,375,718	$ 608,375,718
Funds functioning as endowment funds	8,304,157	24,165,631	32,469,788
Total funds	$ 8,304,157	$ 632,541,349	$ 640,845,506

	Without Donor Restrictions	With Donor Restrictions	Year to Date as of June 30
Beginning balance June 30, 2018	$ 9,321,676	$ 611,869,210	$ 621,190,886
Investment Income and loss, net of fees	620,949	38,560,200	39,181,149
Net appreciation (realized and unrealized)			-
Total investment return	620,949	38,560,200	39,181,149
Contributions	562,540	9,442,859	10,005,399
Appropriation of endowment assets			-
for expenditure	(2,196,502)	(27,417,657)	(29,614,159)
Other changes, transfers, and releases from restriction	(4,506)	86,737	82,231
Endowment Net assets as of June 30, 2019	$ 8,304,157	$ 632,541,349	$ 640,845,506

Endowment Net Asset Composition by Type of Fund as of June 30, 2018, as restated.

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 588,368,763	$ 588,368,763
Funds functioning as endowment funds	9,321,676	23,500,447	32,822,123
Total funds	$ 9,321,676	$ 611,869,210	$ 621,190,886

	Without Donor Restrictions	With Donor Restrictions	Year to Date as of June 30
Beginning balance June 30, 2017	$ 6,721,012	$ 577,778,382	$ 584,499,394
Investment income and loss, net of fees	571,752	36,530,685	37,102,437
Net appreciation (realized and unrealized)			-
Total investment return	571,752	36,530,685	37,102,437
Contributions	1,284,610	15,856,783	17,141,393
Appropriation of endowment assets for expenditure	(446,092)	(25,997,721)	(26,443,813)
Other changes, transfers, and releases from restriction	1,190,394	7,701,081	8,891,475
Net assets as of June 30, 2018	$ 9,321,676	$ 611,869,210	$ 621,190,886

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's endowment spending policy was designed to stabilize annual spending levels and to preserve the real value of the endowment portfolio over time. For the 2015 fiscal year the College elected to change its spending policy from a percentage of actual value plus inflation, to a percentage of the average market value excluding funds held in trust, for the calendar year trailing twelve quarters. The spending rate approved by the board of trustees for 2019 and 2018 was 5%. This resulted in approved spending of $32,156,793 and $28,491,034, which includes $29,614,159 and $26,443,813 appropriated for expenditure and $2,542,634 and $2,047,221 unspent in 2019 and 2018, respectively.

Other endowment changes in the statements of activities include transfers due to changes in donor intent in the amount of $519,458 and $503,253 for the years ended June 30, 2019 and 2018, respectively.

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

	2019	2018
Number of units for income allocation	23,927,120	23,296,304
Market value per unit	$ 25.00	$ 25.00
Total return per unit	1.59	1.49
Total return distributed per unit	1.28	1.18

5. Contributions Receivable

Contributions receivable at June 30 consisted of unconditional promises to give (net of discount of $2,273,963 and $1,726,709 and allowance of $2,449,449 and $1,013,867 for 2019 and 2018, respectively), which are expected to be collected in the following periods:

	2019	2018
In one year or less	$ 9,530,802	$ 10,008,166
Between one year and five years	7,174,434	5,893,127
In more than five years	1,429,956	347,162
	$ 18,135,192	$ 16,248,455

Discount rates used to calculate the present value of contributions receivable ranged from 2.46% to 6.09%.

The College has been awarded $2.5 million of grants from the State of CT Department of Economic and Community Development and contracts which have not been advanced or expended and are classified as conditional contributions as of June 30, 2019 and 2018, and accordingly, are not recorded in the financial statements.

6. Other Assets

Other assets at June 30 include:

	2019	2018
Prepaid expenses	$ 701,004	$ 414,298
Inventories	15,634	73,778
Other *	205,625	2,492,353
	$ 922,263	$ 2,980,429

*Included in Other Assets are $2,300,452 in swap valuations, for the year ended June 30, 2018.

