Trinity

FINANCIAL REPORT

JUNE 30, 2014

BROWN EDWARDS
certified public accountants

TRINITY COLLEGE

FINANCIAL REPORT

June 30, 2014

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Trinity College
Washington, D.C.

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the College as of June 30, 2014 and 2013, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
October 10, 2014

TRINITY COLLEGE

STATEMENTS OF FINANCIAL POSITION
For the Years Ended June 30, 2014 and 2013

	2014	2013
ASSETS		
Cash and cash equivalents	$ 14,011,244	$ 6,776,030
Receivables and other assets, net of allowance for doubtful accounts 2014 $403,500; 2013 $506,000 (Note 2)	1,924,820	2,173,940
Notes receivable, government student loans, net of allowance for doubtful accounts	1,488,355	1,476,467
Contributions receivable (Note 3)	7,720,297	6,662,276
Investments (Note 4)	43,029,357	37,599,461
Land, buildings, and equipment, net of accumulated depreciation (Notes 5 and 7)	21,522,255	20,503,162
Funds held in trust by others (Note 6)	11,783,116	10,979,536
Total assets	$ 101,479,444	$ 86,170,872
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	$ 930,882	$ 781,346
Accrued wages and benefits	527,144	573,733
Deferred revenues and deposits	1,748,880	1,728,890
U.S. government grants refundable	1,380,985	1,349,523
Asset retirement obligations	1,155,014	1,101,062
Interest rate swap (Note 7)	328,941	1,420,610
Debt (Note 7)	17,544,466	16,199,795
Total liabilities	23,616,312	23,154,959
Net assets (Note 8)		
Unrestricted	35,165,309	31,384,478
Temporarily restricted	22,295,212	12,175,596
Permanently restricted	20,402,611	19,455,839
Total net assets	77,863,132	63,015,913
Total liabilities and net assets	$ 101,479,444	$ 86,170,872

TRINITY COLLEGE

STATEMENT OF ACTIVITIES
Year Ended June 30, 2014

	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
OPERATING REVENUES				
Tuition and fees	$ 37,313,312	$ -	$ -	$ 37,313,312
Less financial aid	(9,334,978)	-	-	(9,334,978)
Net tuition and fees (Note 9)	27,978,334	-	-	27,978,334
Gifts	700,197	518,567	-	1,218,764
Investment income, endowment, and other (Note 4)	-	552,609	-	552,609
Interest income – temporary investments	128,095	56,142	-	184,237
Government and private grants	288,388	-	-	288,388
Auxiliary services	3,568,436	-	-	3,568,436
Other revenues	222,401	-	-	222,401
Net assets released from restrictions and reclassifications (Note 10)	1,397,564	(1,397,564)	-	-
Total operating revenues	34,283,415	(270,246)	-	34,013,169
OPERATING EXPENSES				
Educational and general:				
Instruction	10,541,498	-	-	10,541,498
Public service	28,263	-	-	28,263
Academic support	3,942,768	-	-	3,942,768
Student services	4,569,805	-	-	4,569,805
Institutional support	8,717,366	-	-	8,717,366
Auxiliary services	3,585,183	-	-	3,585,183
Total operating expenses (Note 11)	31,384,883	-	-	31,384,883
Change in net assets, operating	2,898,532	(270,246)	-	2,628,286
NON-OPERATING INCOME				
Gifts and private grants	873,730	9,000,117	86,890	9,960,737
Interest income	3,823	4,699	-	8,522
Investment return, net of amount available to support current operations (Note 4)	369,993	1,385,046	-	1,755,039
Change in fair value of swap agreement	(134,331)	-	-	(134,331)
Change in value of funds held in trust by others	-	-	803,580	803,580
Change in value of charitable remainder trust	-	-	56,302	56,302
Other	24,419	-	-	24,419
Loss on extinguishment of bond	(255,335)	-	-	(255,335)
Net assets released from restrictions and reclassifications (Note 10)	-	-	-	-
Change in net assets, non-operating	882,299	10,389,862	946,772	12,218,933
Change in net assets	3,780,831	10,119,616	946,772	14,847,219
NET ASSETS				
Beginning	31,384,478	12,175,596	19,455,839	63,015,913
Ending	$ 35,165,309	$ 22,295,212	$ 20,402,611	$ 77,863,132

The Notes to Financial Statements are an integral part of these statements.

TRINITY COLLEGE

STATEMENT OF ACTIVITIES
Year Ended June 30, 2013

	2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
OPERATING REVENUES				
Tuition and fees	$ 38,733,825	$ -	$ -	$ 38,733,825
Less financial aid	(8,593,208)	-	-	(8,593,208)
Net tuition and fees (Note 9)	30,140,617	-	-	30,140,617
Gifts	886,512	540,649	-	1,427,161
Investment income, endowment, and other (Note 4)	-	521,368	-	521,368
Interest income – temporary investments	131,622	57,035	-	188,657
Government and private grants	329,698	-	-	329,698
Auxiliary services	3,420,687	-	-	3,420,687
Other revenues	283,005	-	-	283,005
Net assets released from restrictions and reclassifications (Note 10)	881,281	(881,281)	-	-
Total operating revenues	36,073,422	237,771	-	36,311,193
OPERATING EXPENSES				
Educational and general:				
Instruction	10,412,026	-	-	10,412,026
Public service	32,867	-	-	32,867
Academic support	3,666,091	-	-	3,666,091
Student services	4,711,135	-	-	4,711,135
Institutional support	8,539,901	-	-	8,539,901
Auxiliary services	3,425,772	-	-	3,425,772
Total operating expenses (Note 11)	30,787,792	-	-	30,787,792
Change in net assets, operating	5,285,630	237,771	-	5,523,401
NON-OPERATING INCOME				
Gifts and private grants	268,577	6,627,902	160,330	7,056,809
Interest income	217	1,870	-	2,087
Investment return, net of amount available to support current operations (Note 4)	(30,773)	469,249	5,223	443,699
Change in fair value of swap agreement	512,401	-	-	512,401
Change in value of funds held in trust by others	-	-	767,353	767,353
Change in value of charitable remainder trust	-	-	23,653	23,653
Other	(1,444)	-	-	(1,444)
Loss on extinguishment of bond	-	-	-	-
Net assets released from restrictions and reclassifications (Note 10)	291,348	(291,348)	-	-
Change in net assets, non-operating	1,040,326	6,807,673	956,559	8,804,558
Change in net assets	6,325,956	7,045,444	956,559	14,327,959
NET ASSETS				
Beginning	25,058,522	5,130,152	18,499,280	48,687,954
Ending	$ 31,384,478	$ 12,175,596	$ 19,455,839	$ 63,015,913

The Notes to Financial Statements are an integral part of these statements.