7. Fixed Assets

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

	2019	2018
Land and land improvements	$ 50,785,589	$ 49,020,662
Buildings	420,184,813	417,141,679
Equipment	64,278,527	62,471,972
Construction-in-progress	5,765,264	2,869,037
	541,014,193	531,503,350
Less: Accumulated depreciation	(279,746,671)	(265,621,671)
	$ 261,267,522	$ 265,881,679

Depreciation expense included in operating expense amounted to $14,392,330 and $14,339,474 for the years ended June 30, 2019 and 2018. 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.

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 $1,441,953 and $1,398,063 in 2019 and 2018. 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:

	2019	2018
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 $1,815,475 and $1,775,156 at June 30, 2019 and 2018	$ 5,290,000	$ 6,875,000
Connecticut Health and Educational Facilities Authority (CHEFA) Series L bonds, issued 2008, 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 $553,581 and $556,914 at June 30, 2019 and 2018	10,365,000	10,910,000
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 $445,276 and $446,862 at June 30, 2019 and 2018	16,775,000	16,870,000
Connecticut Health and Educational Facilities Authority (CHEFA) Series N bonds, issued 2014, variable interest rate equal to 0.68 of one-month LIBOR plus 85 bps; maturities to 2026; not insured. These bonds were used to refund the Series H bonds. There is no sinking fund required for this series as the College pays the purchaser directly. However, there is a $1,000,000 compensating balance required by the purchaser.	13,458,403	15,336,320
Connecticut Health and Educational Facilities Authority (CHEFA) Series O bonds, issued 2015, interest rate equal to 2.675% maturities to 2037; not insured. These bonds were used to refund the Series K bonds. There is no sinking fund required for this series as the College pays the purchaser directly.	19,645,000	20,480,000
Connecticut Health and Educational Facilities Authority (CHEFA) Series P bonds, issued 2015, variable interest rate equal to .65% of one-month LIBOR plus 1.54%; maturities to 2025; not insured. These bonds were used to finance capital projects around campus. No sinking fund reserve required for this series as the College pays the purchaser directly.	21,128,052	21,691,308
Connecticut Health and Educational Facilities Authority (CHEFA) Series Q bonds, issued April 2017, variable interest rate equal to .65% of one-month LIBOR plus 1.87%; maturities to 2026; not insured. These bonds were used to refund the Series J bonds. There is no sinking fund reserve required for this series as the College pays the purchaser directly.	51,100,000	51,100,000
	137,761,455	143,262,628
Bond issuance costs, net of accumulated amortization	(1,389,662)	(1,529,126)
Bond premium discount net of accumulated amortization	125,919	148,738
Total bonds and notes payable	$ 136,497,712	$ 141,882,240

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

2019–2020	$ 5,668,462
2020–2021	5,779,778
2021–2022	5,934,019
2022–2023	6,088,602
2023–2024	6,248,537
Thereafter	108,042,058

The College has entered into interest rate swap agreements for Series N, P and Q bonds used to economically hedge the interest rate risk associated with certain of its variable rate debt. The following summarizes the terms for the agreement as of June 30, 2019:

	Counterparty A	Counterparty B	Counterparty C
Trade/effective date	11/26/2013	12/15/2015	4/26/2017
Initial notional amount	$ 22,535,000	$ 23,000,000	$ 51,100,000
Current notional amount	13,458,403	21,128,052	51,100,000
Termination date	7/1/2026	12/1/2025	4/1/2026
Fixed rate paid by college	2.670 %	2.39%	2.53%
Rate paid by counterparty	.68 of one-month LIBOR plus 85 bps	.65 of one-month LIBOR plus 154 bps	.68 of one-month LIBOR plus 187 bps

The gains/(losses) that were recognized for interest rate swap agreements for series N, P, and Q for the years ended June 30, 2019 and 2018 were $(3,648,657) and $2,635,500 respectively, and are shown in the Other Changes in Net Assets section on the consolidated statement of activities. The swap was in a liability position of $1,348,205 and an asset position of $2,300,452 as of June 30, 2019 and June 30, 2018, respectively.

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 a national banking institution which expires August 31, 2020. 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 $540,000, $570,000, $580,000, $590,000, $615,000 and $7,470,000

The College has a line of credit agreement with a national financial institution, which provides up to $10 million. There was no balance outstanding at June 30, 2019 or 2018. 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 40 basis point charge for the unused portion of the credit line, payable quarterly in arrears.

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 2018 and 2019.

10. Net Assets without Donor Restrictions

Net assets without donor restrictions at June 30, 2019 and 2018 consist of the following:

	2019	2018
Unrestricted endowment	$ 8,304,157	$ 9,321,676
Investment in plant assets	94,537,976	98,094,381
Life income funds	673,996	736,515
Operating funds	15,336,623	13,239,765
Total net assets without donor restrictions	$ 118,852,752	$ 121,392,337

11. Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30, 2019 and 2018 are available for the following purposes:

	2019	2018
Plant additions/renovation	$ 3,609,728	$ 5,819,295
Life income funds	4,081,330	4,089,334
Capital campaign	4,764	4,762
Endowment funds	632,541,349	611,869,210
Operating and restricted funds	16,570,608	17,013,259
Loan funds	3,951,127	3,786,988
Total net assets with donor restrictions	$ 660,758,906	$ 642,582,848

Included in with 2019 and 2018 donor restricted net assets are $292,841,886 and $286,797,399 million respectively of accumulated gains on permanently endowed funds and other net assets that are not considered permanent and could be spent by the College (formerly called Temporarily Restricted Net Assets).

12. Net Assets Released From Restrictions

Net assets were released from donor restrictions during the periods ended June 30, 2019 and 2018 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:

	2019	2018
Instruction and research	$ 12,109,476	$ 10,605,459
Financial aid	9,153,752	8,599,875
Plant	1,838,172	1,288,012
General institutional	7,852,342	12,226,090
Student services	914,167	905,370
Academic support	3,652,698	3,155,414
Total net assets released from restrictions	$ 35,520,607	$ 36,780,220

13. Employee Benefit Plans

The College participates in the Teachers 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, 2019 and 2018 is $4,518,592 and $4,448,372. 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:

	2019	2018
Change in benefit obligation		
Benefit obligation at beginning of year	$ 4,984,575	$ 5,430,073
Service cost	2,176	8,554
Interest cost	129,714	172,943
Plan participants' contributions	76,058	91,237
Actuarial loss	(1,685,087)	(364,453)
Benefits paid	(353,067)	(353,779)
Benefit obligation at end of year	3,154,369	4,984,575
Change in plan assets		
Fair value of plan assets at beginning of year	-	-
Employer contributions	277,009	262,542
Plan participants' contributions	76,058	91,237
Benefits paid	(353,067)	(353,779)
Fair value of plan assets at end of year	-	-
Funded status	$ (3,154,369)	$ (4,984,575)
Balances recognized in unrestricted net assets		
Unrecognized prior service benefit	$ -	$ -
Net actuarial loss	279,227	1,980,332
	$ 279,227	$ 1,980,332
Postretirement related changes other than net periodic benefit cost		
Current actuarial (gains)	$ (1,685,087)	$ (364,453)
Amortization of unrecognized amounts	(16,018)	(189,462)
	$ (1,701,105)	$ (553,915)
Components of net periodic benefit cost		
Service cost	$ 2,176	$ 8,554
Interest cost	129,714	172,943
Expected return on plan assets		-
Amortization of prior service benefit		-
Amortization of actuarial loss	16,018	189,462
Net periodic benefit gain	$ 147,908	$ 370,959
Amortization amounts in following year		
Prior service gain	$ -	$ -
Net actuarial loss	-	144,432
	$ -	$ 144,432

Assumptions

	2019	2018
Discount rate used to determine benefit obligations at June 30	2.85 %	3.83 %
Discount rate used to determine net periodic benefit cost for years ended June 30	3.83 %	3.31 %
Assumed health care cost trend rates at June 30	6.50 %	7.00 %
Health care cost trend rate assumed for next year	6.50 %	7.00 %
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	2022	2020

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	$ 8,340	$ (7,511)
Effect on postretirement benefit obligation	184,067	(167,263)

Contributions

Trinity College expects to contribute $331,422 to its postretirement health insurance benefit plan in fiscal year 2019.