TRINITY COLLEGE

STATEMENTS OF CASH FLOWS
Years Ended June 30, 2014 and 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 14,847,219	$ 14,327,959
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Non-operating and noncash items:		
Net realized and unrealized gain on investments	(962,853)	(203,912)
Change in fair value of interest rate swap agreement	134,331	(512,401)
Contributions restricted for plant expansion and endowment	(8,060,287)	(665,511)
Change in funds held by others	(803,580)	(767,353)
Loss on disposal of fixed assets	-	1,444
Depreciation and amortization	1,084,257	1,022,686
Change in certain operating assets and liabilities:		
(Increase) decrease in:		
Receivables and other assets	249,120	154,830
Contributions receivable	(1,058,021)	(6,146,374)
(Decrease) increase in:		
Accounts payable and accrued expenses	237,732	(9,647)
Accrued wages and benefits	(46,589)	10,338
Deferred revenues and deposits	19,990	(76,860)
Asset retirement obligations	53,952	51,432
U.S. government grants refundable	31,462	19,829
Net cash provided by operating activities	5,726,733	7,206,460
CASH FLOWS FROM INVESTING ACTIVITIES		
Student loans advanced	(262,370)	(239,920)
Student loans collected	250,482	132,644
Purchases of land, buildings, and equipment, net of accounts payable and debt incurred	(567,791)	(986,444)
Change in investments, net of proceeds from sales	(4,467,044)	(7,145,633)
Net cash used in investing activities	(5,046,723)	(8,239,353)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from contributions restricted for plant expansion and endowment	8,060,287	665,511
Extinguishment of swap agreement	(1,226,000)	-
Proceeds from issuance of new debt	17,082,610	-
Less payoff of debt with proceeds	(15,072,367)	-
Less new debt incurred to finance construction in progress	(1,597,305)	-
Less new capital lease obligation	(21,523)	-
Payments of debt	(670,498)	(650,708)
Net cash provided by financing activities	6,555,204	14,803
Increase (decrease) in cash and cash equivalents	7,235,214	(1,018,090)
CASH AND CASH EQUIVALENTS		
Beginning	6,776,030	7,794,120
Ending	$ 14,011,244	$ 6,776,030

(Continued)

TRINITY COLLEGE

STATEMENTS OF CASH FLOWS
Years Ended June 30, 2014 and 2013

	2014	2013
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash payments for interest, net of amounts capitalized 2014 $17,217; 2013 $-0-	$ 594,968	$ 758,893
SUPPLEMENTAL SCHEDULE OF NON CASH INVESTING AND FINANCING ACTIVITIES		
Early termination of capital lease due to the return of fixed assets	$ -	$ 21,440
Fixed assets purchases included in accounts payable	$ -	$ 88,196
Debt incurred to finance construction in progress	$ 1,597,305	$ -
Assets acquired under capital lease	$ 21,523	$ -
Debt refinanced through issuance of new debt	$ 15,072,367	$ -

The Notes to Financial Statements are
an integral part of these statements.

Note 1. Nature of Operations and Significant Accounting Policies

Trinity College (the "College") is an independent, comprehensive College located in Washington, D.C. The College was founded in 1897 by the Sisters of Notre Dame De Namur and in accordance with the Act of Congress under which the College is chartered. The College includes the historic undergraduate women's college (the College of Arts and Sciences) and the coeducational schools of Education, Professional Studies, and Nursing and Health Professions. The Board of Trustees governs the College and is responsible for all management and policy making of the College.

The Board approved the adoption of the name "Trinity University (Washington, D.C.)" as an enterprise name and under which it conducts operations. The Board adopted this change in recognition of the fact that Trinity's operations are characteristic of institutions recognized as universities. To further distinguish Trinity in print material, Trinity refers to itself as Trinity Washington University. The Board decided that "Trinity College" would continue as the official legal name of the institution. Notice was provided to the Education Licensing Commission in accordance with *D.C. Code*.

The College is accredited by the Commission on Higher Education of the Middle States Association of Colleges and Schools. The School of Education is accredited by the National Council for Accreditation of Teacher Education. Trinity's nursing program is accredited by the Commission on Collegiate Nursing Education.

The significant accounting policies followed by the College are described below:

Basis of financial statement presentation and accounting:

The financial statements of the College have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The accompanying financial statements present information regarding the College's financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. The three classes are differentiated based on the existence or absence of donor-imposed restrictions, as described below:

Unrestricted net assets are free of 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. Revenues, gains, and losses that are not temporarily or permanently restricted by donors are included in this classification. Expenses are reported as decreases in this classification.

Temporarily restricted net assets are limited in use by donor-imposed stipulations that expire either by the passage of time or that can be fulfilled by action of the College pursuant to those stipulations.

Permanently restricted net assets are amounts required by donors to be held in perpetuity; however, generally the income on these assets is available to meet various restricted and other operating needs. These net assets primarily include permanent endowment funds.

(Continued)

Note 1. Nature of Operations and Significant Accounting Policies (Continued)

Cash and cash equivalents:

The College considers all highly liquid investments with a maturity of three months or less when purchased to be cash and cash equivalents. Cash equivalents are stated at cost, which approximates market value. Cash held for long-term investment is classified as investments or funds designated for investment in land, buildings, and equipment.

Cash and cash equivalents include bond project funds and funds related to the federal student loan program totaling approximately $377,000 and $745,000 at June 30, 2014 and 2013, respectively.

Checks written on the College's zero balance accounts of approximately $489,000 and $259,000 are included in accounts payable and accrued expenses as of June 30, 2014 and 2013, respectively.

The College follows the common cash management practice of consolidating certain of its operating cash and cash equivalent accounts, which includes various designated and restricted current operating and plant accounts. As a result of this practice, cash and cash equivalents specifically associated with the original gift of certain designated and restricted monies can be spent from the consolidated account. When this occurs, the activity is accounted for by maintaining receivables and payables between the net asset classes. The College has sufficient unrestricted funds included in the consolidated account to cover the designated or restricted monies spent.

Accounts receivable:

Accounts receivable consist of student accounts receivable, consortium receivables, grants receivable, and other receivables and are reflected at cost, less an allowance for doubtful accounts based on historical collection experience of the College, as applicable. Receivables outstanding at the end of a semester are considered past due. The College does not charge interest on outstanding balances and receivables over two years old are written off. As of June 30, 2014 and 2013, the College has student receivables, net of allowance, from non-current semesters of approximately $683,000 and $728,000, respectively.

Investments:

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values. The fair value of investments in equities, bonds, U.S. government securities, and short-term assets is determined by reference to quoted market prices and other relevant information generated by market transactions. Net unrealized and realized gains or losses are reflected in the statements of activities.

Gifts of investments are recorded at their fair value (based upon quotations or appraisals) at the date of gift. Purchases and sales of investments are recorded on the trade date.

Note 1. Nature of Operations and Significant Accounting Policies (Continued)

Investments: (Continued)

Income, and realized and unrealized net gains, on investments of endowment and similar net asset classes are reported as follows:

- As increases in permanently restricted net assets if the terms of the gift require that they be added to the principal of a permanent endowment fund;
- As increases in temporarily restricted net assets if the terms of the gift impose restrictions on the use of the income, including income earned on donor-restricted endowment funds;
- As increases in unrestricted net assets in all other cases.

The College has various investment vehicles that the carrying value fluctuates with the financial markets. As a result, the value of such investments as of the date of this report may be materially different than year end values.

Land, buildings, and equipment:

Land, buildings, and equipment are stated at cost at the date of acquisition, or fair value at the date of gift, less accumulated depreciation. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets.

Equipment is removed from the records and any gain or loss is recognized at the time of disposal. Expenditures for new construction, major renewals and replacements, and equipment exceeding $5,000 are capitalized.

Construction in progress is carried at cost incurred to date and, when completed, is transferred to the appropriate land, buildings, or equipment category and is depreciated in accordance with the College's policies.

The College recognizes costs related to major maintenance activities as costs are incurred.

The College capitalizes interest costs as part of the construction costs of buildings where it relates to the financing of major projects under development.

Accrued compensation:

The College accrues for salaries and all other compensation earned but not paid.

Student and other deposits:

Deposits and student fees applicable to academic sessions subsequent to the current year are deferred and recognized as revenues in subsequent periods.

Note 1. Nature of Operations and Significant Accounting Policies (Continued)

Notes receivable and U.S. government grants refundable:

The College participates in the Federal Perkins Loan Program sponsored by the United States Government. Under this program, funds are loaned to qualified students and may be re-loaned after collection. Student loan receivables related to this program are recorded as notes receivable. The portion of those funds contributed by the U.S. government (that is, exclusive of the College's match funds) is ultimately refundable to the government and, accordingly, are recorded as a liability, U.S. government grants refundable.

The College accounts for its notes receivable at cost and recognizes interest income as it is earned. An allowance for doubtful accounts is based on prior collection history and individual circumstances of the borrower. Notes are considered past due after 30-45 days and accrue interest until written off when considered uncollectible.

Bond discount:

Bond discount, for Series 2001, was amortized on a straight-line basis over the term of the related financing agreement, until it was extinguished on June 2, 2014. There is no bond discount on the newly issued debt.

Split-interest agreements:

The College participates in various split-interest agreements that are unconditional and irrevocable. These arrangements are established when a donor makes a gift to the College or a trust in which the College shares benefits with other beneficiaries. Generally, the College accounts for these agreements by recording its share of the related assets at fair market value (which approximates the present value of the estimated future cash receipts). Liabilities are recorded for any portion of the assets held for donors or other beneficiaries equal to the present value of the expected future payments to be made. The liabilities are adjusted annually for changes in the value of the assets, accretion of the discount, and other changes in the estimates of future benefits. Contribution revenues are recognized at the dates the agreements are established for the difference between the assets and the liabilities.

If a third party is the trustee until the termination of the trust and then the remaining assets are transferred to the beneficiaries, the assets less related liabilities are included in funds held in trust by others. If the donor establishes a perpetual trust with a third party as trustee (the College will never receive the principal of the trust), the assets less related liabilities are also included in funds held in trust by others. The fair value of funds held in trust by others is determined by the present value of estimated future cash flows.

Asset retirement obligations (AROs):

An *asset retirement obligation* is a legal liability of the College for the cost of retiring a tangible long-lived asset (e.g., a building containing asbestos) that results from the acquisition, construction, or development and/or the normal operation of the long-lived asset. A conditional ARO is a legal obligation in which the timing and/or method of retirement are conditional on a future event that may or may not be within the control of the College. The College has conditional asset retirement obligations primarily associated with fully depreciated buildings which are recorded at their estimated fair value. The liabilities are accreted each year using a risk-adjusted interest rate.

Note 1. Nature of Operations and Significant Accounting Policies (Continued)

Net asset classifications of institutional funds:

The College holds institutional funds, principally endowment funds, subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA). "Endowment" is a commonly used term to refer to the resources, including trusts and annuities that have been restricted by the donor or designated by the Board that will be invested to provide future revenue to support the College's activities. The College's endowment consists of approximately 40 individual funds established for a variety of purposes. As titled, UPMIFA provides guidance and applicable regulations relative to the management of applicable funds.

In response to UPMIFA, the College adopted the provisions of accounting guidance for the net asset classification of donor-restricted endowment funds for an organization that is subject to UPMIFA and also required related financial statement disclosures.

Interpretation of UPMIFA

The Board of Trustees of the College has interpreted UPMIFA 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 stipulations to the contrary. Accordingly, 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 of investment returns to the permanent endowment made in accordance with the direction of the applicable donor gift instrument, when applicable, at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the College 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: (1) the duration and preservation of the fund, (2) the purposes of the College and the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the College, and (7) the investment policy of the College.

Return Objectives and Risk Parameters

The College has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those of donor-restricted funds that organizations must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to provide an average annual rate of return of approximately 2.0% plus inflation (measured as the consumer price index), net of management fees, over a rolling three-year period. Actual returns in any given year may vary from this amount.