Estimated Future Benefit Payments

Expected benefit payments for the fiscal year ending:

	Postretirement Benefits
2020	$ 318,126
2021	307,553
2022	294,256
2023	276,082
Thereafter	1,131,084

14. 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 with a third party property developer for the construction of dormitories which were completed during fiscal 2014. The Developer leased the land upon which the Dormitory is constructed from the College and the College manages the property. The Developer bears all financial risk and receives all the financial benefit from the Dormitories. Based on the terms of the agreements, the Developer constructed the Dormitories and funded the project primarily through a commercial bank loan and a $4,000,000 loan from the College. The balance of the loan from the College on June 30, 2019 was $3,250,721. The interest rate is 8% and the term expires January 15, 2029.

15. 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 $428,620 and $425,373 at June 30, 2019 and 2018.

16. Functional Expense Classification

Expenses are presented by natural classification. Natural expenses are attributable to various functions which are in alignment with the overall mission of academic instruction and research of the institution. Functional expenses are categorized as academic support, auxiliary expenses, general institutional services, instruction – research and related, and student services.

Natural expenses attributable to more than one functional expense category are allocated using reasonable cost allocation techniques. Depreciation, plant operations and maintenance expenses are allocated on a square footage basis. Interest expense on indebtedness is allocated to functional categories that have benefited from the associated debt.

The following table compares expenses by type for the years ended June 30, 2019 and 2018, respectively:

	2019					
	Academic Support	Auxiliary Expenses	General Institutional Services	Instruction, Research, & Related	Student Services	Total
Operating expenses						
Salaries and wages	$ 6,250,818	$ 2,170,551	$ 12,759,125	$ 28,076,014	$ 6,130,031	$ 55,386,539
Benefits	1,840,702	561,490	4,523,857	7,896,539	1,652,294	16,474,882
Room, board and food	272,775	9,038,369	643,655	1,700,042	590,075	12,244,916
Contracted services	331,674	239,373	10,365,062	1,322,711	465,228	12,724,048
Program costs	202,913	5,533,062	1,194,904	1,086,170	440,883	8,457,932
Depreciation	1,565,912	1,759,170	9,287,793	1,025,842	753,613	14,392,330
Other	12,052,337	3,141,301	(12,797,493)	25,319,792	6,323,390	34,039,327
Total operating expenses	$ 22,517,131	$ 22,443,316	$ 25,976,903	$ 66,427,110	$ 16,355,514	$ 153,719,974

	2018					
	Academic Support	Auxiliary Expenses	General Institutional Services	Instruction, Research, & Related	Student Services	Total
Operating expenses						
Salaries and wages	$ 6,471,219	$ 2,000,396	$ 11,783,767	$ 27,495,243	$ 5,899,052	$ 53,649,677
Benefits	1,869,694	569,005	2,564,669	7,822,103	1,782,468	14,607,939
Room, board and food	297,186	9,046,834	528,239	1,451,893	523,720	11,847,872
Contracted services	358,519	142,250	11,138,682	1,530,948	333,222	13,503,621
Program costs	126,960	4,548,264	481,589	2,072,732	414,187	7,643,732
Depreciation	1,555,953	1,880,275	9,134,855	1,018,375	750,016	14,339,474
Other	10,279,365	2,994,993	(7,909,859)	21,263,917	5,531,093	32,159,509
Total operating expenses	$ 20,958,896	$ 21,182,017	$ 27,721,942	$ 62,655,211	$ 15,233,758	$ 147,751,824

Other expenses contain several accounts including management fees, interest expense, utilities, travel & training, insurance costs and taxes.

17. Subsequent Events

Management has evaluated subsequent events for the period after June 30, 2019, through October 21, 2019, the date of the consolidated financial statements were issued.