Note 1. Nature of Operations and Significant Accounting Policies (Continued)

Net asset classifications of institutional funds: (Continued)

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the College relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The College targets a diversified asset allocation that places emphasis on investments in equities and fixed income securities in the following percent target ratios to achieve its long-term return objectives within prudent risk constraints:

	Minimum	Target Average	Maximum
Domestic Large Capitalization Stocks:			
Large Growth	15	20	25
Large Value	15	20	25
Small/Medium Capitalization Stocks	10	15	20
International Equity	5	10	15
Total equity	45	65	85
Domestic Investment Grade Fixed Income	25	35	45
Total fixed income	25	35	45

Spending Policy and How the Investment Objectives Related to Spending Policy

The College employs a total return endowment spending policy that establishes the amount of endowment investment return that is available to support current needs and restricted purposes. This policy is designed to insulate program spending from capital market fluctuations and to increase the amount of return that is reinvested in the corpus of the fund in order to enhance its long-term value. For the years ended June 30, 2014 and 2013, the Board-approved spending formula for the endowment provided for an annual spending rate of not more than 5.0% of a trailing twelve quarter moving average of the investment pool fair value. If cash yield (interest and dividends) is less than the spending rate, realized gains can be used to make up the deficiency. Any income in excess of the spending rate is to be reinvested in the endowment.

***Funds with Deficiencies* (“Underwater” funds)**

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 are reported in unrestricted net assets and there were none as of June 30, 2014 and 2013.

Note 1. Nature of Operations and Significant Accounting Policies (Continued)

Contributions:

Contributions, including unconditional promises to give or contributions receivable, are recognized as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions, in the period the donor's commitment is received. Unrestricted, unconditional promises to give are recognized as temporarily restricted operating revenues unless the donor explicitly stipulates its use to support current period activities.

Conditional promises to give are not recognized until they become unconditional – that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is provided based upon management's judgment, including such factors as prior collection history, type of contribution and nature of the fundraising activity.

Contributions of land, buildings, and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenues of the unrestricted net asset class. Contributions of cash or other assets, to be used to acquire land, buildings, and equipment, with such donor stipulations are reported as revenues of the temporarily restricted net asset class; the restrictions are considered to be released at the time of acquisition of such long-lived assets.

Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the unrestricted net asset class.

Operating results:

Operating activities in the statements of activities illustrate a measure of how the College is maintaining the resources available for its "current operations." Operations reflect all transactions increasing or decreasing unrestricted net assets except those of a capital nature – that is, capitalized for long-term investment or as land, buildings, and equipment. Temporarily restricted net assets released from restrictions which satisfy an operating purpose are also classified as operating.

In accordance with the College's total return policy, as described previously, only the portion of total investment return available under this policy to meet operating needs is included in operating revenues.

Additionally, the portion of total investment return available to support current operations under the College's total return policy is excluded from cash flows from operating activities; only the actual cash yield is included in cash flows from operating activities.

Costs related to the operation and maintenance of physical plant, including depreciation of plant assets, are allocated to operating programs and supporting activities based upon periodic inventories of facilities. Interest expense on external debt is allocated to the activities that have most directly benefited from the proceeds of the external debt. Employee and staff benefits are allocated to operating programs and supporting activities based upon salary expenses of these programs and activities.

(Continued)

Note 1. Nature of Operations and Significant Accounting Policies (Continued)

Derivative instruments:

The College utilizes a derivative financial instrument to reduce its exposure to market risks from changes in interest rates. By entering into a pay-fixed, receive-variable interest rate swap, the College limits its exposure to changes in variable interest rates. The College is exposed to credit related losses in the event of nonperformance by the counterparty to the interest rate swap; however, the counterparty is a major financial institution and the risk of loss due to nonperformance is considered remote. Interest rate differentials paid or received on the swap are recognized as adjustments to interest expense in the period earned or incurred.

The fair value of the interest rate swap agreements is the estimated amount the College would receive or pay to terminate the agreement based on reference to market rate inputs and the net present value of future cash flows as determined by the lender.

Advertising costs:

The College follows the policy of charging advertising costs to expenses as incurred.

Fair value measurements:

The College carries various assets and liabilities at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, a market-based approach is used which establishes that fair value is based on the “highest and best use”. Additionally, in accordance with accounting guidance, the College categorizes its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy as reflected below. The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets (Level 1) and the lowest priority to unobservable inputs (Level 3).

Level 1 – Fair values are based on unadjusted quoted prices in active markets for identical assets or liabilities that management has the ability to access at the measurement date.

Level 2 – Fair values are based on inputs other than quoted prices in Level 1 that are either for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that were observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Fair values are based on unobservable inputs for the asset or liability where there is little, if any, market activity for the asset or liability at the measurement date.

Note 1. Nature of Operations and Significant Accounting Policies (Continued)

Fair value measurements: (Continued)

The estimated fair value for specific groups of financial instruments is presented within the notes applicable to such items. If not specifically presented, fair value is estimated to approximate the related carrying value. It was not considered practical to determine fair value of notes receivable from students under the U.S. government loan programs and related government advances because the notes receivable are non-marketable and can only be assigned to the U.S. government or its designees. These installment notes are due over terms of ten years, with interest at 5% per month per annum, and are carried at face value.

Credit risk concentrations:

Financial instruments which potentially subject the College to concentrations of credit risk consist principally of cash, marketable securities, and student accounts receivable and loans receivable. The College places its cash with high-credit, quality financial institutions. A portion of the College's bank deposits are in excess of federally insured limits. Concentration of credit risk for marketable securities is limited by the College's policy of diversification of investments. Concentration of credit risk for student accounts receivable and loans receivable are limited, due to a large base and geographic dispersion.

Art collection:

The College's art collection, which was acquired through purchases and contributions, is not recognized as an asset in the accompanying statements of financial position since the art is held purely for educational purposes. Purchased collection items are recorded as decreases in unrestricted net assets in the year in which the items are acquired, or in temporarily or permanently restricted net assets if the assets used to purchase the items are restricted by donors.

Income taxes:

The College is exempt from federal income tax under Section 501(c)(3) of the *Internal Revenue Code*.

The federal Form 990s of the College are subject to examination by the Internal Revenue Service, generally for three years after they are filed.

Reclassifications:

Certain reclassifications have been made to prior year amounts in order to conform to the current year presentation.

Subsequent events:

The College has evaluated subsequent events through October 10, 2014, which is the date the financial statements were available to be issued.

(Continued)

Note 2. Receivables and other assets

Receivables and other assets, net of allowance for doubtful accounts, consist of the following as of June 30:

	2014	2013
Student receivables, net	$ 1,310,954	$ 1,290,480
Other receivables	125,539	482,784
Bond issuance costs	348,833	166,179
Prepaid expenses	93,688	179,174
Accrued investment income	45,806	55,323
	$ 1,924,820	$ 2,173,940

Note 3. Contributions Receivable

Contributions receivable consist of the following as of June 30:

	2014	2013
Unconditional promises to give cash	$ 7,124,442	$ 6,122,722
Charitable trusts held by others	595,855	539,554
	$ 7,720,297	$ 6,662,276
Expected to be collected in:		
Less than one year	$ 4,527,899	$ 2,227,666
One to five years	2,647,541	3,410,667
More than five years	1,080,062	1,569,443
	8,255,502	7,207,776
Less:		
Actuarial present value of future payments	(484,206)	(463,222)
Discount to net present value at 0.85% – 2.4%	(50,999)	(82,278)
	$ 7,720,297	$ 6,662,276

The breakdown by net asset class for contributions receivable as of June 30 is as follows:

	2014	2013
Temporarily restricted	$ 7,124,442	$ 6,097,722
Permanently restricted	595,855	564,554
	$ 7,720,297	$ 6,662,276

Note 3. Contributions Receivable (Continued)

As of June 30, 2014 and 2013, the College has also received bequest intentions and certain other conditional promises to give. These intentions and certain other conditional promises to give are not recognized as assets; and, if they are received, will generally be restricted for a specific purpose stipulated by the donors, primarily, either endowments for scholarships, faculty support, or general operating support of a particular department of the College.

For the years ended June 30, 2014 and 2013, the College recorded contributions from seven and fourteen donors that totaled approximately 78.9% and 88.3% of contributions, respectively.

Note 4. Investments

Investments are comprised of the following as of June 30:

	2014					
	Endowment		Other		Total	
Equities:						
Domestic:						
Large cap growth	$ 2,045,249	14.7%	$ -	- %	$ 2,045,249	4.8%
Large cap value	1,459,845	10.5	-	-	1,459,845	3.4
Midcap	958,776	6.9	-	-	958,776	2.2
Small cap growth	285,750	2.0	-	-	285,750	0.7
Small cap value	275,484	2.0	-	-	275,484	0.6
All cap	2,036,037	14.6	-	-	2,036,037	4.7
Mutual funds and other	-	-	16,635	0.1	16,635	-
Total domestic equities	7,061,141	50.7	16,635	0.1	7,077,776	16.4
International and emerging markets:						
International	1,290,379	9.2	-	-	1,290,379	3.0
Emerging markets	612,085	4.4	-	-	612,085	1.4
Total international and emerging markets	1,902,464	13.6	-	-	1,902,464	4.4
Total equities	8,963,605	64.3	16,635	0.1	8,980,240	20.8
Fixed income:						
International	-	-	591,142	2.0	591,142	1.4
Cash and cash equivalents	-	-	6,436,287	22.1	6,436,287	15.0
All other	1,550,481	11.2	22,046,,966	75.8	23,597,447	54.8
Total fixed income	1,550,481	11.2	29,074,395	99.9	30,624,876	71.2
Alternative income:						
Absolute return	2,614,605	18.7	-	-	2,614,605	6.1
Real assets	809,636	5.8	-	-	809,636	1.9
Total alternative income	3,424,241	24.5	-	-	3,424,876	8.0
Total investments	$ 13,938,327	100.0%	$ 29,091,030	100.0%	$ 43,029,357	100.0%

Note 4. Investments (Continued)

Investments are comprised of the following as of June 30: (Continued)

	2013					
	Endowment		Other		Total	
Equities:						
Domestic:						
Large cap growth	$ 1,617,599	13.4%	$ -	- %	$ 1,617,599	4.4%
Large cap value	1,181,726	9.8	-	-	1,181,726	3.1
Midcap	765,024	6.3	-	-	765,024	2.0
Small cap growth	235,673	2.0	-	-	235,673	0.6
Small cap value	223,862	1.9	-	-	223,862	0.6
All cap	1,775,805	14.7	-	-	1,775,805	4.7
Mutual funds and other	-	-	34,078	0.1	34,078	0.1
Total domestic equities	5,799,689	48.1	34,078	0.1	5,833,767	15.5
International and emerging markets:						
International	1,056,266	8.8	-	-	1,056,266	2.9
Emerging markets	427,096	3.5	-	-	427,096	1.1
Total international and emerging markets	1,483,362	12.3	-	-	1,483,362	4.0
Total equities	7,283,362	60.4	34,078	8.7	7,317,129	19.5
Fixed income:						
International	-	-	2,233,338	8.7	2,233,338	5.9
Cash and cash equivalents	-	-	1,221,840	4.4	1,221,840	3.2
All other	2,545,436	21.0	22,046,961	86.4	24,592,397	65.5
Total fixed income	2,545,436	21.0	25,502,139	99.9	28,047,575	74.6
Alternative income:						
Absolute return	1,514,721	12.6	-	-	1,514,721	4.0
Real assets	720,036	6.0	-	-	720,036	1.9
Total alternative income	2,234,757	18.6	-	-	2,234,757	5.9
Total investments	$ 12,063,244	100.0%	$ 25,536,217	100.0%	$ 37,599,461	100.0%

Note 4. Investments (Continued)

The College has various investment vehicles that have carrying values that fluctuate with the financial markets. As a result, the value of such investments may have changed from year end values and that change may or may not be material.

The ownership of investments for each class of net assets as of June 30 is as follows:

	2014	2013
Unrestricted	$ 19,754,399	$ 23,331,012
Temporarily restricted	15,251,318	6,356,700
Permanently restricted	8,023,640	7,911,749
	$ 43,029,357	$ 37,599,461

The market value of investment asset classifications is as follows as of June 30:

	2014	2013
Endowment – held by College	$ 13,938,327	$ 12,063,244
Trusts and annuities	1,619,723	1,806,373
Unrestricted current funds	27,471,307	23,729,844
	$ 43,029,357	$ 37,599,461

Investment activity for the years ended June 30 is reflected in the table below:

	2014	2013
Investments, beginning	$ 37,599,461	$ 30,249,916
Gifts and pledge payments available for investment and investment income reinvestment	8,560,287	856,163
	46,159,748	31,106,079
Investment returns (net of expenses; 2014 $75,704; 2013 $69,548):		
Dividends, and interest	1,405,636	820,061
Investment return, net of amount available to support current operations per statements of activities	1,755,039	443,699
Add spending in excess of cash yield	(792,186)	(239,787)
Net realized and unrealized gains (losses)	962,853	203,912
Total return on investments	2,368,489	1,023,973
Amounts appropriated for operations, net transfers to operational accounts, debt payments, and other activity	(5,498,880)	5,469,409
Investments, ending	$ 43,029,357	$ 37,599,461

Note 4. Investments (Continued)

The following schedule summarizes total investment return and its classification in the statements of activities for the years ended June 30:

	2014	2013
Investment income	$ 1,405,636	$ 820,061
Net realized and unrealized gains (losses) on investments	962,853	203,912
Total return on investments	$ 2,368,489	$ 1,023,973
Included in the statement of activities as follows:		
Operating revenues – investment income, endowment, and other – amount distributed to support current operations pursuant to the endowment spending policy	$ 552,609	$ 521,368
Investment return, net of amount available to support current operations	1,755,039	443,699
Investment income, included in interest income – temporary investments	60,841	58,906
	$ 2,368,489	$ 1,023,973

Note 5. Land, Buildings, and Equipment

Land, buildings, and equipment consists of the following at June 30:

	Estimated Useful Life	2014	2013
Buildings	50 years	$ 28,625,213	$ 28,625,213
Building improvements	10-20 years	7,295,721	7,087,994
Land improvements	50 years	1,449,447	1,449,447
Equipment	5 years	5,592,895	5,391,889
Computer equipment	5 years	2,857,154	2,783,680
		45,820,430	45,338,223
Less accumulated depreciation		(25,978,698)	(24,918,279)
		19,841,732	20,419,944
Land		83,218	83,218
Construction in progress		1,597,305	-
		$ 21,522,255	$ 20,503,162

At June 30, 2014, construction in progress was for the new academic center with a total estimated cost of up to $40 million to be paid with $15 million of debt and the remaining cost expected to be paid with contributions. The College is currently under contract for $35.5 million of construction costs.

Included in equipment are assets under capital leases of $264,152 and $202,991 at June 30, 2014 and 2013 with related accumulated depreciation of $186,858 and $111,614 for 2014 and 2013, respectively.

Note 6. Funds Held in Trust by Others

The College is the beneficiary of various trusts created by donors, the assets of which are not in the possession of the College. The College has legally enforceable rights and claims to income therefrom. Net realized and unrealized gains (losses) related to these interests are reported as changes in permanently restricted net assets based on explicit donor stipulations. The market value of these interests as of June 30 are as follows:

	Income Restriction	2014	2013
Claire Boothe Luce Fund	*	$ 7,389,000	$ 6,791,000
Helen Rotterman Trust	Unrestricted	766,216	722,809
M. Rotterman Trust	Unrestricted	2,256,852	2,197,988
Russell T. Finn Trust	Scholarships	1,086,170	1,012,300
Dougherty Scholarship Irrevocable Trust	Educational purposes	284,878	255,439
		$ 11,783,116	$ 10,979,536

*Scholarships, fellowships, and professorships for women in science and technology. The annual income distribution totaled $300,000 and $282,000 for 2014 and 2013, respectively.

Note 7. Debt

The College's debt consists of the following as of June 30:

	2014	2013
District of Columbia Series 2001, revenue bonds. The bonds are secured by a standby letter of credit, and bear interest at variable rates determined by the marketing agent (0.06% at June 30, 2013). Interest is due monthly. The final principal payment before extinguishment was made on July 1, 2013 in the amount of $550,000. Bond discount was approximately 2014 $0; 2013 $102,000. Proceeds were used for the sole purpose of the development, design, equipping, renovation and construction of the Trinity Center for Women and Girls in Sports and related field and ground renovations. On June 2, 2014, these bonds were paid back in full using the proceeds of the newly issued Series 2014 A bonds.	$ -	$ 15,577,901

Note 7. Debt (Continued)

The College's debt consists of the following as of June 30: (Continued)

	2014	2013
District of Columbia Series 2014A Bonds. The bonds bear interest at variable rates determined by the marketing agent (1.67% at June 30, 2014). Interest is due monthly. The first principal payment will be made on July 1, 2014 in the amount of $580,000. Payments after that will range from $680,000 to the final payment amount of $1,080,000 due on July 1, 2031. As described below, this debt is subject to an interest rate swap agreement. Proceeds were used for the sole purpose of refinancing the current existing debt on the 2001 Series Bonds, which were the funding used to complete construction of the Trinity Center for Women and Girls in Sports.	15,300,000	-
District of Columbia Series 2014B Bonds. The bonds bear interest at variable rates determined by the marketing agent. Interest is due monthly. Payments on this bond will not be due until two years from the funding, as the bond operates as a drawdown instrument and is funded as expenses relating to the University Academic Center are incurred. The first payment due is the principal payment of $535,000 on July 1, 2016. After that principal payments will range from $170,000 to the final amount of $1,765,000 due on July 1, 2038. The total bond issuance is for $15,000,000. As described below, this debt is subject to an interest rate swap agreement. Proceeds are being drawn down and used to facilitate construction of Trinity's University Academic Center, along with the funds raised by Trinity's Capital Campaign Contributions. Ground is set to break in September 2014.	1,752,460	-
Obligations under capital leases, payable in monthly installments of $6,478 including imputed interest ranging from 22.25% to 28.80% through April 2016. Secured by equipment.	56,277	130,148
Unsecured and interest-free obligation to Sodexo, Inc. for purchase of equipment for food service operations, payable on a straight-line basis through December 2016.	62,499	87,499
Unsecured and interest-free obligation to Aramark Management Services for capital improvements, payable on a straight-line basis through July 2021.	354,247	404,247

Note 7. Debt (Continued)

The College's debt consists of the following as of June 30: (Continued)

	2014	2013
In January 2014, Trinity entered into an agreement with a leasing agreement for seven fitness machines for the Trinity Center. Obligations under this capital lease are payable in monthly installments of $502 including imported interest at 5.00% through December 2017. Secured by equipment.	18,983	-
	$ 17,544,466	$ 16,199,795

Debt matures as follows:

Year ending June 30,	
2015	$ 688,697
2016	783,875
2017	1,304,969
2018	944,682
2019	1,069,783
2020 and thereafter	12,752,460
	$ 17,544,466

The College is party to the following interest rate swap agreements designed to manage the College's interest costs and risks associated with variable rate debt.

Related Debt	Expiration Date	Pay Fixed Rate	Received Variable Rate	Notional Amount (In Millions) 2014	Notional Amount (In Millions) 2013	Fair Value 2014	Fair Value 2013
DC Series 2001	January 2018	3.060%	IM LIBOR	$ -	$ 15.1	$ -	$ (1,420,610)
DC Series 2014A	June 2028	2.836%	IM LIBOR	$ 15.3	$ -	(154,651)	-
DC Series 2014B	June 2028	3.275%	IM LIBOR	$ 15.0	$ -	(174,290)	-
						$ (328,941)	$ (1,420,610)

The College has exposure to credit loss in the event of nonperformance by the other party to the interest rate swap agreement. However, the College does not anticipate nonperformance.

The difference between the floating rate and the fixed rate interest is recognized as an adjustment to interest expense in the period incurred. The fair value of the swap agreement is estimated based on current settlement prices and is included in the statements of financial position. The change in value of the interest rate swap of approximately $(134,000) and $512,000 at June 30, 2014 and 2013, respectively, has been reflected in change of fair value of swap agreement in the non-operating section of the statement of activities.

Note 7. Debt (Continued)

Interest expense for the years ended June 30 is as follows:

	2014	2013
Expensed	$ 604,608	$ 717,910
Capitalized, excluding interest income netted	17,217	-
	$ 621,825	$ 717,910

Pursuant to the District of Columbia, Series 2014 revenue bond agreement, the College is subject to certain debt covenants; the most restrictive of which is the requirement to maintain a minimum debt service coverage ratio of 1.1 to 1.0 through the end of Fiscal Year 2016, and a 1.25 to 1.0 ratio thereafter. As of June 30, 2014 and 2013, the College has met those requirements. The other major covenant requires the College to maintain Unencumbered Unrestricted Liquidity (UUL) on hand of $11,000,000 for each year end through the close of 2016, with that number rising to $15,000,000 from 2017 on. For the years ended 2014 and 2013, the College has met these requirements.

Note 8. Net Assets

Net assets as of June 30 consisted of the following:

	2014	2013
Unrestricted		
Investment in land, buildings, and equipment, net of debt	$ 2,493,834	$ 2,331,706
Other	32,671,475	29,052,772
	35,165,309	31,384,478
Temporarily restricted		
Accumulated endowment investment return, net of amounts spent	5,658,199	4,555,550
Amounts held for trust and annuity payments	46,152	88,958
Restricted for future operations	816,887	815,422
Restricted for public service expenses	98,055	64,881
Restricted for buildings and equipment	8,551,477	553,063
Contributions receivable	7,124,442	6,097,722
	22,295,212	12,175,596
Permanently restricted		
Restricted in perpetuity; only the income is expendable:		
Endowment principal	8,023,641	7,911,749
Contributions receivable	595,855	564,554
Funds held in trust by others	11,783,116	10,979,536
	20,402,611	19,455,839
Total net assets	$ 77,863,132	$ 63,015,913

Note 8. Net Assets (Continued)

Temporarily restricted net assets are subject to both purpose and time restrictions. Temporarily restricted accumulated endowment investment return, net of amounts spent, is restricted for future operations, financial aid and maintenance, and acquisition of land, buildings, and equipment. Permanently restricted net assets are restricted to investment in perpetuity, the income from which is expendable to support future operations, financial aid, and maintenance and acquisition of land, buildings, and equipment.

Note 9. Tuition and Fees, Net of Financial Aid

Tuition and fees include regular session tuition for the College's undergraduate and graduate regular and summer sessions as well as miscellaneous fees, such as application, graduation, lab, and late fees.

Undergraduate tuition and fees totaled 77.6% and 75.2% of total tuition and fees for 2014 and 2013, respectively. Financial aid for undergraduates totaled $8,852,454 and $8,357,053, respectively, with the unfunded portion of these amounts totaling 29.6% and 27.4%, respectively, of undergraduate tuition and fees.

Note 10. Net Assets Released from Restrictions and Reclassifications

Net assets were released from donor restrictions when expenses were incurred to satisfy the restricted purposes, or by occurrence of other events as specified by donors. Restrictions were satisfied as follows for the years ended June 30:

	2014	2013
Operating:		
Financial aid	$ 598,234	$ 324,657
Instructional expenses	600,400	392,060
Student Services	15,079	12,424
Academic support	177,101	136,960
Public service expenses	6,750	15,180
Total operating	$ 1,397,564	$ 881,281
Non-operating:		
Plant expenses	$ -	$ 291,348
Total non-operating	$ -	$ 291,348

Note 11. Operating Expenses

Functional expenses, as reported on the statement of activities, include expenses in natural classification. The most significant expense under a natural classification is compensation and employee benefits (including payroll taxes) which totals 56.0% and 8.6%, respectively for 2014 and 54.6% and 8.5%, respectively for 2013. A more extensive breakdown of expenses in natural classification can be found in the College's annual federal tax exempt Form 990 return. Program service expenses totaled 72.22% and 72.3% in 2014 and 2013, respectively.

Costs related to the operations and maintenance of the physical plant, including depreciation and interest expense, are allocated to operating programs and supporting activities for June 30, as follows:

	2014			2013		
	Expenses Before Allocation	Total Expense Allocation	Final Allocated Expenses	Expenses Before Allocation	Total Expense Allocation	Final Allocated Expenses
Education and general:						
Instruction	$ 9,216,487	$ 1,325,011	$ 10,541,498	$ 9,123,101	$ 1,288,925	$ 10,412,026
Public service	28,263	-	28,263	32,867	-	32,867
Academic support	3,677,766	265,002	3,942,768	3,408,306	257,785	3,666,091
Student services	3,312,597	1,257,208	4,569,805	3,482,088	1,229,047	4,711,135
Institutional support	7,657,358	1,060,008	8,717,366	7,508,760	1,031,141	8,539,901
Auxiliary services	1,797,971	1,787,212	3,585,183	1,681,155	1,744,617	3,425,772
Operations and maintenance of physical plant	4,005,576	(4,005,576)	-	3,810,919	(3,810,919)	-
Depreciation and amortization	1,084,257	(1,084,257)	-	1,022,686	(1,022,686)	-
Interest expense	604,608	(604,608)	-	717,910	(717,910)	-
	$ 31,384,883	$ -	$ 31,384,883	$ 30,787,792	$ -	$ 30,787,792

Note 12. Employee Benefits

Retirement benefits are provided for eligible faculty and staff employees by a contributory pension plan for annuity contracts with Teachers Insurance and Annuity Association and College Retirement Equities Fund. Employees are eligible after one year of full-time employment and attaining the age of twenty-one. All participants have a fully vested interest in the total contributions made on their behalf. The College automatically contributes 2% of all eligible employees' base salary, and matches an additional voluntary contribution of up to 6%. Under the plan, the College contributed approximately $495,000 and $446,000 in 2014 and 2013, respectively, which was charged to operating expenses.

Note 13. Operating Leases

The College leases several copiers and a mailing system under non-cancelable leases expiring through October 2016. Rent expense under these operating leases was $43,118 and $35,809 for 2014 and 2013, respectively.

Future minimum lease payments under all operating leases for years ending June 30 are as follows:

2015	$ 43,118
2016	41,794
2017	31,252
2018	13,340
2019	-
	$ 129,504

Note 14. Commitments and Contingencies

The College has conditional asset retirement obligations that can be reasonably estimated primarily associated with encapsulated asbestos in its fully depreciated buildings. Liabilities totaling $1,155,014 and $1,101,062 as of June 30, 2014 and 2013, respectively, are reflected in the statements of financial position.

Final expenditure reports of grants and contracts submitted to certain granting agencies in current and prior years are subject to audit by such agencies. As a result, the reimbursed expenditures are subject to adjustment. The effect of such adjustments, if any, is not determinable at this time. Management is of the opinion that the liability, if any, would not have a material effect on the College’s financial position.

The College’s students receive a substantial amount of support from state and federal student financial assistance programs. A significant reduction in the level of this support, if this were to occur, may have an adverse effect on the College’s programs and activities.

The College is under a long-term contract with Sodexo, Inc. to provide food service. The initial term of the agreement ends January 1, 2017 and the agreement will renew automatically for consecutive terms of one year each. Upon expiration, termination, or cancellation of the contract, the College shall reimburse the provider the remaining balance of unamortized capital expenditures. The remaining unamortized capital expenditures at June 30, 2014 and 2013 totaled $62,499 and $87,499, respectively, and is included in debt in the statement of financial position.

The College is under a long-term contract with Aramark Management Services to provide facilities management. The initial term of the agreement ended January 5, 2013 and the agreement shall continue thereafter, until terminated by either party. The contract can be cancelled at any time before the agreement expires with payment of the remaining balance of unamortized capital expenditures. This contract was amended and restated as of July 29, 2011, with a term ending July 31, 2021. As part of this contract, Aramark assumed the existing unamortized capital expenditures and gave Trinity an additional $500,000 to be used for capital improvements. The remaining unamortized capital expenditures at June 30, 2014 and 2013 totaled $354,247 and $404,247, respectively, and is included in debt in the statement of financial position. The capital expenditure agreement also provides that if the agreement is terminated by the College then all accrued but unbilled interest at prime plus 2% is to be paid.

Note 15. Endowment

Endowment net assets as of June 30 consist of the following:

	2014				2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Funds held by the College:								
Donor-restricted	$ -	$ 5,658,199	$ 8,023,641	$ 13,681,840	$ -	$ 4,555,550	$ 7,911,749	$ 12,467,299
Donor-restricted funds held in trust by others	-	-	12,378,970	12,378,970	-	-	11,544,090	11,544,090
Total	$ -	$ 5,658,199	$ 20,402,611	$ 26,060,810	$ -	$ 4,555,550	$ 19,455,839	$ 24,011,389

Changes in endowment net assets for the year ended June 30 are as follows:

	2014				2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, July 1, 2013	$ -	$ 4,555,550	$ 19,455,839	$ 24,011,389	$ -	$ 3,456,208	$ 18,499,280	$ 21,955,488
Investment return:								
Investment income	-	296,239	-	296,239	-	292,427	5,223	297,650
Realized and unrealized gains	-	1,641,416	-	1,641,416	-	703,413	-	703,413
Total investment return	-	1,937,655	-	1,937,655	-	995,840	5,223	1,001,063
Contributions	-	-	86,890	86,890	-	238,833	160,330	399,163
Appropriation for expenditure and other expenses	-	(835,006)	-	(835,006)	-	(135,331)	-	(135,331)
Change in value of funds held in trust by others	-	-	859,882	859,882	-	-	791,006	791,006
Endowment net assets, June 30, 2014	$ -	$ 5,658,199	$ 20,402,611	$ 26,060,810	$ -	$ 4,555,550	$ 19,455,839	$ 24,011,389

Note 16. Fair Value Measurements

The following is a summary of the inputs used in determining the fair values of financial assets and liabilities measured on a recurring basis as of June 30:

	2014				2013			
	Fair Value	**Level 1**	**Level 2**	**Level 3**	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Financial assets:								
Investments:								
Domestic equities	$ 7,077,776	$ 7,077,776	$ -	$ -	$ 5,833,767	$ 5,833,767	$ -	$ -
International equities	1,290,379	1,290,379	-	-	1,056,266	1,056,266	-	-
Emerging markets	612,085	612,085	-	-	427,096	427,096	-	-
Global bonds	591,142	591,142	-	-	2,233,338	2,233,338	-	-
Cash and equivalents and temporary investments	6,436,287	6,436,287	-	-	1,221,840	1,221,840	-	-
Fixed income, all other	23,597,447	23,597,447	-	-	24,592,397	24,592,397	-	-
Absolute return	2,614,605	2,614,605	-	-	1,514,721	1,514,721	-	-
Real assets	809,636	809,636	-	-	720,036	720,036	-	-
Total investments	43,029,357	43,029,357	-	-	37,599,461	37,599,461	-	-
Charitable trusts held by others	595,855	-	595,855	-	539,554	-	539,554	-
Funds held in trust by others	11,783,116	-	4,394,116	7,389,000	10,979,536	-	4,188,536	6,791,000
Total financial assets	$ 55,408,328	$ 43,029,357	$ 4,989,971	$ 7,389,000	$ 49,118,551	$ 37,599,461	$ 4,728,090	$ 6,791,000
Financial liabilities:								
Fair value of interest rate swap agreements	$ 328,941	$ -	$ 328,941	$ -	$ 1,420,610	$ -	$ 1,420,610	$ -
Total financial liabilities	$ 328,941	$ -	$ 328,941	$ -	$ 1,420,610	$ -	$ 1,420,610	$ -

The following is a reconciliation of Level 3 funds held in trust by others for which significant unobservable inputs were used to determine fair value as of June 30:

	2014	**2013**
Balance, beginning	$ 6,791,000	$ 6,155,000
Net change in value	598,000	636,000
Balance, ending	$ 7,389,000	$ 6,791,000

The fair value of investments in common stocks, bonds, and mutual funds are determined based upon quoted market prices. The fair value of contributions receivable is based on the fair value of estimated future cash flows. The fair value of funds held in trust is based on quoted market prices of the securities held in the respective trusts. The fair value of the interest rate swap agreement is estimated based on current settlement prices.